

SUNU ASSURANCES NIGERIA PLC

EARNINGS FORECAST FOR THE SECOND QUARTER 2021

ASSUMPTIONS

- 1 Gross Written Premium by the end of Q2 2021 is projected at N2.74 billion representing 62.41% of the full year budget, which is expected to be greater than the premium generated in the corresponding period 2020 by 41.97% which stood at N1.93 billion.
- 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 Gross claims incurred for 2021 businesses are projected based on 4 years average loss ratio.
- 4 Investment income arising from the placement with banks and fixed interest Government securities was projected at 3.75% per annum.
- 5 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
- 6 Reinsurance expenses was budgeted at an average of 29.54% 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 due to increase in shareholders funds.
- 7 The following underwriting expenses were projected as indicated below:
 - (i) Commission received was projected at 22.91% of Re-insurance Outward premium
 - (ii) Commission expenses was projected at 18.99% 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 3.46% of gross premium.
- 8 Accretion to Contingency reserve was based on 3% of Gross Premium Written
- 9 Share Capital was projected to increase by N5 billion through right issues in June 2021.

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EARNING FORECAST FOR SECOND QUARTER 2021

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Gross Premium	2,737,564,643
Change in Unexpired risks	(544,227,851)
Net Written Premium	2,193,336,792
Outward reinsurance cost	(647,911,688)
Net Premium income	1,545,425,103
Commission Received	148,436,568
Total Revenue	1,693,861,671
Underwriting Expenses	
Commission Expenses	(416,514,657)
Maintenance Expenses	(94,719,737)
Net claims incurred	(162,578,721)
Underwriting expenses	(673,813,114)
Net underwriting profit	1,020,048,557
Operating expenses	(884,471,641)
Net fair value gain(loss) on quoted shares	713,263
Impairment loss	(32,674,184)
Investment and other Income	171,645,303
Profit Before tax	275,261,297
Income tax expense	(90,836,228)
Profit After tax	184,425,069
Contingency Reserve	(82,126,939)
Retained Profit	102,298,130

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CASHFLOW FORECAST

AS AT 30 JUNE 2021

Cashflow from Operating Activities	₦
Premium Received from policy holders	2,711,359,245
Reinsurance Claims Recovery	226,593,401
Commission paid	(545,232,891)
Reinsurance premium paid	(454,642,028)
Direct Claims paid	(679,690,405)
Cash paid to and on behalf of employees	(293,644,811)
Other operating cash payments	(781,661,038)
Company's income tax paid	(217,519,000)
Net Cash flows from operating activities	<u>(34,437,528)</u>
Cash from Investing Activities	
Purchase of fixed assets	(161,158,750)
Proceed from sale of fixed assets	7,389,000
Interest & dividend received	79,294,625
(Purchase)/Redemption of investment	(906,551,125)
Net cash flows from investing activities	<u>(981,026,250)</u>
Cash Flow from Financing Activities	
Increase in Share Capital	5,000,000,000
Financial Liabilities	-
Net cashflows from financing activities	<u>5,000,000,000</u>
Net increase/(decrease) in cash and cash equivalent	3,984,536,222
Cash and cash equivalent at the beginning of the year	3,129,904,449
Cash and cash equivalent at the end of the quarter	<u>7,114,440,672</u>
Cash and cash equivalent	
Cash and bank balances	65,047,347
Short Term Placements	7,049,393,324
Cash and cash equivalent at the end of the quarter	<u>7,114,440,672</u>