

SUNU ASSURANCES NIGERIA PLC

EARNINGS FORECAST FOR THE FIRST QUARTER 2021

ASSUMPTIONS

- 1 Gross Written Premium for Q1 2021 is projected at N1.65 billion representing 37.59% of the full year budget, which is expected to be greater than Q1 2020 which stood at N1.25 billion by 32%.
- 2 Product mix are projected at 19%, 19.5%, 9%, 6%, 20%, 6.5%, 15% and 5% for Fire, Oil & Gas, Marine Cargo, Marine Hull, Motor, Engineering, General Accident and Aviation respectively.
- 3 2021 Unexpired risks are projected based on 5 years average unexpired risk ratio of GWP.
- 4 Gross claims incurred for 2021 businesses are projected based on 4 years average loss ratio.
- 5 Investment income arising from the placement with banks and fixed interest Government securities was projected at 3.75%
- 6 The following non cash transactions were included in the Statement of Profit or Loss and Other comprehensive income
 - Provision for Depreciation in line with the Company's depreciation policy
 - Amortization of investment in Equity Resort Hotel based on the remaining concession year
 - Amortization of intangible assets
 - Impairment on placement and treasury bills
- 7 Reinsurance expenses was budgeted at an average of 31.79% of Gross Premium Income. The projections were based on the Underwriting projected revenues on the various product lines. We also took into consideration the proposed increase in the capacity of our various lines of treaties in 2021 arising from Recapitalisation opportunities.
- 8 The following underwriting expenses were projected as indicated below:
 - (i) Commission received was projected at 20.66% of Re-insurance Outward premium
 - (ii) Commission expenses was projected at 13.86% of Gross Premium Income
 - (iii) Net claims incurred was arrived at after taking cognizance of claims recovered from reinsurers, salvages and adjustment for outstanding claims and related recoveries
 - (iv) Maintenance costs was projected at 3.04% of gross premium.
- 9 Accretion to Contingency reserve was based on 3% of Gross Premium Written

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STATEMENT OF COMPREHENSIVE INCOME

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Gross Premium	1,649,032,372
Change in Unearned Premium	(352,563,121)
Net Written Premium	1,296,469,251
Outward reinsurance cost	(412,147,575)
Net Premium income	884,321,676
Commission Received	85,149,689
Total Revenue	969,471,365
Underwriting Expenses	
Commission Expenses	(179,690,638)
Maintenance Exps	(50,130,584)
Net claims incurred	(27,856,133)
Underwriting expenses	(257,677,355)
Net underwriting profit	711,794,010
Operating expenses	(482,299,313)
Net fair value gain(loss) on quoted shares	356,631
Profit from Equity Resort Hotel	-
Impairment loss	(5,801,813)
Investment and other Income	74,701,166
Profit Before tax	298,750,682
Income tax expense	(117,477,628)
Profit After tax	181,273,054
Contingency Reserve	(49,470,971)
Retained Profit	131,802,083

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**CASHFLOW FORECAST
AS AT 31 MARCH 2021**

Cashflow from Operating Activities	₦
Premium Received from policy holders	1,610,245,380
Reinsurance Claims Recovery	86,118,849
Commission paid	(326,208,788)
Direct Claims paid	(341,028,537)
Cash paid to and on behalf of employees	(146,822,405)
Other operating cash payments	(404,183,987)
Interest & dividend received	31,535,500
Company's income tax paid	(186,537,000)
Net Cash flows from operating activities	<u>323,119,012</u>
Cash from Investing Activities	
Purchase of fixed assets	(66,335,000)
Proceed from sale of fixed assets	6,919,500
(Purchase)/Redemption of investment	44,574,648
Net cash flows from investing activities	<u>(14,840,852)</u>
Cash Flow from Financing Activities	
Dividend paid to shareholders	-
Financial Liabilities	-
Net cashflows from financing activities	<u>-</u>
Net increase/(decrease) in cash and cash equivalent	308,278,159
Cash and cash equivalent at the beginning of the year	3,011,944,000
Cash and cash equivalent at the end of the quarter	<u>3,320,222,159</u>
Cash and cash equivalent	
Cash and bank balances	28,298,512
Short Term Placements	3,291,923,648
Cash and cash equivalent at the end of the quarter	<u>3,320,222,159</u>