

# **CONSOLIDATED HALLMARK INSURANCE LIMITED**

**FINANCIAL CONDITION REPORT  
AS AT 31 DECEMBER 2025**



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## EXECUTIVE SUMMARY

- I. This report is prepared to assist Consolidated Hallmark Insurance Limited (“Consolidated Hallmark”) provide an overview of the financial condition of the Company as at 31 December 2025. The report analyses the financial condition of the company’s non-life business as of 31 December 2025.
- II. The analysis is based on data provided by Consolidated Hallmark, including financial statements, actuarial valuation reports, and transactional data.

### Key Findings:

#### Financial and Operational Performance

- III. **Strategic Transformation:** The 2024–2025 window represents a pivotal evolution for Consolidated Hallmark, as the firm successfully transitioned from relying on volatile market cycles to driving profitability through core insurance operations.
- IV. **Accelerated Earnings:** Performance in insurance services reached a significant milestone, with results surging from ₦(0.413) billion in 2023 to ₦6.15 billion in 2025.
- V. **Underwriting Performance:** Operational efficiency saw a slight contraction in 2025, with the Combined Ratio rising to 65.7% (up from 61.4%). This shift was driven by marginal increases in both the incurred claims ratio and the overall expense ratio
- VI. **Enhanced Earnings Quality:** Unlike the 2024 fiscal year, where profits were skewed by one-off investment gains, the 2025 results reflect a higher "quality of earnings" rooted in sustainable, repeatable underwriting success.

#### Capitalization and Regulatory Standing

- VII. **Regulatory Resilience:** In response to the NIIRA 2025 act, which raised minimum capital requirements from ₦3 billion to ₦15 billion, the firm has maintained a secure standing with a 145% Capital Adequacy Ratio (CAR).

VIII. **Solvency Positioning:** While the CAR decreased from 567% due to the new, higher legislative baseline, the firm remains capitalized as its internal risk profile of ₱15.5 billion, indicating a healthy buffer above statutory floor.

### Risk Profile and Reinsurance

- IX. **Portfolio Concentration:** The business remains sensitive to systemic shocks in specific sectors, as Oil & Gas (33%), Motor (23%), and Fire (12%) business collectively comprise 68% of Gross Premium Written (GPW).
- X. **Reinsurance Optimization:** Reinsurance continues to protect the balance sheet, though Value for Money (VfM) remains below the 80% benchmark. However, the rise to 48.2% in 2025 signals an upward trend in cession efficiency.

### 2026 Strategic Roadmap

- XI. **Growth and Scaling Targets:** The 2026 plan envisions a 69.3% jump in premiums, focusing on two main pillars:
- Operational Scaling: Utilizing scale to push the total expense ratio down to 41.9%.
  - Claims Normalization: Prudently budgeting for a 26.2% claims ratio as loss experiences return to historical averages following the unusually low 2025 levels.

### Recommendations:

- (1) **Diversification Strategy:** Prioritize the growth of General Accident, Engineering, and Agriculture lines to reduce the 35% concentration in the volatile Oil & Gas sector.
- (2) **Portfolio Remediation:** Conduct a technical performance review into the General Accident and Marine lines of business to evaluate why these portfolios are currently operating at a Combined Ratio > 100% and identify corrective measures.
- (3) **Capital Retention:** Maintain a disciplined dividend policy to protect the CAR buffer against the new ₱15 billion statutory minimum and the risk-based capital.

## 1. INTRODUCTION

### 1.1 Purpose

The primary purpose of this report is to present the results of our analysis of the financial condition of Consolidated Hallmark Insurance Limited (“Consolidated Hallmark”) as at 31 December 2025.

This report has been prepared solely to provide an overview of the current financial condition of Consolidated Hallmark. We understand that this report will form part of Consolidated Hallmark’s submission to NAICOM. This report should not be distributed to any other parties other than NAICOM and is not suitable for any purpose other than that stated above.

### 1.2 Documents and Information Supplied

We were supplied with the following documents and information for this report by the Management of Consolidated Hallmark.

- a) Audited financial statements as at 31 December 2025.
- b) Audited financial statements as at 31 December 2024.
- c) IFRS 17 financial disclosures as at 31 December 2024 and as at 31 December 2025, as prepared by Becoda and Consolidated Hallmark.
- d) Insurance liability valuation as at 31 December 2025 prepared by Becoda.
- e) Consolidated Hallmark Statement of Financial Position and Statement of Comprehensive Income for the year 2025.

### 1.3 Reliance and Limitations

- Management is ultimately solely responsible for preparing and submitting the Financial Condition Report. Our analyses do not include or constitute either a review or audit, and so we do not express any assurance on the financial condition, sustainability or the ability of Consolidated Hallmark to continue as a going concern.
- We have assumed that the data provided was correct and we did not perform a full audit of the data and information provided. However, our analyses and conclusions must be limited to the accuracy of data and information and the realisation of the assumption used. In preparing this report, we have relied on information and data supplied by the Management of Consolidated Hallmark Insurance Limited.



- We have reviewed these for reasonableness, consistency, and completeness, as well as checks that we deemed necessary to ascertain the quality and accuracy of the data and information provided.

## 2. BUSINESS OVERVIEW

### 2.1 Activities of the Company

The principal business activity of Consolidated Hallmark is the provision of general insurance services, encompassing the following lines of business:

- Aviation
- Bond
- Engineering
- Fire
- Agriculture
- General Accident
- Marine
- Motor
- Oil & Gas

The financial highlights for the year ending 31 December 2025 compared to the year ending 31 December 2024 and 31 December 2023 is shown in the table below:

Statement of profit or loss	2025	2024	2023
<i>Amounts in N'000</i>			
Insurance revenue	41,457,042	28,160,974	14,815,866
Insurance service expense	(31,400,865)	(20,672,574)	(11,518,480)
Net income or expense from reinsurance contracts held	(3,908,275)	(4,755,029)	(3,710,381)
<b>Insurance service result</b>	<b>6,147,902</b>	<b>2,733,370</b>	<b>(412,996)</b>
<b>Financial insurance result</b>	<b>4,087,950</b>	<b>22,040,420</b>	<b>5,488,110</b>
Other income	0	44,252	4,992
Other expenses	(2,858,934)	(1,922,728)	(967,087)
<b>Profit before tax</b>	<b>7,376,917</b>	<b>22,895,314</b>	<b>4,113,020</b>
Income tax	(1,027,629)	(1,126,691)	(759,953)
<b>Profit for the year</b>	<b>6,349,288</b>	<b>21,768,623</b>	<b>3,353,066</b>

Statement of changes in equity	2025	2024	2023
<i>Amounts in N'000</i>			
<b>Opening equity</b>	<b>32,190,838</b>	<b>12,137,634</b>	<b>9,012,310</b>
Profit for the year	6,349,288	21,768,623	3,353,066
Other comprehensive income for the year	(835)	(35,785)	97,457
IFRS 17 implementation adjustment	0	0	0
Transfer to Contingency Reserve	0	0	0
Cash Dividend	(2,077,888)	(1,080,502)	(325,200)
Other changes in equity	(0)	(599,132)	0
<b>Closing equity</b>	<b>36,461,403</b>	<b>32,190,838</b>	<b>12,137,634</b>

Over the 2023–2025 period, Consolidated Hallmark has demonstrated a significant structural improvement in its earnings profile, characterized by a pivot toward sustainable underwriting profitability.

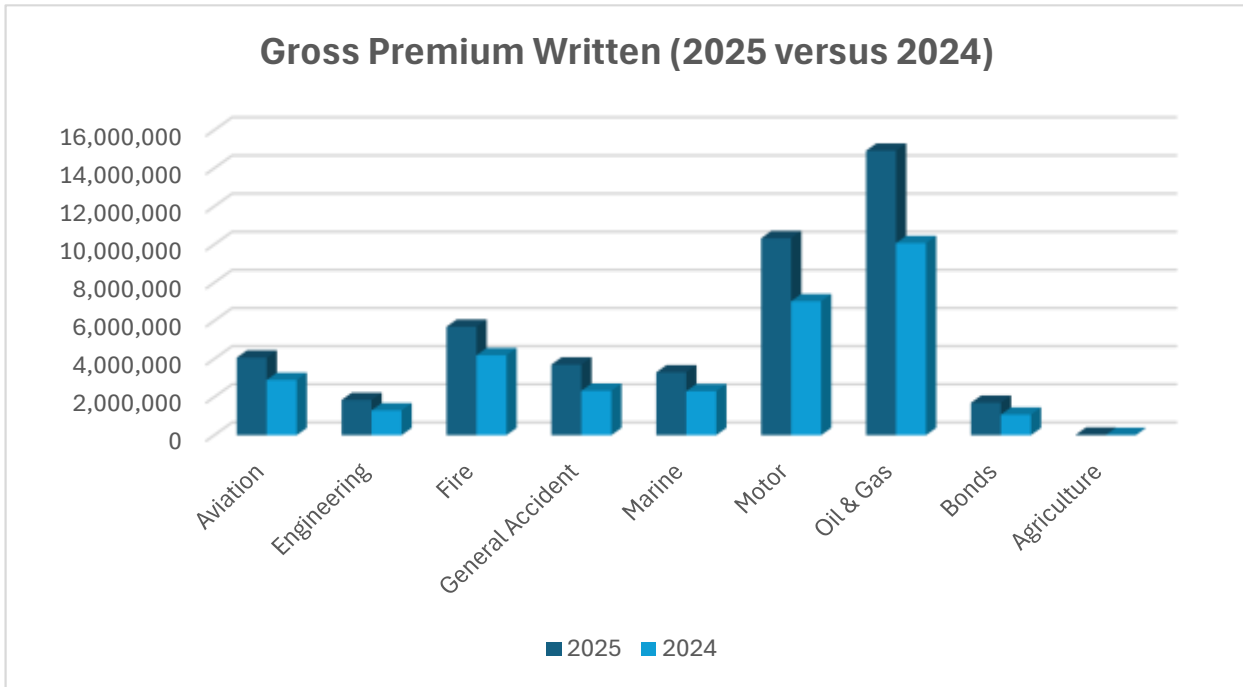
- Shareholders' equity experienced a significant 200.4% expansion over the period, climbing from ₦12.1bn in 2023 to ₦36.5bn in 2025, primarily underpinned by robust retained earnings.
- While Profit Before Tax (PBT) contracted from ₦22.9bn in 2024 to ₦7.4bn in 2025, a deeper analysis reveals an improvement in the quality of earnings. The Insurance Service Result more than doubled, rising from ₦2.7bn to ₦6.1bn, confirming that the outsized 2024 performance was primarily driven by non-recurring foreign exchange gains rather than core underwriting

## 2.2 Premium History

The company has demonstrated an aggressive and consistent growth trajectory over the last three years. Total GPW more than doubled from ₦16.63bn in 2023 to ₦45.58bn in 2025. This represents a total growth of 174% over the two-year period, with a 46% increase in the 2025 fiscal year alone.

Line of business	Gross Premium Written (N'000)		
	2025	2024	2023
Aviation	4,066,335	2,896,850	1,311,683
Engineering	1,847,722	1,300,506	769,906
Fire	5,687,488	4,192,368	2,572,627
General Accident	3,704,877	2,329,572	1,795,121
Marine	3,295,188	2,307,238	1,144,726
Motor	10,330,250	7,023,178	4,937,462
Oil & Gas	14,918,655	10,075,004	3,393,213
Bonds	1,699,435	1,078,620	704,989
Agriculture	26,941	14,758	
<b>Total</b>	<b>45,576,891</b>	<b>31,218,094</b>	<b>16,629,728</b>

The below above shows that the gross premium written has increased across all the lines of businesses.



## Key Performance Insights

### Oil & Gas Dominance and Surge

- **Primary Growth Engine:** The Oil & Gas line has seen the most dramatic expansion, rising from **N3.39bn** in 2023 to **N14.92bn** in 2025.
- **Market Concentration:** In 2025, Oil & Gas accounted for approximately 32.7% of the total portfolio, cementing its position as the company's largest business segment.
- **Velocity:** This line grew by nearly 340% since 2023, indicating a successful strategic capture of large-scale energy sector risks.

### Strong Retail and Commercial Footprint

- **Motor Insurance:** Remaining the second-largest contributor, the Motor line crossed the 10-billion mark in 2025 (**N10.33bn**), showing steady year-on-year growth.
- **Fire & General Accident:** Both lines showed robust performance, with Fire insurance reaching **N5.69bn** and General Accident growing to **N3.70bn** by 2025.

### Niche and Emerging Segments

- **Marine & Aviation:** These specialized lines both surpassed the **N3bn** and **N4bn** marks respectively in 2025, showing significant scaling from their 2023 baselines.

- Agriculture: While still a very small fraction of the total business (₦26.9m in 2025), this segment has nearly doubled since 2024, suggesting a nascent but high-growth area for the firm.

### Strategic Observations

- Portfolio Diversification: While the company is growing across all lines, the heavy concentration in Oil & Gas and Motor (combined ~55% of total GPW) suggests that overall results are highly sensitive to performance in these two sectors.
- Year-on-Year Momentum: The jump from ₦31.22bn in 2024 to ₦45.58bn in 2025 suggests that the company is successfully gaining market share or benefiting from significant premium rate adjustments.
- Consistency: Every single line of business reported growth in 2025 compared to 2024, indicating a healthy, broad-based expansion across the entire underwriting portfolio.

### 2.3 Experience Analysis – Performance and Operational Efficiency

We have carried out an analysis of the Company's performance for its insurance contracts over the period 2023 - 2025 in the table below.

	2025 Actual	2024 Actual	2023 Actual
<i>Amounts in N'000</i>			
<b>INSURANCE CONTRACT EXPERIENCE RATIOS</b>			
Premiums received	45,576,891	31,218,094	16,629,728
Insurance revenue	41,457,042	28,160,974	14,815,866
Incurred claims	(10,626,692)	(7,388,214)	(3,286,915)
Acquisition costs	(9,487,926)	(7,486,045)	(3,841,648)
Fulfilment expenses	(4,262,526)	(2,362,691)	(2,583,471)
Other (management) expenses	(2,858,934)	(1,922,728)	(967,087)
Investment income	4,415,605	22,040,420	5,488,110
<b>Profit before tax</b>	<b>7,376,917</b>	<b>22,895,314</b>	<b>4,113,020</b>
<i>As a % of revenue:</i>			
Insurance Revenue	100.0%	100.0%	100.0%
Incurred Claims [A]	(25.6)%	(26.2)%	(22.2)%
Acquisition costs [B]	(22.9)%	(26.6)%	(25.9)%
Fulfilment expenses [C]	(10.3)%	(8.4)%	(17.4)%
Other (management) expenses [D]	(6.9)%	(6.8)%	(6.5)%
Investment Income	10.7%	78.3%	37.0%
Profit before tax	17.8%	81.3%	27.8%
<b>Combined ratio on Insurance Services = [A] + [B] + [C] + [D]</b>	<b>(65.7)%</b>	<b>(68.0)%</b>	<b>(64.2)%</b>

## Exceptional Revenue Growth

The company has achieved a significant upward trajectory in its top-line performance:

- Gross Premium Written (GPW): Total GPW surged by 174% over the two-year period, rising from ₦16.63 billion in 2023 to ₦45.58 billion in 2025.
- Insurance Revenue: Commensurate with premium growth, insurance revenue reached ₦41.46 billion in 2025, up from ₦14.82 billion in 2023.

## Profitability and "Quality of Earnings"

The data highlights a shift in the nature of the company's profitability:

- Profit Before Tax (PBT): PBT peaked in 2024 at ₦22.90 billion before normalizing to ₦7.38 billion in 2025.
- The Investment Impact: The 2024 results were heavily influenced by an exceptional investment income of ₦22.04 billion (representing 78.3% of revenue), likely due to one-off market gains.
- Normalized 2025 Performance: In contrast, 2025 reflects more sustainable operations, with investment income returning to a standard level of ₦4.42 billion (10.7% of revenue).

## Underwriting Efficiency

The company maintains a healthy, albeit slightly fluctuating, efficiency profile:

- Combined Ratio: The combined ratio on insurance services stood at 65.7% in 2025. While this is a slight improvement from the 68.0% seen in 2024, it remains marginally above the 64.2% achieved in 2023.
- Claims Management: The incurred claims ratio has remained relatively stable, moving from 22.2% in 2023 to 25.6% in 2025.
- Acquisition Efficiency: There has been a notable improvement in acquisition costs, which dropped from 25.9% of revenue in 2023 to 22.9% in 2025.

The company has successfully transitioned into a much larger entity, nearly tripling its premium base in two years. While 2024 provided a massive "windfall" through investment income, the 2025 data shows a firm with strong underwriting fundamentals and a dominant position in the Oil & Gas and Motor sectors.

The table in below shows the breakdown of the ratios and profitability by line of business for the 2025 reporting period.

	2025	Motor	Fire	General Accident	Marine	Bonds	Oil & Gas	Engineering	Aviation	Agriculture
Amounts in N'000	Actual									
<b>INSURANCE CONTRACT EXPERIENCE RATIOS</b>										
Premiums received	45,576,891	10,330,250	5,687,488	3,704,877	3,295,188	1,699,435	14,918,655	1,847,722	4,066,335	26,941
Insurance revenue	41,457,042	9,723,047	5,629,969	3,421,138	3,149,611	1,341,791	12,835,518	1,694,270	3,632,024	29,674
Incurred claims	(10,626,692)	(2,504,939)	(1,986,042)	(2,621,571)	(2,243,846)	(206,013)	(123,720)	(555,027)	(384,743)	(791)
Acquisition costs	(9,487,926)	(1,668,258)	(1,293,274)	(819,867)	(761,565)	(364,855)	(2,591,883)	(414,346)	(1,566,502)	(7,376)
Fulfilment expenses	(4,262,526)	(966,125)	(531,916)	(346,494)	(308,179)	(158,938)	(1,395,250)	(172,806)	(380,299)	(2,520)
Other (management) expenses	(2,858,934)	(644,083)	(354,611)	(230,996)	(222,703)	(105,958)	(930,167)	(115,204)	(253,533)	(1,680)
Investment income	4,415,605	975,693	555,073	361,579	321,595	165,857	1,455,993	180,329	396,856	2,629
<b>Profit before tax</b>	<b>7,376,917</b>	<b>4,562,782</b>	<b>869,066</b>	<b>1,005,086</b>	<b>663,129</b>	<b>568,944</b>	<b>1,784,420</b>	<b>297,752</b>	<b>(2,379,946)</b>	<b>5,686</b>
<i>As a % of revenue:</i>										
Insurance Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incurred Claims [A]	(25.6)%	(25.8)%	(35.3)%	(76.6)%	(71.2)%	(15.4)%	(1.0)%	(32.8)%	(10.6)%	(2.7)%
Acquisition costs [B]	(22.9)%	(17.2)%	(23.0)%	(24.0)%	(24.2)%	(27.2)%	(20.2)%	(24.5)%	(43.1)%	(24.9)%
Fulfilment expenses [C]	(10.3)%	(9.9)%	(9.4)%	(10.1)%	(9.8)%	(11.8)%	(10.9)%	(10.2)%	(10.5)%	(8.5)%
Other (management) expenses [D]	(6.9)%	(6.6)%	(6.3)%	(6.8)%	(7.1)%	(7.9)%	(7.2)%	(6.8)%	(7.0)%	(5.7)%
Investment Income	10.7%	10.0%	9.9%	10.6%	10.2%	12.4%	11.3%	10.6%	10.9%	8.9%
Profit before tax	17.8%	46.9%	15.4%	29.4%	21.1%	42.4%	13.9%	17.6%	(65.5)%	19.2%
<b>Combined ratio on Insurance Services = [A] + [B] + [C] + [D]</b>	<b>(65.7)%</b>	<b>(59.5)%</b>	<b>(74.0)%</b>	<b>(117.5)%</b>	<b>(112.3)%</b>	<b>(62.3)%</b>	<b>(39.3)%</b>	<b>(74.2)%</b>	<b>(71.2)%</b>	<b>(41.7)%</b>

- **High-Performing Lines:** The Oil & Gas (39.3%) and Motor (59.5%) segments are highly profitable, driving the company's overall positive technical result.
- **Underwriting Red Flags:** Conversely, the General Accident (117.5%) and Marine (112.3%) lines reported Combined Ratios above 100%, indicating that these specific segments are currently operating at an underwriting loss due to high claims and expenses.

The table below provides a similar overview of the reinsurance contracts over the same period.

<i>Amounts in N'000</i>	<b>2025</b> <i>Actual</i>	<b>2024</b> <i>Actual</i>	<b>2023</b> <i>Actual</i>
<b>REINSURANCE CONTRACT EXPERIENCE RATIOS</b>			
Reinsurance premiums paid	(13,901,246)	(9,956,567)	(6,007,917)
Inward commissions & fees	1,927,053	1,250,937	1,185,005
Reinsurance recoveries	4,772,120	440,101	1,507,062
Reinsurance contract remeasurements	3,293,797	3,510,500	(394,531)
Net income or (expense) on reinsurance	(3,908,275)	(4,755,029)	(3,710,381)
<i>As a % of reinsurance premium paid:</i>		0	0
Inward commissions & fees	13.9%	12.6%	19.7%
Reinsurance recoveries	34.3%	4.4%	25.1%
Reinsurance contract remeasurements	23.7%	35.3%	(6.6)%
Net income or (expense) on reinsurance	(28.1)%	(47.8)%	(61.8)%

## Reinsurance Strategy and Cession Efficiency

The reinsurance program effectively shields the balance sheet while showing improved value over time:

- **Increased Recoveries:** Reinsurance recoveries surged to ₦4.77 billion in 2025, a significant increase from the ₦1.51 billion recovered in 2024.
- **Net Expense Reduction:** The net expense on reinsurance as a percentage of premiums paid improved from (61.8)% in 2023 to (28.1)% in 2025, indicating a much more efficient transfer of risk and higher recovery yields for the company.

We take a further look at the reinsurance performance in the following section.

### 2.4 Reinsurance Effectiveness

The table below provides a general assessment of the value derived from reinsurance arrangements over the last three years.

<i>Amounts in N'000</i>	<b>2025</b> <i>Actual</i>	<b>2024</b> <i>Actual</i>	<b>2023</b> <i>Actual</i>	<b>Total</b>
Reinsurance premiums	<b>(13,901,246)</b>	<b>(9,956,567)</b>	<b>(6,007,917)</b>	<b>(29,865,730)</b>
Inward commission & fees	1,927,053	1,250,937	1,185,005	4,362,995
Reinsurance recoveries	4,772,120	440,101	1,507,062	6,719,284
Reinsurance Income	<b>6,699,174</b>	<b>1,691,038</b>	<b>2,692,067</b>	<b>11,082,278</b>
Value for Money Ratio	48.2%	17.0%	44.8%	37.1%

A three-year target of around 80% would normally be advised for the Value for Money (VfM) ratio. Over the last three years, we see 37.1% of the reinsurance premium was recovered by Consolidated Hallmark, with around 61% from recoveries and 39% from commission and fees each year.

However, looking at the year-on-year trend, we see that the “Value for Money Ratio” has improved to **48.2%** in 2025, up from **17.0%** in 2024, signalling a recovery in the economic benefits derived from the reinsurance program.

Strategic review of the reinsurance program reveals a performance divide. The Motor, Fire, General Accident, and Marine lines achieved high efficiency, surpassing VfM expectations. Conversely, the Oil & Gas, Aviation, Engineering, and Bonds portfolios underperformed, dragging the firm's total VfM ratio to a level below the recommended threshold.

<i>Amounts in N'000</i>	Reinsurance premiums	Inward commission & fees	Reinsurance recoveries	Reinsurance Income	Value for Money Ratio
<b>Motor</b>	<b>88,971</b>	11,514	141,142	<b>152,656</b>	171.6%
<b>Fire</b>	<b>691,092</b>	488,648	515,545	<b>1,004,193</b>	145.3%
<b>General Accident</b>	<b>989,670</b>	535,242	429,921	<b>965,163</b>	97.5%
<b>Marine</b>	<b>1,214,774</b>	400,348	1,240,583	<b>1,640,931</b>	135.1%
<b>Bonds</b>	<b>495,197</b>	226,965	0	<b>226,965</b>	45.8%
<b>Oil &amp; Gas</b>	<b>7,053,917</b>	4,405	2,126,384	<b>2,130,789</b>	30.2%
<b>Engineering</b>	<b>842,230</b>	252,331	176,955	<b>429,286</b>	51.0%
<b>Aviation</b>	<b>2,497,872</b>	360	141,590	<b>141,951</b>	5.7%
<b>Agriculture</b>	<b>27,523</b>	7,239	0	<b>7,239</b>	26.3%
<b>Total</b>	<b>13,901,246</b>	<b>1,927,053</b>	<b>4,772,120</b>	<b>6,699,174</b>	<b>48.2%</b>

The tables below present the results of the value-for-money analysis per line of business comparison between 2025 and 2024.

<i>Value for Money Ratio</i>	<b>2025</b> <i>Actual</i>	<b>2024</b> <i>Actual</i>
<b>Motor</b>	171.6%	51.2%
<b>Fire</b>	145.3%	23.9%
<b>General Accident</b>	97.5%	47.2%
<b>Marine</b>	135.1%	17.8%
<b>Bonds</b>	45.8%	14.5%
<b>Oil &amp; Gas</b>	30.2%	0.0%
<b>Engineering</b>	51.0%	16.3%
<b>Aviation</b>	5.7%	1.6%
<b>Agriculture</b>	26.3%	114.8%
<b>Total</b>	<b>48.2%</b>	<b>17.0%</b>

## Overall Portfolio Recovery

The consolidated Value for Money Ratio saw a significant recovery, increasing from 17.0% in 2024 to 48.2% in 2025. This upward trend was driven by a substantial surge in Reinsurance Income, which rose from ₦1.69 billion to ₦6.70 billion during the same period.

## Top Performing Lines (Over 100% Growth)

Four key business segments showed exceptional improvements in their reinsurance efficiency, far exceeding their 2024 performance levels:

- Motor: Surged from 51.2% to 171.6%, representing the highest VfM in the 2025 portfolio.
- Fire: Increased from a low of 23.9% to 145.3%.
- Marine: Experienced a dramatic recovery from 17.8% in 2024 to 135.1% in 2025.
- General Accident: More than doubled its ratio from 47.2% to 97.5%.

## Underperforming and Lagging Segments

Despite the overall positive trend, several large-volume lines continue to weigh down the total ratio:

- Aviation: Remains a significant outlier with a critically low VfM of 5.7% in 2025, although this is a slight improvement from the 1.6% recorded in 2024.
- Oil & Gas: Showed moderate improvement to 30.2% from 0.0% in the previous year yet remains well below the total average.
- Bonds and Engineering: While both lines improved (to 45.8% and 51.0% respectively), they stayed near or below the consolidated average.

### 3. FINANCIAL POSITION AND MANAGEMENT

#### 3.1 Statement of Financial Position

The table below presents Consolidated Hallmark's statement of financial position for the year ending 31 December 2025 compared against those as at 31 December 2024 and 2023.

<i>Amounts in N'000</i>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Financial Assets</b>	34,094,356	24,472,516	12,432,077
<b>Property</b>	1,275,149	1,273,391	1,271,782
<b>Cash and cash equivalents</b>	2,098,072	2,046,455	1,933,951
<b>Invested Assets</b>	<b>37,467,577</b>	<b>27,792,362</b>	<b>15,637,810</b>
<b>Reinsurance Assets</b>	10,806,697	7,052,366	3,446,441
<b>Other balance sheet assets</b>	15,105,750	15,578,819	4,902,990
<b>Total Assets</b>	<b>63,380,025</b>	<b>50,423,548</b>	<b>23,987,241</b>
<b>Insurance liabilities</b>	24,474,751	15,929,149	9,701,038
<b>Other liabilities</b>	2,443,871	2,303,561	2,148,569
<b>Total Liabilities</b>	<b>26,918,622</b>	<b>18,232,710</b>	<b>11,849,607</b>
<b>Net Assets</b>	<b>36,461,403</b>	<b>32,190,838</b>	<b>12,137,634</b>

#### Exceptional Growth in Net Assets (Shareholders' Equity)

The company's overall financial strength has seen a dramatic upward shift over the review period:

- **Equity Surge:** Net Assets grew by 200.4%, rising from ₦12.14 billion in 2023 to ₦36.46 billion in 2025.
- **Capital Accumulation:** The most significant jump occurred between 2023 and 2024, where net assets nearly tripled, indicating a transformative period of profit retention or capital injection.

#### Dynamic Investment Portfolio

The firm has aggressively scaled its invested assets to drive future returns:

- **Total Invested Assets:** This category more than doubled, increasing from ₦15.64 billion to ₦37.47 billion by the end of 2025.
- **Financial Assets:** These remain the primary engine of the balance sheet, now standing at ₦34.09 billion (representing 91% of total invested assets).

- Cash Liquidity: Cash and cash equivalents remained stable and healthy at ₦2.10 billion in 2025, ensuring the firm maintains immediate liquidity to meet short-term obligations.

### Asset Base and Reinsurance Standing

- Total Asset Expansion: The company's total asset base expanded by 164% in two years, reaching ₦63.38 billion in 2025.
- Reinsurance Assets: There was a notable increase in reinsurance assets, which rose from ₦3.45 billion in 2023 to ₦10.81 billion in 2025. This reflects the company's increased use of reinsurance to support its rapidly growing premium volume.

### Liability Management and Solvency

- Insurance Liabilities: Commensurate with the growth in premiums, insurance liabilities rose from ₦9.70 billion to ₦24.47 billion.
- Strong Solvency Margin: Despite the increase in liabilities, the growth in assets has significantly outpaced them. The firm's "Net Asset" position of ₦36.46 billion provides a massive buffer over its total liabilities of ₦26.92 billion, indicating a very strong solvency position and high capacity for further risk underwriting.

The balance sheet reflects a firm that has successfully transitioned into a large-cap player. With a 200% increase in Net Assets and a highly liquid investment portfolio, the company is well-positioned to meet the new, higher regulatory capital requirements while continuing its aggressive growth in the Nigerian insurance market.

### 3.2 Results of the Insurance Liability Valuation

The following table provides a reconciliation of the insurance contract liabilities and assets from 31 December 2024 to 31 December 2025.

Reconciliation of Insurance Contract Liabilities N/m	Total	Motor	Fire	General Accident	Marine	Bonds	Oil & Gas	Engineering	Agriculture	Aviation
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	15,929.1	2,829.2	2,096.5	2,571.9	1,116.9	529.5	4,798.5	795.3	4.5	1,186.7
<b>Net opening balance</b>	<b>15,929.1</b>	<b>2,829.2</b>	<b>2,096.5</b>	<b>2,571.9</b>	<b>1,116.9</b>	<b>529.5</b>	<b>4,798.5</b>	<b>795.3</b>	<b>4.5</b>	<b>1,186.7</b>
Insurance revenue	(41,457.0)	(9,723.0)	(5,630.0)	(3,421.1)	(3,149.6)	(1,341.8)	(12,835.5)	(1,694.3)	(29.7)	(3,632.0)
Insurance service expenses	-	-	-	-	-	-	-	-	-	-
Incurred claims	10,626.7	2,504.9	1,986.0	2,621.6	2,243.8	206.0	123.7	555.0	0.8	384.7
Incurred expenses	4,262.5	966.1	531.9	346.5	308.2	158.9	1,395.3	172.8	2.5	380.3
Acquisition expenses	9,487.9	1,668.3	1,293.3	819.9	761.6	364.9	2,591.9	414.3	7.4	1,566.5
Changes related to future service	-	-	-	-	-	-	-	-	-	-
Changes related to past service	7,023.7	191.7	628.4	(493.6)	67.1	(89.6)	4,433.5	133.2	-	2,153.1
<b>Total Insurance service expenses</b>	<b>31,400.9</b>	<b>5,331.1</b>	<b>4,439.6</b>	<b>3,294.3</b>	<b>3,380.6</b>	<b>640.2</b>	<b>8,544.3</b>	<b>1,275.4</b>	<b>10.7</b>	<b>4,484.6</b>
Investment components	-	-	-	-	-	-	-	-	-	-
<b>Insurance service result</b>	<b>(10,056.2)</b>	<b>(4,392.0)</b>	<b>(1,190.3)</b>	<b>(126.9)</b>	<b>231.0</b>	<b>(701.6)</b>	<b>(4,291.2)</b>	<b>(418.9)</b>	<b>(19.0)</b>	<b>852.6</b>
Insurance finance expenses	853.4	69.5	98.4	228.9	26.4	6.1	339.3	36.4	-	48.2
<b>Total change in comprehensive income</b>	<b>(9,202.7)</b>	<b>(4,322.5)</b>	<b>(1,091.9)</b>	<b>102.1</b>	<b>257.5</b>	<b>(695.4)</b>	<b>(3,951.9)</b>	<b>(382.4)</b>	<b>(19.0)</b>	<b>900.8</b>
Premiums received	45,576.9	10,330.3	5,687.5	3,704.9	3,295.2	1,699.4	14,918.7	1,847.7	26.9	4,066.3
Claims paid	(14,078.1)	(2,440.4)	(1,988.3)	(2,392.6)	(1,963.2)	(44.4)	(3,044.5)	(687.8)	(0.8)	(1,516.1)
Expenses paid	(4,262.5)	(966.1)	(531.9)	(346.5)	(308.2)	(158.9)	(1,395.3)	(172.8)	(2.5)	(380.3)
Acquisition costs paid	(9,487.9)	(1,668.3)	(1,293.3)	(819.9)	(761.6)	(364.9)	(2,591.9)	(414.3)	(7.4)	(1,566.5)
<b>Total cash flows</b>	<b>17,748.3</b>	<b>5,255.5</b>	<b>1,874.0</b>	<b>145.9</b>	<b>262.2</b>	<b>1,131.2</b>	<b>7,887.1</b>	<b>572.8</b>	<b>16.3</b>	<b>603.4</b>
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	24,474.8	3,762.2	2,878.6	2,819.9	1,636.6	965.3	8,733.7	985.7	1.7	2,690.9
<b>Net closing balance</b>	<b>24,474.8</b>	<b>3,762.2</b>	<b>2,878.6</b>	<b>2,819.9</b>	<b>1,636.6</b>	<b>965.3</b>	<b>8,733.7</b>	<b>985.7</b>	<b>1.7</b>	<b>2,690.9</b>

Similar to the insurance contract liabilities, the following table provides a reconciliation of the reinsurance contract assets from 31 December 2024 to 31 December 2025.

Reconciliation of Reinsurance Contract Assets N/m	Total	Motor	Fire	General Accident	Marine	Bonds	Oil & Gas	Engineering	Agriculture	Aviation
Opening insurance contract assets	7,021.6	166.9	1,366.7	1,329.6	443.9	128.3	2,716.5	210.5	1.8	657.5
Opening insurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net opening balance</b>	<b>7,021.6</b>	<b>166.9</b>	<b>1,366.7</b>	<b>1,329.6</b>	<b>443.9</b>	<b>128.3</b>	<b>2,716.5</b>	<b>210.5</b>	<b>1.8</b>	<b>657.5</b>
Insurance revenue	(10,190.0)	(181.5)	(150.6)	(185.5)	(800.9)	(251.6)	(5,769.5)	(323.6)	(12.6)	(2,514.2)
Insurance service expenses	-	-	-	-	-	-	-	-	-	-
Incurred claims and other expenses	4,806.9	141.1	78.5	776.8	1,365.4	-	2,126.4	177.0	-	141.6
Acquisition expenses	-	-	-	-	-	-	-	-	-	-
Changes related to future service	-	-	-	-	-	-	-	-	-	-
Changes related to past service	1,474.9	(38.9)	(491.3)	280.1	228.7	62.8	735.4	(20.7)	(1.7)	720.5
<b>Total Insurance service expenses</b>	<b>6,281.8</b>	<b>102.2</b>	<b>(412.7)</b>	<b>1,056.9</b>	<b>1,594.1</b>	<b>62.8</b>	<b>2,861.8</b>	<b>156.3</b>	<b>(1.7)</b>	<b>862.1</b>
Investment components	-	-	-	-	-	-	-	-	-	-
<b>Insurance service result</b>	<b>(3,908.3)</b>	<b>(79.3)</b>	<b>(563.4)</b>	<b>871.4</b>	<b>793.2</b>	<b>(188.9)</b>	<b>(2,907.7)</b>	<b>(167.3)</b>	<b>(14.3)</b>	<b>(1,652.1)</b>
Insurance finance expenses	525.8	5.2	140.1	105.2	11.2	2.5	214.4	17.5	-	29.7
<b>Total change in comprehensive income</b>	<b>(3,382.5)</b>	<b>(74.1)</b>	<b>(423.3)</b>	<b>976.6</b>	<b>804.4</b>	<b>(186.4)</b>	<b>(2,693.3)</b>	<b>(149.8)</b>	<b>(14.3)</b>	<b>(1,622.5)</b>
Premiums received	11,974.2	77.5	202.4	454.4	814.4	268.2	7,049.5	589.9	20.3	2,497.5
Claims and expenses paid	(4,772.1)	(141.1)	(515.5)	(429.9)	(1,240.6)	-	(2,126.4)	(177.0)	-	(141.6)
Acquisition costs paid	-	-	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	<b>7,202.1</b>	<b>(63.7)</b>	<b>(313.1)</b>	<b>24.5</b>	<b>(426.2)</b>	<b>268.2</b>	<b>4,923.1</b>	<b>412.9</b>	<b>20.3</b>	<b>2,355.9</b>
Closing insurance contract assets	10,841.2	29.1	630.3	2,330.7	822.2	210.1	4,946.4	473.7	7.8	1,390.9
Closing insurance contract liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net closing balance</b>	<b>10,841.2</b>	<b>29.1</b>	<b>630.3</b>	<b>2,330.7</b>	<b>822.2</b>	<b>210.1</b>	<b>4,946.4</b>	<b>473.7</b>	<b>7.8</b>	<b>1,390.9</b>

### 3.3 Solvency

The table below provides Consolidated Hallmark's balance sheet adequacy and solvency margins over the years 2023 -2025.

<i>Amounts in N'000</i>	2025	2024	2023
<b>Shareholders' Funds</b>	36,461,403	32,190,838	12,137,634
<b>Admissible Shareholders' Funds</b>	14,715,760	15,176,616	4,776,408
<b>Shareholders' Funds</b>	21,745,643	17,014,222	7,361,226
<b>Insurance contract liabilities</b>	24,474,751	15,929,149	9,701,038
<b>Balance Sheet Solvency Margin</b>	<b>89%</b>	<b>107%</b>	<b>76%</b>
<b>Minimum Required Statutory Capital</b>	15,000,000	3,000,000	3,000,000
<b>Capital Adequacy Ratio</b>	<b>145%</b>	<b>567%</b>	<b>245%</b>

#### Substantial Growth in Admissible Capital

The company has successfully fortified its capital base over the review period:

- Shareholders' Funds: Total equity surged from ₦12.14 billion in 2023 to ₦36.46 billion in 2025.
- Admissible Funds: Even after deducting inadmissible assets, Admissible Shareholders' Funds rose to ₦21.75 billion in 2025, nearly tripling the 2023 baseline of ₦7.36 billion. This ensures that the capital backing the business consists of high-quality, liquid assets.

#### Resilience Amidst Regulatory Reforms

The 2025 fiscal year introduced a significant legislative challenge which the firm has successfully navigated:

- Five-Fold Statutory Increase: The Minimum Required Statutory Capital jumped from ₦3.0 billion to ₦15.0 billion.
- Compliance Buffer: Despite this 400% increase in the regulatory floor, the company's admissible funds of ₦21.75 billion remain well above the new requirement, representing a ₦6.75 billion surplus over the mandatory minimum.

#### Solvency Margin and Risk Coverage

The company's ability to cover its insurance contract liabilities remains stable despite rapid business expansion:

- Solvency Margin: The Balance Sheet Solvency Margin stood at 89% in 2025. While this is a decrease from the 107% reported in 2024, it is an improvement over the 76% recorded in 2023, indicating a healthier long-term relationship between admissible assets and insurance obligations.

### Capital Adequacy Ratio (CAR) Normalization

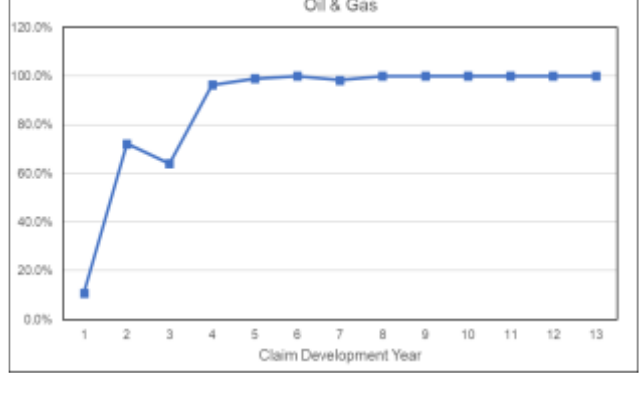
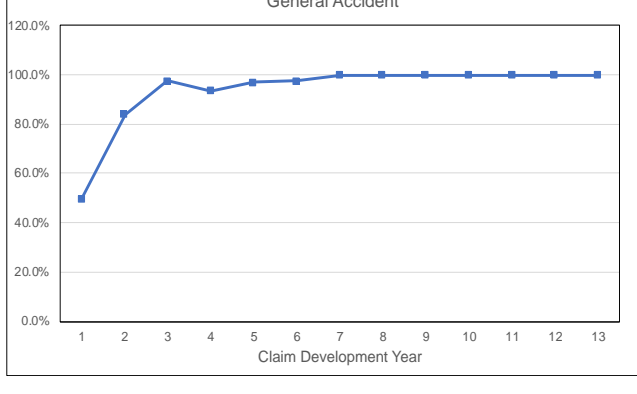
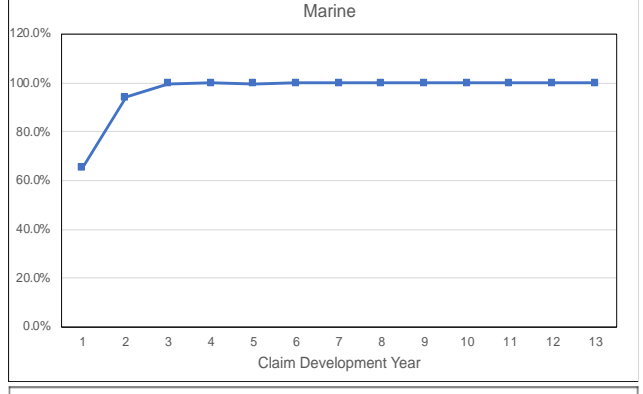
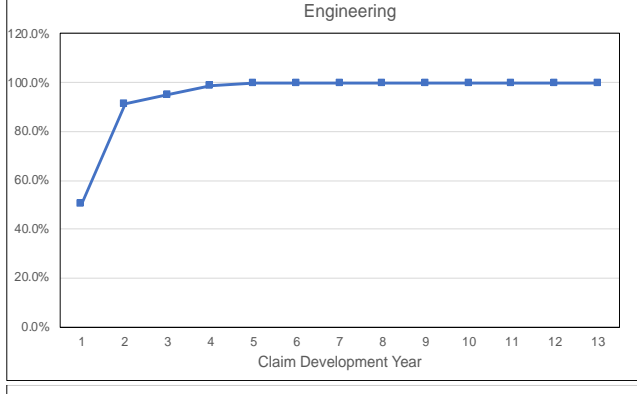
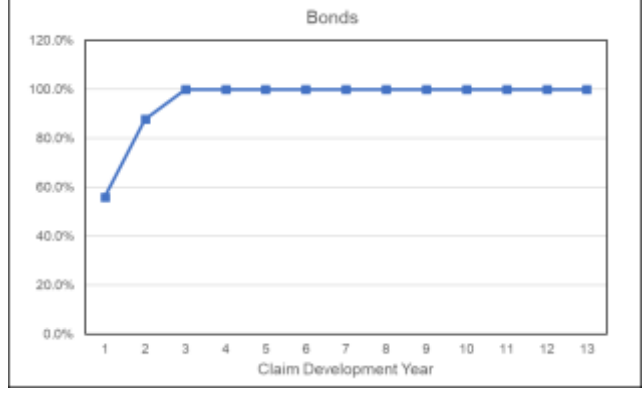
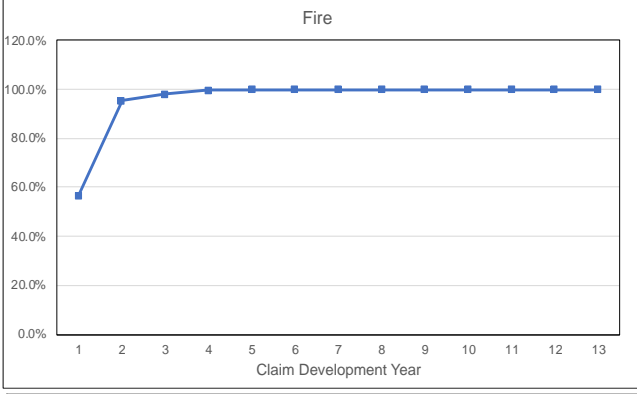
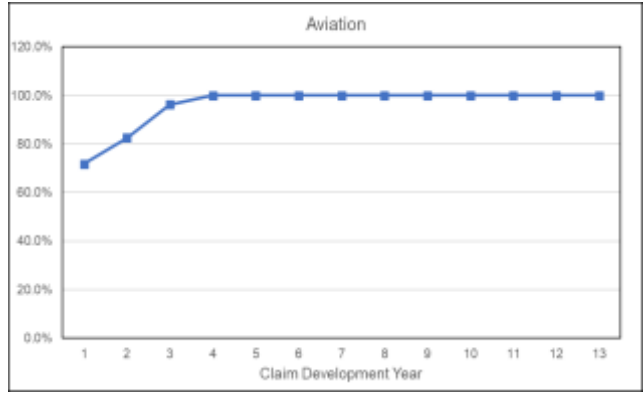
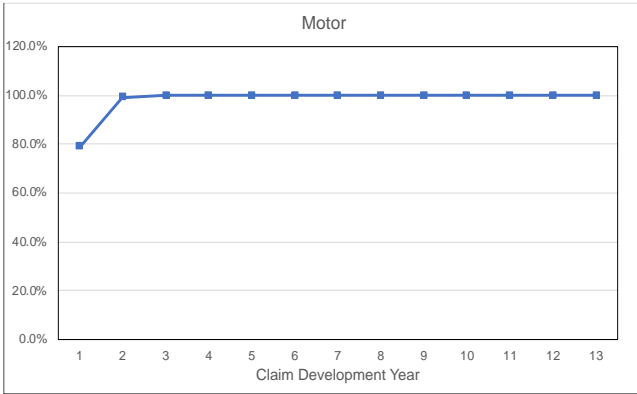
- Technical Adjustment: The Capital Adequacy Ratio moved from 567% in 2024 to 145% in 2025.
- Strategic Interpretation: This drop does not signal financial distress; rather, it reflects the "denominator effect" caused by the massive increase in the statutory capital requirement (from ₦3bn to ₦15bn). At 145%, the company remains comfortably above the 100% threshold, indicating it possesses sufficient capital to absorb unforeseen shocks even under the stricter new regime.

The firm enters 2026 in a strong regulatory position. By aggressively growing its admissible shareholders' funds, it has absorbed the impact of the NIIRA 2025 capital hikes while maintaining a solvency profile that exceeds both statutory minimums and its own 2025 performance levels.

### 3.4 Liability Profiles

The currency, nature and term of liabilities must inform the assets that Consolidated Hallmark invests in to reduce the risk of mismatch between assets and liabilities.

The following charts provide the claim development profile for each line of business based on claims payment data for 2016 – 2024. These provide insight into the term and average progression of the liabilities.



Motor claims have the shortest tails and quickest progression on average compared to other lines of business, whilst Oil & Gas claims have the longest tail and slowest (most volatile) progression on average, based on the historical claims data provided.

### 3.5 Business Plan

Consolidated Hallmark's proposed budget for the year ending 31 December 2025 is shown in the tables below.

Amounts in N'000	2025 Actual	2025 Budget	2026 Budget
<b>INSURANCE CONTRACTS</b>			
Premiums received	45,576,891	43,616,568	75,316,542
Insurance revenue	41,457,042	40,817,989	69,288,608
Incurred claims	(10,626,692)	(12,792,354)	(20,786,582)
Acquisition costs	(9,487,926)	(4,434,053)*	(11,952,879)
Fulfilment expenses	(4,262,526)	(3,958,896)*	(5,369,926)
Other (management) expenses	(2,858,934)	(9,141,766)	(11,499,662)
Investment income	4,415,605	2,583,936	7,147,573
<b>Profit before tax</b>	<b>7,376,917</b>	<b>5,825,396</b>	<b>12,089,007</b>
<i>As a % of insurance revenue:</i>			
Insurance Revenue	100.0%	100.0%	100.0%
Incurred Claims [A]	(25.6)%	(25.6)%	(30.0)%
Acquisition costs [B]	(22.9)%	(10.9)%	(17.3)%
Fulfilment expenses [C]	(10.3)%	(9.7)%	(7.8)%
Other (management) expenses [D]	(6.9)%	(22.4)%	(16.6)%
Investment Income	10.7%	6.3%	10.3%
Profit before tax	17.8%	14.3%	17.4%
<b>Combined ratio on Insurance Services = [A] + [B] + [C] + [D]</b>	<b>(65.7)%</b>	<b>(69.5)%</b>	<b>(71.6)%</b>

\*The underwriting expenses in the 2025 and 2026 budgets has been split between the acquisition costs and fulfilment expenses lines based.

### Performance Against 2025 Budget

The company outperformed its 2025 financial targets across most key metrics:

- Revenue Growth: Actual premiums received reached ₦45.58 billion, exceeding the budget of ₦43.62 billion by approximately 4.5%.
- Profitability: Profit before tax (PBT) reached ₦7.38 billion, significantly surpassing the budgeted ₦5.83 billion. This was bolstered by Investment Income of ₦4.42 billion, which was 71% higher than the projected ₦2.58 billion.
- Operational Efficiency: The actual Combined Ratio of 65.7% was stronger than the budgeted 69.5%, indicating better-than-expected management of total insurance service costs.

## 2026 Strategic Outlook and Projections

The 2026 budget outlines an aggressive growth strategy aimed at nearly doubling the company's scale:

- **Ambitious Top-Line Targets:** The 2026 plan targets ₦75.32 billion in premiums received, representing a projected growth of 65% over 2025 actual results.
- **Profit Expansion:** The company aims to increase PBT to ₦12.09 billion in 2026, driven by higher insurance volumes and a projected surge in Investment Income to ₦7.15 billion.
- **Claims Normalization:** The 2026 budget anticipates a rise in the Incurred Claims ratio to 30.0% (up from 25.6% in 2025), likely reflecting a return to historical loss averages after an exceptionally favourable 2025 performance.

## Operational Cost Management

The company plans significant adjustments to its cost structure to support this growth:

- **Acquisition Efficiency:** While total Acquisition Costs are budgeted to rise in absolute terms, the ratio as a percentage of revenue is projected to drop to 17.3% in 2026, compared to 22.9% in 2025 actuals.
- **Management Expenses:** The company expects a reduction in the Other (management) expenses ratio from 22.4% (2025 budget) to 16.6% (2026 budget), suggesting a focus on achieving economies of scale as the business expands.

The company enters 2026 with strong momentum, having exceeded its 2025 targets. The 2026 budget signals a shift toward aggressive scaling, with a focus on leveraging a massive increase in premium volume while managing a projected normalization of claims experience.

Similarly, the table below shows the actual reinsurance performance presented against the 2025 and 2026 budget.

Amounts in N'000	2025 Actual	2025 Budget	2026 Budget
<b>REINSURANCE CONTRACTS</b>			
Reinsurance premiums paid	(13,901,246)	(11,358,201)	(26,787,627)
Inward commissions & fees	1,927,053	1,163,704	3,731,576
Reinsurance recoveries	4,772,120	1,385,342	8,317,927
Reinsurance contract remeasurements	3,293,797	2,216,909	0
<b>Net income or (expense) on reinsurance</b>	<b>(3,908,275)</b>	<b>(6,592,247)</b>	<b>(14,738,124)</b>
<i>As a % of reinsurance premium paid:</i>			
Inward commissions & fees	13.9%	10.2%	13.9%
Reinsurance recoveries	34.3%	12.2%	31.1%
Reinsurance contract remeasurements	23.7%	19.5%	-
Net income or (expense) on reinsurance	(28.1)%	(58.0)%	(55.0)%

\* The 2025 budget the reinsurance contract remeasurements figure above was derived by scaling the 2024 budget reinsurance premium paid figure with the ratio of the total reinsurance contract remeasurements over 2024 and 2023 to the total reinsurance premium paid over 2024 and 2023.

### Performance Against 2025 Budget (Actual vs. Budget)

The company plans to shift its risk management approach to support this massive growth.

- **Reinsurance Premiums Paid:** The actual spend on reinsurance was ₦13.90bn, which was 22.4% higher than the budgeted ₦11.36bn. This correlates with the higher-than-expected Gross Premium Written for the year.
- **Exceptional Recovery Yield:** Actual reinsurance recoveries reached ₦4.77bn, outperforming the budget of ₦1.39bn by more than 244%. This drove the actual recovery ratio to 34.3%, significantly higher than the conservative budgeted expectation of 12.2%.
- **Net Performance:** Due to strong recoveries and favourable contract remeasurements of ₦3.29bn, the actual net expense on reinsurance was limited to ₦3.91bn, far better than the budgeted net expense of ₦6.59bn.

### 2026 Strategic Outlook (2025 Actual vs. 2026 Budget)

The 2026 budget signals a massive expansion in risk-sharing capacity to support the company's aggressive growth targets.

- **Scaling Reinsurance:** To support the ₦75bn premium target, Reinsurance Premiums Paid are budgeted to nearly double from ₦13.90bn to ₦26.79bn in 2026.

- **Inward Commissions:** The company expects a substantial increase in Inward Commissions & Fees which is proportional to the increase in ceded premium rising from ₦1.93bn (2025 Actual) to ₦3.73bn in 2026.
- **Recovery Forecasts:** Management anticipates a higher volume of claims activity in 2026, budgeting for ₦8.32bn in recoveries. This represents a budgeted recovery ratio of 31.1%, which is more aligned with the 2025 actual performance than the previous year's conservative budget.

### Efficiency Trends and Net Impact

- **Cession Efficiency:** The actual net cost of reinsurance as a percentage of premiums paid was 28.1% in 2025, significantly more efficient than the 58.0% net cost originally budgeted.
- **Projected 2026 Deficit:** The 2026 budget anticipates a much larger net expense on reinsurance of ₦14.74bn. This reflects the cost of securing much higher levels of protection to safeguard the balance sheet against the increased risk exposures associated with the target of ₦75.32bn in gross premiums.

The 2025 reinsurance performance was exceptionally strong due to a high volume of recoveries and favourable remeasurements that were not originally anticipated in the budget. For 2026, the company is doubling down on its reinsurance strategy, significantly increasing its premium spend to provide the necessary capital support for its ambitious scaling plans.

## 3.6 Material Risks

### *Expense Risk*

Consolidated Hallmark reported an expense ratio<sup>1</sup> of 40.1% for the fiscal year ending 31 December 2025, reflecting a moderate increase from the 37.7% recorded in 2024. Looking ahead, the 2026 target is set at 43%, signalling a further upward shift. Managing this trajectory will necessitate stringent cost-containment measures to ensure that expense growth does not outpace the projected expansion in business volumes.

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<sup>1</sup> This is the sum of the acquisition cost ratio, fulfilment expense ratio and other (management) expense ratio

### *Pricing Risk*

This is the risk that the premiums charged do not adequately reflect the underlying risks being written. This leads to the premium charged being inadequate which adversely impacts profitability and solvency. The combined ratio of at most 100% is ideal – please see the next section for details of the combined ratio by line of business.

We note that the combined ratio for 2025 worsened from 2024 at the aggregate level. Allowing for relevant rating factors and employing strict underwriting manages this risk.

### *Insurance Risk*

In assessing this we considered the incurred claims ratio at an aggregate level for the year ending 31 December 2025. This ratio which is 25.6% is slightly higher than the 2024 ratio at 23.7%. For the 2025 projected business plan, the target for 2026 is 28.7%.

### *Catastrophe Risk*

This is the risk of high-severity and low-frequency loss events. This can be mitigated by diversifying the spread of risks covered, geographically and socio- through its underwriting procedures.

Reinsurance can also be used to mitigate this risk.

### *Economic Risk*

This specifically relates to the impact of market conditions, fiscal measures and inflationary pressures on the operations of Consolidated Hallmark. One key market risk for general business is inflationary pressure when claims take longer to settle or are subject to litigation.

### *Currency Risk*

Consolidated Hallmark earns substantial USD income and holds US Dollar-denominated assets to back the USD denominated liabilities. As such, holding these foreign-denominated assets to back the liabilities exposes the company to currency risk that could lead to a strain on the company if adverse changes to exchange rates occur. The dollarized risks are currently reinsured in USD to reduce the exposure. This risk should be actively managed, hedged and capital held to back any residual exposure.

#### 4. PRICING AND PREMIUM ADEQUACY

The tables below show the incurred claims ratio, expense ratio and combined ratio across each line of business for 2025 and 2024 along with the change over the period. Improvements are highlighted in green, and deteriorations are highlighted in red.

Line of business	2025			2024			Change over the period		
	Incurred Claims Ratio	Expense Ratio	Combined Ratio	Incurred Claims Ratio	Expense Ratio	Combined Ratio	Incurred Claims Ratio	Expense Ratio	Combined Ratio
Motor	25.8%	33.7%	59.5%	19.3%	31.8%	51.1%	6.5%	1.9%	8.4%
Fire	35.3%	38.7%	74.0%	27.1%	37.2%	64.3%	8.1%	1.5%	9.7%
General Accident	76.6%	40.8%	117.5%	57.4%	37.0%	94.4%	19.3%	3.8%	23.1%
Marine	71.2%	41.0%	112.3%	12.8%	37.0%	49.8%	58.4%	4.0%	62.4%
Bonds	15.4%	46.9%	62.3%	2.4%	35.1%	37.6%	12.9%	11.8%	24.7%
Oil & Gas	1.0%	38.3%	39.3%	23.6%	34.1%	57.7%	(22.6)%	4.2%	(18.4)%
Engineering	32.8%	41.5%	74.2%	21.8%	38.2%	59.9%	11.0%	3.3%	14.3%
Aviation	10.6%	60.6%	71.2%	20.1%	67.3%	87.4%	(9.5)%	(6.8)%	(16.2)%
Agriculture	2.7%	39.0%	41.7%	-	42.0%	42.0%	2.7%	(3.0)%	(0.3)%

In aggregate, we have noted earlier in section 2.3 an improvement in the combined ratios. The table above shows the movement in combined ratios across all lines of business. Some lines of business are highly profitable, driving the company's overall positive technical result. Conversely, the General Accident (117.5%) and Marine (112.3%) lines reported Combined Ratios above 100%, indicating that these specific segments are currently operating at an underwriting loss due to high claims and expenses. This suggests the premiums over these years at the aggregate level are inadequate, as the premiums received cannot cover the claims and expenses incurred for those lined of businesses. A more detailed analysis over the longer period and across different cohorts would give a better view of the adequacy of the premium setting.

## 5. ACTUARIAL STANDARDS

Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council (FRC) and set standards for certain items of actuarial work, including the information and advice contained in this report.

The following Technical Actuarial Standards are applicable in relation to this report and have been complied with where material:

- TAS 100: Generic TAS - Principles for Technical Actuarial Work, which applies to all technical actuarial work and promotes high-quality technical actuarial work.
- TAS 200: Insurance - Insurance (TAS 200) promotes high-quality technical actuarial work in insurance on matters where there is a high degree of risk to the public interest.



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