Serving with Delight: Insuring with Passion

By delivering excellent customer service, we are providing delightful insurance solutions for our customers while drawing on our uncommon passion to protect their future.

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www.consolidatedhallmark.com

Corporate Profile

Consolidated Hallmark Insurance (CHI) Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – the National Insurance Commission.

The company was incorporated on 2nd August 1991 as a private limited liability company and commenced operations in 1992. It was converted to a public limited company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The company's shares were listed on the floor of the Nigerian Stock Exchange on 27th February, 2008.

CHI Plc has carved a niche for itself through big ticket transactions in Aviation, Oil and Gas, Marine Cargo and Hull Business and other non-life insurance underwriting including Motor, Fire and Special Perils, Goods-in-Transit, Engineering Insurance, amongst others.

With a formidable team of highly experienced professionals, CHI Plc prides itself with a robust training and retraining programme to enable the team keep abreast of developments locally and at the global level. This is backed by the deployment of a state-of-the art technology infrastructure that ensures prompt service delivery across the on-line real time connection to the regional offices across Nigeria.

Consolidated Hallmark blazed the trail in the deployment of ICT infrastructure for the on-line transaction of insurance business in the industry through a user friendly platform - www.motorthirdpartyonline.com, a development that is now fast spreading.

The company has a board of Directors made up of highly skilled technocrats cutting across various sectors of the economy, including Ugo (Dr.) Obi Ralph Ekezie, a former managing director of Schlumberger as Chairman and Eddie Efekoha (a Fellow of the Chartered Insurance Institute of Nigeria and Alumnus of the University of Lagos) as managing director.

Products & Services

1. Compulsory Insurance Online Payment:
   Motor third party - Individual Registration & Fleet Registration
   Occupier's Liability Insurance
   Builders Liability (Open) Insurance
   Healthcare Professional Indemnity Insurance

2. Contractors All Risk

3. Energy And Special Risks:
   Offshore risks
   Onshore risks

4. Bonds:
   Bid/Tender Bond
   Performance Bond
   Advance Payment Bond

5. Householders Comprehensive Insurance
6. Consequential Loss Insurance
7. Professional Indemnity Insurance
8. Aviation Insurance
9. Good-In-Transit
10. Money Insurance
11. Plant Insurance
12. Machinery Breakdown Insurance
13. Motor Insurance
14. Fire Insurance
15. Burglary Insurance
16. Marine Cargo/Hall Insurance

Brand Platform

Our Vision

To be the Leading Provider of Insurance and Other Financial Services of international standard.

Our Mission

To Provide Quality Insurance and Other Financial Services to our clients, using Technology, Highly Skilled and Motivated Team thereby delivering Exceptional Returns to All Stakeholders

Our Core Values

Professionalism Relationship Integrity Zeal Excellence

Consolidated Hallmark Insurance Plc

Corporate Information

REGISTERED OFFICE:
266 Ikorodu Road Obanikoro
Lagos.
Tel: +234 1 2912543, 2912532,
0700CHINSURANCE
Email: info@consolidatedhallmark.com
Web:www.consolidatedhallmark.com

DIRECTORS

Ugo(Dr.) Obi Ralph Ekezie	Chairman
Mr. Tony Aletor	Vice Chairman
Mr. Eddie Efekoha	Managing Director
Mrs. Ngozi Nkem	Director
Dr. Layi Fatona	Director
Chief Ben C. Ikejiaku	Director
Mr.Friday Ebojoh	Director
Chief Sunny Obidegwu	Director

GRAND TREASURERS LIMITED
(A subsidiary of Consolidated Hallmark Insurance Plc)

Chief Sunny Obidegwu	Ag. Chairman
Samuel Adeniyi	General Manager/CEO
Mr. Eddie Efekoha	Director
Mr. Friday Ebojoh	Director
Mr. Tunde Daramola	Director

REGISTRARS:
Meristem Registrars Limited
213, Herbert Macaulay Street,
Adekunle, Yaba Lagos.
Tel: +234 (1) 8920491-2

BANKERS:
Access Bank Plc
EcoBank Plc
Fidelity Bank Plc
First Bank Of Nigeria Plc
GTBank Plc
Keystone Bank Plc
Mainstreet Bank Plc
Stanbic IBTC
Sterling Bank Plc
UBA Plc
Zenith Bank Plc

COMPANY SECRETARIES:
Foundation Chambers
24B Apapa Lane
Dolphin Estate
Ikoyi, Lagos
Tel: +234 (1) 792 3831, 7349820

AUDITORS:
PKF Professional Services
PKF House
205A, Ikorodu Road Obanikoro, Lagos
G.P.O Box 2047, Marina Lagos
Tel: +234 (1) 8042074, 773940

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of the Members of Consolidated Hallmark Insurance Plc will be held on the 27th of August 2015 at 11.00am prompt at Agip Recital Hall, Muson Centre, 8/9 Marina, Lagos to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended December 31st 2014 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect Directors.
3. To re-appoint the Auditors
4. To authorize the Directors to determine the remuneration of the Auditors.
5. To elect Members of the Audit Committee

SPECIAL BUSINESS

1. To approve the remuneration of the Directors for the year ending 31st December 2015.

Dated this 10th July 2015.

BY ORDER OF THE BOARD

L. CHIDI ILOGU (SAN)
PP: FOUNDATION CHAMBERS
(Company Secretaries)
FRC/2013/000000001170

NOTES:

PROXY:
A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Executed form of proxy should be deposited at the Registered Office of the Company being 266 Ikorodu Road, Obanikoro, Lagos, not less than 48 hours before the time of holding the meeting. To be effective the proxy form should be duly stamped and signed by the Commissioner for Stamp Duties.

CLOSURE OF REGISTER AND TRANSFER BOOKS:
The Register of Members and transfer books will be closed from 10th August to 14th August 2015 (both dates inclusive).

FUTURE DIVIDEND:
All shareholders are hereby advised to open bank accounts and forward details of such accounts to the Company's Registrars for the payment of subsequent dividend directly into such accounts. A detachable e-dividend form is attached to the Annual Report and Accounts for your completion.

AUDIT COMMITTEE
In accordance with section 359(5) of the Companies and Allied Maters Act Cap C20 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty One) days before the Annual General Meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, Ugo (Dr.) Obi Ralph Ekezie and Mr. Tony Aletor retire by rotation and being eligible offer themselves for re-election.

AGE DECLARATION
Chief Ben C. Ikejiaku in accordance with section 252 (1) of the Companies and Allied Matters Act Cap C20 2004, intends to disclose at the meeting that he is over 70 years of age.

Consolidated Hallmark Insurance Plc

Board of Directors

Ugo (Dr.) Obi Ralph Ekezie Chairman

Dr. Ralph Ekezie, the Chairman of the company, is a professional petroleum engineer and has been a key player in the oil industry for years. He was a former Managing Director of Schlumberger, a multinational oil firm and currently the Managing Director of Drillog Petro- Dynamics Ltd, an oil services company with offices in Nigeria and Texas, USA.

Dr Ekezie is the Founding Chairman, Indigenous Petroleum Technologists Association of Nigeria, where he served for ten years, and currently the Chairman of the Association's board of trustees. Chief Ekezie has made outstanding contributions to the education and industrial sectors of the Nigerian economy. He was Chairman of Hallmark Assurance Plc, and has many years experience in Management and International Economics.

He was until recently the special adviser to the Imo State Governor on Petroleum and Energy.

Mr. Tony Aletor Vice Chairman

Mr. Anthony Aletor is the Vice Chairman of the company, He is a versatile financial services player, and was until recently, the Managing Director of Capital Express Group which comprises Capital Express Insurance Company Limited, Capital Express Securities Limited, CAPEX Medicare Limited and UTIB Insurance Brokers Limited.

Mr. Aletor holds a B. Sc degree in Insurance from University of Lagos and MBA from University of Ibadan. He is an Associate of the Chartered Insurance Institute, London and Nigeria as well as a dealing clerk of The Nigerian Stock Exchange.

Mr. Aletor is a Chartered Insurer and Investment Analyst with cognate experience spanning over two (2) decades, and he is also a major player in the Nigerian Insurance Industry. He is a member of many professional bodies such as: Chartered Institute of Stock Brokers, Chartered Insurance Institute of London and Nigeria, Nigeria Institute of Management, Institute of Directors, and Association of Pension Funds Managers

Mr. Eddie Efekoha MD/CEO

Mr. Efekoha is the Managing Director/Chief Executive Officer of Consolidated Hallmark Insurance Plc. He holds a Bachelor's degree in Insurance and a Masters degree in Business Administration both from the University of Lagos.

Since graduation Eddie had worked in various capacities at Everyman Insurance Brokers, Hogg Robinson Nigeria, and Glanvill Enthoven & Co (Nig.) where he left as Executive Director (Technical) in 1997 to pioneer the effective take off of Fountain Insurance Brokers Ltd as its Managing Director/Chief Executive. He was the Vice Chairman/CEO of Consolidated Risk Insurers Plc before his current appointment. A Fellow of both the Chartered Insurance Institutes of London and Nigeria, Eddie has attended several local and international courses in both Insurance and Management.

He is an alumnus of Harvard Business School, a council member of the Chartered Insurance Institute of Nigeria and the deputy chairman of the Nigeria Insurers Association (NIA).

Board of Directors

Chief Ben Ikejiaku

Chief Benson Chukwuma Ikejiaku, a director of Consolidated Hallmark Insurance Plc is a Professional Accountant of many years standing.
He worked with the Eastern Nigeria Development Corporation in Enugu and other formidable organizations including the Nigerian Construction and Furniture Company Limited, Nigergas Co. Ltd, Emene Enugu, and Hardel and Enic Nigeria Limited, where he served as the Group Financial Controller and later Financial Director between 1984 to 2001.

Chief Ikejiaku is a graduate of the West Bromwich College of Science and Technology, England and the Brunel University, London's Pacific States University European Summer Residential Programme, where he obtained a Masters Degree in Business Administration (MBA) in 1987.
He is a Fellow of the Association of Chartered Certified Accountants (FCCA), and Fellow, Institute of Chartered Accountants of Nigeria (FCA),amongst other professional laurels.

Chief Ikejiaku is currently the Chairman of Sandwell Farms Ltd.

Ngozi Nkem

Mrs Ngozi Nkem is a graduate of Banking & Finance from Abia State University. She worked as a banker for many years and currently manages Zopon Nigeria Ltd, a general merchant company engaged in the import, export and supply of goods and services as well as in the downstream oil & gas distribution.

She is also a Director in the following companies: Transglobe Securities Nigeria Ltd, Zopon Nigeria Ltd, Binez Hotel Ltd and Abia State Hotels Ltd. Mrs. Nkem is married with children.

Dr. Layi Fatona

Dr. Fatona is a Petroleum Geologist and was formerly the President of Geotrex Systems Limited, a foremost indigenous Exploration and Production consulting company. He was previously with the Shell Petroleum Development Company of Nigeria Limited.
He is widely consulted by Nigerian and foreign oil companies, and is a Past President and Fellow of the Nigerian Association of Petroleum Explorationists (NAPE). A certified Petroleum Geologist of the American Association of Petroleum Geologists (AAPG).

He is the Chief Executive officer of Niger Delta Exploration and Production Plc, where he pioneered the first and only privately owned and operated refinery in Nigeria-the Ogbele Mini Refinery.

Dr. Fatona studied Geology at the University of Ibadan and Petroleum Geology and Sedimentology at the University of London.

Consolidated Hallmark Insurance Plc

Board of Directors

Mr. Friday Ebojoh

Mr. Ebojoh holds a Bachelor of Science degree in Accounting from the University of Lagos and he is an Associate member of the Institute of Chartered Accountants of Nigeria.

He has over eighteen years of varied work experience in the Banking and Finance services sector and was Group Treasurer of UBA Plc. He is currently the President of Trifex Limited; a trading, advisory and consulting company.

Mr Ebojoh trained with some of the world's best financial institutions and brings to the board his diverse experience from the financial services sector of the Nigeria economy.

Chief Sunny Obidegwu

Chief Sunny Chukwudi Obidegwu is a1981 graduate of the State University of New York, Buffalo, where he obtained a Bachelor of Science Degree in Business Administration. In 1983, Mr. Obidegwu received a Master of Science Degree (M.Sc, Magna Cum Laude) from the University of New Haven, West Haven, Connecticut, U.S.A.

His working career has taken him through international and local establishments commencing with the State of Connecticut U.S.A as a Revenue Examiner between 1983 to 1984.

Chief Obidegwu has also worked in Eastern Bulkcem Ltd (manufacturers of Eagle Cement), Continental Merchant Bank Ltd, Manufacturers' Merchant Bank Ltd, and lately, in Sunthel Trust Ltd, an integrated financial management and consultancy firm where he has been piloting affairs as Chief Operating Officer from 2003 to date.

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Consolidated Hallmark Insurance Plc

Result at a Glance

	2014		2013	
	Group	Company	Group	Company
Gross Premium Written	4,614,438,482	4,614,438,482	4,153,820,829	4,153,820,829
Net Premium Earned	2,530,311,668	2,530,311,668	2,568,693,100	2,568,693,100
Investment And Other Income	395,285,936	365,356,100	321,226,952	295,235,747
Profit Before Tax and Exceptional Item	205,621,179	188,047,765	(178,195,323)	(193,148,539)
Taxation	(12,544,394)	(2,995,231)	19,463,205	13,963,167
Profit After Tax	193,076,785	185,052,534	(197,658,528)	(207,111,706)
Major Balance Sheet Items				
Total Assets	6,138,626,002	6,111,846,251	6,172,349,984	6,130,357,618
Trade Receivables	69,245,808	69,245,808	51,398,187	51,398,187
Investments	4,169,064,341	3,898,393,070	3,845,359,499	3,814,495,313
Share Capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shareholders' Funds	3,842,311,648	3,814,798,877	3,652,141,369	3,629,746,341
Per Share Data				
Earnings (K)	3.22	3.08	(3.29)	(3.45)
Net Assets (K)	64	60	61	60
No of offices	14	14	14	14


Ugo (Dr.) Obi Ralph Ekezie
Chairman Board of Directors

Chairman's Statement

> "Your company was able to post a Premium Income of N4,678,556,485 when compared to the N4,151,298,704 recorded during the 2013 Financial Year...
> Profit Before Tax moved from a loss situation of N 181,101,830 in 2013 to N205,621,179 in 2014. The profit after tax also took a forward leap from a negative position of (N200,555,035) in 2013 to a profit of N193,076,785 in 2014..."

CHAIRMAN'S STATEMENT

Distinguished Shareholders,
Members of the Board of Directors,
Ladies and Gentlemen.

I am indeed delighted that we are gathered once again for the Annual General Meeting (AGM) of your company, the 20th this time. I wholeheartedly welcome you all to this occasion, especially with the leadership change at the national level and several states in our country, Nigeria.

I and my colleagues on the board had set out in 2014 to ensure that we reverse the report of the preceding year, by improving on our performance, and in the process, continue to grow shareholder value. You will agree with me that the results being reviewed today have reasonably met these expectations. Thank you for keeping faith with us.

Business Environment

The cheering news that Nigeria's economy had overtaken that of South Africa as the continent's largest came in the first week of April, 2014. This was due to the rebasing of the Gross Domestic Product to $510bn as figures for 2013 after taking into account, contributions of sectors like telecommunications and the movie industry. Our economy thus became 26th largest in the world, 6 positions shy of the envisaged 20th largest economy by 2020.

Following the rebasing exercise, it became apparent that the tempo of economic activities had improved significantly since the last GDP figures were officially captured. The contribution of the insurance sector however fell to 0.6% from a previous position of 0.7%.

The financial year, like others in recent times, remained a very challenging one for business. A key aspect of the economic transformation programme - the power sector which was unbundled , failed to yield the quantum of results expected, as power generation continued to plummet and ancillary service providers like manufacturers of prepaid meters which

Chairman's Statement

were expected to flourish in the new environment continued to struggle for patronage. Also, the price of crude oil, which is the principal fulcrum of the country's economic health plummeted from a high of about $100 to a low of less than $60 by close of business at year end.

Some of the effects of the factors highlighted above were manifest in the low performance of the Nigerian Stock Exchange (NSE) during the year. It ended

2014 as one of the worst performing exchanges as the market capitalisation of the listed equities fell from N13.226tn to N11.477tn. Small capitalized stocks were adjudged as the best performers while the brunt of the market decline was borne by large capitalized stocks.

The former recorded a 32.78per cent growth rate, followed by mid-cap stocks which were up 23.53 per cent, while the brunt of the market decline was borne by large-cap stocks with a decline of 21.43 Per cent.

Nigerian Insurance Industry

Notable Mergers and Acquisitions took place during the year within the insurance industry leading to the emergence of competitors, some with international backing of global players like AXA of France and Greenaks Global Holdings. These have once again made the challenge of further expansion of our capacity compelling.

On its part, the National Insurance Commission (NAICOM) continued to intensify its risk based supervision programmes to ensure a healthier industry.

I am glad to reassure you that your company, guided by the high ethical values, will leave no stone unturned to ensure strict adherence to regulations.

The anticipated income growth from the envisaged boom in transactions following the Market Development and Restructuring Initiative (MDRI) did not come to fruition as various efforts made to enforce the compulsory insurance provisions are yet to materialise. It is gladdening to note, however that the regulator is not relenting.

Operating Results

Your company was able to post a Premium Income of N4,678,556,485 when compared to the N4,151,298,704 recorded during the 2013 Financial Year. Your company also recorded an underwriting profit of N863,244,006, compared to N1,057,117,228 in 2013.

Profit Before Tax moved from a loss situation of N 181,101,830 in 2013 to N205,621,179 in 2014. The profit after tax also took a forward leap from a negative position of (N200,555,035) in 2013 to a profit of N193,076,785 in 2014.

Chairman's Statement

The results have placed the company again on the path of profitability, a trend which was only broken briefly during the 2013 Financial Year when significant provision was made for impairment charges. It is good to know that the temporal set back has now been reversed with these results.

Dividend Payment

Distinguished shareholders, we have remained firmly committed to the growth in shareholder value over the years. Payment of dividend was being made, although not yearly as envisaged.

We are unable to effect payment from the results of the 2014 operation since we have only just bounced back to profitability. Our profits, as indicated in the details of the accounts are being reinvested in the business.

However, I am pleased to inform you that the Unaudited Financial Statements of your company for the half year ended 30th June, 2015 is indicative of the improved health in our finances. Our Profit before Tax for the period currently stands at N 469,860,599 with Retained Earnings of N148,015,245.

It is hoped that this trend will be sustained for the rest of the year, and on the account of that, the board has decided to pay an interim dividend of N120 million upon approval.

Changes in the composition of the Board

Last year, we informed you of the resignation of Dr Layi Fatona from the board effective 23rd of June 2014. However, following subsequent engagements, I am pleased to inform you that Dr Fatona has returned to the board to further enrich your company with his wealth of experience.

Future Outlook

The future economic outlook of the country will be quite challenging, against the backdrop of falling crude oil prices and fall in the value of the Naira. However, distinguished Stakeholders, the future of the insurance industry remains very bright giving the existing low penetration rate.

Your company will take full advantage of technology to drive the retail segment of the insurance market. There are also plans in place to partner with Nigerian Banks to drive the Bancassurance model for which the Central Bank of Nigeria recently issued a guideline. We will continue to service our clients with our prompt claims payment culture and remain a partner of choice to the insurance broker community.

We are quite hopeful that the new administrations at the federal and various state levels will adopt policies favourable to the growth of the industry.

Appreciation

Once again, permit me to thank you all, dear Shareholders, on behalf of my colleagues on the Board. You have entrusted us with the sacred mandate to pilot affairs of the company over the years and you have continued to stand solidly behind us.

I wish to also thank the management and entire staff who have remained resilient in spite of the challenging operating environment. To you, our partners - insurance brokers, agents and customers, I say THANK YOU for your trust and confidence in our ability to deliver on every promise we have made to you.

Above all, I wish to end this address by expressing my immense gratitude to Almighty God for His continued guidance which has ensured the Consolidated Hallmark Insurance brand remains a going concern.

To Him Be All The Glory.

Ugo (Dr.) Obi Ralph Ekezie
Chairman, Board of Directors

August, 2015.


Mr. Eddie Efekoha
MD/CEO

Consolidated Hallmark Insurance Plc

From the desk of the Managing Director/CEO

DISTINGUISHED SHAREHOLDERS,

Fellow Members of the Board,
Ladies and Gentlemen,
I welcome you all to the 20th Annual General Meeting of your company. This year, I am particularly delighted that we are gathered, after very successful general elections that culminated in the inauguration of new officials to pilot affairs at the federal and some state government levels. Congratulations.

We have indeed come a long way as a going concern. Efforts have been made over the years to ensure your company remains profitable and consistently yield positive returns to all stakeholders. This was done consistently until the break during the 2013 Financial Year when compliance with regulatory requirements led to the provision of significant proportion of our earnings for impairment charges.

Like I promised you, distinguished shareholders during the Annual General Meeting at Uyo in 2014, the loss situation that resulted from the foregoing was only a temporal setback in our profitability streak, as the results being presented today show we have fully bounced back on track.

Our 2014 Financial Year results do not appear as robust as we expected since your company, like others in the insurance sector and other players in financial services operated once again under very challenging economic conditions.

The power sector reforms that heralded transfer of ownership to the private sector, beginning with the Distribution Companies (Discos) came with much hope for a reduction in expenditure on energy in 2014. However, not much progress was recorded as we continued to expend a large chunk of resources to generate our own energy.

Also, the devaluation of the local currency which moved the official band to N168 to $1 shot up the rates close to the N200 to $1 mark during the year.

This impacted heavily on our expenses as practically all partners adjusted their pricing templates to reflect the new realities.

However, it is pertinent to mention that in spite of the difficult operating terrain, some positive developments are occurring in our industry.

From the desk of the Managing Director/CEO

INSURANCE INDUSTRY DEVELOPMENTS:

The regulatory environment in the Nigerian Insurance market helped in no small measure, as envisaged, to minimize the incidence of outstanding premium. Enforcement of the "No Premium, No Cover" provision which commenced in earnest in 2013 was intensified during the year, hence there has been a remarkable improvement in cash flow.

We are happy to report also that conflicts with clients over periodic statement of account positions have been reduced to the barest minimum, and we are confident that reconciliations shall be purely on details and not outstanding premium.

The industry regulator- National Insurance Commission (NAICOM) has also continued to ensure strict compliance with the Risk based supervision model. This, the regulator commenced with the critical review of the management, structures and processes of the various companies.

The approach considers each of the risks that companies face and through a structured process, identifies the risks that are most critical to the financial viability of the institution. This is a sharp migration by NAICOM from the previous compliance-based supervision model.

Compliance with the International Financial Reporting Standards (IFRS), by operators improved significantly with your company consistently emerging among the first to obtain approval of accounts from the regulator.

Though the enforcement of the compulsory insurance classes under NAICOM's Market Development and Restructuring Initiative (MDRI) was not very successful, the regulator is unrelenting as it collaborated with the Federal Ministry of Finance to roll out plans for developing the industry. It is our fervent hope that the new government will implement the reforms.

The industry umbrella association, the Nigerian Insurers Association has also improved on the database, beginning with motor insurance where its Nigerian Insurance Industry Data Base (NIID) has captured over 3 million genuinely insured vehicles nationwide at the last count. Efforts geared at extending the database to other classes of insurance led recently to the inclusion of marine cargo insurance. Meanwhile, the law enforcement agencies are being equipped by the association with relevant electronic devices to ensure that the issuance of fake insurance certificates is reduced to the barest minimum.

PROSPECTS:

Your company has continued to re-strategize to ensure the best returns to all stakeholders. Towards this end, its claims payment policy remains one to beat in the entire industry as our belief that satisfied customers will continue to spread the message of prompt service based on their experience.

The Consolidated Hallmark Insurance brand has grown to occupy its pride of place in the financial services landscape hence cannot ignore the evolving trend of e-commerce. We are indeed poised to drive the retail end of the market through the use of technology. In this regard, your company is currently working towards the deployment of various e-business applications that will bring our services within the reach of our clients anywhere they may be globally.

We blazed the trail in online marketing of insurance with our launch of the Motor Third Party portal in 2008. Other companies have now followed suit.

Consolidated Hallmark Insurance Plc

From the desk of the Managing Director/CEO

CORPORATE SOCIAL RESPONSIBILITY

Due attention has continually been given to our Corporate Social Responsibility initiatives which is geared towards welfare for the less priviledged in our immediate environment and also support for the development of research within the industry.

The Annual Essay Competition instituted by the company to engender research in higher institutions of learning offering insurance has continued to draw applause beyond the industry with some of the winners already in the company's employment.

The papers presented are made available to the public through the news media, which creates an avenue for further discussion and value derived for the industry in terms of policy formulation. We have also kept the faith in provision of succor to motherless babies in orphanage homes through donation of foodstuff and provisions to the Hearts of Gold Hospice in Surulere, Lagos.

STAFF TRAINING & PRODUCTIVITY

The company prides itself in the skills and expertise of its staff, hence, quality training programmes are put in place to enhance their competences and keep them abreast of global realities. Some of these trainings are held off-shore, while in-house engagements are arranged in a way that ensures no staff is left out.

Efforts were geared towards customer service training for all categories of staff in line with our vision to ensure optimal service delivery to our clients.

Your company also takes advantage of training opportunities packaged by industry bodies including the Chartered Insurance Institute of Nigeria, CIIN, the Nigerian Insurers Association, NIA, and the African Insurance Organisation AIO.

Productivity of staff is constantly measured through our Appraisal System that has been tested for over three years. It is currently being automated to make it more scientific, relevant and in tune with best practice.

APPRECIATION

Support for our business has been quite tremendous from all our customers, especially the insurance brokers and agents. I wish to sincerely thank them all for their faith is us. We make a commitment to continue to deliver on our promises. We shall not forget our corporate partners and individual clients whose contributions are not in any way trivialized.

To the staff and management team, I cannot thank you enough as this, like in previous years has been the result of good team efforts. Let us keep up the spirit in the unshaken belief that God in His Infinite mercies will continue to crown our efforts with success.

My special appreciation also goes to the Chairman, and members of the board who, in spite of all the challenges have continued to believe in the Consolidated Hallmark Insurance goals.

We shall surely attain the lofty heights we desire by the Special Grace of God.

Thank you.

Eddie Efekoha
Managing Director/CEO

August, 2015

Executive Management Team

Eddie Efekoha
Managing Director/C.E.O

Mac Ekechukwu
Regional Director (North)

Ijeoma Pearl Okoro
Regional Director (East)

Tunde Daramola
Group Head (Finance & Investment)

Gbolaga Adeyanju
Group Head (Technical)

Kate Itua
Group Head (Audit & Risk Management)

Mary Adeyanju
Regional Director (Lagos/West)

Dotun Adeogun
Group Head (Corporate Services)

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Directors’ Report
For the year ended 31 December, 2014

The Directors have the pleasure in submitting their report on the affairs of Consolidated Hallmark Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2014.

LEGAL FORM

The Company was incorporated on 2nd August 1991 as a private limited liability Company and commenced operations in 1992. The Company converted to a public limited Company in July 2005 and in 2007 changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc. The Company’s shares were listed on the floor of The Nigerian Stock Exchange on 22nd February 2008.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

During the year under review the Company engaged in general insurance business and maintained 14 business offices.

OPERATING RESULTS

	2014 ₦'000	2013 ₦'000	Change ₦'000	Change %
Gross Written Premium	4,614,438,482	4,153,820,829	460,617,653	11
Gross Premium Earned	4,678,556,485	4,151,298,704	527,257,781	13
Premium Earned	2,530,311,668	2,568,693,100	(38,381,432)	-1
Net Claim Paid	967,054,750	650,354.587	316,700,163	49
Management Expenses	984,089,670	996,255,298	12,165,628	1
Underwriting Profit	824,184,245	1,039,667,228	215,482,983	-21
Profit or (Loss) Before Tax & Exceptional Item	188,047,765	(193,148,539)	381,196,304	197
Profit or (Loss) After Tax	185,052,534	(207,111,706)	392,164,240	189

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

Directors	Direct 2014	Indirect 2014	Direct 2013	Indirect 2013
Ugo (Dr.) Obi Ralph Ekezie	396,285,136	-	396,285,136	-
Mr. Tony Aletor	-	1,001,465,000	-	1,066,465,000
Mr. Eddie Efekoha	505,690,000	256,318,100	505,690,000	256,318,100
Dr. Layi Fatona	-	26,553,750	-	26,553,750
Mrs. Ngozi Nkem	240,000,000	557,820,607	240,000,000	677,820,607
Chief Ben Ikejiaku	15,500,000	-	15,500,000	-
Mr. Friday Ebojoh	6,625,000	-	6,625,000	-
Chief Sunny Obidegwu	145,000,000	25,000,000	25,000,000	25,000,000

Consolidated Hallmark Insurance Plc

Directors' Report

For the year ended 31 December, 2014

Director	Indirect Interest Represented
Mr. Tony Aletor	Capital Express Assurance Company Limited
	Capital Express Securities Limited
Dr. Layi Fatona	Nouveau Technologies Limited
Mrs. Ngozi Nkem	Maduako Group Limited
Mr. Eddie Efekoha	Sephine Edefe Nigeria Limited
Chief Sunny Obidegwu	Sunthel Trust Limited

SUBSTANTIAL INTEREST IN SHARES

Shareholders who held more than 5% of the issued share capital of the Company as at 31st December 2014 were as follows:

Shareholder	Units Held	%
Maduako Group Limited	557,820,607	9.3
Capital Express Assurance Co. Ltd	1,000,000,000	16.7
SPDC West Multipurpose Cooperative Society	500,000,000	8.3
Ugo (Dr.) Obi Ralph Ekezie	399,285,136	6.6
Mr. Eddie Efekoha	505,690,000	8.4

SHAREHOLDING ANALYSIS

The range of shareholding as at 31st December 2014 is as follows:

Range of Holding			No of Shareholders	Share Holdings	%
1	-	10,000	3,606	17,618,409	0.29%
10,001	-	100,000	3,805	154,703,775	2.58%
100,001	-	1,000,000	1,262	436,419,878	7.27%
1,000,001	-	10,000,000	228	670,320,307	11.17%
10,000,001	-	100,000,000	34	955,762,233	15.93%
100,000,001	-	ABOVE	10	3,765,175,398	62.75%
			8,945	**6,000,000,000**	**100%**

DIRECTORS RESPONSIBILITIES

The Company's Directors are responsible, in accordance with the provisions of Section 334 of the Companies and Allied Matters Act 2004, for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Group as at the end of each financial year and of its profit and loss and cash flows for the year and that the statements comply with the International Financial Reporting Standard, Insurance Act 2003 and Companies and Allied Matters Act 2004. In doing so they ensure that:

a. Proper accounting records are maintained.

b. Adequate internal control procedures are established which as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularity.

c. Applicable accounting standards are followed.

d. Suitable accounting policies are consistently applied.

e. Judgments and estimates made are reasonable and prudent and consistently applied.

f. The going concern basis is used unless it is inappropriate to presume that the Group shall continue in Business.

Directors' Report
For the year ended 31 December, 2014

FIXED ASSETS

Movements in fixed assets during the year are shown in note 12.2 on pages 68-71. In the opinion of the Directors the market value of the Group's fixed assets is not lower than the value shown in the Financial Statement.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Consolidated Hallmark Insurance Plc ('CHI') is unwavering in its adherence to the principles of corporate governance as enshrined in the regulators' codes. CHI recognizes the benefits that strict adherence to these codes afford its investors, the Company, the insurance industry and the financial market in Nigeria and beyond. The Group has thus, not reneged in its commitment and efforts toward ensuring full compliance with the various and similar standards required of it by its regulators.

THE BOARD

The Board of Directors is made of seasoned and accomplished professionals in the petroleum, insurance, accounting and banking industry. This assemblage of well bred and accomplished professionals with vast experience who are very conscious of their various professional ethics and the regulated nature of the insurance business have over the years brought these experiences to bear by their robust, dispassionate and consistent review of the Company's policies.

COMPOSITION OF THE BOARD

The Board of CHI is made up of eight Directors. The Board is composed majorly of Non-Executive Directors which makes it independent of Management and has thus, enabled the Board to carry out its oversight function in an objective and effective manner.

In tandem with international best practice, the positions of the Chairman and the Chief Executive Officer/Managing Director are occupied by two different persons.

The details of the composition of the Board are stated below:

Ugo (Dr.) Obi Ralph Ekezie	Chairman
Mr. Tony Aletor	Vice Chairman
Mr. Eddie Efekoha	Managing Director/Chief Executive Officer
Chief Ben C. Ikejiaku	Non-Executive Director
Dr. Layi Fatona	Non-Executive Director
Chief Sunny Obidegwu	Non-Executive Director
Mrs. Ngozi Nkem	Non-Executive Director
Mr. Friday Ebojoh	Non-Executive Director

DUTIES OF THE BOARD

1. Provides strategic direction for the Group.
2. Approves budget of the Group.
3. Oversees the effective performance of Management in running the affairs of the Group.
4. Ensures human and financial resources are effectively deployed.
5. Establishes adequate system of internal control procedures that ensure the safeguard of assets and assist in the prevention and detection of fraud and other irregularities
6. Following applicable accounting standards.
7. Consistently applying suitable accounting policies.
8. Ensures compliance with the code of corporate governance and with other regulatory laws and guidelines.
9. Performance appraisal of Board Members and senior executives.
10. Approves the policies surrounding the Group's communication and information dissemination system.

Directors' Report
For the year ended 31 December, 2014

MEETINGS OF THE BOARD

The Board meets regularly and ensures that the minimum standards in terms of attendance and frequency of meetings are complied with. The Board met seven times in 2014, thus it ensured that the minimum requirement of meeting at least once in every quarter was surpassed. Required notices and meeting papers were sent in advance before the meeting to all the Directors while the Nigerian Stock Exchange was equally given prior notice before every meeting of the Board.

BOARD COMMITTEES

To assist in the execution of its responsibilities, the Board discharges its oversight functions through various Committees put in place. The Committees are set up in line with statutory and regulatory requirements and are consistent with global best practices. Membership of the Committees of the Board is intended to make the best use of the skills and experience of non-Executive Directors in particular.
The Committees have well defined terms of reference which set out their roles, responsibilities, functions, scope of authority and procedure for reporting to the Board. The Committees consider matters that fall within their purview to ensure that decisions reached are as objective as possible.

Set out below are the various Committees and the terms of reference of each Board Committee:

1. Board Finance & General Purpose Committee (FGPC)
2. Board Audit & Risk Management Committee (ARMC)
3. Board Investment Committee (BIC)
4. Board Establishment & Governance Committee (EGC)

1. BOARD FINANCE & GENERAL PURPOSE COMMITTEE (FGPC)

PURPOSE

The Board Finance & General Purpose Committee is responsible to the Board of Directors and it is mandated to oversee the Company's financial affairs on behalf of the Board and to give initial consideration to and advice on any other Board business of particular importance or complexity.

RESPONSIBILITIES

- To review and make recommendation to the Board on the annual budget and audited accounts of the Group.
- To recommend strategic initiatives to the Board.
- To review quarterly and annual performance against budget
- To consider and approve extra budgetary expenditure.
- To give anticipatory approvals on behalf of the Board and ensure that such approvals are ratified by the Board at next sitting.
- Any other matter that is not specifically covered by any other Committee.
- Any other matter as may be delegated to the Committee by the Board from time to time.

MEETINGS OF THE COMMITTEE

The Committee meets as often as it considers necessary, but not less that once per quarter. The Committee met six times during the period under review.

MEMBERSHIP/COMPOSITION

Chief Ben Ikejiaku	Non Executive Director	Chairman
Mr. Friday Ebojoh	Non Executive Director	Member
Dr. Layi Fatona	Non Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

Directors' Report
For the year ended 31 December, 2014

2. BOARD AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

PURPOSE

The primary objective of the Audit & Risk Management Committee of the Board is to monitor and provide effective supervision of the Management's Financial Reporting Process with a view to ensuring accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee also oversees the work carried out in the financial reporting process by Management, Internal Auditor and the External Auditor. The Audit Committee has the power to investigate any activity within its terms of reference, seek information from any employee when necessary and obtain external legal or professional advice from experts when necessary.

RESPONSIBILITIES

- Monitors the integrity of the Financial Statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant reporting judgments contained in them, assisting the Board's oversight of the Group's compliance with applicable legal and regulatory requirements in this respect.
- Reviews and approves the External Auditors' terms of engagement, propose fees and planned audit scope.
- Oversees, monitors and reviews the functions and effectiveness of Internal Audit.
- It reviews the scope and planning of Internal Audit requirements.
- It reviews findings on management matters in conjunction with the External Auditors.
- The Committee reviews the effectiveness of the Group's system of accounting and internal control.
- The promotion, co-ordination and monitoring of risk management activities, including regular review and input to the corporate risk profile.
- The Committee shall ensure that principal risks of the Group's business are identified and effectively managed.
- To ensure that infrastructure, resources and systems are in place for risk management.
- Carry out review of the risk mitigation programmes for completeness, adequacy, proportionality and optimal allocation of resources.
- Setting the Group's tolerance for risks.
- Ensuring that management establishes a framework for assessing the various risks.
- It makes recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors, financial and senior management of the Group.
- It has the power to instruct the Internal Auditors to carry out investigations into any of the Group's activities which might be of interest or concern to the Board.
- The Committee is responsible for the review of the integrity of the Group's financial reporting and oversees the independence and objectivity of the External Auditors.
- The Committee may seek explanations and additional information from the External Auditors with management presence.
- It receives quarterly reports of the Internal Auditors.

MEETINGS OF THE COMMITTEE

The Committee meets not less than four times per annum and more frequently as circumstances require. This Committee met five times during the period under review.

Directors' Report
For the year ended 31 December, 2014

MEMBERSHIP/COMPOSITION

Mr. Friday Ebojoh	Non-Executive Director	Chairman
Chief Ben Ikejiaku	Non-Executive Director	Member
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Tony Aletor	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

3. BOARD INVESTMENT COMMITTEE (BIC)

PURPOSE

The purpose of the Board Investment Committee is to assist the Board of Directors in fulfilling its obligation and oversight responsibilities in making investment decisions and formulating and advising the Board on strategic policy for the Company's capital and revenue investment programmes based on professional information/advice and for ensuring that systems are in place to identify, manage, and monitor principal risks that may impact on the Company's investment.

RESPONSIBILITIES

- To consider and advise the Board on strategic policies for the Company's investment programmes.
- The Investment Committee has responsibility for deciding on the appropriateness of all investments within the Company as it affects its clients, lines of business, Management staff and IT systems.
- The Committee takes full responsibility for investment decisions whether to proceed with change initiatives, and necessary release or withdrawal of funds on behalf of the Board and in line with the Company's strategic objectives.
- Ensures that the assets of the Company are protected and effective control measures are put in place for sufficient internal checks and balances.
- Considers and approves the investment policies of the Company.

MEETINGS AND PROCEDURE

The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Board Investment Committee met four times during the period under review.

MEMBERSHIP/COMPOSITION

Mr. Tony Aletor	Non-Executive Director	Chairman
Dr. Layi Fatona	Non-Executive Director	Member
Chief Sunny Obidegwu	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

4. BOARD ESTABLISHMENT & GOVERNANCE COMMITTEE

PURPOSE

The Committee deals with matters affecting executive management staff as it relates to recruitment, assessment, promotion, disciplinary measures, career development among others. The Committee is also responsible for monitoring corporate governance developments, best practices for corporate governance and furthering the effectiveness of the Company's corporate governance practices.

Directors' Report
For the year ended 31 December, 2014

RESPONSIBILITIES

- Review from time to time the People Management Policies and make recommendations to the Board as appropriate;
- Review and recommend recruitment, appointment and promotion of Top Management Staff;
- Consideration and approval of disciplinary matters and exit/severance matters pertaining to Top Management Staff;
- Reviews periodically, reports on productivity/performance of Top Management;
- Review of staff compensation and welfare packages and make recommendation to the Board;
- Consider and approve annual training programmes for the Group's staff in order to ensure overall staff development.

In carrying out its Corporate Governance functions, the Committee shall undertake the following duties:

- Evaluate the current composition, organisation and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval;
- Oversee the evaluation of the Board;
- Recommend to the Board, Director nominees for each Committee of the Board;
- Coordinate and recommend Board and Committee meeting schedules;
- Advise the Company on the best business practices being followed on corporate governance issues nationally and globally;
- Recommend to the Board the governance structure for the management of the affairs of the Group;
- Review and re-examine the Board charter annually and make recommendations to the Board for any proposed changes; and
- Annually review and evaluate Board performance.

MEETINGS OF THE COMMITTEE

The Committee meets at least once in each quarter and as necessary. The Board Establishment & Governance Committee met five times during the period under review.

Membership Composition:

Chief Sunny Obidegwu	Non-Executive Director	Chairman
Mrs. Ngozi Nkem	Non-Executive Director	Member
Mr. Eddie Efekoha	Managing Director	Member

Consolidated Hallmark Insurance Plc

Directors' Report
For the year ended 31 December, 2014

ATTENDANCE AT BOARD & ITS COMMITTEES' MEETINGS

	BOARD	FGPC	ARMC	BIC	BEGC
Ugo (Dr) Obi Ralph Ekezie	5	N/A	N/A	N/A	N/A
Mr. Tony Aletor	7	N/A	5	4	N/A
Mr. Eddie Efekoha	7	5	4	4	5
Chief Ben C. Ikejiaku	6	6	5	N/A	N/A
Chief Sunny Obidegwu	7	N/A	N/A	4	5
Mr. Friday Ebojoh	7	6	5	N/A	N/A
Dr Layi Fatona	5	1	N/A	1	N/A
Mrs. Ngozi Nkem	5	N/A	4	N/A	5

Dates of Meetings					
	13/03/2014	27/01/2014	27/01/2014	22/01/2014	26/02/2014
	15/04/2014	14/04/2014	14/04/2014	29/04/2014	02/04/2014
	28/05/2014	28/04/2014	28/04/2014	06/08/2014	20/06/2014
	10/06/2014	30/07/2014	30/17/2014	14/10/2014	14/10/2014
	23/06/2014	30/10/2014	30/10/2014		12/12/2014
	04/09/2014	09/12/2014			
	05/11/2014				

TENURE OF DIRECTORS
The tenure of the Non-Executive Directors is limited to three terms of three years each. This is in compliance with CAMA, NAICOM's code of Corporate Governance and also fuelled by the necessity to reinforce the Board by continually injecting new energy, fresh ideas and perspectives.

STATUTORY AUDIT COMMITTEE
The constitution and composition of the statutory audit committee is in compliance with Section 359 of the Companies and Allied Matters Act, Cap C20 LFN 2004. The Committee is made of three Directors and three representatives of Shareholders.

The Statutory Audit Committee amongst other things examines the auditor's report and make recommendations thereon at the annual general meeting as it deems fit. The Committee's composition is set out below:

Mr. Tony Anonyai	Shareholders' Representative	Chairman
Chief Simon Okiotorhoro	Shareholders' Representative	Member
Chief Tony Ukatu	Shareholders' Representative	Member
Mr. Friday Ebojoh	Non Executive Director	Member
Chief Ben Ikejiaku	Non Executive Director	Member
Mr. Tony Aletor	Non Executive Director	Member

Responsibilities
1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
2. Review the scope and planning of audit requirements.
3. Review the findings on management matters in conjunction with external auditor and departmental responses thereon.
4. Keep under review the effectiveness of the company's system of accounting and internal control.
5. Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the company.
6. Authorise the internal auditor to carry out investigation into any activities of the company which may be of interest or concern to the Committee.

Meetings of the Committee
The Committee meets at regular intervals and as necessary to consider and review issues within its purview. The Statutory Audit Committee met two times during the period under review.

Directors' Report
For the year ended 31 December, 2014

Members		14 April 2014	8 October 2014
Mr. Tony Anonyai	Shareholder/Chairman	✓	✓
Mr. Tony Ukatu	Shareholder	-	-
Chief Simon Okiotorhoro	Shareholder	✓	✓
Mr. Tony Aletor	Director	✓	✓
Chief Ben C. Ikejiaku	Director	✓	✓
Mr. Friday Ebojoh	Director	✓	✓

SHAREHOLDERS RIGHTS
The Board is continuously committed to the fair treatment of shareholders and ensures that the shareholders are given equal access to information about the Company irrespective of their shareholdings. The general meetings of the Company have always been conducted in an open manner which allows for free discussions on all issues on the agenda. The statutory and general rights of the shareholders are protected at all times.

Representatives of regulatory bodies such as the NAICOM, SEC and the NSE are always in attendance at our annual general meetings. The representatives of the shareholders association also attend the Company's general meetings and they are allowed to make full and fair participation during the meetings.

CONFLICT OF INTEREST
CHI has a policy in place that requires prompt disclosure from Directors of any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees. CHI policy requires any Director who has or may have a conflict of interest to abstain from discussions and voting on such matters.

THE COMPANY SECRETARY
The Company Secretary primarily assists the Board and Management in the implementation and development of good corporate governance. The Company Secretary provides guidance and advice to the Board and the Management of the Company on issues of ethics, conflict of interest and good corporate governance.
The Company Secretary also does the following: advice the Directors on their duties, and ensure that they comply with corporate legislation and the Articles of Association of the Company; Arranging meetings of the Directors and the shareholders. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

REMUNERATION
CHI Plc has a comprehensive remuneration policy for Directors and all levels of Management staff. Our remuneration policy is adequate to attract, motivate and retain skilled, qualified and experienced individuals required to manage the Company successfully. The statement of the Directors remuneration is stated in the Audited Financial Statement.

SPONSORSHIP AND DONATIONS
In line with our Corporate Social Responsibility initiatives, sponsorship and donations were made to some organisations during the year, including:

- Professional Insurance Ladies Association - 250,000
- Chartered Insurance Institute of Nigeria - 500,000
- Nigerian Insurers Association - 350,000
- Hearts of Gold Hospice Motherless' Babies Home - 150,000
- NCRIB End of Year Lecture - 100,000
- National Association of Insurance Correspondents - 200,000

Directors' Report

For the year ended 31 December, 2014

EMPLOYMENT AND EMPLOYEES

a) Employment of disabled persons

The group does not discriminate in considering applications for employment from disabled persons. If a disabled person meets all recruitment requirements, the group shall not by reason of disability deny such a person from employment opportunity but would make adequate provision for the accommodation of such person. However, as at 31st December 2014 there was no disabled person in the group employment.

b) Employees' training and Involvement

The group ensures that the employees are fully informed of the values, goals and performance plans and progress during the year. They are involved in the goal setting at the beginning of the year and meet regularly to review performances. They make recommendations on innovative ideas towards meeting customers' expectations and improving on general operations and relationships within the group. The group pays strong importance to the use of our core values in the discharge of duties across the company and acquisition of Technical expertise through extensive internal and external training, on the job skills enhancement and professional development.

c) Health, Safety and welfare of employees

The group strictly observes all safety and health regulations. Successfully managing HSE issues is an essential component of our business strategy. Through observance and encouragement of this policy, we assist in protecting the environment and the overall well-being of all our stakeholders, specifically, our employees, clients, shareholders, contractors, and host communities.

We conduct regular fire training and drill exercises to sensitize all staff and stakeholders of the need to be safety conscious. The group ensures that all safety measures are observed in all locations. During the period under consideration we did not experience any workplace accident or health hazards.

Employees are registered with Health Management Organizations of their choice for provision of medical services at the designated hospitals. We equally have arrangement with offsite hospitals to cater for emergency cases that occur during working hours.

SECURITY TRADING POLICY

In compliance with the requirement of section 14 of the Nigerian Stock Exchange amended rules, the company has in place a security trading policy which is designed to prevent insider trading in the company's securities by board members, executive management and persons that are closely related to them who are privy to price sensitive information.

The policy also prevents them from releasing such price sensitive information to their privies or agent for the purpose of trading in the company's shares.

AUDITORS

The Auditors PKF (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 356(2) of the Companies and Allied Matters Act Cap C20 2004.
A resolution will be proposed at the annual general meeting to authorize the directors to fix their remuneration.

By order of the Board

L. CHIDI ILOGU ESQ (SAN)
PP: FOUNDATION CHAMBERS
(Company Secretaries)
FRC/2013/000000001170

Internal Control & Risk Management Report

Introduction

Proactive risk management is a key pillar of Consolidated Hallmark Insurance Plc. strategy. Linked to this is our board-approved Enterprise Risk Management (ERM) policy and strategy framework. The document provides an integrated risk management framework designed to meet the challenges of the changing risk environment and to ensure that business growth plans are properly supported by effective risk management. Responsibility for risk management resides at all levels in Consolidated Hallmark Insurance and its subsidiaries (the Group), from the Board and Executive management down to each business unit manager and their risk specialists. This contributes to instilling a strong risk culture in the Group, making risk everyone's business. We believe this is a core imperative of risk management.

The delegation of risk management responsibilities is structured to ensure risk-reward decisions are enacted at the most appropriate level in line with business objectives, subject to robust and effective review as well as challenge processes. Strategic business decisions are taken in accordance with a board-approved risk appetite with the Executive Management and the risk management personnel/unit closely monitoring risk profiles against this appetite.

The acceptance of risk is an integral part of Consolidated Hallmark Insurance Plc.'s (CHI) businesses. Management of that risk is, therefore, critical to Group's continuing profitability. Strong independent prudential management has been a key to CHI Plc's success and stability over many years. Where risk is assumed it is within a calculated and controlled frame work that assigns clear risk roles and responsibilities represented by 'three lines of defense'.

The primary responsibility for risk management lies at the business level, which forms the first line of defense. Part of the role of all business managers throughout the Group's business units is to ensure risks are managed appropriately. The risk management function forms the second line of defense and independently assesses all material risks. The third line, which includes internal audit, independently reviews and challenge the Group's risk management controls, processes and systems. Consolidated Hallmark's core risk management principles have remained stable and continue to be highly effective. These are:

Ownership of risk at the Business Group Level

Operating Group Heads are responsible for identifying risks within their businesses and ensuring that they are managed appropriately. Before taking decisions, clear analysis of the risks is sought to ensure risks taken are consistent with the risk appetite and strategy of Consolidated Hallmark Insurance Plc. Business ownership of risk is an essential element in understanding and controlling risk.

Risk Appetite Setting

Risk appetite is the nature and amount of risk that the company is willing to accept. At Consolidated Hallmark Insurance, this is expressed through the Board-approved risk appetite statement, aggregate and specific risk limits, relevant policies, and requirement to consider risk adjusted returns. The Board reviews and endorses Consolidated Hallmark Insurance's risk appetite as part of the corporate strategy review process.

Risk Appetite Statement

Consolidated Hallmark Insurance's risk appetite statement is approved by the Board and sets out the degree of risk Consolidated Hallmark Insurance is willing to take overall and for each material risk type. It also conveys the process for ensuring that risk limits (tolerances) are set at an appropriate level, monitored and reviewed. Consolidated Hallmark Insurance determines its overall appetite for risk with reference to earnings and not just capital. Aggregate risk is expressed by setting a Global Risk Limit designed to ensure that in a prolonged and severe downturn, losses would be covered by earnings and surplus capital, and market confidence in Consolidated Hallmark Insurance is maintained.

Limits

These consist of specific risk limits given to the business units and products or industry sectors as well as the Global Risk Limit that constrains Consolidated Hallmark Insurance's aggregate level of risk.

Relevant policies

There are numerous Consolidated Hallmark Insurance-wide policies that set out the principles that govern the acceptance and management of risks so that the proposed transaction or operation can be managed properly and does not create unknown or unwanted risks for Consolidated Hallmark Insurance in the future.

Consolidated Hallmark Insurance's risk culture is well established. The Company recognizes that an effective risk management framework involves more than just robust controls. Consolidated Hallmark Insurance's risk culture, which is less tangible, is equally as important and at Consolidated Hallmark Insurance the risk culture remains strong and controls are respected by staff.

Internal Control & Risk Management Report

Risk culture is established and maintained in the organization broadly through three steps:

Setting Expectations - The Board sets expectations regarding appropriate behaviours and oversees performance.

Leading and Executing - Management implement these expectations by their leadership actions and communication, organizational governance, incentives and consequences as well as establishing appropriate capability.

Monitoring and Measuring - Effectiveness is assessed and reported to allow adjustment and refinement as necessary.

Risk Governance Structure

Risk management is sponsored by the Consolidated Hallmark Insurance Board, and is a top priority for senior managers, starting with the Managing Director/CEO.The Head of Risk Management Unit, who is also the Chief Risk Officer (CRO),is a member of the company's Executive Management and reports directly to the Board through its Audit & Risk Management Committee. The CRO has an administrative reporting line to the Managing Director/CEO.

The Board oversees the risk appetite and profile of Consolidated Hallmark Insurance and ensures that business undertaken are consistent with the risk appetite and goals of the Group. The Board Audit &Risk Management Committee reviews and endorses the Group's risk management framework which includes the establishment of policies for the control of risk. The Board Audit &Risk Management Committee receives information on the risk profile of Consolidated Hallmark Insurance, breaches of the policy framework and external developments that may have some impact on the effectiveness of the risk management framework. It also approves significant changes to risk management policies and framework and approves the Group's risk appetite. The Board Audit &Risk Management Committee also monitors the effectiveness of internal controls with Consolidated Hallmark Insurance's management, the Head of Internal Audit and the external auditor. The Audit &Risk Management Committee also monitors and reviews the effectiveness of the external auditors and the Internal Audit and Credit Assurance functions.
Business groups are responsible for the identification, evaluation, qualification, recording and reporting of the management of strategic risks at local level. Business Unit level risk assessment follows the same principles as Group level risk assessment. A formal procedure is in place for ongoing identification, assessment and reporting during the year of any new or emerging risks that are determined to have a material impact upon the business.

Risk Management Oversight

Oversight of risk is based on the following five principles:

Independence

Risk Management Unit which is responsible for assessing and monitoring risks across Consolidated Hallmark Insurance, is independent of the operating areas of the Group, and the Head of the Risk Management Unit, who is also the Chief Risk Officer (CRO),is a member of Consolidated Hallmark Insurance's Executive Management and reports directly to the Managing Director/CEO. The CRO has a secondary reporting line to the Board Audit &Risk Management Committee.

Centralized Prudential Management

RMG's responsibility covers the whole of Consolidated Hallmark Insurance. Therefore, it can assess risks from a company-wide perspective and provide a consistent approach across all operating areas.

Continuous Assessment

RMG continually reviews risks to account for changes in market circumstances and developments within Consolidated Hallmark Insurance's operating areas.

Frequent Monitoring

Centralized systems exist to allow Risk Management Unit to monitor credit and market risks daily. Risk Management Unit staff liaise closely with operating and support divisions.

Internal Audit

Internal Audit provides independent assurance to Management and the Board on the quality and effectiveness of Consolidated

Internal Control & Risk Management Report

Hallmark Insurance's internal control, risk management and governance systems and processes. Internal Audit provides an independent and objective assessment as to whether risks have been adequately identified; adequate internal controls are in place to manage those risks; and whether those controls are working effectively. Internal Audit is independent of both business management and the activities it reviews. The Head of Internal Audit is accountable to the Board Audit & Risk Management Committee. The Board Audit & Risk Management Committee approves the appointment and removal of the Head of Internal Audit who has unlimited access to the Board Audit & Risk Management Committee.

Conclusion

The Group will continue to foster proactive assessment and management of risks in its different business lines and areas of operations to meet its corporate and strategic objectives. Unguarded and uncalculated risk on capital will be avoided based on our commitment to upholding sound corporate governance and best in class risk management practices.

Katherine Itua (Mrs.)
Chief Risk Officer
FRC/2012/ICAN/00000000514

Report of The Statutory Audit Committee

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC FOR THE YEAR ENDED 31 DECEMBER 2014

In accordance with the provision of section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, we the members of the Audit Committee hereby report as follows:

1. We confirm that we have reviewed the Audit Plan and scope and the Management letter on the audit of the account of the company and the responses to the said letter;
2. In our opinion, the plan and scope of the audit for the year ended 31 December 2014 are adequate. We have reviewed the Auditor's findings and we are satisfied with the Management responses thereon;
3. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices
4. The internal control was being constantly and effectively monitored
5. The Committee reviewed the internal audit programmes and report for the year and is satisfied with the status.

Tony Anonyai
Chairman , Audit Committee
FRC/2013/1CAN/000002579

MEMBERS OF THE AUDIT COMMITTEE
Tony Anonyai
Tony Ukatu
Chief Simon Okiotorhoro
Tony Aletor
Friday Ebojoh
Chief Ben C. Ikejiaku

Report of the Independent Auditors
For the year ended 31 December, 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CONSOLIDATED HALLMARK INSURANCE PLC

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of **Consolidated Hallmark Insurance Plc, ("the Company") and its subsidiary (together "the Group")** which comprise the consolidated statement of financial position at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Nigerian Insurance Act and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal control as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of **Consolidated Hallmark Insurance Plc ("the Company") and its subsidiary (together "the Group")** at 31 December 2014, and of their financial performance and cash flows for the year then ended, in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Nigerian Insurance Act and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and relevant guidelines issued by the National Insurance Commission.

Report on other legal requirements:
The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. the company and its subsidiaries have kept proper books of account, as it appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.

iii. the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

iv. Except for the contraventions disclosed in Note 42 the consolidated financial statements, the company has complied with the requirements of the relevant guidelines issued by the National Insurance Commission.

Abdus-salaam Najeeb

Najeeb A. Abdus-salaam, FCA. FRC/2014/ICAN/00000000753
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria.

Date: March 9, 2015

Statement of Significant Accounting Policies

For the year ended 31 December, 2014

The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

Group information and accounting policies

The Group

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiary - CHI Capital Limited. CHI Capital Limited has two wholly owned subsidiaries, Grand Treasurers Limited and CHI Support Services Limited.

Company Information:

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated financial statements have been authorized for issue by the Board of Directors on 9 March 2015.

Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non – life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

Going concern assessment

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

Subsidiary; CHI Capital Limited

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited in 2010 and also, incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

Grand Treasurers Limited was incorporated in October 1990 and commenced operations in January 1991. Duly licensed by CBN as a non bank finance institution, Grand Treasurers Limited is a wholly owned subsidiary of CHI Capital Limited. The business of the company is consumer lending, lease financing and other finance company business.

CHI Support Services Limited is a company incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company in 2014 and authorised by the Nigerian Communication Commission to provide the service of tracking vehicles. CHI Support Services was incorporated in Nigeria.

1. Basis of presentation:

1.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the year 2014 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB") and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.These are the Group's financial statements for the year ended 31 December 2014, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

1.1.2 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

i. Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the reporting period from 1st January, 2014. They do not have any material impact on the accounting policies, financial position or performance of the Group.

- **Amendment to IAS 19 - Employee Benefits:**

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

The amendment introduces changes to recognition of deficit / surplus on defined benefit plans and presentation of defined benefit cost. It also introduces recognition of net interest on net defined benefit assets (liability) and more extensive disclosures. This standard does not have any impact on the Group as the Group operates a defined contributory pension plan in line with the Pension Reforms Act 2004. Additional guidance added to IAS 19 Employee Benefits on accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan.

- **Amendments to IAS 34** - Interim financial reporting and segment information for total assets and liabilities (Amendment);
  The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the Chief Operating Decision Maker (CODM) and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. This amendment does not have a material impact on the Group.

- **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements:**
  IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. While the disclosure implications have been duly effected, IFRS 10 had no impact on the consolidation of investments held by the Group.

- **Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial liabilities:**
  The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. Collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. IFRS 7 as amended had no material impact on the Group's financial statement.

ii) Standards and interpretations effective during the period from 1 January 2014

They do not have any material impact on the accounting policies, financial position or performance of the company:

a) IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The amendment is applicable to annual periods beginning on or after 1 January 2014.

b) Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is applicable to annual periods beginning on or after 1 January 2014.

c) Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of

Consolidated Hallmark Insurance Plc

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

account for applying the offsetting requirements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

d) Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is applicable to annual periods beginning on or after 1 January 2014.

e) Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Amendment to IAS 39 on Financial Instruments - Recognition and Measurement: makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to annual periods beginning on or after 1 January 2014.

f) Amendments to IFRS 1: First time adoption of International Financial Reporting Standards

The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's financial statements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

g) Amendments to IFRS 3: Business Combinations

The amendment clarifies that 'joint arrangements', not just 'joint ventures', are outside the scope of IFRS 3. The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applicable to annual periods beginning on or after 1 January 2014.

h) Amendments to IFRS 13: Fair Value Measurement

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9(or IAS 39, as applicable). The amendment is applicable to annual periods beginning on or after 1 January 2014.

i) Amendments to IAS 40: Investment Property

The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendment is applicable to annual periods beginning on or after 1 January 2014.

iii) Standards and interpretations issued/amended but not yet effective

Other standards and interpretations issued that are effective for annual periods beginning after 1 January 2015 , as outlined below , have not been applied in preparing these financial statements and the company is yet to assess the full impact of the amendments from these standards.

a) IFRS 9 Financial instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets. At the IASB's July 2011 meeting, the IASB decided to postpone the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2015 with early application still permitted.

b) IFRS 14: Regulatory Deferral Accounts

IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Existing IFRS preparers are prohibited from applying the standard. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first-time application of IFRS.

Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income.
The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

c) IFRS 15: Revenue from Contracts with Customers

To recognize revenue, a company would apply the following five steps: Identify the contract(s) with the customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price; Recognize revenue when a performance obligation is satisfied. A company would recognize an asset for the incremental costs of obtaining a contract if those costs are expected to be recovered. For many contracts, such as many straight forward retail transactions, IFRS 15 will have little, if any, effect on the amount and timing of revenue recognition. A company will be able to recognize revenue over time only if the criteria specified in IFRS 15 are met. In all other cases, a company will recognize revenue at the point in time when the customer obtains control of the promised good or service.

1.2 Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:
- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Assets held for trading are measured at fair value

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

1.3 Functional and presentation currency

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

1.4 Consolidation

The Group financial statements comprise the financial statements of the company and its subsidiary, CHI Capital Limited, all made up to 31 December, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control seizes. A subsidiary is an entity over which the Group has the power to govern the nancial and operating policies generally accompanying a shareholding of more than one half of the voting rights. CHI Capital Limited is a wholly owned subsidiary of the company.

All intercompany transactions, balances, unrealized surplus and deficit on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains. The financial statements of the subsidiary has been prepared in accordance with IFRSs and the accounting policies of the subsidiary are consistent with the accounting policies adopted by the group which are in accordance with IFRSs.

1.5 Use of estimates and judgments

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

(a) 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 company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

b) 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 judgement. In making this judgement, 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.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

(c) Impairment of trade receivables

Statement of Significant Accounting Policies

For the year ended 31 December, 2014

The management adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30days that are due from brokers. The trades receivable were further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset under Deferred Acquisition Costs (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(e) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

2. Segment reporting

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

3. Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

3.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

Assets where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day, are trading assets. Assets do not fall under this category merely because there is a market for the asset – the entity must have acquired the asset for short term trading intent.

3.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and/or staff of the Group.

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

3.1.3 Available-for-sale investments

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

3.1.4 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/ (losses) on investment securities'

3.2 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.3 Impairment of assets

3.3.1 Financial assets carried at amortized cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company 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 company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company 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.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective

Consolidated Hallmark Insurance Plc

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assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized 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 (excluding future credit losses that have been incurred) 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 income statement. 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, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

3.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. 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 is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. 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, the impairment loss is reversed through the income statement.

3.3.3 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.3.4 Impairment of other non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasury bills within 90days.

4. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

4.1 *As Lessor*

4.1.1 Finance leases

Assets held under finance leases are recognized as finance lease receivable of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognized immediately in the income statement, unless attributable to qualifying assets, in which case they are capitalized to the cost of those assets. Contingent rentals are recognised as expenses in the periods in which they are incurred.

5. Trade receivables

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

6. Reinsurance assets and liabilities

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables 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.

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

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

7. Deferred acquisition costs

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable

8. Other receivables and prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

9. Deposit for shares

Where the company invested in the equities of other entities and the necessary allotment of shares or share certificates have not been received by the company, such investment shall be treated as deposit for shares. At initial recognition, it would be treated at cost and at subsequent recognition, it would be recognized at cost less impairment (if any).

10. Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories shall be measured at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

11. Investment in subsidiaries

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has:

I. Power over the investe
II. Exposure, or rights, to variable returns from its involvement with the investee; and
III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

12. 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 recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

13. Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the group's operations or for administrative purposes. Investment property comprises freehold land and building and is initially recognized at cost and subsequently recognized at fair value with any change recognized in income statement. 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.

14. Property and equipment

14.1 Recognition and Measurement

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. 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 income statement during the financial period in which they are incurred.

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

Buildings	-	2%
Furniture, fittings and equipment	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

14.2 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

15. Statutory Deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

16. Insurance Contracts Liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note14.4).Balances arising from insurance contracts primarily

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

16.1 Reserves for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

16.2 Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

16.3 Reserves for unexpired risk

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)".

16.4 Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

17. Trade payables related to insurance contracts

Trade payables are recognized when due. These include amounts due to agents, brokers and insurance contract holders. Trade payables are initially recognized at fair value and subsequently measure at amortized cost using effective interest rate method. Where it is a non interest bearing liability, it is measure at a discounted repayment amount. However if the due date is less than one year, discounting is omitted.

18. Other payables and provisions

Other payables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash payments over the short payment period is not considered to be material.

19. Retirement benefits obligations

19.1 Defined contribution plan

The Group runs a defined contribution plan. A defined contribution plan is a pension plan under which the Company 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.

Under the 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 recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

20. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

21. Contingency reserve

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3%of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

22. Statutory reserve

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

23. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the Company's shareholders.

Consolidated Hallmark Insurance Plc

Statement of Significant Accounting Policies

For the year ended 31 December, 2014

24. Revenue recognition

24.1 Premium

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

a) Gross premium

Gross premium is recognized at the point of attachment of risk to a policy before conducting cost of reinsurance.

b) Gross premium earned

Gross premium earned is the written premium recognized after adjusting for the unearned portion of the premium.

c) Unearned premium

This is the portion of the gross premium on the insurance contract, determined on a contract by contract basis, which is deemed to be relating to the risk for period not falling within the current accounting year. This is carried forward to the next accounting period as unearned premium.

d) Net premium

Net premium represents gross premium earned less reinsurance costs.

e) Reinsurance premium

Reinsurance premium is the ceding to a reinsurance part of a risk or liability accepted in order to ensure greater and reduced liability on the part of the company.

The outward reinsurance premium relating to earned premiums are recognized as outflow in accordance with

24.2 Reinsurer's share of unearned premium

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

25. Expenses

a) Reinsurance cost

This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year.

The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

b) Reinsurance recoveries

Reinsurance represents that portion of claims paid or payable on risks ceded out to reinsurance companies on which recoveries are received or receivable from the reinsurer.

The recoveries are applied to reduce the gross claims incurred on the underwriting revenue account.

c) Prepaid reinsurance cost

This is the unexpired reinsurance cost determined on a time apportionment basis and is reported under other asset on the balance sheet.

d) Gross claims paid

This is the direct claims payments during the year plus reinsurance claims paid, if any.

e) Gross claims incurred

The is made up of claims and claims handling expenses paid during the financial year after adjusting for the movement in the provision for outstanding claims and claims incurred but not reported (IBNR).

f) Net claims incurred

This is gross claims incurred after adjusting for reinsurance claims recoveries.

All claims paid and incurred are charged against the underwriting revenue account as expense wren Incurred. Reinsurance recoveries are recognized when the company records the liability for the claims.

Anticipated reinsurance recoveries on claims ore disclosed separately as assets.

g) Management expenses

Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries, depreciation charges and other administrative but non-operating expenses. They are accounted for on or accrual basis and are charged to the profit and loss account n the year in which they were incurred.

26. Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claims reported. In addition, provisions are made for adjustment expenses, changes in

Statement of Significant Accounting Policies
For the year ended 31 December, 2014

reported claims, and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

27. Salvage and subrogation recoverable

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value.

Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

28. Fees and commission income

Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

29. Investment income

Investment income consists of dividend, interest income. Dividends are recognized only when the group's right to payments is established.

29.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount

29.2 Other operating income

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

29.3 Realized gains and losses

The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

30. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, 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 income 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 (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income 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 utilized. Deferred income 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

31. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Statement of Significant Accounting Policies

For the year ended 31 December, 2014

32. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.
Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

31. Unclaimed dividend

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

33. Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year.

Consolidated Financial Statements

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Consolidated Statement of Financial Position
At 31 December, 2014

	Notes	Group 31 December 2014 ₦	Group 31 December 2013 ₦	Company 31 December 2014 ₦	Company 31 December 2013 ₦
Assets					
Cash and cash equivalents	2.	**2,299,949,368**	2,275,501,790	**2,268,572,191**	2,232,194,169
Financial assets:					
-At fair value through profit or loss	3.1	**343,086,193**	174,453,485	**331,557,775**	156,076,887
-Loans and receivables	3.2	**34,221,228**	68,342,353	**19,379,021**	42,254,826
-Available for sale assets	3.3	**2,000,000**	2,000,000	**2,000,000**	2,000,000
-Held to maturity	3.4	**133,173,401**	65,783,151	**133,173,401**	65,783,151
Deposit for shares	4.	**50,250,000**	-	**50,250,000**	-
Finance lease receivables	5.	**128,423,469**	82,093,614	**-**	-
Trade receivables	6.	**69,245,808**	51,398,187	**69,245,808**	51,398,187
Reinsurance assets	7.	**651,767,868**	981,521,500	**651,767,868**	981,521,500
Deferred acquisition cost	8.	**194,835,265**	204,941,728	**194,835,265**	204,941,728
Other receivables & prepayment	9.	**141,675,841**	125,024,460	**141,704,560**	118,125,644
Investment in subsidiaries	10.	**-**	-	**250,000,000**	226,407,680
Inventories	11.	**2,888,332**	-	**-**	-
Investment properties	12.1	**877,960,682**	874,278,600	**793,460,682**	789,778,600
Property and equipment	12.2	**909,148,547**	964,104,610	**905,899,680**	959,875,246
Statutory deposits	13.	**300,000,000**	300,000,000	**300,000,000**	300,000,000
Total assets		**6,138,626,002**	6,169,443,478	**6,111,846,251**	6,130,357,618
Liabilities					
Insurance contract liabilities	14.	**1,974,439,083**	2,124,258,116	**1,974,439,083**	2,124,258,116
Trade payables	15.	**7,829,896**	26,056,310	**7,829,896**	26,056,310
Other payables and provision	16.	**146,105,612**	67,042,956	**171,622,017**	62,509,495
Retirement benefit obligations	17.	**137,815**	4,104,330	**-**	3,920,476
Income tax liabilities	18.2	**72,341,424**	145,018,810	**47,695,854**	130,138,787
Deferred tax liabilities	18.3	**95,460,524**	153,728,093	**95,460,524**	153,728,093
Total liabilities		**2,296,314,354**	2,520,208,615	**2,297,047,374**	2,500,611,277
Equity and reserves					
Issued and paid up share capital	19.1	**3,000,000,000**	3,000,000,000	**3,000,000,000**	3,000,000,000
Contingency reserve	20.1.	**882,516,340**	742,159,644	**882,516,340**	742,159,644
Statutory reserve	20.2	**8,477,548**	6,690,382	**-**	-
Retained earnings	21.	**(48,682,240)**	(99,615,163)	**(67,717,463)**	(112,413,303)
Total equity and reserves		**3,842,311,648**	3,649,234,863	**3,814,798,877**	3,629,746,341
Total liabilities and equity and reserves		**6,138,626,002**	6,169,443,478	**6,111,846,251**	6,130,357,618

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The consolidated financial statements were approved by the Board of Directors on **March 9, 2015** and signed on its behalf by:

Anthony Aletor
Vice Chairman
FRC/2013/CISN/00000003344

Eddie Efekoha
Managing Director
FRC/2013/CIIN/00000002189

Babatunde Daramola
Chief Financial Officer
FRC/2013/ICAN/00000000564

Consolidated Hallmark Insurance Plc

Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2014

	Notes	Group 31 December 2014 N	Group 31 December 2013 N	Company 31 December 2014 N	Company 31 December 2013 N
Gross premium written		4,614,438,482	4,153,820,829	4,614,438,482	4,153,820,829
Gross premium income	23.	4,678,556,485	4,151,298,704	4,678,556,485	4,151,298,704
Reinsurance premium expenses	24.	(2,148,244,817)	(1,582,605,604)	(2,148,244,817)	(1,582,605,604)
Net premium income		2,530,311,668	2,568,693,100	2,530,311,668	2,568,693,100
Fee and commission income	25.	207,872,453	203,633,369	207,872,453	203,633,369
Net underwriting income		2,738,184,121	2,772,326,469	2,738,184,121	2,772,326,469
Claims expenses	25a	(1,234,297,773)	(965,106,416)	(1,234,297,773)	(965,106,416)
Claims recoveries from reinsurers	25b.	267,243,023	314,751,829	267,243,023	314,751,829
Claims incurred		(967,054,750)	(650,354,587)	(967,054,750)	(650,354,587)
Underwriting expenses	26.	(907,885,365)	(1,064,854,654)	(946,945,126)	(1,082,304,654)
Underwriting profit		863,244,006	1,057,117,228	824,184,245	1,039,667,228
Investment income	27.	329,369,606	299,470,299	299,595,699	270,979,045
Other operating income	28.	36,973,619	21,756,651	32,848,143	24,256,702
Impairment charge	29.	(20,767,457)	(550,641,729)	(17,402,910)	(544,652,983)
Net fair value gains on financial assets at fair value through profit or loss	30.	32,307,258	16,100,005	32,912,258	12,856,767
Management expenses	31.	(1,035,505,853)	(1,024,904,284)	(984,089,670)	(996,255,298)
Profit/(loss) before taxation		205,621,179	(181,101,830)	188,047,765	(193,148,539)
Income tax expense	18.1	(12,544,394)	(19,453,205)	(2,995,231)	(13,963,167)
Profit/(loss) after taxation		193,076,785	(200,555,035)	185,052,534	(207,111,706)
Total comprehensive income/(loss) for the year		193,076,785	(200,555,035)	185,052,534	(207,111,706)
Profit/(loss) attributable to:					
Equity holders of the parents'		193,076,785	(200,555,035)	185,052,534	(207,111,706)
Non-controlling interest		-	-	-	-
		193,076,785	(200,555,035)	185,052,534	(207,111,706)
Basic and diluted earnings/(loss) per share (Kobo)		3.22	(3.34)	3.08	(3.45)

Consolidated Hallmark Insurance Plc

Consolidated Statement Of Changes in Equity

For The Year Ended 31 December 2014

The Group

	Issued share capital ₦	Contingency reserves ₦	Statutory reserve ₦	Retained earnings ₦	Total equity ₦
At 1 January 2013	3,000,000,000	617,545,019	5,826,986	406,417,892	4,029,789,897
Changes in equity for 2013:					
Loss for the year	-			(200,555,035)	(200,555,035)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(200,555,035)	(200,555,035)
Transactions with owners:					
Transfer within reserves	-	124,614,625	863,396	(125,478,021)	-
Dividends relating to prior periods paid during the year	-	-	-	(180,000,000)	(180,000,000)
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	124,614,625	863,396	(305,478,021)	(180,000,000)
At 31 December 2013	**3,000,000,000**	**742,159,644**	**6,690,382**	**(99,615,164)**	**3,649,234,862**
At 1 January 2014	3,000,000,000	742,159,644	6,690,382	(99,615,164)	**3,649,234,862**
Changes in equity for 2014:					
Profit for the year	-		-	193,076,786	193,076,786
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	193,076,786	193,076,786
Transactions with owners:					
Transfer to contigency reserves	-	140,356,696	-	(140,356,696)	-
Transfer to statutory reserves	-	-	1,787,166	(1,787,166)	-
Non-controlling interest arising on business combination	-	-	-	-	-
Contribution by and to owners of the business	-	**140,356,696**	**1,787,166**	**(142,143,862)**	**-**
At 31 December 2014	**3,000,000,000**	**882,516,340**	**8,477,548**	**(48,682,240)**	**3,842,311,648**

Consolidated Statement of Changes in Equity
For The Year Ended 31 December, 2014

The Company

	Issued share capital ₦	Contigency reserves ₦	Retained earnings ₦	Total equity ₦
At 1 January 2013	3,000,000,000	617,545,019	399,313,028	4,016,858,047
Changes in equity for 2013:				
Loss for the year	-	-	(207,111,706)	(207,111,706)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(207,111,706)	(207,111,706)
Transactions with owners:				
Transfer within reserves	-	124,614,624	(124,614,624)	-
Dividends relating to prior periods paid during the year	-	-	(180,000,000)	(180,000,000)
Contribution by and to owners of the business	-	124,614,624	(304,614,624)	(180,000,000)
At 31 December 2013	**3,000,000,000**	**742,159,644**	**(112,413,302)**	**3,629,746,342**
At 1 January 2014	3,000,000,000	742,159,644	(112,413,302)	3,629,746,342
Changes in equity for 2014:				
Profit for the year	-	-	185,052,535	185,052,535
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	185,052,535	185,052,535
Transactions with owners:				
Transfer within reserves	-	140,356,696	(140,356,696)	-
Dividends relating to prior periods paid during the year				
Contribution by and to owners of the business	-	140,356,696	(140,356,696)	-
At 31 December 2014	**3,000,000,000**	**882,516,340**	**(67,717,463)**	**3,814,798,877**

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2014

	Notes	Group 31 December 2014 ₦	Group 31 December 2013 ₦	Company 31 December 2014 ₦	Company 31 December 2013 ₦
Cash flows from operating activities					
Premium received from policy holders		**4,596,590,853**	4,679,725,496	**4,596,590,853**	4,679,725,496
Reinsurance receipts in respect of claims	25b.	**413,664,449**	245,903,277	**413,664,449**	245,903,277
Commission received	25.	**207,872,453**	193,177,814	**207,872,453**	193,177,814
Other operating receipts	28.	**36,973,619**	32,212,207	**32,848,143**	34,712,257
Cash paid to and on behalf of employees	33.	**(392,487,514)**	(376,631,950)	**(374,854,931)**	(363,141,249)
Reinsurance premium paid		**(1,983,139,025)**	(1,775,512,376)	**(1,983,139,025)**	(1,775,512,376)
Claims paid	25a	**(1,319,998,793)**	(887,764,410)	**(1,319,998,793)**	(887,764,410)
Underwriting expenses	26.	**(907,885,365)**	(1,064,854,654)	**(946,945,126)**	(1,082,304,654)
Other operating cash payments		**(597,867,814)**	(550,576,615)	**(502,804,877)**	(461,193,217)
Company income tax paid	18.2	**(104,747,997)**	(42,772,005)	**(104,964,382)**	(42,772,005)
Net cash (used in)/ from operating activities		**(51,025,134)**	452,906,784	**18,268,764**	540,830,933
Cash flows from investing activities					
Purchase of property and equipment	12.2	**(17,147,906)**	(115,344,884)	**(17,147,906)**	(110,677,134)
Fair value change and additions to investment properties	12.	**(3,682,082)**	(3,947,000)	**(3,682,082)**	(3,947,000)
Increase in investment in subsidiaries	10.	**-**	(3,010,000)	**(23,592,320)**	-
Proceeds from sale of property and equipment	12.2	**8,092,467**	9,808,410	**8,092,468**	9,808,410
Purchase of financial assets	3.	**(310,628,923)**	(94,485,179)	**(310,628,923)**	(93,375,647)
Proceeds from sale of financial assets	3.1	**72,642,951**	53,583,259	**68,645,724**	52,850,759
Dividend received	27.	**9,910,822**	6,029,802	**9,797,800**	6,029,802
Interest received	27.	**316,285,383**	292,657,347	**286,624,498**	264,166,092
Net cash from investing activities		**75,472,712**	145,291,755	**18,109,258**	124,855,282
Cash flows from financing activities					
Dividend paid	21.	**-**	(180,000,000)	**-**	(180,000,000)
Net cash used in financing activities		**-**	(180,000,000)	**-**	(180,000,000)
Increase in cash and cash equivalents		**24,447,578**	418,198,539	**36,378,022**	485,686,215
Cash and cash equivalents at 1 January 2014		**2,275,501,790**	1,857,303,251	**2,232,194,169**	1,746,507,954
Cash and cash equivalent at 31 December 2014	2	**2,299,949,368**	2,275,501,790	**2,268,572,191**	2,232,194,169

The accompanying notes form an integral part of this statement of cash flows.

Notes To The Consolidated Financial Statements

For The Year Ended 31 December, 2014

1. Corporate information

1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiary - CHI Capital Limited. CHI Capital Limited also has two wholly owned subsidiaries, Grand Treasurers Limited and CHI Support Services Limited.

1.2 The Company

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

1.3 Principal activities

During the year under review, the Company engaged in general insurance business and maintained offices in major cities with Corporate headquarters at 266 Moshood Abiola way, Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and auto tracking services.

	Group		Company	
	31 December 2014 ₦	31 December 2013 ₦	**31 December 2014 ₦**	31 December 2013 ₦
2. Cash and cash equivalents				
Cash in hand	**434,615**	8,880,000	**434,615**	8,880,000
Balance with banks	**155,225,566**	223,616,363	**134,996,469**	214,954,462
Call deposits	**22,004,842**	931,366	**22,004,842**	931,366
Fixed deposits (Note 2.1)	**2,122,284,345**	2,081,191,240	**2,111,136,265**	2,046,545,520
	2,299,949,368	2,314,618,969	**2,268,572,191**	2,271,311,348
Impairment charge (Note 2.2)	**-**	(39,117,179)	**-**	(39,117,179)
	2,299,949,368	2,275,501,790	**2,268,572,191**	2,232,194,169
The Fixed deposits have a short term maturity of 30-90 days and the effect of discounting immaterial.				
2.1 Impairment charge				
At 1 January	**39,117,179**	42,880,915	**39,117,179**	42,840,653
Written off in the year	**(39,117,179)**	(40,262)	**(39,117,179)**	-
Provision no longer required (Note 29)	**-**	(3,723,474)	**-**	(3,723,474)
2.2 At 31 December	**-**	39,117,179	**-**	39,117,179
3. Financial assets				
At fair value through profit or loss (Note 3.1)	**343,086,193**	174,453,485	**331,557,775**	156,076,887
Loans and receivables measured at amortised cost (Note 3.2)	**34,221,228**	68,342,353	**19,379,021**	42,254,826
Available for sale (Note 3.3)	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Held to maturity (Note 3.4)	**133,173,401**	65,783,151	**133,173,401**	65,783,151
	511,017,413	310,578,989	**486,110,197**	266,114,864
3.1 At fair value through profit or loss				
At 1 January	**174,453,485**	182,451,560	**156,076,887**	167,695,232
Additions	**215,628,923**	29,485,179	**215,628,923**	28,375,647
Disposals	**(74,888,904)**	(53,583,259)	**(68,645,724)**	(52,850,759)
Transfers to cash and WHT receivables	**(4,414,570)**	-	**(4,414,570)**	-
	310,778,934	158,353,480	**298,645,516**	143,220,120
Fair value gains (Note 30)	**32,307,259**	16,100,005	**32,912,259**	12,856,767
At 31 December	**343,086,193**	174,453,485	**331,557,775**	156,076,887
Current				
Non Current	**343,086,193**	174,453,485	**331,557,775**	156,076,887
		-	**-**	-

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired by management with the intent of short term trading.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014 N	31 December 2013 N	31 December 2014 N	31 December 2013 N
3.2	**Loans and receivables**				
	Staff loans	15,466,228	27,710,334	15,466,228	27,710,334
	Loan issued to corporate individuals (Note 3.2.1)	18,755,000	40,632,019	3,912,793	14,544,492
		34,221,228	68,342,353	19,379,021	42,254,826
	Current	23,791,975	52,415,515	8,949,768	26,327,988
	Non Current	10,429,253	15,926,838	10,429,253	15,926,838
3.2.1	**Loan issued to corporate individuals**				
	At 1 January	136,153,737	134,717,937	108,923,397	117,173,142
	Addition	30,000,000	135,359,653	30,000,000	95,000,000
	Repayment	(51,633,144)	(133,923,853)	(40,631,699)	(103,249,745)
		114,520,593	136,153,737	98,291,698	108,923,397
	Impairment on loans issued to corporate and individuals (Note 3.2.4)	(95,765,592)	(95,521,718)	(94,378,905)	(94,378,905)
	At 31 December	18,755,001	40,632,019	3,912,793	14,544,492
3.2.2	**Analysis by performance:**				
	Performing (Note 3.2)	34,221,229	68,342,353	19,505,051	42,254,826
	Non-performing (Note 3.2.1)	95,765,592	95,521,718	94,252,874	94,378,904
		129,986,821	163,864,071	113,757,925	136,633,730
3.2.3	**Analysis by maturity:**				
	0 - 30 days	1,501,020	5,425,000	1,501,020	-
	1 - 3 months	3,540,512	17,482,228	1,540,512	13,482,228
	3 - 6 months	6,520,400	3,619,569	4,520,400	1,119,569
	6 - 12 months	29,135,351	3,717,096	7,817,089	66,668,572
	Above 12 months	89,289,538	133,620,178	98,378,904	55,363,361
		129,986,821	163,864,071	113,757,925	136,633,730
3.2.4	**Movement in impairment - loans and receivables :**				
	At 1 January				
	Addition (Note 29)	95,521,718	110,002,865	94,378,905	108,418,260
	Provision no longer required (Note 29)	660,000	(1,650,000)	-	(1,650,000)
	At 31 December	(416,126)	(12,831,147)	-	(12,389,355)
		95,765,592	95,521,718	94,378,905	94,378,905
3.3	**Available for sale assets**				
	At 1 January	2,000,000	2,000,000	2,000,000	2,000,000
	Addition	-	-	-	-
	At 31 December	2,000,000	2,000,000	2,000,000	2,000,000
	Current	-	-	-	-
	Non Current	2,000,000	2,000,000	2,000,000	2,000,000

Available for sale assets are the unquoted equity securities of the group and are measured at cost because their fair value could not be reliably measured. At year end there is no indication of impairment.

Available for sale equities is analysed as follows:

	No. of shares	Cost per unit	Total Cost
Planet Capital Limited (Formerly Strategy and Arbitrage Limited)	2,000,000	N1	2,000,000

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
3.4	**Held to maturity assets**				
	At 1 January	65,000,000	-	65,000,000	-
	At initial recognition - additions	65,000,000	65,000,000	65,000,000	65,000,000
	Value at maturity	130,000,000	65,000,000	130,000,000	65,000,000
	Amortised interest (Note 27)	3,173,401	783,151	3,173,401	783,151
	At 31 December	133,173,401	65,783,151	133,173,401	65,783,151
a)	**Held to maturity assets are analysed as follows:**				
	Debts securities				
	Listed	133,173,401	65,783,151	133,173,401	65,783,151
	Unlisted	-	-	-	-
	At 31 December	133,173,401	65,783,151	133,173,401	65,783,151
	Current	3,173,401	783,151	3,173,401	783,151
	Non-current	130,000,000	65,000,000	130,000,000	65,000,000
		133,173,401	65,783,151	133,173,401	65,783,151
b)	**At the reporting date, no held to maturity assets were past due or impaired**				
	15.25% NAHCO Bond series 2 2013/2020	20,217,260	20,217,260	20,217,260	20,217,260
	13.5% Lagos State Government Bond series 2 2013/2020	45,565,891	45,565,891	45,565,891	45,565,891
	13.05% FGN bond 2014/2016	67,390,250	-	67,390,250	-
	At 31 December	133,173,401	65,783,151	133,173,401	65,783,151
4.	**Deposit for shares**	50,250,000	-	50,250,000	-

This represents fund deposited by the company for the shares of the Energy & Allied Insurance Pool Nigeria limited through the Nigerian Insurers Association.

		Group 31 December 2014 ₦	Group 31 December 2013 ₦	Company 31 December 2014 ₦	Company 31 December 2013 ₦
5.	**Finance lease receivables**				
	At 1 January	89,747,069	37,559,583	-	-
	Addition	134,313,165	137,323,900	-	-
	Repayment	(52,819,220)	(55,348,222)	-	-
	Gross investment	171,241,014	119,535,261	-	-
	Unearned income	(33,920,524)	(29,788,192)	-	-
	Net investment (Note 5.1)	137,320,490	89,747,069	-	-
	Impairment on finance lease receivables (Note 5.2)	(8,897,021)	(7,653,455)	-	-
5.1	**At 31 December**	128,423,469	82,093,614	-	-
	Current	137,320,490	89,747,069	-	-
	Non-current	-	-	-	-
5.2	**Movement in impairment - finance lease receivables:**				
	At 1 January	7,653,455	722,917	-	-
	Charge for the year (Note 29)	1,243,566	6,930,538	-	-
	At 31 December	8,897,021	7,653,455	-	-

5.3 Finance Lease receivebale reported for the Group in the published 2013 Financial Statement was N85,000,120. However a restrospective adjustment of =N=2,906,507 was made due to a CBN prescribed imparment in the Finance Lease Receivable in the audited financial statements of Grand Treasurers Limited, a subsidiary within the Group. Thus, the 2013 compaarative figure is N82,093,614.and this has been retrospectively restated in these financial statements.

		Group 31 December 2014 ₦	Group 31 December 2013 ₦	Company 31 December 2014 ₦	Company 31 December 2013 ₦
6.	**Trade receivables**				
	Due from insurance companies	10,939,070	159,538,400	10,939,070	159,538,400
	Due from insurance brokers and agents	75,709,648	1,193,919,150	75,709,648	1,193,919,150
		86,648,718	1,353,457,550	86,648,718	1,353,457,550
	Impairment allowance (Note 6.1)	(17,402,910)	(1,302,059,363)	(17,402,910)	(1,302,059,363)
		69,245,808	51,398,187	69,245,808	51,398,187
	Current	69,245,808	51,398,187	69,245,808	51,398,187
	Non-current	-	-	-	-

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
6.1	**Impairment allowance**				
	At 1 January	1,302,059,367	1,064,672,126	1,302,059,367	1,064,672,126
	Written off in the year	(1,302,059,367)	(323,378,575)	(1,302,059,367)	(323,378,575)
	Charge for the year (Note 29)	17,402,910	560,765,816	17,402,910	560,765,816
	At 31 December	17,402,910	1,302,059,367	17,402,910	1,302,059,367

Basis of impairment

An impairment rate is derived based on the likelihood that a premium debt will not be paid and will fall into default. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant and are impaired accordingly. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment. The impairment rate is derived based on the historical collection rate of outstanding premium over three different periods and the average rate derived is applied to the carrying amounts at the reporting dates to determine impaired receivables.

		Group		Company	
		31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
7.	**Reinsurance assets**				
	Prepaid reinsurance (Note 7.1)	438,216,646	621,548,852	438,216,646	621,548,852
	Reinsurers share of outstanding claims (Note 7.2)	213,551,222	359,972,648	213,551,222	359,972,648
	At 31 December	651,767,868	981,521,500	651,767,868	981,521,500
	Current	651,767,868	981,521,500	651,767,868	981,521,500
	Non-current	-	-	-	-

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial position and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indications of impairment as at the reporting date.

		Group		Company	
		31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
7.1	**Prepaid reinsurance**				
	Fire	124,852,539	133,010,097	124,852,539	133,010,097
	General accident	107,947,760	116,128,870	107,947,760	116,128,870
	Motor	9,044,246	54,978,476	9,044,246	54,978,476
	Marine	45,960,053	42,500,725	45,960,053	42,500,725
	Bond	4,417,229	2,416,600	4,417,229	2,416,600
	Engineering	20,506,442	31,689,318	20,506,442	31,689,318
	Aviation	41,127	21,602,604	41,127	21,602,604
	Oil & gas	125,447,250	219,222,162	125,447,250	219,222,162
		438,216,646	621,548,852	438,216,646	621,548,852
7.2	**Reinsurers share of outstanding claims**				
	Fire	60,931,407	48,790,815	60,931,407	48,790,815
	General accident	78,864,084	51,276,948	78,864,084	51,276,948
	Motor	12,985,912	28,057,918	12,985,912	28,057,918
	Marine	6,089,642	1,669,285	6,089,642	1,669,285
	Bond	261,879	888,973	261,879	888,973
	Engineering	18,254,539	7,112,727	18,254,539	7,112,727
	Aviation	23,298,875	87,609,850	23,298,875	87,609,850
	Oil & gas	12,864,884	134,566,133	12,864,884	134,566,133
		213,551,222	359,972,649	213,551,222	359,972,649
7.3	**Reinsurance assets:**				
	Movement in prepaid reinsurance:				
	At 1 January	621,548,852	777,783,717	621,548,852	777,783,717
	Additions during the year (Note 24)	1,964,912,611	1,426,370,739	1,964,912,611	1,426,370,739
		2,586,461,463	2,204,154,456	2,586,461,463	2,204,154,456
	Amortization during the year (Note 24)	(2,148,244,817)	(1,582,605,604)	(2,148,244,817)	(1,582,605,604)
	At 31 December	438,216,646	621,548,852	438,216,646	621,548,852
8.	**Deferred acquisition cost**				
	At 1 January	204,941,728	195,734,475	204,941,728	195,734,475
	Acquistion cost during the year	687,757,894	711,514,479	687,757,894	728,964,479
	Less: Amortisation during the year (Note 26)	(697,864,357)	(702,307,226)	(697,864,357)	(719,757,226)
	At 31 December	194,835,265	204,941,728	194,835,265	204,941,728
	Current	194,835,265	204,941,728	194,835,265	204,941,728
	Non-current	-	-	-	-

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk.
The movement in the deferred acquisition cost during the year is as shown above.

Consolidated Hallmark Insurance Plc

Notes To The Consolidated Financial Statements

For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014 N	31 December 2013 N	31 December 2014 N	31 December 2013 N
8.1	**Deferred acquisition cost analysis**				
	Fire	29,946,278	39,070,875	29,946,278	39,070,875
	General accident	28,267,252	27,975,099	28,267,252	27,975,099
	Motor	49,487,768	44,182,166	49,487,768	44,182,166
	Marine	11,279,537	16,009,484	11,279,537	16,009,484
	Bond	1,445,380	925,501	1,445,380	925,501
	Engineering	7,894,942	14,845,002	7,894,942	14,845,002
	Aviation	7,040,114	6,165,552	7,040,114	6,165,552
	Oil & gas	59,473,994	55,768,049	59,473,994	55,768,049
		194,835,265	204,941,728	194,835,265	204,941,728
9.	**Other receivables and prepayments**				
	Staff advances	17,336,365	23,459,776	17,336,365	23,459,776
	Deposit for investments	-	3,010,000	-	-
	Account receivables	20,130,240	13,166,830	17,283,333	9,278,014
	Witholding tax credit	40,910,015	30,169,027	40,910,015	30,169,027
	Prepayments (Note 9.1)	63,803,047	55,218,827	66,174,847	55,218,827
		142,179,667	125,024,460	141,704,560	118,125,644
	Impairment allowance (Note 29)	(503,826)	-	-	-
		141,675,841	125,024,460	141,704,560	118,125,644
	Current	141,675,841	125,024,460	141,704,560	118,125,644
	Non-current	-	-	-	-
9.1	**Prepayments**				
	Prepaid rent	35,171,668	45,563,773	36,671,668	45,563,773
	Other prepayments	28,631,379	9,655,054	29,503,179	9,655,054
		63,803,047	55,218,827	66,174,847	55,218,827
	Current	63,803,047	55,218,827	66,174,847	55,218,827
	Non-current	-	-	-	-
10.	**Investment in subsidiaries**				
	CHI Capital (Note 10.1)	-	-	250,000,000	226,407,680

10.1 CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. CHI Capital Limited acquired 100% interest in Grand Treasurers Limited, a CBN licensed finance company, in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited which is into the business of vehicle tracking.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

	CHI PLC ₦	CHI Capital Limited ₦	Elimination ₦	Total ₦
Condensed result of consolidated entities - 2014				
10.2 Condensed financial position				
Assets				
Cash and cash equivalents	2,268,572,191	31,377,178	-	2,299,949,369
Financial assets	486,110,197	26,370,629	-	512,480,826
Deposit for shares	50,250,000	-	-	50,250,000
Finance lease receivables	-	128,423,469	-	128,423,469
Trade receivables	69,245,808	32,560,000	(32,560,000)	69,245,808
Reinsurance assets	651,767,868	-	-	651,767,868
Deferred acquisition cost	194,835,265	-	-	194,835,265
Other receivables and prepayment	141,704,560	26,155,718	(26,184,437)	141,675,841
Investment in subsidiaries	250,000,000	-	(250,000,000)	-
Investment properties	793,460,682	84,500,000	-	877,960,682
Inventories	-	2,888,332	-	2,888,332
Property and equipment	905,899,680	3,248,862	-	909,148,542
Statutory deposits	300,000,000	-	-	300,000,000
Total assets	6,111,846,251	335,524,188	(308,744,437)	6,138,626,002
Liabilities				
Insurance contract liabilities	1,974,439,083	-	-	1,974,439,083
Trade payables	7,829,896	-	-	7,829,896
Provision and other payables	171,622,017	33,537,890	(58,837,911)	146,321,996
Staff retirement benefit	-	137,823	-	137,823
Tax liabilities	143,156,378	24,645,569	-	167,801,947
Share capital	3,000,000,000	250,000,000	(250,000,000)	3,000,000,000
Statutory reserve	882,516,340	8,477,547	-	890,993,887
Retained earnings	(67,717,463)	18,725,359	93,474	(48,898,630)
Total liabilities and equity	6,111,846,251	335,524,188	(308,744,437)	6,138,626,002

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		CHI PLC	CHI Capital	Elimination	Total
		₦	₦	₦	₦
10.2	**Condensed result of consolidated entities - 2014**				
	Condensed profit and loss				
	Underwriting profit	**824,184,245**	**39,059,751**	**-**	**863,243,996**
	Investment income	**299,595,699**	**29,773,907**	**-**	**329,369,606**
	Other operating income	**32,848,143**	**4,095,476**	**30,000**	**36,973,619**
	Total operating income	**1,156,628,086**	**72,929,134**	**30,000**	**1,229,587,220**
	Impairment charge	**(17,402,910)**	**(3,428,022)**	**63,474**	**(20,767,458)**
	Net fair value gains/(losses) on financial assets at fair value through profit or loss	**32,912,258**	**(605,000)**	**-**	**32,307,258**
	Management expenses	**(984,089,670)**	**(51,416,173)**	**-**	**(1,035,505,843)**
	Profit before taxation	**188,047,765**	**17,479,939**	**93,474**	**205,621,178**
	Taxation	**(2,995,231)**	**(9,549,162)**	**-**	**(12,544,393)**
	Profit after taxation	**185,052,534**	**7,930,777**	**93,474**	**193,076,785**

Condensed result of consolidated entities - 2013

		CHI PLC	CHI Capital	Elimination	Total
10.2	**Condensed financial position**				
	Cash and cash equivalents	2,232,194,169	43,307,621	-	2,275,501,790
	Financial assets	266,114,864	44,464,125	-	310,578,989
	Deposit for shares	-	-	-	-
	Finance lease receivables	-	84,115,351	(2,021,737)	82,093,614
	Trade receivables	51,398,187	-	-	51,398,187
	Reinsurance assets	981,521,500	-	-	981,521,500
	Deferred acquisition costs	204,941,728	-	-	204,941,728
	Other receivables and prepayment	118,125,644	10,480,233	(3,581,417)	125,024,460
	Investment in subsidiaries	226,407,680	-	(226,407,680)	-
	Investment properties	789,778,600	84,500,000	-	874,278,600
	Property and equipment	959,875,246	4,229,364	-	964,104,610
	Statutory deposits	300,000,000	-	-	300,000,000
	Total assets	6,130,357,618	271,096,694	(232,010,834)	6,169,443,478
	Liabilities				
	Insurance contract liabilities	2,124,258,116	-	-	2,124,258,116
	Trade payables	26,056,310	-	-	26,056,310
	Other payables and provision	62,509,495	10,136,615	(5,603,154)	67,042,956
	Retirement benefit obligation	3,920,476	183,854	-	4,104,330
	Income tax liabilities	130,138,787	14,880,023	-	145,018,810
	Deferred tax liabilities	153,728,093	-	-	153,728,093
	Share capital	3,000,000,000	126,407,680	(126,407,680)	3,000,000,000
	Deposit for shares	-	100,000,000	(100,000,000)	-
	Reserves	629,746,341	19,488,522	-	649,234,863
	Total liabilities and equity	6,130,357,618	271,096,694	(232,010,834)	6,169,443,478

		CHI PLC	CHI Capital	Elimination	Total
10.2	**Condensed result of consolidated entities - 2013**				
	Condensed profit and loss				
	Underwriting profit	1,039,667,228	-	17,450,000	1,057,117,228
	Investment income	270,979,045	28,491,255	-	299,470,300
	Other operating income	24,256,702	14,949,949	(17,450,000)	21,756,651
	Total operating income	1,334,902,975	43,441,204	-	1,378,344,179
	Impairment charge	(544,652,983)	(5,988,747)		(550,641,730)
	Net fair value gains on financial assets at fair value through profit or loss	12,856,767	3,243,238	-	16,100,005
	Management expenses	(996,255,298)	(28,648,986)	-	(1,024,904,284)
	Profit before taxation	(193,148,539)	12,046,709	-	(181,101,830)
	Taxation	(13,963,167)	(5,490,038)	-	(19,453,205)
	Profit after taxation	(207,111,706)	6,556,671	-	(200,555,035)

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
		N	N	**N**	N
11	**Inventories**				
	Auto track devices	**4,261,612**	-	**-**	-
	Impairment allowance (Note 29)	**(1,373,280)**	-	**-**	-
		2,888,332	-	**-**	-
12	**Investment properties**				
	At 1 January	**874,278,600**	870,331,600	**789,778,600**	785,831,600
	Addition	**3,682,082**	3,947,000	**3,682,082**	3,947,000
	At 31 December	**877,960,682**	874,278,600	**793,460,682**	789,778,600

12.1 Investment properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies making up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE HOLDER	STATUS ON CHANGE OF TITLE
	Company				
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	207,625,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark Insurance Plc.
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	240,250,125	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	109,500,000	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.Meanwhile,Power of attorney already received.
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	124,580,650	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress. Meanwhile, original C of O and power of attorney already obtained.
5	Land	Plot 3, Sea Gate Estate, Phase 1, Lekki Peninsula, Eti-Osa.	43,247,000	Consolidated Hallmark Insurance Plc.	The purchase documents now regularized in the name of Consolidated Hallmark Insurance Plc.
6	Building	Rivers State Housing Estate, Abuloma PH	42,006,507	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,251,400	Hallmark Assurance Plc (Legacy Company)	Process of change of title commenced and in progress.
8	Shops	Trade Fair Shopping Complex	3,000,000	Consolidated Hallmark Insurance Plc.	Title already exists in the name of Consolidated Hallmark Insurance Plc.
			793,460,682		
		CHI Capital Limited			
9	Land	Thomas Estate,Orile Ibama, Ajah, Lagos	**84,500,000**	CHI Capital Limited	Title already exists in the name of CHI Capital Limited
	Total		**877,960,682**		

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

12.2 Property and equipment
2014
12.2a The group

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January	286,099,948	536,339,722	76,944,193	104,531,697	272,861,934	221,009,014	1,497,786,508
Additions in the year	-	-	1,136,750	854,000	10,966,455	4,190,701	17,147,906
Disposals in the year	-	-	(39,000)	(228,537)	(9,310,000)	(166,438)	(9,743,975)
At 31 December 2014	286,099,948	536,339,722	78,041,943	105,157,160	274,518,389	225,033,277	1,505,190,439
Accumulated depreciation							
At 1 January	-	69,463,165	57,430,401	83,701,442	150,294,349	172,792,541	533,681,898
Depreciation charge for the year	-	10,699,700	4,740,202	5,576,933	31,511,698	12,121,067	64,649,600
Disposals in the year	-	-	(25,804)	(211,805)	(1,997,934)	(54,063)	(2,289,606)
At 31 December 2014	-	80,162,865	62,144,799	89,066,570	179,808,113	184,859,545	596,041,892
Accummulated impairment losses	-	-	-	-	-	-	-
Carrying value							
At 31 December 2014	286,099,948	456,176,857	15,897,144	16,090,590	94,710,276	40,173,732	909,148,547
At 31 December 2013	286,099,948	466,876,557	19,513,792	20,830,255	122,567,585	48,216,473	964,104,610

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co. on the basis of their open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as fixed assets revaluation reserve. However, in compliance with IFRS (i.e. IAS 16) the revalued amount was taken as deemed cost at transition date and the revaluation reserve was transferred to revenue reserve.

During the year ended 31 December 2011, the landed property of CHI Capital Limited were professionally re-valued at N84 million by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N65,495,775 was then recognised as revaluation reserve in the financial statements.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

Property and equipment
2013
The Group

	Land ₦	Building ₦	Office Equipment ₦	Furniture & Fittings ₦	Motor Vehicles ₦	Computer Equipment ₦	Total ₦
Costs							
At 1 January 2013	286,099,948	536,339,722	77,908,958	102,415,485	239,887,199	196,354,313	1,439,005,625
Additions	-	-	3,338,735	2,724,448	84,627,000	24,654,701	115,344,884
Disposals	-	-	(4,303,500)	(608,236)	(51,652,265)	-	(56,564,001)
At 31 December 2013	286,099,948	536,339,722	76,944,193	104,531,697	272,861,934	221,009,014	1,497,786,508
Accumulated depreciation							
At 1 January 2013	-	59,098,412	50,865,044	70,680,134	164,945,974	146,669,776	492,259,340
Charge in the Year	-	10,364,753	10,119,113	13,513,590	32,893,096	26,122,765	93,013,317
Disposal	-	-	(3,553,756)	(492,282)	(47,544,721)	-	(51,590,759)
At 31 December 2013	-	69,463,165	57,430,401	83,701,442	150,294,349	172,792,541	533,681,898
Carrying amount							
At 31 December 2013	286,099,948	466,876,557	19,513,792	20,830,255	122,567,585	48,216,473	964,104,610
At 1 January 2013	286,099,948	477,241,310	27,043,914	31,735,351	74,941,225	49,684,537	946,746,285

Consolidated Hallmark Insurance Plc

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

12.2b Property and equipment
2014
The Company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
Costs							
At 1 January	286,099,948	536,339,722	76,889,192	104,531,697	268,411,933	220,381,264	1,492,653,756
Additions	-	-	1,136,750	854,000	10,966,455	4,190,701	17,147,906
Disposals	-	-	(39,000)	(228,537)	(9,310,000)	(166,439)	(9,743,976)
At 31 December 2014	**286,099,948**	**536,339,722**	**77,986,942**	**105,157,160**	**270,068,388**	**224,405,526**	**1,500,057,686**
Accumulated depreciation							
At 1 January	-	69,463,165	57,423,525	83,701,442	149,552,681	172,637,697	532,778,510
Depreciation charge for the year	-	10,699,700	4,731,954	5,576,935	30,621,699	12,038,814	63,669,102
Disposals	-	-	(25,804)	(211,806)	(1,997,934)	(54,062)	(2,289,606)
At 31 December 2014	**-**	**80,162,865**	**62,129,675**	**89,066,571**	**178,176,446**	**184,622,449**	**594,158,006**
Carrying value							
At 31 December 2014	**286,099,948**	**456,176,857**	**15,857,267**	**16,090,589**	**91,891,942**	**39,783,077**	**905,899,680**
At 31 December 2013	286,099,948	466,876,557	19,465,667	20,830,255	118,859,252	47,743,567	959,875,246

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co. on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as revaluation surplus. However, in compliance with IFRS (i.e IAS 16) the revalued amount was taken as deemed cost at transition date and the surplus on revaluation was transferred to retained earnings.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

Property and equipment (Cont'd)
2013
The Company

	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	₦	₦	₦	₦	₦	₦	N
Costs							
At 1 January 2013	286,099,948	536,339,722	77,908,958	102,415,485	239,887,199	195,889,313	1,438,540,625
Additions	-	-	3,283,735	2,724,448	80,177,000	24,491,951	110,677,134
Disposals	-	-	(4,303,500)	(608,236)	(51,652,265)	-	(56,564,001)
At 31 December 2013	286,099,948	536,339,722	76,889,193	104,531,697	268,411,934	220,381,264	1,492,653,758
Accumulated depreciations							
At 1 January 2013	-	59,098,412	50,865,044	70,680,134	164,945,974	146,605,026	492,194,590
Charge in the Year	-	10,364,753	10,112,238	13,513,590	32,151,429	26,032,671	92,174,681
Disposal	-	-	(3,553,756)	(492,282)	(47,544,721)	-	(51,590,759)
At 31 December 2013	-	69,463,165	57,423,526	83,701,442	149,552,682	172,637,697	532,778,512
Carrying amount							
At 31 December 2013	286,099,948	466,876,557	19,465,667	20,830,255	118,859,252	47,743,567	959,875,246
At 1 January 2013	286,099,948	477,241,310	27,043,914	31,735,351	74,941,225	49,284,287	946,346,035

Consolidated Hallmark Insurance Plc

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

	Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
13. Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2014.

14. Insurance contract liabilities

	Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
Reserve for outstanding claims (Note 14.1)	815,249,252	900,950,271	815,249,252	900,950,271
Unearned premium reserve (Note 14.2)	1,159,189,831	1,223,307,845	1,159,189,831	1,223,307,845
	1,974,439,083	2,124,258,116	1,974,439,083	2,124,258,116

14.1 Reserve for outstanding claims - 2014

	Group			Company		
	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	62,367,722	36,903,342	99,271,064	62,367,722	36,903,342	99,271,064
General accident	208,742,236	67,881,783	276,624,019	208,742,236	67,881,783	276,624,019
Motor	65,696,051	3,474,484	69,170,535	65,696,051	3,474,484	69,170,535
Marine	16,805,363	22,475,117	39,280,480	16,805,363	22,475,117	39,280,480
Bond	2,841,240	970,843	3,812,083	2,841,240	970,843	3,812,083
Engineering	33,436,616	9,362,584	42,799,200	33,436,616	9,362,584	42,799,200
Aviation	9,734,370	21,405,672	31,140,042	9,734,370	21,405,672	31,140,042
Oil & gas	37,168,810	215,983,018	253,151,828	37,168,810	215,983,018	253,151,828
	436,792,409	378,456,843	815,249,252	436,792,409	378,456,843	815,249,252

Reserve for outstanding claims - 2013

	Group			Company		
	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦	Outstanding Claim ₦	Provision for IBNR ₦	Gross Reserve ₦
Fire	10,342,831	148,044,138	158,386,969	10,342,831	148,044,138	158,386,969
General accident	60,609,006	72,566,185	133,175,191	60,609,006	72,566,185	133,175,191
Motor	35,822,673	105,481,094	141,303,767	35,822,673	105,481,094	141,303,767
Marine	2,324,067	28,529,361	30,853,428	2,324,067	28,529,361	30,853,428
Bond	550,000	6,825,652	7,375,652	550,000	6,825,652	7,375,652
Engineering	5,254,546	31,137,793	36,392,339	5,254,546	31,137,793	36,392,339
Aviation	-	142,254,813	142,254,813	-	142,254,813	142,254,813
Oil & gas	164,326,562	86,881,550	251,208,112	164,326,562	86,881,550	251,208,112
	279,229,685	621,720,586	900,950,271	279,229,685	621,720,586	900,950,271

14.2 Unearned premium reserve

	Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
Fire	155,212,249	199,315,144	155,212,249	199,315,144
General accident	145,045,977	149,694,109	145,045,977	149,694,109
Motor	415,037,198	394,132,359	415,037,198	394,132,359
Marine	56,267,538	80,030,716	56,267,538	80,030,716
Oil & Gas	306,178,971	283,925,930	306,178,971	283,925,930
Engineering	40,126,105	76,298,831	40,126,105	76,298,831
Aviation	33,798,775	34,151,190	33,798,775	34,151,190
Bond	7,523,018	5,759,566	7,523,018	5,759,566
	1,159,189,831	1,223,307,845	1,159,189,831	1,223,307,845

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		2014	2013	2014	2013
		₦	₦	₦	₦
14.3	**Funds representing insurance contract liabilities**				
	Balance with banks	134,996,469	214,954,462	134,996,469	214,954,462
	Fixed deposits	2,111,136,265	2,007,428,341	2,111,136,265	2,007,428,341
		2,246,132,734	2,222,382,803	2,246,132,734	2,222,382,803
15.	**Trade payables**				
	Due to insurance companies	6,328,691	13,927,182	6,328,691	13,927,182
	Due to reinsurance companies - local	1,501,205	2,554,331	1,501,205	2,554,331
	Other trade payables	-	9,574,797	-	9,574,797
		7,829,896	26,056,310	7,829,896	26,056,310
	Current	7,829,896	26,056,310	7,829,896	26,056,310
	Non-current	-	-	-	-
16.	**Other payables and provision**				
	Lease payables	2,401,735	-	2,401,735	2,021,735
	Audit fees	17,300,000	9,350,178	12,800,000	5,850,178
	VAT payable	10,025,034	9,639,107	10,025,034	9,639,107
	Witholding tax payable	-	2,436,805	-	2,436,805
	Unclaimed dividend payable (Note 16.1)	58,528,961	-	58,528,961	-
	Due to CHI Capital (Note 16.2)	-	-	35,466,040	2,709,619
	Accrued expenses	36,030,074	29,813,414	30,580,439	23,698,421
	Sundry creditors	21,819,808	15,803,452	21,819,808	16,153,630
		146,105,612	67,042,956	171,622,017	62,509,495
	Current	146,105,612	67,042,956	171,622,017	62,509,495
	Non-current	-	-	-	-

16.1 Unclaimed dividend payable represents amount of dividend which shareholders are yet to collect from the company's registrars and which, in line with the relevant rules of the Securities and Exchange Commission, have been returned to the Company to be held in a separate investment trust account. The balance in the fund is N58,528,961 (made up of principal of N58,135,551 and accrued interest of N393,410).

16.2 The amount Due to CHI Capital Limited of N35,466,040 (2013:N2,709,619) is made up as follows:

i N23,592,320.05 (2013:Nil) represents the amount payable for the additional investment of Consolidated Hallmark Insurance Plc in CHI Capital Limited to increase its investment in CHI Capital Limited to N250,000,000 in 2014 from N226,407,679.95 in 2013,

ii N11,873,720 (2013: N2,709,619) represents the outstanding payment due from Consolidated Hallmark Insurance Plc for autotracking services provided by CHI Support Services Limited (a wholly owned subsidiary of CHI Capital Limited).

		Group		Company	
		2014	2013	2014	2013
		₦	₦	₦	₦
17.	**Retirement benefit obligation**				
17.1	**Defined contribution pension plan**				
	At 1 January	4,104,327	8,507,055	3,920,473	8,429,295
	Provision during the year (Note 33)	22,277,507	35,429,515	20,860,869	34,788,544
	Payment during the year	(26,244,019)	(39,832,240)	(24,781,342)	(39,297,363)
	At 31 December	137,815	4,104,330	-	3,920,476

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For The Year Ended 31 December, 2014

	Group		Company	
	2014	2013	2014	2013
	₦	₦	₦	₦
18. Taxation				
18.1 Income tax expense				
Income tax	49,939,421	28,471,242	41,242,724	23,499,969
Education tax	5,024,923	245,008	4,572,653	-
Information technology development	2,280,674	273,757	1,880,478	-
Under/(over)provision in previous year	13,566,945	(36,328,884)	13,566,945	(36,328,884)
	70,811,963	(7,338,877)	61,262,800	(12,828,915)
Deferred tax (Note 18.3)	(58,267,569)	26,792,082	(58,267,569)	26,792,082
	12,544,394	19,453,205	2,995,231	13,963,167

18.1.1 The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

	Group		Company	
	2014	2013	2014	2013
	₦	₦	₦	₦
18.2 Current income tax liabilities				
At 1 January	145,018,810	170,767,513	130,138,788	161,377,528
Transfer from VAT and WHT payable	(38,741,352)	24,362,179	(38,741,352)	24,362,179
Payments during the year	(104,747,997)	(42,772,005)	(104,964,382)	(42,772,005)
	1,529,461	152,357,687	(13,566,946)	142,967,702
Charge for the year	70,811,963	(7,338,877)	61,262,800	(12,828,915)
At 31 December	72,341,424	145,018,810	47,695,854	130,138,787
18.3 Deferred tax liabilities				
At 1 January	153,728,093	126,936,011	153,728,093	126,936,011
Charge for the year (Note 18.1)	(58,267,569)	26,792,082	(58,267,569)	26,792,082
At 31 December	95,460,524	153,728,093	95,460,524	153,728,093

The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.

	Group		Company	
18.4 Reconciliation of effective tax rate				
Profit/(loss) after tax	193,076,785	(200,555,035)	185,052,534	(207,111,706)
Total income tax expense				
Income	49,939,421	28,471,242	41,242,724	23,499,969
Education	5,024,923	245,008	4,572,653	-
Information technology tax	2,280,674	273,757	1,880,478	-
(Over)/under-provision	13,566,945	(36,328,884)	13,566,945	(36,328,884)
Deferred tax (Note 18.3)	(58,267,569)	26,792,082	(58,267,569)	26,792,082
	12,544,394	19,453,205	2,995,231	13,963,167
Profit/(loss) for the period before excluding income tax	205,621,157	(181,101,830)	188,047,765	(193,148,539)
Effective tax rate	6%	-11%	2%	-7%

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		2014	2013	2014	2013
		₦	₦	₦	₦
19.	**Share capital**				
	Authorised:				
	10 billion ordinary shares of 50k each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
19.1	**Issued and fully paid:**				
	6 billion ordinary shares of 50k each				
	At 31 December	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

20. Other reserves

		Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
20.1	**Contingency reserve**				
	At 1 January	742,159,645	617,545,019	742,159,645	617,545,019
	Transfer from income statement (Note 21)	140,356,695	124,614,625	140,356,695	124,614,625
	At 31 December	882,516,340	742,159,644	882,516,340	742,159,644

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total premium.

		Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
20.2	**Statutory reserve**				
	At 1 January	6,690,382	5,826,986	-	-
	Transfer from income statement (Note 21)	1,787,166	863,396	-	-
	At 31 December	8,477,548	6,690,382	-	-

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited a sub-subsidiary within the group.

		Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
21.	**Retained earnings**				
	At 1 January	(99,615,163)	406,417,892	(112,413,302)	399,313,028
	Dividend declared and paid in the year based on the previous year published accounts	-	(180,000,000)	-	(180,000,000)
	Transfer to contigency reserve (Note 20.1)	(140,356,695)	(124,614,624)	(140,356,695)	(124,614,624)
	Transfer from income statement	193,076,785	(200,555,035)	185,052,534	(207,111,706)
	Transfer to statutory reserve (Note 20.2)	(1,787,167)	(863,396)	-	-
	At 31 December	(48,682,240)	(99,615,163)	(67,717,463)	(112,413,302)

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

		Group 2014 ₦	Group 2013 ₦	Company 2014 ₦	Company 2013 ₦
22.	**Profit before taxation**				
	Profit before taxation is stated after				
	Depreciation of property and equipment	64,649,599	93,013,317	63,669,096	92,174,681
	Auditors' remuneration	11,300,000	8,000,000	6,800,000	6,000,000
	Directors' remuneration:				
	- Fees	5,250,000	4,275,000	5,250,000	4,275,000
	Profit on disposal of property and equipment	(638,099)	(4,835,168)	(638,099)	(4,835,168)
	Foreign exchange (gains)/loss	(17,223,131)	2,609,956	(17,223,131)	2,609,956

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

23. Gross premium earned analysed as follows:

	2014			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	526,200,714	20,094,843	44,102,895	590,398,452
General accident	586,561,389	14,650,813	4,648,132	605,860,334
Motor	1,133,235,132	5,992,292	(20,904,839)	1,118,322,585
Aviation	878,760,841	10,935,915	352,413	890,049,169
Oil & Gas	1,039,589,326	20,375,816	(22,253,041)	1,037,712,101
Marine	233,347,794	10,286,840	23,763,178	267,397,812
Engineering	104,258,354	9,216,437	36,172,726	149,647,517
Bond	20,913,687	18,281	(1,763,453)	19,168,515
	4,522,867,237	91,571,237	64,118,011	4,678,556,485

Gross premium earned analysed as follows:

	2013			
	Direct premium ₦	Inward reinsurance premium ₦	Increase/ decrease in unearned premium ₦	Gross premium earned ₦
Fire	538,395,241	16,420,906	(91,275,927)	463,540,220
General accident	771,156,552	5,165,663	17,897,324	794,219,539
Motor	1,061,439,156	4,316,555	110,260,177	1,176,015,888
Aviation	382,384,290	1,339,439	142,382,228	526,105,957
Oil & Gas	958,407,078	3,772,601	(152,327,871)	809,851,808
Marine	212,873,841	5,303,727	(42,371,508)	175,806,060
Engineering	172,177,131	3,927,052	11,991,490	188,095,673
Bond	15,369,948	1,371,649	921,962	17,663,559
	4,112,203,237	41,617,592 -	(2,522,125)	4,151,298,704

	Group		Company	
	2014 ₦	2013 ₦	2014 ₦	2013 ₦
24. Reinsurance expense				
The reinsurance expense is analysed as follows:				
Reinsurance premium cost	1,964,912,612	1,426,370,739	1,964,912,612	1,426,370,739
(Increase)/decrease in prepaid reinsurance (Note 7.1)	183,332,205	156,234,865	183,332,205	156,234,865
Reinsurance expense	2,148,244,817	1,582,605,604	2,148,244,817	1,582,605,604
25. Fee and commission				
Fire	87,719,253	61,572,873	87,719,253	61,572,873
General accident	56,752,972	55,806,603	56,752,972	55,806,603
Motor	3,027,663	7,179,365	3,027,663	7,179,365
Aviation	16,590,818	26,906,164	16,590,818	26,906,164
Oil & Gas	1,794,311	8,987,079	1,794,311	8,987,079
Marine	18,876,975	20,923,282	18,876,975	20,923,282
Engineering	20,610,461	21,267,640	20,610,461	21,267,640
Bond	2,500,000	990,363	2,500,000	990,363
	207,872,453	203,633,369	207,872,453	203,633,369

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		Claims expenses	Claims expenses	Claims expenses	Claims expenses
		31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
25a	**Claims expenses**				
	Claims paid during the year	1,319,998,793	887,764,410	1,319,998,793	887,764,410
	Opening IBNR and outstanding claims	(900,950,272)	(823,608,265)	(900,950,272)	(823,608,265)
	Closing IBNR and outstanding claims (Note 14.1)	815,249,252	900,950,271	815,249,252	900,950,271
	Gross claims expenses	1,234,297,773	965,106,416	1,234,297,773	965,106,416
25b	**Claims recoverable**				
	Opening claims recoverable	(359,972,648)	(291,124,116)	(359,972,648)	(291,124,116)
	Claims recovered	413,664,449	245,903,297	413,664,449	245,903,297
	Closing claims recoverable	213,551,222	359,972,648	213,551,222	359,972,648
	Net recoverable	267,243,023	314,751,829	267,243,023	314,751,829
	Net claims expenses	967,054,750	650,354,587	967,054,750	650,354,587

26 Underwriting expenses

Underwriting expenses- 2014	Acquisition expenses ₦	Maintenance expenses ₦	Acquisition expenses ₦	Maintenance expenses ₦
Fire	115,439,357	22,275,788	115,439,357	22,275,788
General accident	118,225,058	39,514,431	118,225,058	39,514,431
Motor	131,779,957	46,520,258	131,779,957	85,580,019
Aviation	27,908,576	15,060,130	27,908,576	15,060,130
Oil & Gas	217,302,350	68,557,059	217,302,350	68,557,059
Marine	54,312,063	10,800,643	54,312,063	10,800,643
Engineering	29,482,225	2,513,449	29,482,225	2,513,449
Bond	3,414,771	4,779,250	3,414,771	4,779,250
	697,864,357	210,021,008	697,864,357	249,080,769

Underwriting expenses- 2013	Acquisition expenses ₦	Maintenance expenses ₦	Acquisition expenses ₦	Maintenance expenses ₦
Fire	90,465,050	20,638,284	90,465,050	20,638,284
General accident	153,063,714	128,833,160	153,063,714	128,833,160
Motor	119,629,708	124,718,046	137,079,708	124,718,046
Aviation	111,405,031	15,557,720	111,405,031	15,557,720
Oil & Gas	153,677,429	47,387,362	153,677,429	47,387,362
Marine	35,008,365	15,904,907	35,008,365	15,904,907
Engineering	37,170,017	8,804,224	37,170,017	8,804,224
Bond	1,887,912	703,725	1,887,912	703,725
	702,307,226	362,547,428	719,757,226	362,547,428

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

		Group		Company	
		31 December 2014 N	31 December 2013 N	31 December 2014 N	31 December 2013 N
27.	**Investment income**				
	Interest received	316,285,383	292,657,347	286,624,498	264,166,092
	Amortised gain(loss) on held to maturity (Note 3.4)	3,173,401	783,151	3,173,401	783,151
	Dividend received	9,910,822	6,029,802	9,797,800	6,029,802
		329,369,606	299,470,300	299,595,699	270,979,045
27.1	**Investment income**				
	Investment income attributable to policyholders' fund	239,783,871	216,169,356	239,783,872	216,169,356
	Investment income attributable to shareholders' fund	89,585,735	83,300,944	59,811,827	54,809,689
		329,369,606	299,470,300	299,595,699	270,979,045
28.	**Other operating income**				
	Profit on disposal of property and equipment	638,098	4,835,168	638,098	4,835,168
	Interest on staff receivables	1,864,881	-	1,864,881	-
	Rent income on investment properties	1,150,500	251,283	1,150,500	251,283
	Recoveries in the year	938,140	1,650,000	938,140	1,650,000
	Exchange gain	17,223,130	-	17,223,130	-
	Other income	15,158,870	15,020,201	11,033,394	17,520,251
		36,973,619	21,756,652	32,848,143	24,256,702
29.	**Impairment charge**				
	Cash and cash equivalent (Note 2.2)	-	(3,723,474)	-	(3,723,474)
	Loans and receivables (Note 3.2)	243,875	(12,831,147)	-	(12,389,355)
	Finance Lease receivable (Note 5.1)	1,243,566	6,930,538	-	-
	Trade receivables (Note 6.1)	17,402,910	560,765,812	17,402,910	560,765,812
	Other receivables (Note 9)	503,826	(500,000)	-	-
	Inventories (Note 11)	1,373,280	-	-	-
		20,767,457	550,641,729	17,402,910	544,652,983

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

	Group		Company	
	31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
30. Net fair value gains on financial assets at fair value through profit or loss				
Fair value gains (Note 3.1)	32,307,258	16,100,005	32,912,258	12,856,767

This represents increase in the value of financial assets at fair value through profit or loss during the year.

	Group 31 December 2014 ₦	Group 31 December 2013 ₦	Company 31 December 2014 ₦	Company 31 December 2013 ₦
31. Management expenses				
Staff cost (Note 33)	392,487,514	376,631,950	374,854,931	363,141,249
Rent, insurance and maintenance	155,445,373	148,315,574	149,785,078	147,527,089
Depreciation of property and equipment	64,649,597	93,013,316	63,669,096	92,174,681
Auditors' remuneration	11,300,000	8,000,000	6,800,000	6,000,000
Directors' remuneration:				
- Fees (Note 45)	5,250,000	4,275,000	5,250,000	4,275,000
Professional charges	50,037,017	40,169,051	49,097,237	33,242,051
Printing and telecommunication	53,366,716	57,585,689	51,673,658	56,678,454
Electricity Diesel,Travelling& Motor runing expenses	122,162,775	126,131,616	122,034,066	125,321,893
Advertising,Bank charges & Entertainment	79,197,766	85,535,046	77,624,621	84,799,376
Others	101,609,095	85,247,042	83,300,983	83,095,505
	1,035,505,853	1,024,904,284	984,089,670	996,255,298
32. Basic/diluted earnings per share				
Profit/(loss) after taxation	193,076,785	(200,555,035)	185,052,534	(207,111,706)
Number of shares	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Earnings/(loss) per share (kobo)				
Basic	3.22	(3.34)	3.08	(3.45)
Diluted	3.22	(3.34)	3.08	(3.45)

Earnings/(loss) per share have been computed on profit/(loss) after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

	Group		Company	
	31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
33. Staff costs				
Wages and salaries	291,216,201	290,233,870	276,386,175	277,188,655
Medical	27,008,377	31,533,182	26,777,374	31,483,182
Staff training	51,985,430	37,828,032	50,830,514	37,753,032
Defined contribution pension plan (Note 17.1)	22,277,506	17,036,866	20,860,868	16,716,380
	392,487,514	376,631,950	374,854,931	363,141,249
34. Chairman's and Directors' emoluments, pensions and compensation for loss of office				
Emoluments:				
Chairman	750,000	750,000	750,000	750,000
Other Directors	4,500,000	4,000,000	4,500,000	4,000,000
Other emolument of executives	8,160,000	8,160,000	8,160,000	8,160,000
Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

Consolidated Hallmark Insurance Plc

Notes To The Consolidated Financial Statements

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	Group		Company	
	2014 Number		2014 Number	
35. Staff				
Average number of persons employed in the financial year and staff costs were as follows:				
Managerial	29	41	27	40
Senior staff	101	84	97	83
Junior staff	84	27	81	27
	214	152	205	150
36. Emolument				
The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
₦ ₦				
Nil - 100,000	Nil	Nil	Nil	Nil
100,001 - 200,000	Nil	Nil	Nil	Nil
200,001 - 300,000	Nil	Nil	Nil	Nil
Above - 300,000	8	9	8	9
Number of Directors who have waived their rights to receive emoluments	Nil	Nil	Nil	Nil
37. Employees remunerated at higher rates				
The number of employees in respect of emoluments within the following ranges were:				
₦ ₦				
200,001 - 300,000	15	18	15	18
300,001 - 400,000	38	6	37	6
400,001 500,000	34	14	33	14
500,001 - 600,000	16	8	16	8
600,001 - 700,000	1	1	1	1
700,001 - 800,000	13	29	10	29
800,001 - 900,000	15	5	14	5
900,001 - 1,000,000	-	-	-	-
1,000,001 and above	82	71	79	69
	214	152	205	150

38. Capital commitments

There were no capital commitments at 31 December 2014.

39. Contingent liabilities

There were no material contingent liabilities at 31 December 2014.

40. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

Notes To The Consolidated Financial Statements
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41. Segment Information

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

General Insurance Business: This segment provides cover for indemnifying customers' properties, and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received, net fair value gains on financial assets at fair value through profit or loss.

CHI Capital Ltd: This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc (the parent company). In addition, it owns Grand Treasurers Ltd who is registered by CBN to offer wide range financial services and products domestically to suit customer's long- and short-term financial needs. These products include L.P.O financing, Consumer Lease, Working Capital financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss.

Segment information by company and subsidiaries:

	General Insurance ₦	Finance and support services ₦	Elimination ₦	Total ₦
As at 31 December 2014				
Operating income	1,189,540,351	72,324,145	30,000	1,261,894,496
Operating expenses	(1,001,492,587)	(54,844,218)	63,474	(1,056,273,330)
Operating profit	188,047,765	17,479,928	93,474	205,621,166
Taxation	(2,995,231)	(9,549,163)	-	(12,544,394)
Profit for the year	185,052,534	7,930,765	93,474	193,076,773
Total assets	6,111,846,251	335,524,183	(308,744,432)	6,138,626,002
Total liabilities	2,297,047,374	58,321,275	(59,054,295)	2,296,314,354
Share capital and reserves	3,814,798,877	277,202,907	(249,690,136)	3,842,311,648
Depreciation	63,669,096	980,503	-	64,649,599
ROCE	5%	6%	-	5%
As at 31 December 2013				-
Operating income	1,347,759,742	46,684,443	(14,949,950)	1,379,494,235
Operating expenses	(1,540,908,281)	(31,731,227)	14,949,950	(1,557,689,558)
Operating profit	(193,148,539)	14,953,216	-	(178,195,323)
Taxation	(13,963,167)	(5,490,038)	-	(19,453,205)
Profit for the year	(207,111,706)	9,463,178	-	(197,648,528)
Total assets	6,130,357,618	271,096,693	(232,010,833)	6,169,443,478
Total liabilities	2,500,611,277	25,200,492	(5,603,154)	2,520,208,615
Share capital and reserves	3,629,746,341	245,896,201	(226,407,679)	3,649,234,863
Depreciation	92,174,681	838,635	-	93,013,316
ROCE	-3.17%	4.14%	-	-2.87%

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42. Contraventions

The company contravened certain provisions and guidelines of the National Insurance Commission (NAICOM) and other regulators during the year under review. Details of these include:

I. Penalty of N55,000 by Federal Inland Revenue Service for late filing of 2012 Assessment
ii. A fine of N500,000.00 was levied by NAICOM for non submission of Returns in an approved format
iii. Penalty of N115,000 by National Insurance Commission for late filing of 2013 Accounts
iv. Penalty of N2,100,000.00 to Nigerian Stock Exchange for late filing of 2013 Audited Accounts

The above penalties have been duly paid.

43. Reinsurance treaty

The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc to reinsure the risks associated with fire and consequential loss, general accident, marine cargo, motor, aviation and special risks etc. according to agreed quota share, surplus treaty or excess of loss treaty. This agreement was last modified 31 December 2014.

44. Related party transactions

During the year, the Company had no significant business dealings with its related parties.

Parent:

The Group is controlled by Consolidated Hallmark Insurance Plc. which is the parent company, whose shares are widely held. Consolidated Hallmark Insurance Plc, is a General Business Insurance Company licensed by the National Insurance Commission.

Subsidiaries:

Consolidated Hallmark Insurance Plc holds 100% interest in CHI Capital Limited. Transactions between Consolidated Hallmark Plc and this subsidiary is eliminated on consolidation and already disclosed in Note 10.2

Key management personnel:

"Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group or Company, directly or indirectly, including any director (whether executive or otherwise). It includes close members of their families who may be expected to influence or be influenced by that individual in their dealings with the Group."

The significant related party transaction in the course of the reporting period are as stated below with the subsidiary company, CHI Capital Limited.

	Entity	31-Dec-14	31-Dec-13
Income from Auto-insurance support services	CHI Capital Limited	45,325,000	17,450,000
Auto-insurance support services expenses	CHI PLC	45,325,000	17,450,000

	Group		Company	
	31 December 2014 ₦	31 December 2013 ₦	31 December 2014 ₦	31 December 2013 ₦
45. Compensation of key management personnel:				
Directors fees	5,250,000	4,275,000	5,250,000	4,275,000

46. Events after the reporting period:

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

47. Capital management

The Group's objectives with respect to capital management are to maintain a capital base that adequately meets regulatory requirements and to utilize capital allocations efficiently and effectively. Capital levels are determined either based on internal assessment or regulatory requirements.

The Nigerian Insurance Act 2003 stipulates the minimum capital requirement for a non life insurance company as an amount not less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital whichever is greater. The act defines what constitutes admissible assets liabilities. The regulators generally expect companies to comply with capital adequacy requirements and the Company has consistently exceeded this minimum over the years. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed neccesary.

All of the Groups capital is Tier 1 (core capital) which consists of share capital and reserves created by appropriation of retained earnings. The following sources of funds are available to the group to meet its capital growth requirements:

Notes To The Consolidated Financial Statements
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1. Profits from operations: The group had regularly appropriated from its profit to grow its capital.
2.Issue of shares: The Group can successfully access the capital market to raise the desired funds for its operations and needs.
3. Loans (long term/short term): this remains a source of capital even though the group had never had cause to access this source for funding its operations.

Compliance with statutory solvency margin requirement:
The company at the end of the 2014 financial year maintained admisible assets of N5,637,889,649 which exceeded the total admissible liabilities of N2,201,586,849.73. The solvency margin was computed in line with the requirements of Section 24 of the Insurance Act 2003, latest NAICOM guidelines. This showed a solvency margin in excess of the minimum requirement of N3billion for General Insurance Business by 15%. Thus, the solvency margin above satisfies the requirement of the regulatory requirement.

48. Asset & liability Management

Asset & liability Management (ALM) is the practice of managing an insurer's financial position so that actions taken with respect to assets and liabilities are designed to address the broad set of financial risks inherent in their joint behavior.

Asset & Liability management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

ALM ensures that specific assets of the group is allocated to cover reinsurance and other liabilities of the group.

The following tables reconcile the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

Group

	Insurance fund	Shareholders funds	Dec 2014
	₦	₦	₦
ASSETS			
Cash and cash equivalents	1,974,439,083	325,510,284	2,299,949,368
Financial assets			
- At fair value through profit or loss		343,086,193	343,086,193
- Loans and receivables		34,221,228	34,221,228
- Available for sale		2,000,000	2,000,000
-Held -to-maturity		133,173,401	133,173,401
Deposit for shares		50,250,000	50,250,000
Finance lease receivables		128,423,469	128,423,469
Trade receivables		69,245,808	69,245,808
Reinsurance assets		651,767,868	651,767,868
Deferred acquisition cost		194,835,265	194,835,265
Other receivables and prepayments		141,675,841	141,675,841
Investment in subsidiaries		-	-
Inventories		2,888,332	2,888,332
Investment properties		877,960,682	877,960,682
Property and equipment		909,148,547	909,148,547
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**1,974,439,083**	**4,164,186,919**	6,138,626,002
LIABILITIES			
Insurance contract liabilities	1,974,439,083	-	1,974,439,083
Trade payable		7,829,896	7,829,896
Other payables and Provision		146,105,612	146,105,612
Retirement benefit obligations		137,815	137,815
Income tax liabilities		72,341,424	72,341,424
Deferred income tax		95,460,524	95,460,524
TOTAL LIABILITIES	1,974,439,083	321,875,270	2,296,314,354
SURPLUS	-	**3,842,311,649**	3,842,311,648

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Company

	Insurance fund	Shareholders funds	Dec 2014
ASSETS			
Cash and cash equivalents	1,974,439,083	294,133,108	2,268,572,191
Financial assets			
– At fair value through profit or loss		331,557,775	331,557,775
- Loans and receivables		19,379,021	19,379,021
– Available for sale		2,000,000	2,000,000
-Held-to-maturity		133,173,401	133,173,401
Deposit for shares		50,250,000	50,250,000
Trade receivables		69,245,808	69,245,808
Reinsurance assets		651,767,868	651,767,868
Deferred acquisition cost		194,835,265	194,835,265
Other receivables and prepayments		141,704,560	141,704,560
Investment in subsidiaries		250,000,000	250,000,000
Investment properties		793,460,682	793,460,682
Property, plant and equipment		905,899,680	905,899,680
Statutory deposit		300,000,000	300,000,000
TOTAL ASSETS	**1,974,439,083**	**4,137,407,168**	**6,111,846,251**
LIABILITIES			
Insurance contract liabilities	1,974,439,083	-	1,974,439,083
Trade payable		7,829,896	7,829,896
Provision and Other payables		171,622,017	171,622,017
Retirement benefit obligations		-	-
Income tax liabilities		47,695,854	47,695,854
Deferred income tax		95,460,524	95,460,524
TOTAL LIABILITIES	**1,974,439,083**	**322,608,291**	**2,297,047,374**
SURPLUS	**-**	**3,814,798,877**	**3,814,798,877**

49. Fair value hierarchy

The determination of fair value for each class of financial instruments was based on the particular characteristics of the instruments. Group's accounting policy on fair value measurements is discussed under the statement of significant accounting policies.

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in active market for identical assets and liabilities.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

Group 31 December 2014

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	341,622,784	-	-	341,622,784
Held to maturity	-	133,173,401	-	133,173,401
Available for sale	-	-	2,000,000	2,000,000

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Group 31 December 2013

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	174,453,485	-	-	174,453,485
Held to maturity	-	65,783,151	-	65,783,151
Available for sale	-	-	2,000,000	2,000,000

Company 31 December 2014

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	330,094,366	-	-	330,094,366
Held to maturity	-	133,173,401	-	133,173,401
Available for sale	-	-	2,000,000.00	2,000,000

Company 31 December 2013

Asset Types	Level 1	Level 2	Level 3	TOTAL
Financial assets at fair value through profit and loss	156,076,888	-	-	156,076,888
Held to maturity	-	65,783,151	-	65,783,151
Available for sale	-	-	2,000,000	2,000,000

50. Management of Insurance and Financial risks

Risk Management framework:
"Consolidated Hallmark Insurance Plc has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Group. As an insurance company, the management of risk is at the core of the operating structure of Consolidated Hallmark Insurance Plc. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation. "

The Company's Risk Management System is in line with the guidelines as approved by the insurance industry regulator, National Insurance Commission (NAICOM), to identify, assess, manage and monitor the risks inherent in the operations. The risk structure includes our approach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Company's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

"The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

"The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. The Board carries out these function by setting Finance and General purpose Committee (FGPC), Board Audit and Risk Management Committee (BARM), Establishment and Governance Committee and Investment Committee. The Board Audit and Risk Management Committee performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. Finance and General Purpose Committee of the Board functions on oversight of financial reporting and accounting. The Investment Committe reviews and approves the company's investment policy, and approves investment over and above managements' approval limit."

Management is responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and Also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board Committees. Management also ensures that explanations are provided to the Board Committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization.The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

The Chief Risk Officer (a member of the Management) is responsible for the risk policies, risk methodologies and risk infrastructure. The Chief Risk Office (CRO) informs the Board, as well as the Management about the risk profile of the Company and also communicates the views of the Board and Senior Management down the Company. The CRO is also responsible for independently monitoring the broad risk limits set by the Board throughout the year.

Notes To The Consolidated Financial Statements
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a) Insurance risk management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Group has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for paymentof some or all costs.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Group purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Group manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer.

a(i) Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that 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 adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certains reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

a(ii) Expected loss ratio method

This method is used where the volume of data available is too small to be relied upon when using a statistical approach. The reserve for Oil & Gas, Bond, Aviation and engineering was estimated based on this method. Under this method, we obtained the Ultimate claims was derived by assuming a loss ratio of 30%. Paid claims already emerged is then allowed for the estimated Ultimate claim.

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a(iii) Claims development tables

"The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company's various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development. "

The claims development table shows how the claims develop over time to provide a scientific basis to estimate the value of claims that could arise from the policies already written by the company. The tables below illustrates the claims development for General Accident, Marine Hull, Marine Cargo, Motor and Fire class of business. The Bond, Engineering, Aviation and Oil and Gas classes were based on the estimated loss basis as stated in item a(vi) on pg 93.

Technical Reserve Using Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims	Estimated Reinsurance Recoveries	Net Outstanding Claims
	₦	₦	₦
Accident	276,624,019	(78,864,084)	197,759,935
Fire	99,271,064	(60,931,407)	38,339,657
Marine Cargo	27,750,859	(1,088,332)	26,662,527
Marine Hull	11,529,621	(5,001,310)	6,528,311
Motor	69,170,535	(12,985,912)	56,184,624
Bond*	3,812,083	(261,879)	3,550,204
Engineering*	42,799,200	(18,254,539)	24,544,661
Oil & Gas*	253,151,828	(12,864,884)	240,286,944
Aviation*	31,140,042	(23,298,875)	7,841,167
TOTAL	815,249,251	(213,551,222)	601,698,029
Account (Outstanding Claim)	436,792,409	(320,809,122)	115,983,287
Difference	378,456,842	107,257,900	485,714,742

Reserves for Aviation, engineering, Oil and Gas & Bond were based on Expected Loss Ratio Approach

Technical Reserves

We estimate the claims reserve net of reinsurance asset as N636.41 million and net UPR as N720.83 million, leading to a total Net Liability of N1.36 billion as shown in Table 7.2, and this estimate meets the Liability Adequacy Test.

Appendix 1. Illustration of Gross Claim Reserving

Basic Chain Ladder Method - Gross General Accident Claims

The claims paid are allocated to claim development years as illustrated below. Of the claims that arose in 2008, N19.22 million was paid in 2009 (development year 1), N40.48 million in 2008 (development year 2) etc.

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Table 5.1

Incremental Chain Ladder
Incremental Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
	₦	₦	₦	₦	₦	₦	₦
2008	19,220,499	40,481,685	7,471,543	5,007,014	2,131,451	1,328,000	804,091
2009	22,661,636	48,568,795	10,801,977	6,145,272	1,082,247	54,813	-
2010	31,788,604	66,911,278	8,717,547	7,156,709	5,043,684	-	-
2011	75,787,351	73,095,634	22,330,865	3,846,571	-	-	-
2012	43,311,107	109,591,196	48,928,085	-	-	-	-
2013	39,421,231	66,317,532	-	-	-	-	-
2014	39,873,922	-	-	-	-	-	-

We then cumulate the claim as illustrated below. For instance, in 2008, N19.22million was paid from claims arising that year. At the end of 2009, the total claim payments arising from accidents in 2008 was N59.70million, this increased to N67.17million in 2010 etc.

Cumulative Data
Cumulative Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	19,220,499	59,702,184	67,173,727	72,180,740	74,312,191	75,640,191	76,444,282
2009	22,661,636	71,230,432	82,032,408	88,177,680	89,259,927	89,314,741	
2010	31,788,604	98,699,882	107,417,430	114,574,139	119,617,823		-
2011	75,787,351	148,882,985	171,213,850	175,060,421		-	-
2012	43,311,107	152,902,303	201,830,388		-	-	-
2013	39,421,231	105,738,763		-	-	-	-
2014	39,873,922		-	-	-	-	-

We then use this table to estimate the average ratio of claims paid at different periods e.g. we estimate that the ratio of total claims paid of the accident year is 2.922 obtained as '= (59,702,184+71,230,432+98,699,882+148,882,985+152,902,303+105,738,763)(19,220,499+22,661,636+31,788,604+75,787,351+43,311,107+39,421,231) Similarly, the cumulative ratio of total claims paid at the end of year 3 to 2 is 1.167. Projecting the cumulative ratios, we estimate cumulative payments for each accident year below.

From the combined settlement patterns we project the accumulation amounts payable in future years.

For instance we project that;
- no further claims will arise after 2013 in respect of claims incurred in 2008
- total claims from 2009 accident year will be N89.69million, of which N89.26million had been paid as at the end of year 2013.

Projected Table
Cumulative Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	19,220,499	59,702,184	67,173,727	72,180,740	74,312,191	75,640,191	76,444,282
2009	22,661,636	71,230,432	82,032,408	88,177,680	89,259,927	89,314,741	89,314,741
2010	31,788,604	98,699,882	107,417,430	114,574,139	119,617,823	119,691,278	119,691,278
2011	75,787,351	148,882,985	171,213,850	175,060,421	180,318,222	180,428,953	180,428,953
2012	43,311,107	152,902,303	201,830,388	212,282,177	218,657,904	218,792,179	218,792,179
2013	39,421,231	105,738,763	195,205,227	205,313,932	211,480,374	211,610,241	211,610,241
2014	39,873,922	116,507,346	135,966,499	143,007,525	147,302,643	147,393,100	147,393,100

Unwinding the cumulative payments we expect claim payments to be made till 2020 as follows:

Non-Cumulative Chain ladder-Annual Projections

Accident Year	1	2	3	4	5	6	7
2008							
2009							-
2010						73,456	-
2011					5,257,801	110,731	-
2012				10,451,789	6,375,727	134,275	-
2013			89,466,464	10,108,705	6,166,442	129,867	-
2014		76,633,424	19,459,153	7,041,027	4,295,118	90,456	-

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We illustrate our reserves for large loss as follows:

Accident Year	Total Paid Amounts	No of Large Losses	Claim Frequency	Exposure	Average Cost	Ultimate Frequency	Ultimate Paid Amounts	Large Loss Reserves
2010	31,400,233	4	0.000006270	637,972,229	7,850,058	0.0000063	31,400,233	-
2011	24,634,667	5	0.000005210	960,117,563	4,926,933	0.0000052	24,634,667	-
2012	80,402,409	11	0.000012430	884,718,172	7,309,310	0.0000124	80,402,409	-
2013	9,868,922	2	0.000002520	792,298,855	4,934,461	0.0000080	42,280,722	32,411,800
2014	23,915,611	4	0.000006600	605,895,809	5,978,903	0.0000080	32,333,396	8,417,785
		Average Frequency	0.00000797	Average Severity	6,695,434			40,829,585

From the above tables, we illustrate the total expected payment for each future year as follows

Incremental Amounts

Accident Year	₦
2015	181,882,934
2016	36,054,316
2017	13,341,743
2018	4,424,985
2019	90,456
2020	181,882,934
Attritional Losses	235,794,433
Large Loss	40,829,585
Total including Large Loss	276,624,019

Appendix 2: An illustration of Expected Loss Ratio Method - Oil and Gas claims

Accident Year	Gross Earned Premium	Current Paid till date	Outstanding as at Dec.	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	Gross Earned Premium
			312,014					
2010	-	28,627,262	-	28,627,262	-	-	-	-
2011	427,490,719	369,106,341	-	369,106,341	0.86	0.86	369,106,341	-
2012	600,874,005	105,026,828	1,825,000	106,851,828	0.18	0.18	106,851,828	1,825,000
2013	809,851,808	39,517,872	5,332,750	44,850,622	0.06	0.18	144,013,795	104,495,924
2014	1,042,271,749	4,698,178	30,011,060	34,709,238	0.03	0.18	185,344,416	180,646,238
Total			37,168,810	602,854,274	0.09		805,316,381	286,967,162
							Discounted	253,151,828

The above table gives an illustration of the expected loss ratio approach. We have grouped the earned premiums, the current paid till date, the current outstanding for each accident year. The current incurred claims are obtained by summing the current claims paid till to date and the outstanding for each accident year as at the date of valuation. The current loss ratio is then estimated by dividing the current incurred earned premiums by the current incurred earned premiums claims amounts.

Appendix 3: Stochastic Reserving Method - Gross General Accident Claims

We illustrate by the following steps. From the chain ladder method, we develop the simulation parameters below:

Development Age	1	2	3	4	5	6
Random link factor	2	1	1	1	1	1
Age to Ultimate						
	3	1	1	1	1	1
Factor						
Cumulative Paid	63,789,533	115,607,685	282,232,797	199,695,088	151,018,055	159,386,530
Ultimate Claims	159,718,639	145,678,762	324,915,055	221,650,856	163,657,073	172,295,654
Gross claim reserve	95,929,106	30,071,077	42,682,258	21,955,767	12,639,018	12,909,124
Sum of Gross						
Reserve	227,785,622					

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The process continues by simulating the random link factor. Each result of the link factor is used to compute the Ultimate claim. The gross claim reserve is then the difference between the ultimate claims and the cumulated paid. Repeating this a 10,000 times produces a distribution of 10,000 possible gross claim reserve. We then estimate the mean of our distribution as our least recommended estimate.

Appendix 4 - Cumulative Claims Development Pattern: General Accident
Table 1 **Incremental Chain ladder-Yearly Projections**

Accident Year	1	2	3	4	5	6	7
2008	19,220,499	40,481,685	7,471,543	5,007,014	2,131,451	1,328,000	804,091
2009	22,661,636	48,568,795	10,801,977	6,145,272	1,082,247	54,813	-
2010	31,788,604	66,911,278	8,717,547	7,156,709	5,043,684	-	-
2011	75,787,351	73,095,634	22,330,865	3,846,571	-	-	-
2012	43,311,107	109,591,196	48,928,085	-	-	-	-
2013	39,421,231	66,317,532	-	-	-	-	-
2014	39,873,922	-	-	-	-	-	-

Illustrates how claims paid relating to business written in each accident year. For instance with regards to year 2008, N19.22million was paid in 2008, N40.48million was paid in 2009.

Table 2 **Cumulative Chain ladder-Annual Projections**

Accident Year	1	2	3	4	5	6	7
2008	19,220,499	59,702,184	67,173,727	72,180,740	74,312,191	75,640,191	76,444,282
2009	22,661,636	71,230,432	82,032,408	88,177,680	89,259,927	89,314,741	89,314,741
2010	31,788,604	98,699,882	107,417,430	114,574,139	119,617,823	119,691,278	119,691,278
2011	75,787,351	148,882,985	171,213,850	175,060,421	180,318,222	180,428,953	180,428,953
2012	43,311,107	152,902,303	201,830,388	212,282,177	218,657,904	218,792,179	218,792,179
2013	39,421,231	105,738,763	195,205,227	205,313,932	211,480,374	211,610,241	211,610,241
2014	39,873,922	116,507,346	135,966,499	143,007,525	147,302,643	147,393,100	147,393,100

Illustrates the accumulation of claims leading to the Ultimate amounts that will be paid for each accident year For instance; In 2008 the ultimate amount of claims incurred is N76.44million.

Appendix 4 - Cumulative Claims Development Pattern: General Accident
Table 3

Accident Year	Total Paid Amounts	No of Large Losses	Claim Frequency	Exposure	Average Cost	Ultimate Frequency	Amounts Paid	Large Loss Reserves
2010	31,400,233	4	0.00000627	637,972,229	7,850,058	0.00000627	31,400,233	-
2011	24,634,667	5	0.00000521	960,117,563	4,926,933	0.00000521	24,634,667	-
2012	80,402,409	11	0.00001243	884,718,172	7,309,310	0.00001243	80,402,409	-
2013	9,868,922	2	0.00000252	792,298,855	4,934,461	0.00000797	42,280,722	32,411,800
2014	23,915,611	4	0.00000660	605,895,809	5,978,903	0.00000797	32,333,396	8,417,785
		Average Frequency	0.000007970	Average Severity	6,695,434			40,829,585

Table 4 Summary of Results

Accident Year	Latest Paid to Date	Latest Paid Large Loss	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2008	76,444,282	69,769,651	146,213,933	-	-	-
2009	89,314,741	70,071,789	159,386,530	-	366,398,757	0.44
2010	119,617,823	31,400,233	151,091,511	73,456	637,972,229	0.24
2011	175,060,421	24,634,667	205,063,620	5,368,532	960,117,563	0.21
2012	201,830,388	80,402,409	299,194,588	16,961,791	884,718,172	0.34
2013	105,738,763	9,868,922	253,890,963	138,283,278	792,298,855	0.32
2014	39,873,922	23,915,611	179,726,495	115,936,962	605,895,809	0.30
Total	807,880,339	310,063,282	1,394,567,640	276,624,019		

Illustrates the proportion of our estimates of claims for each accident year that have been settled by the review date.

We expect:
- No more claim with respect to year 2008
- N 138.28million is expected to be paid in respect of accident year 2013

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Appendix 5 - Cumulative Claims Development Pattern: Fire
Table 1 Incremental Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	9,472,390	6,888,573	-	225,629	150,487	27,500	-
2009	10,509,312	10,492,062	4,756,927	274,899	-	-	-
2010	5,641,030	3,828,759	6,749,913	1,728,632	1,191,949	-	-
2011	7,433,761	51,673,027	8,302,599	4,101,928	-	-	-
2012	33,468,846	40,237,142	23,951,506	-	-	-	-
2013	20,821,766	34,657,368	-	-	-	-	-
2014	89,169,476	-	-	-	-	-	-

Table 2 Cumulative Chain ladder-Annual Projections

Accident Year	1	2	3	4	5	6	7
2008	9,472,390	16,360,963	16,360,963	16,586,592	16,737,079	16,764,579	16,764,579
2009	10,509,312	21,001,374	25,758,301	26,033,200	26,033,200	26,033,200	26,033,200
2010	5,641,030	9,469,789	16,219,702	17,948,335	19,140,284	19,152,591	19,152,591
2011	7,433,761	59,106,788	67,409,387	71,511,315	73,096,297	73,143,296	73,143,296
2012	33,468,846	73,705,988	97,657,494	102,574,285	104,847,748	104,915,162	104,915,162
2013	20,821,766	55,479,134	88,146,295	92,584,222	94,636,265	94,697,113	94,697,113
2014	89,169,476	105,028,976	130,613,712	137,189,758	140,230,442	140,320,606	140,320,606

Table 3 Summary of Results

Accident Year	Latest Paid to Date	Latest Paid Large Loss	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2008	16,764,579	19,040,992	35,805,571	-	-	-
2009	26,033,200	-	26,033,200	-	163,709,037	0.16
2010	19,140,284	26,909,181	46,061,771	12,307	159,691,968	0.29
2011	71,511,315	15,924,498	89,067,794	1,631,981	204,841,662	0.43
2012	97,657,494	39,102,881	144,018,043	7,257,668	358,271,782	0.40
2013	55,479,134	35,250,793	129,947,906	39,217,979	482,031,452	0.27
2014	89,169,476	100,339,097	240,659,703	51,151,130	580,858,535	0.41
Total	375,755,482	236,567,442	711,593,988	99,271,064		

Appendix 6 - Cumulative Claims Development Pattern: Motor
Table 1 Incremental Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	122,876,705	104,531,551	18,519,015	3,924,467	247,206	8,746	-
2009	130,815,486	115,582,964	7,454,557	1,335,035	-	101,000	-
2010	155,867,868	83,730,285	5,826,488	-	1,143,455	-	-
2011	198,258,622	59,109,914	4,419,681	2,665,257	-	-	-
2012	199,105,685	82,476,163	4,699,570	-	-	-	-
2013	125,805,796	66,306,563	-	-	-	-	-
2014	278,141,549	-	-	-	-	-	-

Table 2 Cumulative Chain ladder-Annual Projections

Accident Year	1	2	3	4	5	6	7
2008	122,876,705	227,408,257	245,927,271	249,851,739	250,098,944	250,107,691	250,107,691
2009	130,815,486	246,398,451	253,853,008	255,188,043	255,188,043	255,289,043	255,289,043
2010	155,867,868	239,598,153	245,424,641	245,424,641	246,568,096	246,621,650	246,621,650
2011	198,258,622	257,368,536	261,788,217	264,453,474	264,943,524	265,001,069	265,001,069
2012	199,105,685	281,581,848	286,281,418	288,534,374	289,069,047	289,131,832	289,131,832
2013	125,805,796	192,112,360	198,389,417	199,950,687	200,321,209	200,364,718	200,364,718
2014	278,141,549	321,785,577	332,299,562	334,914,668	335,535,287	335,608,164	335,608,164

Table 3 Summary of Results

Accident Year	Latest Paid to Date	Latest Paid Large Loss	Total Ultimate	Gross Claims Reserve	Gross Earned Premium	Ultimate Loss Ratio
2008	250,107,691	-	250,107,691	-	-	-
2009	255,289,043	10,971,450	266,260,493	-	1,297,205,516	0.21
2010	246,568,096	-	246,621,650	53,554	854,483,529	0.29
2011	264,453,474	-	265,001,069	547,595	1,109,467,291	0.24
2012	286,281,418	94,487,981	383,619,813	2,850,414	1,248,870,999	0.31
2013	192,112,360	-	200,364,718	8,252,358	1,161,582,589	0.17
2014	278,141,549	-	335,608,164	57,466,615	1,118,693,879	0.30
Total	1,772,953,630	105,459,431	1,947,583,597	69,170,535		

Consolidated Hallmark Insurance Plc

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Appendix 7 - Cumulative Claims Development Pattern: Marine Cargo

Table 1 Incremental Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	9,376,382	1,460,618	322,519	750,000	95,862	2,289,279	
2009	2,492,611	4,873,395	2,248,606	17,402	-	-	-
2010	4,497,996	19,153,239	303,064	-	-	-	-
2011	4,244,480	919,612	528,267	-	-	-	-
2012	1,935,125	24,755,800	4,300,918	-	-	-	-
2013	773,659	1,708,598	-	-	-	-	-
2014	20,195,958	-	-	-	-	-	-

Table 2 Cumulative Chain ladder-Annual Projections

Accident Year	1	2	3	4	5	6	7
2008	9,376,382	10,837,000	11,159,519	11,909,519	12,005,381	14,294,660	14,294,660
2009	2,492,611	7,366,006	9,614,612	9,632,014	9,632,014	9,632,014	9,632,014
2010	4,497,996	23,651,235	23,954,299	23,954,299	23,954,299	23,954,299	23,954,299
2011	4,244,480	5,164,091	5,692,358	5,692,358	5,704,352	5,704,352	5,704,352
2012	1,935,125	26,690,924	30,991,842	31,463,537	31,529,832	31,529,832	31,529,832
2013	773,659	2,482,257	9,414,585	9,557,875	9,578,014	9,578,014	9,578,014
2014	20,195,958	35,865,148	39,613,424	40,216,339	40,301,077	40,301,077	40,301,077

Table 3 Summary of Results

Accident Year	Latest Paid to Date	Loss	Total Ultimate	Gross Claims Reserve		Gross Earned Premium	Ultimate Loss Ratio
2008	14,294,660	-	14,294,660	-		-	-
2009	9,632,014	-	9,632,014	-		160,216,702	0.06
2010	23,954,299	-	23,954,299	-		155,827,010	0.15
2011	5,692,358	-	5,704,352	11,994		238,119,172	0.02
2012	30,991,842	-	31,529,832	537,990		188,717,811	0.17
2013	2,482,257	-	9,578,014	7,095,757		138,688,179	0.07
2014	20,195,958	86,408,183	126,709,260	20,105,119		109,897,179	1.15
Total	107,243,388	86,408,183	221,402,431	27,750,859			

Appendix 8 - Cumulative Claims Development Pattern: Maine Hull

Table 1 Incremental Chain ladder-Yearly Projections

Accident Year	1	2	3	4	5	6	7
2008	4,620,178	2,699,051	2,496,698	220,708	-	-	-
2009	15,578,908	11,649,445	284,436	-	-	-	-
2010	10,732,966	8,574,565	288,827	-	-	-	-
2011	10,674,229	7,263,577	-	-	-	-	-
2012	6,798,378	1,536,518	-	-	-	-	-
2013	3,731,995	695,851	-	-	-	-	-
2014	-	-	-	-	-	-	-

Table 2 Cumulative Chain ladder-Annual Projections

Accident Year	1	2	3	4	5	6	7
2008	4,620,178	7,319,229	9,815,927	10,036,635	10,036,635	10,036,635	10,036,635
2009	15,578,908	27,228,353	27,512,789	27,512,789	27,512,789	27,512,789	27,512,789
2010	10,732,966	19,307,531	19,596,358	19,596,358	19,596,358	19,596,358	19,596,358
2011	10,674,229	17,937,806	17,937,806	17,937,806	17,937,806	17,937,806	17,937,806
2012	6,798,378	8,334,896	8,334,896	8,359,469	8,359,469	8,359,469	8,359,469
2013	3,731,995	4,427,846	9,879,543	10,258,061	10,288,304	10,288,304	10,288,304
2014	-	5,420,328	5,627,999	5,644,591	5,644,591	5,644,591	5,644,591

Table 3 Summary of Results

Accident Year	Latest Paid to Date	Latest Paid Large Loss	Total Ultimate	Gross Claims Reserve		Gross Earned	Ultimate Loss Ratio
2008	10,036,635	-	10,036,635	-		-	0.00
2009	27,512,789	38,272,500	65,785,289	-		155,108,351	0.42
2010	19,596,358	-	19,596,358	-		77,913,505	0.25
2011	17,937,806	-	17,937,806	-		59,529,793	0.30
2012	8,334,896	-	8,359,469	24,573		62,905,937	0.13
2013	4,427,846	-	10,288,304	5,860,458		79,489,389	0.13
2014	-	-	5,644,591	5,644,591		30,043,429	0.19
Total	87,846,330	38,272,500	137,648,451	11,529,621			

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Appendix 9 - Expected Loss Ratio Approach
Table 1: Oil & Gas

Accident Year	Gross Earned Premium	Current Paid till date	Outstanding as at Dec.	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	Outstanding Claim Reserves
2010	-	28,627,262	-	28,627,262	-	-	-	-
2011	427,490,719	369,106,341	-	369,106,341	1	1	369,106,341	-
2012	600,874,005	105,026,828	1,825,000	106,851,828	0	0	106,851,828	1,825,000
2013	809,851,808	39,517,872	5,332,750	44,850,622	0	0	144,013,795	104,495,924
2014	1,042,271,749	4,698,178	30,011,060	34,709,238	0	0	185,344,416	180,646,238
Total			37,168,810	602,854,274	0		805,316,381	286,967,162
							Discounted	253,151,828

Table 2: Aviation

Accident Year	Gross Earned Premium	Current Paid till date	Outstanding as at Dec.	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	Outstanding Claim Reserves
2010		2,875,732		2,875,732		-	-	-
2011	728,153,892	39,830,096		39,830,096	0	0	39,830,096	-
2012	369,802,152	18,600,000		18,600,000	0	0	18,600,000	-
2013	496,836,800	18,703,834	3,792,140	22,495,974	0	0	24,841,840	6,138,006
2014	891,181,307	19,557,030	5,942,230	25,499,260	0	0	44,559,065	25,002,036
Total			9,734,370	137,278,141			127,831,001	31,140,042

Table 3: Bond

Accident Year	Gross Earned Premium	Current Paid till date	Outstanding as at Dec.	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	Outstanding Claim
2010	-	96,162		96,162				-
2011	43,966,021	14,223,809		14,223,809	0.32	0.32	14,223,809	-
2012	8,954,157	-		-	0.00	0.00	-	-
2013	18,489,130	-	1,110,875	1,110,875	0.06	0.10	1,848,913	1,848,913
2014	19,631,698	-	1,730,365	1,730,365	0.09	0.10	1,963,170	1,963,170
Total			2,841,240	28,432,917			18,035,892	3,812,083

Appendix 9 - Expected Loss Ratio Approach
Table 3: Engineering

Accident Year	Gross Earned Premium	Current Paid till date	Outstanding as at Dec.	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	Outstanding Claim Reserves
2010	121,543,078	2,968,817	63,402	3,032,219	0.02	0.02	-	63,402
2011	111,029,940	11,872,259	208,438	12,080,697	0.11	0.11	11,872,259	208,438
2012	112,881,481	95,956,180	515,000	96,471,180	0.85	0.85	96,471,180	515,000
2013	185,451,560	6,537,735	26,005,328	32,543,063	0.18	0.20	37,090,312	30,552,577
2014	142,463,481	17,032,914	6,644,447	23,677,361	0.17	0.20	28,492,696	11,459,783
Total			33,436,616	169,728,779			173,926,447	42,799,200

Appendix 10- Stochastic Reserving: Summary of Technical Reserves

Statistics Table

Class of Business	Minimum	Maximum	Mean	Standard Deviation	Co-efficient of Variance
General Accident	155,836,152	482,472,937	292,489,533	62,241,490	0.21
Fire	54,123,537	914,368,941	335,815,041	151,782,762	0.45
Marine Cargo	20,388,139	501,001,568	130,264,924	87,552,509	0.67
Motor	92,998,756	328,555,284	218,710,389	53,979,802	0.25

Percentiles Table
Class of

Business	0.5	0.8	1.0		99.50%
General Accident	291,858,133	337,498,885	375,713,086		482,472,937
Fire	336,834,585	412,273,262	515,375,381		914,368,941
Marine Cargo	100,243,401	186,297,860	260,187,640		501,001,568
Motor	222,400,673	267,280,076	281,088,299		328,555,284

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a(vi) **Expected Loss Ratio Method:** This model was adopted because the volume of data available is too small to be relied upon when using a statistical approach. The reserve for oil & Gas, Bond, Aviation and Engineering was estimated based on this method. Under this method, we obtained the ultimate claims by assuming loss ratio. Paid claims already emerged is then allowed for from the estimated Ultimate claim.

b) **Sensitivity analysis:- Claims**
Sensitivity analysis attempts to estimate likely amount of reserves at rare/worst case scenarios. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary could provide valuable information for business planning and risk appetite considerations. Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on pre-tax income:

Sensitivity Analysis - Claims:			
		2014(M)	**2013(M)**
Gross Premium Earned		4,614	4,154
Reinsurance cost		2,148	1,583
Gross Claim incurred		1,234	965
Claims ratio		**27%**	**23%**
5% increase in claims		1,296	1,013
Claims ratio		**28%**	**24%**
5% reduction in claims		1,173	917
Claims ratio	**Claims ratio**	**25%**	**22%**

A 5% increase or decrease in general Gross Claim experience translates to less than 10% impact on the operating performance of the group. The possibility of a 5% decline in claims experience is considered a rare occurence.

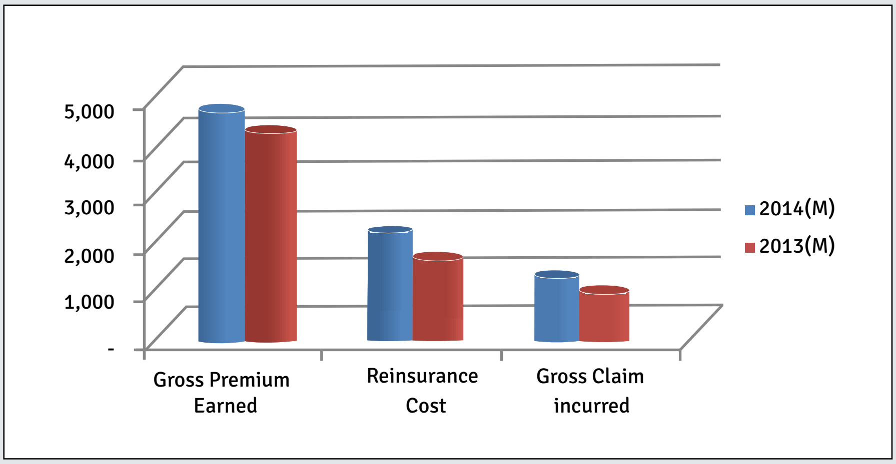

Figure 1 : Gross Premium earned vs Reinsurance Cost vs Gross Claim incured. (2014 & 2013)

Notes To The Consolidated Financial Statements
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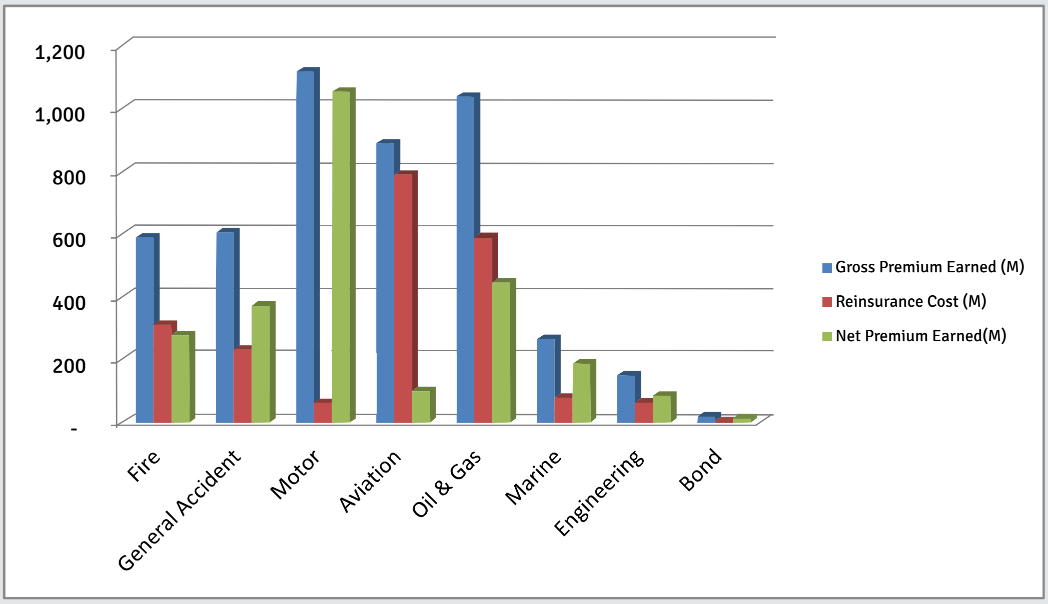
c) Risk Concentration

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the amount of gross and net premium earned before and after reinsurance respectively:

Year ended 31st December, 2014

Product	Gross Premium Earned (M)	Reinsurance Cost (M)	Net Premium Earned(M)
Fire	590	313	278
General Accident	606	233	373
Motor	1,118	64	1,055
Aviation	890	790	100
Oil & Gas	1,038	592	446
Marine	267	79	188
Engineering	150	64	86
Bond	19	6	13
	4,679	**2,140**	**2,539**



.Figure 2 : Gross premium earned vs Reinsurance Cost per class . (2014)

Notes To The Consolidated Financial Statements
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Year ended 31st December, 2013

Product	Gross Premium Earned	Reinsurance Cost	Net Premium Earned
Fire	464	135	329
General Accident	794	126	668
Motor	1,176	282	894
Aviation	526	483	43
Oil & Gas	810	449	361
Marine	176	42	134
Engineering	188	64	124
Bond	18	2	16
	4,152	**1,583**	**2,569**

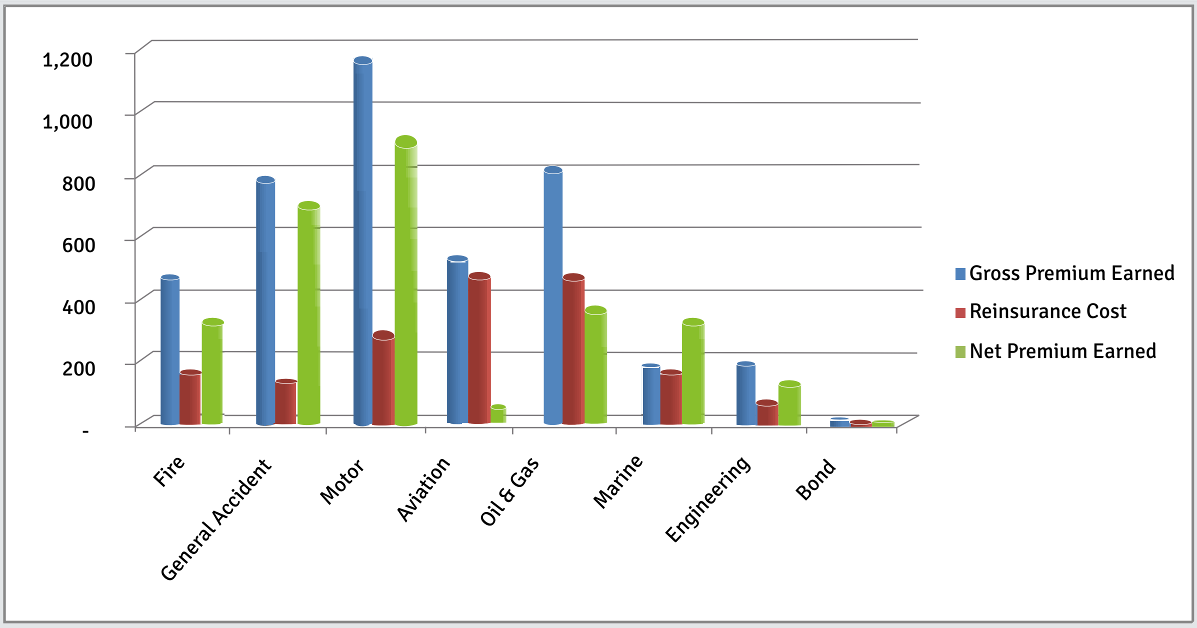


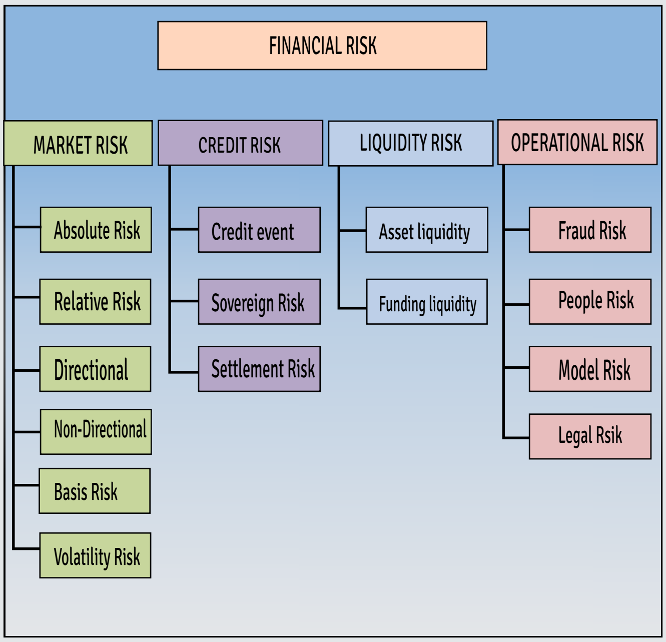
Figure 3 : Gross premium earned vs Reinsurance Cost per class. (2013)

d. Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. **Systematic risk** affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. **Non-systematic risks** are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with ""tying up"" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you have invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Consolidated Hallmark Insurance Plc is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk."

d(i) **Financial risk** is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The Group has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014



d(ii) Operational risks

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased

Reinsurance is placed with African Reinsurance Corporation, WAICA Reinsurance Corporation Plc and Continental Reinsurance Plc, these are Nigerian registered reinsurer. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

d(iii) Credit risks

Credit risk is the risk of financial loss to the Group if a debtor fails to make payments of interest and principal when due. The Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Groups exposure to them.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

d(iv) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

FINANCIAL ASSETS MATURITY PROFILE

The maturity profile Group's financial assets is as listed below:				
Loans And Receivables				
	Group		**Company**	
	2014	2013	**2014**	2013
Analysis by Performance:				
Performing	**34,221,229**	68,342,353	**68,342,353**	19,505,051
Non - Performing	**95,765,592**	95,521,718	**95,521,718**	94,252,874
Total	**129,986,821**	163,864,071	**163,864,071**	113,757,925
Analysis by Maturity:				
0 - 30 days	**1,501,020**	5,425,000	**1,501,020**	-
1 - 3 months	**3,540,512**	17,482,228	**1,540,512**	13,482,228
3 - 6 months	**6,520,400**	3,619,569	**4,520,400**	1,119,569
6 - 12 months	**29,135,351**	3,717,096	**7,817,089**	66,668,572
Beyond 12 Months	**89,289,538**	133,620,178	**98,378,904**	55,363,361
Total	**129,986,821**	163,864,071	**113,757,925**	136,633,730
Fixed deposits with banks				
	Group		**Company**	
Analysis by maturity	**2014**	2013	**2014**	2013
0 - 30 days	**605,415,625**	605,415,625	**947,644,846**	947,644,846
30 - 90 days	**1,516,868,720**	1,475,775,615	**1,163,491,419**	1,098,900,674
Above 90 days	-	-	-	-
Grand Total	**2,122,284,345**	2,081,191,240	**2,111,136,265**	2,046,545,520

d(v) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Group is exposed to this risk through its equity holdings within its investment portfolio. The Group's management of equity price risk is guided by Investment Quality and Limit Analysis, Stop Loss Limit Analysis and Stock to Total Loss Limit Analysis.

d(vi) Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

Notes To The Consolidated Financial Statements
For The Year Ended 31 December, 2014

d(vii) Business Risks

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The Group holds regular strategic sessions both at the Board, Management and Operational Unit basis to review the corporate and the unit strategies and ensure the group market share is effectively defended against competition.

d(viii) Reputational Risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

The composition of the Board and leadership of the group are made up of reputable and experienced practitioners. The group also holds it core values of Professionalism, Relationship, Integrity, Zeal and Excellence (PRIZE) which is regularly communicated to every member and compliance monitored on an ongoing basis.

Consolidated Hallmark Insurance Plc

Statement Of Value Added - Group
For The Year Ended 31 December 2014

	2014		2013	
	₦	%	₦	%
Gross premium income	4,678,556,485		4,151,298,704	
Reinsurance, claims and Commissions & Others - local	(4,015,798,219)		(3,682,755,267)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	662,758,290	100	468,543,438	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	392,487,514	59	376,631,950	80
To pay government				
Company income taxation	12,544,394	2%	19,453,205	4
To pay providers of capital				
Shareholders as dividend	-	-	180,000,000	38
Retained for future maintenance of assets and future expansion of business:				
- Contingency reserve	140,356,695	21	124,614,625	27
- Depreciation of fixed assets	64,649,597	10	93,013,317	20
'- (Loss)/profit for the year	52,720,090	8	(325,169,660)	(69)
Value added	662,758,290	100	468,543,438	100

Value added represents the wealth created by the Group during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Statement Of Value Added - Company

For The Year Ended 31 December 2014

	2014		2013	
	N	%	N	%
Gross premium income	4,678,556,495		4,151,298,704	
Reinsurance, claims and Commissions & Others - local	(4,051,984,697)		(3,709,131,313)	
Reinsurance, claims and Commissions & Others - foreign	-		-	
Value added	626,571,798	100	442,167,391	100
Applied as follows:				
To pay employees				
Salaries, pension and welfare	374,854,937	60	363,141,248	82
To pay government				
Company income taxation	2,995,231	1	13,963,167	3
To pay providers of capital				
Shareholders as dividend	-	-	180,000,000	41
Retained for future maintenance of assets and future expansion of business				
Contingency reserve	140,356,695	22	124,614,625	28
Depreciation of property and equipment	63,669,096	10	92,174,681	21
Profit/(loss) for the year	44,695,839	7	(331,726,330)	(75)
Value added	626,571,798	100	442,167,391	100

Value added represents the wealth created by the Company during the reporting period. This statement shows the allocation of that wealth among employees, shareholders, government, and that retained for future creation of more wealth.

Five Year Financial Summary - Group
Statement Of Financial Position

	31 December 2014 ₦	31 December 2013 ₦	Restated 31 December 2012 ₦	31 December 2011 ₦	31 December 2010 ₦
Assets					
Cash and cash equivalent	2,299,949,368	2,275,501,790	1,857,303,251	1,449,326,577	1,103,532,501
Financial assets:					
- At fair value through profit or loss	343,086,193	174,453,485	182,451,560	307,139,471	440,555,249
- Loans and receivables	34,221,228	68,342,353	41,082,638	38,045,841	71,625,750
- Available for sale	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	133,173,401	65,783,151	-		
Deposit for shares	50,250,000	-	-	-	-
Finance lease receivables	128,423,469	82,093,614	24,731,816	3,683,648	-
Trade receivables	69,245,808	51,398,191	1,138,068,666	1,087,834,621	1,173,764,373
Reinsurance assets	651,767,868	981,521,496	1,068,907,833	873,061,080	592,225,564
Deferred acquisition cost	194,835,265	204,941,728	195,734,475	140,827,494	99,835,583
Other receivables and prepayments	141,675,841	125,024,460	50,413,486	47,945,478	114,364,264
Investment in subsidiaries	-	-	-	-	10,000,000
Inventories	2,888,332	-			
Investment properties	877,960,682	874,278,599	870,331,600	870,578,915	798,555,318
Property and equipment	909,148,547	964,104,610	946,746,285	957,325,946	979,445,786
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**6,138,626,002**	**6,169,443,477**	**6,677,771,610**	**6,077,769,071**	**5,685,904,388**
Liabilities					
Insurance contract liabilities	1,974,439,083	2,124,258,117	2,044,293,984	1,766,281,709	1,231,267,874
Trade payables	7,829,896	26,056,310	218,963,082	93,054,868	151,783,120
Other payables and provision	146,105,612	67,042,956	78,514,068	27,605,076	26,342,581
Finance lease payable	-	-	-	-	9,217,216
Retirement benefit obligations	137,815	4,104,327	8,507,055	8,413,206	10,927,814
Current income tax liabilities	72,341,424	145,018,810	170,767,513	152,263,638	191,805,345
Deferred tax liabilities	95,460,524	153,728,094	126,936,011	118,692,730	126,491,859
Total liabilities	**2,296,314,354**	**2,520,208,614**	**2,647,981,713**	**2,166,311,227**	**1,747,835,809**
Equity & reserves					
Issued and paid up share capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	882,516,340	742,159,645	617,545,019	493,281,216	370,321,437
Statutory reserves	8,477,548	6,690,382	5,826,986	533,415	-
Retained earnings	(48,682,239)	(99,615,164)	406,417,892	417,643,213	567,747,142
Total equity	**3,842,311,649**	**3,649,234,863**	**4,029,789,897**	**3,911,457,844**	**3,938,068,579**
Total liabilities and equity & reserves	**6,138,626,002**	**6,169,443,477**	**6,677,771,610**	**6,077,769,071**	**5,685,904,388**

Five Year Financial Summary - Group
Statement Of Comprehensive Income

	31 December 2014 ₦	31 December 2013 ₦	Restated 31 December 2012 ₦	31 December 2011 ₦	31 December 2010 ₦
Gross premium written	4,614,438,482	4,153,820,829	4,142,126,782	4,098,659,307	3,057,586,242
Gross premium income	4,678,556,495	4,151,298,704	3,835,996,495	3,879,112,389	2,853,109,323
Reinsurance premium expenses	(2,148,244,818)	(1,582,605,604)	(925,237,855)	(1,125,903,511)	(724,834,414)
Net premium income	2,530,311,677	2,568,693,100	2,910,758,640	2,753,208,878	2,128,274,909
Fee and commission income	253,197,455	203,633,369	237,243,585	76,172,079	67,820,677
Net underwriting income	2,783,509,132	2,772,326,469	3,148,002,225	2,829,380,957	2,196,095,586
Claims expenses	(1,234,297,773)	(965,106,416)	(846,618,408)	(733,464,392)	(523,196,594)
Claims recoveries from reinsurers	267,243,023	314,751,829	123,875,046	93,505,090	152,238,080
Claims incurred	(967,054,749)	(650,354,588)	(722,743,362)	(639,959,302)	(370,958,514)
Underwriting expenses	(953,210,372)	(1,064,854,654)	(904,686,101)	(816,265,617)	(695,043,417)
Underwriting profit	863,244,010	1,057,117,227	1,520,572,762	1,373,156,038	1,130,093,655
Investment income	329,369,607	299,470,300	246,691,774	118,215,172	63,840,634
Other operating income	36,973,622	21,756,652	10,803,367	88,709,456	17,247,729
Impairment charge	(20,767,457)	(550,641,729)	(422,184,651)	(447,425,932)	(74,674,564)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	32,307,258	16,100,005	(19,468,439)	(122,023,661)	(48,938,028)
Management expenses	(1,035,505,872)	(1,024,904,285)	(940,275,018)	(862,399,977)	(849,275,186)
Profit/(loss) before taxation	205,621,168	(181,101,830)	396,139,795	148,231,095	238,294,240
Income tax (expense)/credit	(12,544,395)	(19,453,205)	(156,642,418)	5,158,169	(41,677,728)
Profit/(loss) after taxation	193,076,773	(200,555,035)	239,497,377	153,389,264	196,616,512
Other comprehensive income net of tax	-	-	-		-
Total comprehensive income/(loss) for the year	193,076,773	(200,555,035)	239,497,377	153,389,264	196,616,512
Profit/(loss) attributable to:					
Equity holders of the parent	193,076,773	(200,555,035)	239,497,377	153,389,264	196,616,512
Non-controlling interest	-	-	-		-
	193,076,773	(200,555,035)	239,497,377	153,389,264	196,616,512
Basic and diluted earnings/(loss) per share (kobo)	3.22	(3.29)	3.99	2.56	3.28
	-	-	-		

Financial Summary - Company
31 December 2014

	2014 ₦	2013 ₦	2012 ₦	2011 ₦	2010 ₦
Assets					
Cash and cash equivalent	2,268,572,191	2,232,194,170	1,746,507,954	1,411,518,588	1,091,444,192
Financial assets:					
- At fair value through profit or loss	331,557,775	156,076,888	167,695,232	290,605,960	415,642,232
- Loans and receivables	19,379,021	42,254,825	25,122,448	33,274,773	62,779,702
- Available for sale	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
- Held-to-maturity	133,173,401	65,783,151	-		-
Deposit for shares	50,250,000	-	-	-	-
Trade receivables	69,245,808	51,398,191	1,138,068,666	1,087,834,621	1,173,764,373
Reinsurance assets	651,767,868	981,521,496	1,068,907,833	873,061,080	592,225,564
Deferred acquisition cost	194,835,265	204,941,728	195,734,475	140,827,494	99,835,583
Other receivables and prepayments	141,704,560	118,125,647	61,710,099	61,917,660	101,401,046
Investment in subsidiaries	250,000,000	226,407,681	226,407,680	126,407,680	126,407,680
Investment properties	793,460,682	789,778,600	785,831,600	786,578,915	780,907,593
Property and equipment	905,899,680	959,875,241	946,346,035	957,325,946	979,445,786
Statutory deposits	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Total assets	**6,111,846,251**	**6,130,357,618**	**6,664,332,022**	**6,071,352,717**	**5,725,853,751**
Liabilities					
Insurance contract liabilities	1,974,439,083	2,124,258,117	2,044,293,984	1,766,281,709	1,231,267,874
Trade payables	7,829,896	26,056,310	218,963,082	93,054,868	151,783,120
Other payables and provision	171,622,017	62,509,494	87,474,075	23,803,827	17,490,058
Finance lease payable	-	-	-	-	9,217,216
Retirement benefit obligations	-	3,920,473	8,429,295	8,413,206	10,927,814
Current income tax liabilities	47,695,854	130,138,788	161,377,528	151,027,491	191,805,345
Deferred tax liabilities	95,460,524	153,728,093	126,936,011	118,692,730	126,491,859
Total liabilities	**2,297,047,374**	**2,500,611,275**	**2,647,473,975**	**2,161,273,831**	**1,738,983,286**
Equity & reserves					
Issued and paid share capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Contingency reserves	882,516,340	742,159,645	617,545,019	493,281,216	370,321,437
Statutory reserves	-	-	-	-	-
Retained earnings	(67,717,462)	(112,413,302)	399,313,028	416,797,670	616,549,028
Shareholders' fund	**3,814,798,877**	**3,629,746,343**	**4,016,858,047**	**3,910,078,886**	**3,986,870,465**
Total liabilities and equity & reserves	**6,111,846,251**	**6,130,357,618**	**6,664,332,022**	**6,071,352,717**	**5,725,853,751**

Financial Summary - Company
31 December 2014

			Restated		
	2014	2013	2012	2011	2010
	₦	₦	₦	₦	₦
Gross premium written	4,614,438,482	4,153,820,829	4,142,126,782	4,098,659,307	3,057,586,242
	-				
Gross premium income	4,678,556,495	4,151,298,704	3,835,996,495	3,879,112,389	2,853,109,323
Reinsurance premium expenses	(2,148,244,818)	(1,582,605,604)	(925,237,855)	(1,125,903,511)	(724,834,414)
Net premium income	2,530,311,677	**2,568,693,100**	**2,910,758,640**	**2,753,208,878**	**2,128,274,909**
Fee and commission income	207,872,455	203,633,369	237,243,585	76,172,079	67,820,677
Net underwriting income	2,738,184,132	2,772,326,469	3,148,002,225	2,829,380,957	2,196,095,586
Claims expenses	(1,234,297,773)	(965,106,417)	(846,618,408)	(733,464,392)	(523,196,594)
Claims recoveries from reinsurers	267,243,023	314,751,829	123,875,046	**93,505,090**	152,238,080
Claims incurred	(967,054,749)	**(650,354,588)**	**(722,743,362)**	**(639,959,302)**	**(370,958,514)**
Underwriting expenses	(946,945,133)	(1,082,304,654)	(930,996,101)	(816,265,617)	(695,043,417)
Underwriting profit	824,184,249	1,039,667,227	1,494,262,762	1,373,156,038	1,130,093,655
Investment income	299,595,699	270,979,045	230,811,905	111,984,769	58,995,306
Other operating income	32,848,146	24,256,702	7,650,497	19,020,534	17,571,552
Impairment charge	(17,402,910)	(544,652,983)	(419,336,868)	(447,425,932)	(74,674,564)
Net fair value gains/(loss) on financial assets at fair value through profit or loss	32,912,258	12,856,767	(20,313,928)	(113,644,156)	(52,724,194)
Management expenses	(984,089,677)	(996,255,297)	(916,641,303)	(846,277,148)	(826,009,437)
Profit/(loss) before taxation	188,047,766	(193,148,538)	376,433,065	96,814,104	253,252,318
Income tax (expenses)/credit	(2,995,231)	(13,963,167)	(149,653,904)	6,394,316	(41,677,728)
Profit/(loss) after taxation	185,052,535	(207,111,705)	226,779,161	103,208,420	211,574,590
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive (loss)/income for the year	185,052,535	(207,111,705)	226,779,161	103,208,420	211,574,590
Profit/(loss) attributable to:					
Equity holders of the parent	185,052,535	(207,111,705)	226,779,161	103,208,420	211,574,590
Non-controlling interest	-	-	-	-	-
	185,052,535	(207,111,705)	226,779,161	103,208,420	211,574,590
Basic and diluted earnings/(loss) per share (kobo)	3.08	(3.45)	3.78	1.72	3.53

Consolidated Hallmark Insurance Plc

REVENUE ACCOUNT
For The Year Ended 31 December 2014

Appendix 1

	Motor ₦	Fire ₦	Bond ₦	Gen. Accident ₦	Marine ₦	Aviation ₦	Oil & Gas ₦	Engineering ₦	2014 Total ₦	2013 Total ₦
Income										
Direct premium	1,133,235,132	526,200,714	20,913,687	586,561,389	233,347,794	878,760,841	1,039,589,326	104,258,354	4,522,867,237	4,112,203,237
Inward reinsurance premium	5,992,292	20,094,843	18,281	14,650,813	10,286,840	10,935,915	20,375,816	9,216,437	91,571,237	41,617,592
Gross written premium	**1,139,227,424**	**546,295,557**	**20,931,968**	**601,212,202**	**243,634,634**	**889,696,755**	**1,059,965,142**	**113,474,791**	**4,614,438,474**	**4,153,820,829**
(Increase)/decrease in unexpired premium reserve	(20,904,839)	44,102,895	(1,763,453)	4,648,132	23,763,178	352,413	(22,253,041)	36,172,726	64,118,011	(2,522,125)
Gross premium earned	**1,118,322,585**	**590,398,452**	**19,168,515**	**605,860,334**	**267,397,812**	**890,049,168**	**1,037,712,101**	**149,647,517**	**4,678,556,485**	**4,151,298,704**
Deduct:										
Outward reinsurance premiums	(17,820,583)	(304,465,509)	(7,698,776)	(224,726,186)	(82,904,239)	(776,629,152)	(498,308,234)	(52,359,931)	(1,964,912,611)	(1,426,370,739)
(Increase)/decrease in prepaid reinsurance	(45,934,230)	(8,157,558)	2,000,629	(8,181,110)	3,459,328	(21,561,477)	(93,774,912)	(11,182,876)	(183,332,206)	(156,234,865)
Reinsurance cost	**(63,754,813)**	**(312,623,067)**	**(5,698,147)**	**(232,907,296)**	**(79,444,911)**	**(798,190,630)**	**(592,083,146)**	**(63,542,807)**	**(2,148,244,818)**	**(1,582,605,604)**
Net premium earned	**1,054,567,772**	**277,775,385**	**13,470,368**	**372,953,038**	**187,952,901**	**91,858,538**	**445,628,955**	**86,104,710**	**2,530,311,667**	**2,568,693,100**
Commission received	3,027,663	87,719,253	2,500,000	56,752,972	18,876,975	16,590,818	1,794,311	20,610,461	207,872,453	203,633,369
Total Income	**1,057,595,434**	**365,494,637**	**15,970,368**	**429,706,010**	**206,829,876**	**108,449,356**	**447,423,266**	**106,715,171**	**2,738,184,120**	**2,772,326,469**
Gross Claims Paid	354,555,925	284,332,159	129,826	226,893,827	119,028,946	39,046,623	274,699,165	21,312,322	1,319,998,793	887,764,410
(Increase)/decrease in outstanding claims provision	(72,133,232)	(59,115,906)	(3,563,568)	143,448,828	8,427,052	(111,114,771)	1,943,716	6,406,861	(85,701,020)	77,341,986
Gross claims incurred	**282,422,693**	**225,216,253**	**(3,433,742)**	**370,342,655**	**127,455,998**	**(72,068,148)**	**276,642,881**	**27,719,183**	**1,234,297,774**	**965,106,396**
Reinsurance claims recovery	(21,337,189)	(200,783,907)	(372,906)	(130,243,885)	(61,022,472)	53,763,336	118,774,156	(26,020,156)	(267,243,023)	(314,751,809)
Net claims paid incurred	**261,085,504**	**24,432,346**	**(3,806,648)**	**240,098,770**	**66,433,526**	**(18,304,812)**	**395,417,037**	**1,699,026**	**967,054,750**	**650,354,587**
Acquisition expenses	131,779,957	115,439,357	3,414,771	118,225,058	54,312,063	27,908,576	217,302,350	29,482,225	697,864,357	719,757,226
Maintenance/operating expenses	85,580,019	22,275,788	4,779,250	39,514,431	10,800,643	15,060,130	68,557,059	2,513,449	249,080,769	362,547,428
Total expenses	**478,445,480**	**162,147,491**	**4,387,373**	**397,838,259**	**131,546,232**	**24,663,894**	**681,276,446**	**33,694,700**	**1,913,999,876**	**1,732,659,241**
Underwriting profit/(loss)	**579,149,954**	**203,347,146**	**11,582,995**	**31,867,751**	**75,283,643**	**83,785,462**	**(233,853,180)**	**73,020,470**	**824,184,244**	**1,039,667,228**

Share Capital History

Year	Authorized		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
1991	5,000,000	5,000,000			
1992	10,000,000	15,000,000	3,611,881	3,611,881	Cash
1993	-	15,000,000	1,500,000	5,111,881	Cash
1994	-	15,000,000	-	5,111,881	No Change
1995	15,000,000	30,000,000	14,888,119	20,000,000	Cash
1996	-	30,000,000	-	20,000,000	No Change
1997	-	30,000,000	-	20,000,000	No Change
1998	-	30,000,000	5,601,651	25,601,651	Bonus
1999	-	30,000,000	239,500	25,841,151	Cash
2000	-	30,000,000	259,632	26,100,783	Cash
2001	-	30,000,000	-	26,100,783	No Change
2002	-	30,000,000	-	26,100,783	No Change
2003	320,000,000	350,000,000	223,899,217	250,000,000	Cash
2004	150,000,000	500,000,000	50,000,000	300,000,000	No Change
2005	500,000,000	1,000,000,000	-	300,000,000	No Change
2006	-	1,000,000,000	365,155,330	665,155,330	cash
2007	4,000,000,000	5,000,000,000	2,334,844,670	3,000,000,000	Acquisition/Bonus
2008	-	5,000,000,000	-	3,000,000,000	No Change
2009	-	5,000,000,000	-	3,000,000,000	No Change
2010	-	5,000,000,000	-	3,000,000,000	No Change
2011	-	5,000,000,000	-	3,000,000,000	No Change
2012	-	5,000,000,000	-	3,000,000,000	No Change
2013	-	5,000,000,000	-	3,000,000,000	No Change
2014	-	5,000,000,000	-	3,000,000,000	No Change

Consolidated Hallmark Insurance Plc

Complaint Policy

Prior to the directive of the Securities and Exchange Commission we have been attending to and resolving legitimate complaints from our shareholders, customers and stakeholders with speed. We are at this juncture conveying our complaints management policy to the public as directed by the Securities and Exchange Commission.

DEFINITION OF TERMS

1. Complaint means in the context of this policy any written expression of grievance by or on behalf of a complainant concerning our service delivery in general or as it relates to the actions or negligence of any member of our staff, management, board members, that has not been resolved after the initial steps to resolve the complaint have been taken informally.

2. Complainant means any natural person or legal person who files a written complaint. There are also special procedures for complaints made by employees of Consolidated Hallmark Insurance Plc.

3. Complaint Coordinator (s) - Depending on the nature of the complaint, the Chairman, Board, Managing Director or a committee made up of the heads or assigned members of the following groups to wit, Finance Group, Corporate Services Group, Technical Group, Business Development Group, Audit and Risk Management and the Legal and Compliance Unit will critically analyse the complaint with a view to resolving any issue or complaint made by the complainant within a reasonable timeframe.

A complaint can be filed by either submitting a letter of complaint or via an email to the Managing Director/Chief Executive Officer of Consolidated Hallmark Insurance Plc at 266 Ikorodu Road, Obanikoro Lagos or to info@consolidatedhallmark.com.

The letter of complaint must be signed by the complainant and should include the following information:

a. Full name
b. Full address
c. GSM number
d. e-mail address
e. Signature of the complainant
f. Date
g. A description and reason for objecting to the act or issue complained about;

Where the complainant chooses to communicate his or her grievance via email, the afore-stated components of a complaint except the signature of the complainant, must be stated.

The Managing Director/Chief Executive Officer or any senior management staff directed by the CEO shall acknowledge the receipt of the letter of complaint within two to five working days either by email or by post for complaints received by email and by post respectively.

The Company will endeavour to resolve all complaints within ten working days of the receipt of the complaint. If any matter or compliant could not be resolved by the company within ten working days, the appropriate regulator depending on the nature of the complaint will be notified within two working days with reason(s) for the delay and/or inability to resolve the complaint and refer such complaints to the regulators in deserving cases that requires the regulators intervention.

The Company shall be guided by the twin pillars of natural justice, audi alteram partem (each party shall be given the opportunity to respond to the evidence against them) and nemo judex in causa sua (no one should be a judge in his own cause) in the resolution of all complaints received.

The Company shall also maintain a compliant register which shall contain the following information:

a. Name of the complainant
b. Date of the complaint
c. Nature of the complaint
d. Complaints details in brief
e. Remarks/Comment.

A quarterly status report of all complaints received by the Company shall be filed with the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE).

L. Chidi Ilogu (SAN)
PP: FOUNDATION CHAMBERS
(Company Secretaries)
FRC/2013/00000001170

Eddie Efekoha
Managing Director
FRC/2013/CIIN/00000002189

Photo News

Flashback ...Uyo 2014.

Directors of the company offering prayers to God for the success of the 19th Annual General Meeting.

Essay Competition Awards Ceremony

Winner of the 2014 Edition of the CHI Annual Essay Competition for Tertiary Institutions , Miss Abiola Gbemisola with Managing Director/CEO Eddie Efekoha, left and Mr Bola Temowo, President of the Chartered Insurance Institute of Nigeria (CIIN) during the Awards Ceremony.

Giving back to society

Olu Adeoye, Senior Manager, Lagos operations (second from left), with other officials of the company during a visit to the Hearts of Gold Hospice Motherless Babies Home to donate provisions and foodstuff in commemoration of the Children's Day celebration.

Supporting Education with CSR

Principal of Baptist Academy Obanikoro, Rev(Mrs) B.A. Ladoba (centre) receiving from Gloria Edemcord, Senior Manager, Lagos Operations, copies of CIIN Insurance Textbook for secondary schools donated to the school and several others across the country by the company.

Consolidated Hallmark Insurance Plc

Management Team

Eddie Efekoha	Managing Director/ Chief Executive Officer
Mac Ekchukwu **Ijeoma Pearl Okoro** **Tunde Daramola**	General Manager General Manager General Manager
Gbolaga Adeyanju **Kate Itua**	Deputy General Manager Deputy General Manager
Mary Adeyanju	Assistant General Manager
Bariu Abdul Gafar (Deceased: 15-2-2015)	Controller
Jimalex Orjiako **Promise Anyim** **Ose Oluyanwo** **Tope Ilesanmi** **Gboyega Adetoki** **Oyenike Nihinlola**	Controller Controller Controller Controller Controller Controller
Olu Adeoye **Oladotun Adeogun** **Chukwuma Uwajeh** **Gloria Edemcord** **Ayo Fanibe** **Charles Nwanze** **Job Oyedele**	Senior Manager Senior Manager Senior Manager Senior Manager Senior Manager Senior Manager Senior Manager
Goddy Ezeala **Maria Adekola** **Kehinde Abdulkareem** **Yusuf Salihu** **Bukola Owofolaju**	Manager Manager Manager Manager Manager

Branch Network

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266, Ikorodu Road,
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Lagos
Tel: +234-1-2912543, 2912532,
0700CHINSURANCE(070024467872)
e-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com

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Lagos
Tel: 01-4618222
Fax: 01-4618380
e-mail: info@consolidatedhallmark.com
website: www.consolidatedhallmark.com.

REGIONAL OFFICES

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52 Emekuku Street
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portharcourt@consolidatedhallmark.com

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Tel: 09 2347 965 Fax: 09 780 4398
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aba@consolidatedhallmark.com

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kaduna@consolidatedhallmark.com

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Bank of industry(BOI)
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17, Zaria Road
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Tel: 08180001146
kano@consolidatedhallmark.com

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179, Jakpa Road, Effurun
Tel: 08180001157
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CALABAR OFFICE
26, Etta Agbor Road
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calabar@consolidatedhallmark.com

ONITSHA OFFICE
41, New Market Road Onitsha
Tel: 08180001139
onitsha@consolidatedhallmark.com

ENUGU OFFICE
77, Ogui Road
Tel: 08180001142
enugu@consolidatedhallmark.com

IBADAN OFFICE
1st Floor, Navada Plaza
140/142 Liberty Stadium Road
Tel: 08180001152
ibadan@consolidatedhallmark.com

Notice to shareholders on e-copy of Annual Report & Accounts

Dear Shareholder,

In view of regular postal delays, your company is desirous of taking advantage of technological advancement to ensure prompt delivery of e-copies of the Annual Report & Accounts to you via e-mail, in addition to the postage of hard copies.

If you wish to receive an e-copy of the 2014 Annual Report & Accounts and subsequent editions via e-mail, kindly send an e-mail to the following addresses:

1. info@consolidatedhallmark.com
2. info@meristemregistrars.com

Your e-mail will be used solely for the purpose stated above.

Mandate Form

Get your dividend the instant you need it with E-Dividend payment
MANDATE FOR DIVIDEND PAYMENT TO BANKS (E-Dividend)

MERISTEM REGISTRARS LIMITED

Meristem Registrars Limited
213, Herbert Macaulay way
Adekunle Yaba
P.O.Box 51585
Ikoyi, Lagos
phone; 01-8920491, 8920492
Fax; 01-2702361
E.mail; info@meristemeregistrars.com
Website; www.meristemregistrar.com

To:
The Registrar,
Meristem Registrars Limited,
213, Herbert Mercaulay Way,
Adekunle Yaba
Lagos.

I/we hereby request that from now on all, my/our dividend warrant(s) due to me/our holding(s) in Consolidated Hallmark Insurance Plc be paid to my/our Bank named Below.

Paid to our/my Bank Name Below:
Bank Name..
Account Number..
Shareholders Full Name...
Shareholders Address..
E.mail...
Mobile no...
CSCS CHN..CSCS A/C NO.....................................
Single Shareholders Signature...
Joint shareholders signature..
(1) ....
(2) ....
if company,
Authorizes signatory
(1) ....
(2) ....
Company seal:

Authorized signature or stamp of Banks:...

Sort Cold

e-DIVIDEND PAYMENT
One stop solution to unclaimed dividend
Take advantage of it!

Proxy Form

20th Annual General Meeting to be held at Agip Recital Hall, Muson Centre, 8/9 Marina, Lagos State, on 27th August, 2015, at 11.00 a.m.

I / We

....

of...

....

Being a member / members of Consolidated Hallmark

Insurance Plc hereby appoint**

....

of ....
or failing him the Chairman of the Company as my / our proxy to act and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on the 27th of August, 2015 and any adjournment thereof.

Dated this ....day of 2015....................................

Shareholder's Signature ....

	ORDINARY BUSINESS	FOR	AGAINST
1	To receive the Reports and Financial Statements		
2	To re-elect Mr. Tony Aletor To re-elect Ugo (Dr.) Obi Ralph Ekezie		
3	To re- appoint the Auditors		
4	To authorize the Directors to determine the remuneration of the Auditors		
5	To elect members of the Audit Committee		
	SPECIAL BUSINESS		
1	To approve the remuneration of the Directors		
	Please indicate with "X" in the appropriate square how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

NOTE

(I) A Member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy instead of him. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.

(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.

(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.

(iv) Provision has been made on this form for the Chairman of the Company to act as proxy. But if you wish, you may insert in the blank space on the form (marked **) the name of any person weather a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.

(v) The proxy must produce the Admission Slip with the notice of Meeting to obtain entrance to the meeting.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Articles of Association, **Ugo (Dr.) Obi Ralph Ekezie and Mr. Tony Aletor** retire by rotation and being eligible offer themselves for re-election.

ADMISSION SLIP

Please admit ....to the Annual General Meeting of Consolidated Hallmark Insurance Plc which will hold at Agip Recital Hall, Munson Centre, 8/9 Marina, Lagos State.

Admission Slip must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Foundation Chambers
(Secretaries)

Name & Address of Shareholders ....

Number of Shares held ....

Notes

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