

# Coronation Insurance Plc.

Investors' Call Presentation  
Quarter 3 2020 Results



**November 2020**

# Participants

**Yinka Adekoya**

Managing Director, Coronation Insurance Plc.

**Adedayo Arowojolu**

Managing Director, Coronation Insurance Ghana Ltd.

**Peter Ehimhen**

CRO/Executive Director, Technical Division

**Adewale Koko**

Managing Director, Coronation Life Assurance Ltd.

**Chidinma Asuni**

Head, Customer Solutions, Digital and  
Technology Services

**Seyon Thomas**

Head, Enterprise Division

# Outline

01 ABOUT CORONATION INSURANCE

---

02 OPERATING ENVIRONMENT

---

03 REGULATORY ENVIRONMENT

---

04 FINANCIAL RESULTS AND ANALYSIS

---

05 OUTLOOK AND CONCLUSION

---

06 QUESTIONS AND ANSWERS

---

# Creating Sustainable Value

**3** Operating entities

**164** Professional Staff

**13.4billion**  
ordinary shares  
of 50 kobo each in issue

**N40 billion**  
Total Assets

**N16billion**  
Portfolio

**823,000+**  
Shareholders

Coronation Insurance Plc.  
(Quoted on the NSE)

Coronation  
Life Assurance  
Limited

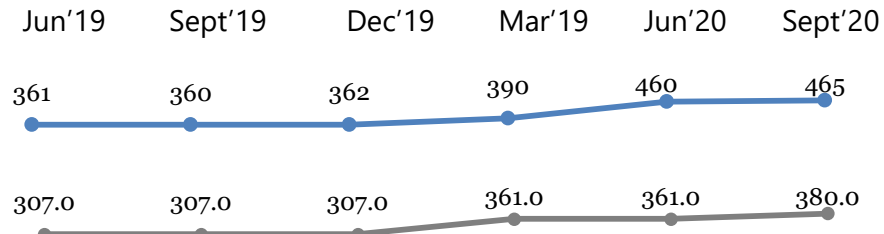
Wapic  
Insurance  
(Ghana)  
Limited

Associated Company  
**CORONATION  
MERCHANT  
BANK Limited**

Regional offices in Nigeria	Abuja, Benin, Enugu, Ibadan and Port Harcourt
Listings	<ul style="list-style-type: none"><li>Nigerian Stock Exchange</li><li>GDR Depositary Bank - Bank of New York, Mellon</li></ul>
Market Capitalisation	N10.08 Billion
Reinsurers	Munich Re, Africa Re, WAICA Re, Continental Reinsurance, Nigeria Reinsurance Corporation, Ghana Re.
Actuary	QED
Auditors	Ernst & Young

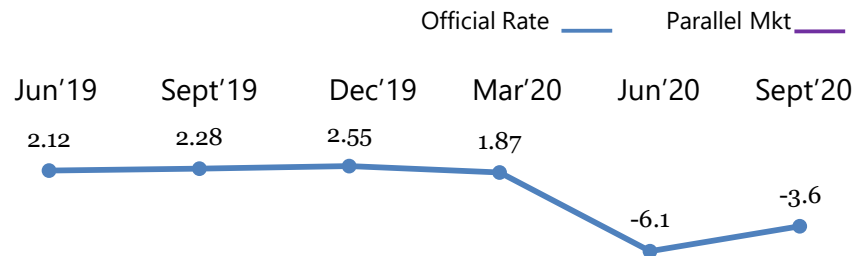
# Operating environment

FX Rate N/\$

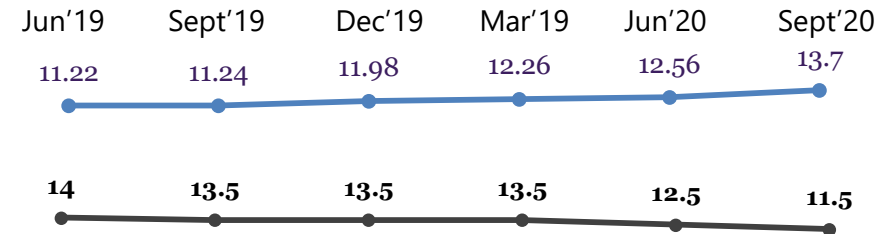


The Naira fell to close at N465/1\$ as at Q3'20, from N460/\$ at the end of Q2'20. The foreign exchange position is linked to low dollar inflow as a result of low prices of crude oil, capital flight by foreign investors and very low foreign remittances, a result of the global lockdowns due to the coronavirus pandemic.

GDP Growth %

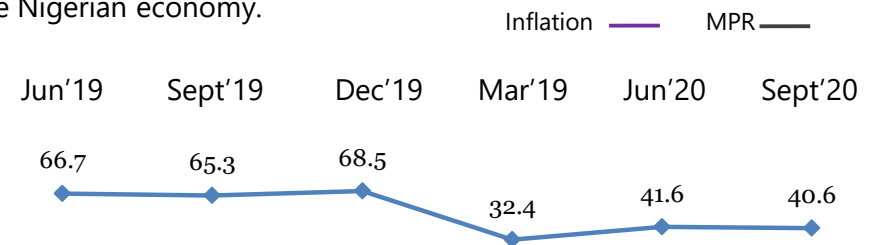


The economy of Nigeria dipped into its second recession in less than 5 years as the GDP contracted by 3.6% in Q3'20, after it declined by 6.1% y/y in the second quarter of 2020. This was due to the significant global disruptions following the COVID-19 pandemic and oil price crash. Analysts expect a slow recovery pattern on the back of possible second wave of Covid-19 pandemic currently distorting economic landscape in the advanced economies.



Annual inflation rate in Nigeria continued on its upward trajectory for the 13th consecutive month to 13.7% in Sept'20, from 12.56% recorded in Jun'20. This was due to the lingering effects of the global pandemic.

The Monetary Policy Committee (MPC) maintained its dovish stance on the MPR at 11.5%. Central to the Committee's considerations were the impact of the COVID-19 pandemic, the oil price shock and the likely short to medium-term consequences on the Nigerian economy.



The price of Bonny light, Nigeria's premium oil grade dropped per barrel within the quarter as OPEC expressed commitment to oil market stability \$60/bl. The flagship crude went on to close at \$40.6 at the end of the period. The new price, fueled mainly by the negative impact of the pandemic remains low.

Source: CBN, National Bureau of Statistics (NBS), Trading Economics, Oil Price.com, Focus Economics

# Regulatory and industry environment

As part of the ongoing reforms by the insurance commission to increase penetration and grow the nation's insurance sector to global competitiveness, NAICOM recently unveiled a digital platform (NAICOM portal) to drive insurance business and deepen penetration. Speaking at a seminar organized for insurance journalists in September, the Commissioner for Insurance, Mr. Sunday Thomas, disclosed that the portal, which has been in the works for six years, was finally concluded recently, to fully digitalize all operations in the sector.

NAICOM has appealed to state governments to domesticate compulsory group life insurance and other insurances in their states. The commissioner for insurance, Mr. Sunday Thomas, in a recent statement, also appealed to state governments to create a structure for the enforcement of the compulsory insurances. The structure, which would be created by the government, would be supported by the commission. He listed some of the relevant mandatory insurances to include group life insurance for all employees of both public and private sectors and insurance for all buildings under construction more than two floors – builders' liability.

NAICOM has said it will not endorse the recapitalisation plan of any firm that doesn't clear outstanding claims of its clients. The Commissioner for Insurance, Mr. Sunday Thomas, who stated this in a recent chat with journalists, warned that such firms would not be certified to have crossed the recapitalisation huddle. According to him, the recapitalisation will be the leveler because the commission will factor in all those outstanding claims before they will adjudge any company as having met the requirement. He, therefore, advised insurance companies to settle outstanding claims in their books.

On the 3rd of September 2020, the Management of Wapic Insurance Plc formally informed the general public by a corporate disclosure on the Nigerian Stock Exchange (NSE) about the change in its name to Coronation Insurance Plc. The name change was approved by the shareholders at the annual general meeting (AGM) held recently. The Chairman of the company, Mr. Mutiu Sumonu, said the change of name was aimed at enabling the company reflect its independence, achieve set goals and in line with ongoing transformations in the nation's insurance industry.

NAICOM in its circular issued to all insurance companies dated August 17, 2020 took a step forward to checkmate the industry's preparedness towards the Phase 1 of the recapitalisation process. According to the circular, insurance operators shall submit a monthly Recapitalisation Progress Report to the Commission not-later than five (5) workings days after the end of each month, effective August 2020.

# Outline

01

**FINANCIAL HIGHLIGHTS**

---

02

INCOME STATEMENT REVIEW

---

03

FINANCIAL POSITION REVIEW

---

04

ASSETS UNDER MANAGEMENT

---

# Group financial highlights

## Earnings

NGN million	Sept'20	Sept'19	%Δ
Total Income	16,388	15,132	+8
Gross Written Premium	13,264	12,678	+5
Net Underwriting Income	7,257	7,160	+1
Total Underwriting Expenses	4,583	4,703	-3
Underwriting profit	2,674	2,457	+9
Net Investment & Other Income	1,417	883	+60
Expenses & Provisions	4,038	3,237	+25
Profit before Tax	1,066	1,087	-2
OPEX margin ratio	29%	25%	+19
Net claims ratio	40%	45%	+11

## Financial Position

	Sept'20	FY'19	%Δ
Financial Assets	13,494	9,069	+49
Reinsurance Assets	5,247	3,181	+65
Total Assets	40,227	30,746	+31
Total Liabilities	15,811	12,226	29
Shareholders' Funds	24,417	18,520	+32
ROA	3%	0.1%	+3348
ROE	4%	1.2%	+206



# Outline

01 FINANCIAL HIGHLIGHTS

---

**02**  
**INCOME STATEMENT REVIEW**

---

03  
FINANCIAL POSITION REVIEW

---

04  
ASSETS UNDER MANAGEMENT

---

# Income statement review

NGN million

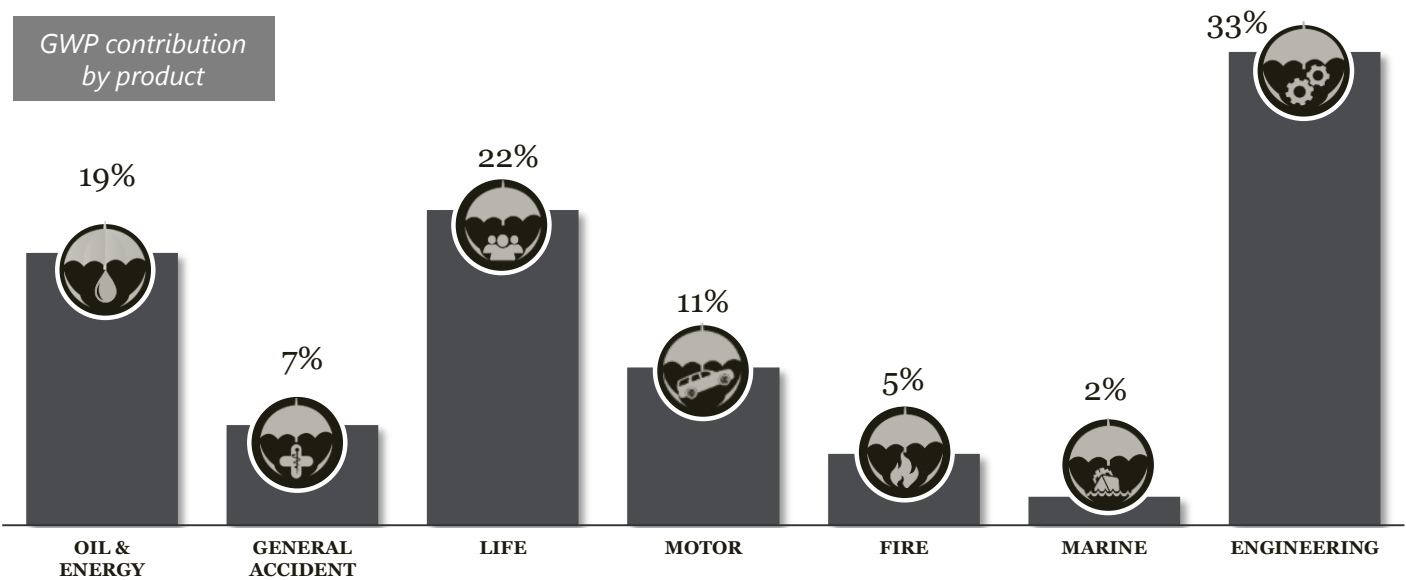
	Sept'20	Sept'19	%Δ
Gross Written Premium	13,264	12,678	+5
Reinsurance expenses	7,302	6,385	+14
Net claims expenses	2,428	2,208	+10
Underwriting expenses	2,108	2,461	-14
Underwriting profit	2,674	2,457	+9
Investment income	765	669	+14
Other operating income	461	134	+244
Operating expenses	4,038	3,237	+25
Profit before tax	1,066	1,087	-2

## Highlights

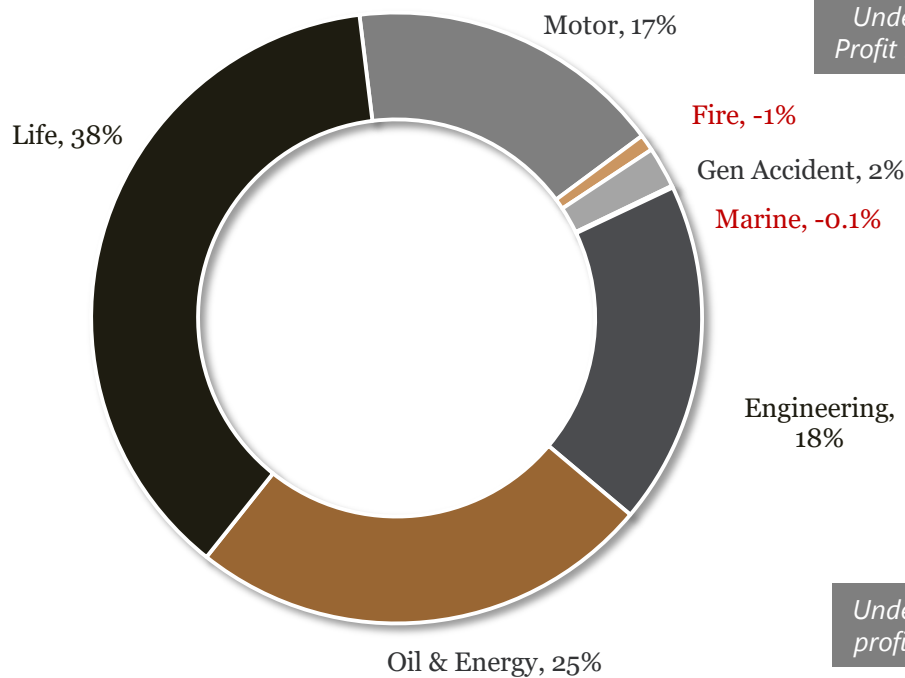
- Gross written premiums grew by 5% year on year to N13.3bn within the nine months period, comprising 78% contribution in non-life premium generated and 22% in life premium.
- There was an increase of 14% YOY in reinsurance cost for the Group to close at N7.3bn, mainly due to outward reinsurance premiums on our group life, engineering and oil and energy portfolios.
- Net claims expense (i.e. claims paid less outstanding claims and claims recoverable) position increased YoY by 10%.
- Premium underwriting expenses including commission payments and other direct business acquisition costs reduced by 14% due to reduction in commission payments and in increase in direct businesses for the period.
- Underwriting profit position for the Group recorded positive improvements at a 9% YoY growth to N2.67bn compared to the N2.46bn recorded within the same period last year.
- The company's drive to deliver on its strategic targets with key initiatives that are being implemented had an impact on the operating expenses position for the period.
- Year-to-date PBT for the Group closed at N1.07B representing a YoY decline of 2%. The negative position was largely due to increase in operating expenses for the period.

# Product performance

GWP contribution by product



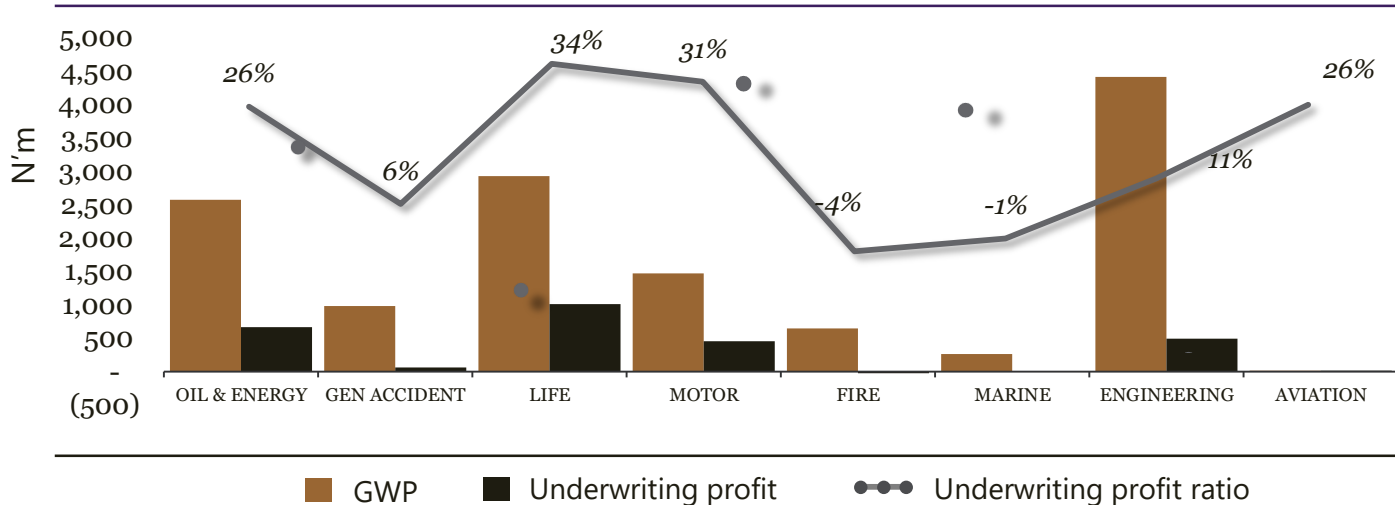
Underwriting Profit by product



## Highlights

- The top GWP contributors for the period were engineering and life portfolios at 33% and 22% respective share. Oil and energy followed with a 19% premium share for the period.
- Life, Oil & Energy and Engineering were the three most profitable products at 38%, 25% and 18% respective share in the underwriting profit figure recorded. (Life: N1.01b, Oil & Energy 661m, Engineering: N489m)
- Positive underwriting profit margins were recorded across all the product classes within period.

Underwriting profit margin



# Group expenses

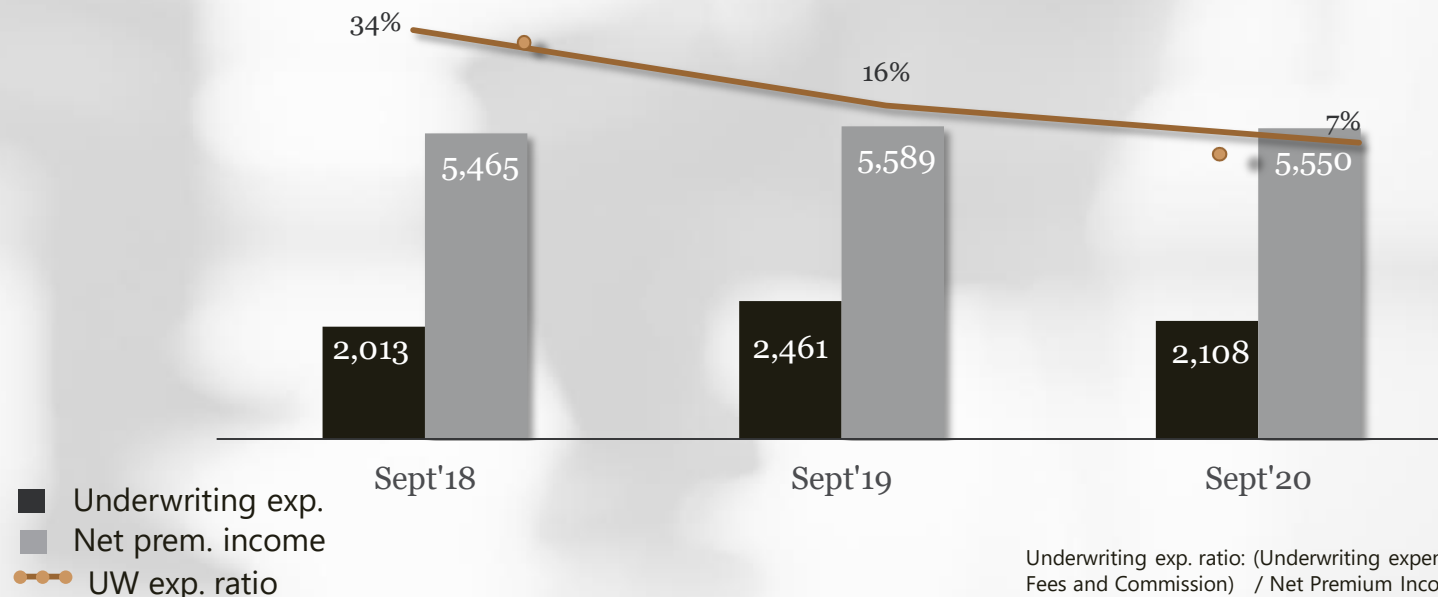
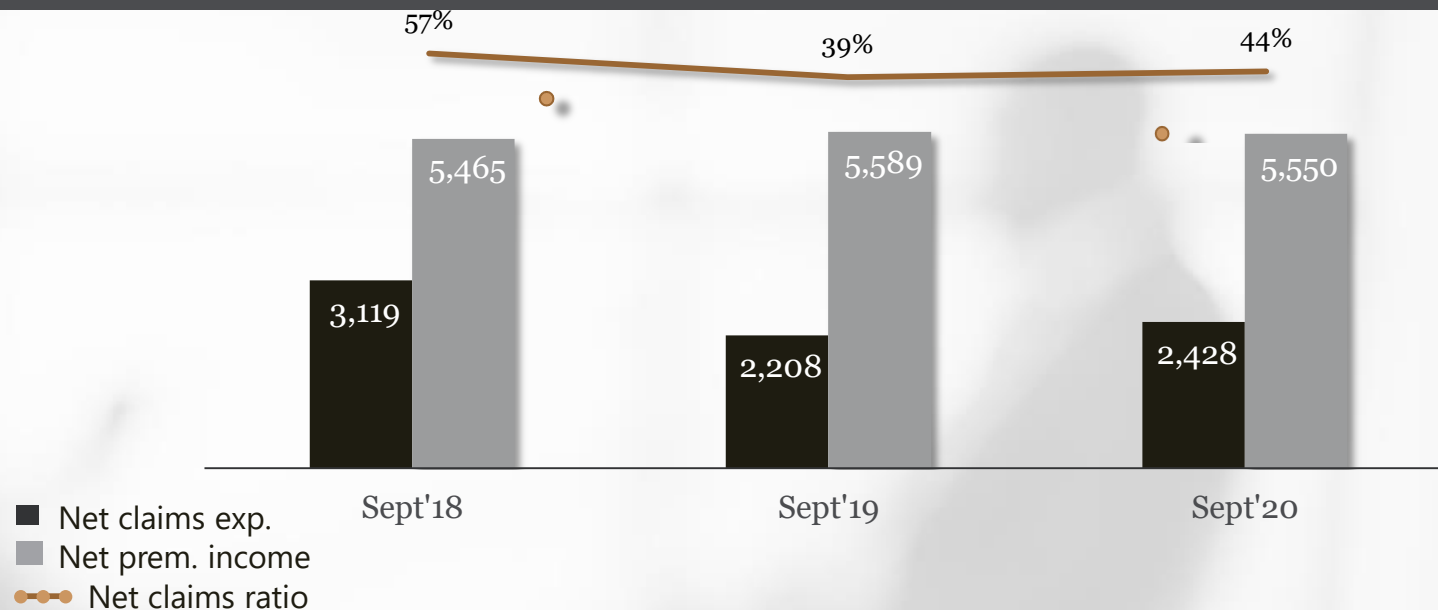
NGN million

## Net claims expenses

- We had a 10% increase in our net claims expense driven by YoY growth in our gross claims paid for the period. Our strategy is to cut costs and reduce fraudulent claims while keeping our customers satisfied.
- Net premium income dropped slightly by 1% YoY to N5.55bn, this pushed the net claims ratio five notches above the prior year's position of 39%.

## Underwriting expenses

- There was a 9% drop in underwriting expense to NPI ratio which closed at 7% in Sept'20, compared to 16% recorded in Sept'19
- Our firm determination is to optimize efficiency and flexibility in underwriting operations through business process automation across service levels.



Underwriting exp. ratio: (Underwriting expense less Fees and Commission) / Net Premium Income

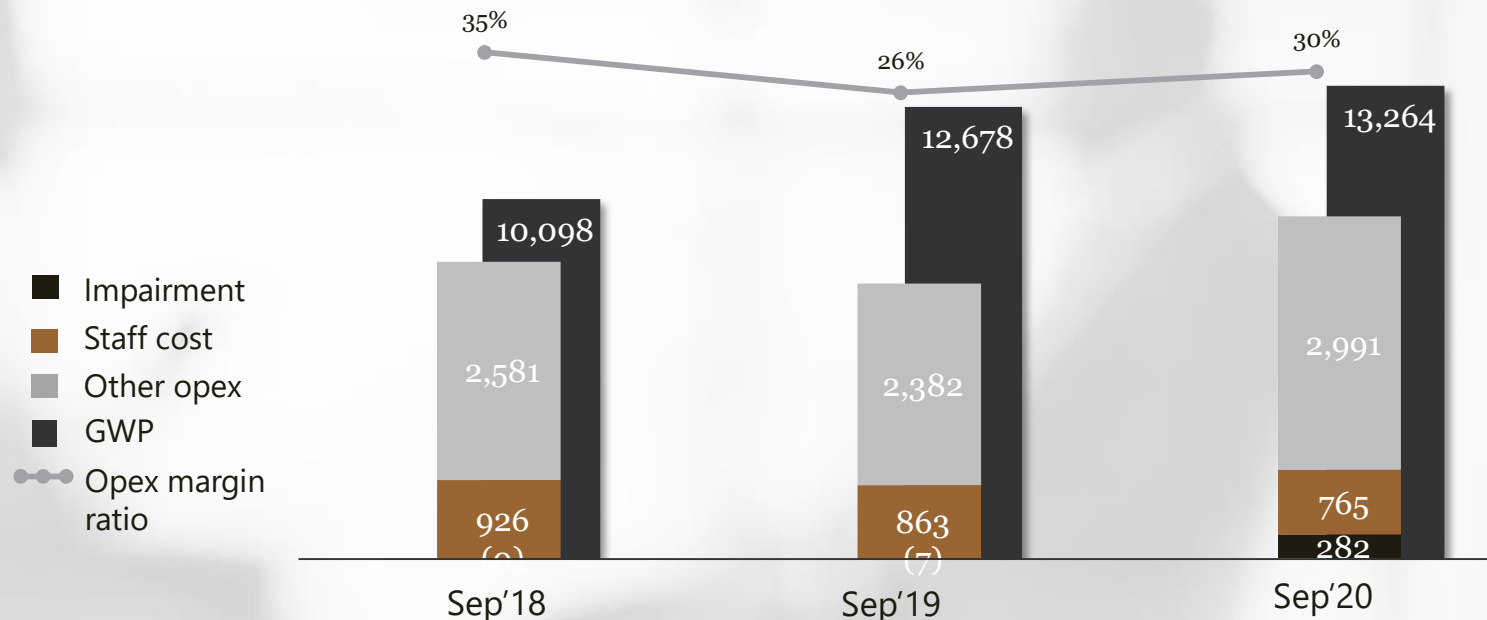
RISK INSURED REST ASSURED

# Group expenses

NGN million

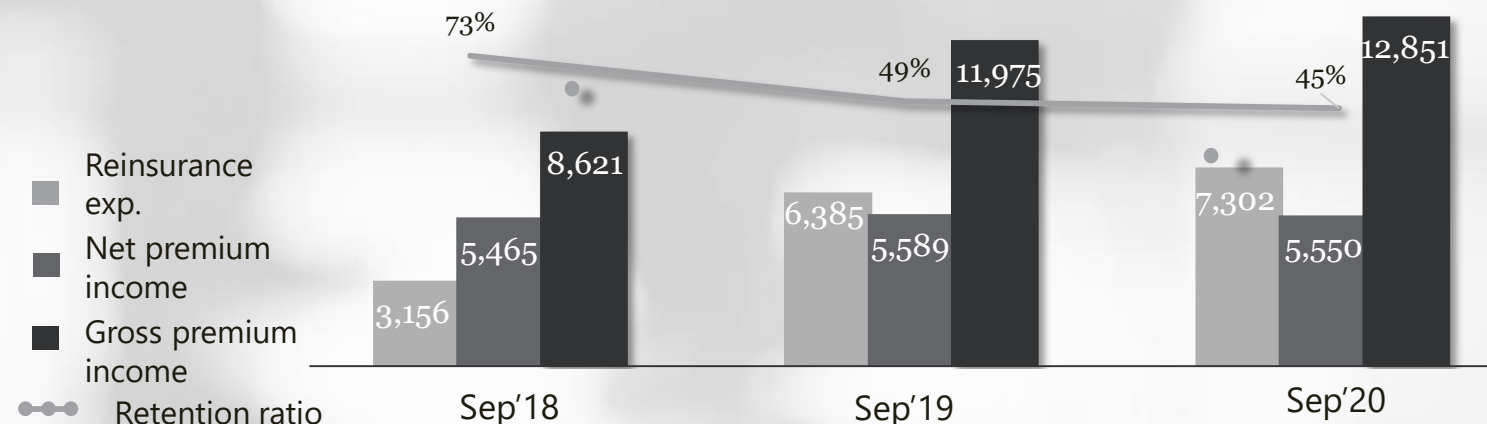
## Operating expenses

- Total operating expenses for the company witnessed a 25% YoY growth within the period. Across key components, staff cost declined by 11% y/y, while other opex had a 38% increase. The implementation of some transformation initiatives was a key driver.
- The operating expense margin ratio increased to 30% compared to the 26% in Sept'19, a slight growth from the prior period's position.

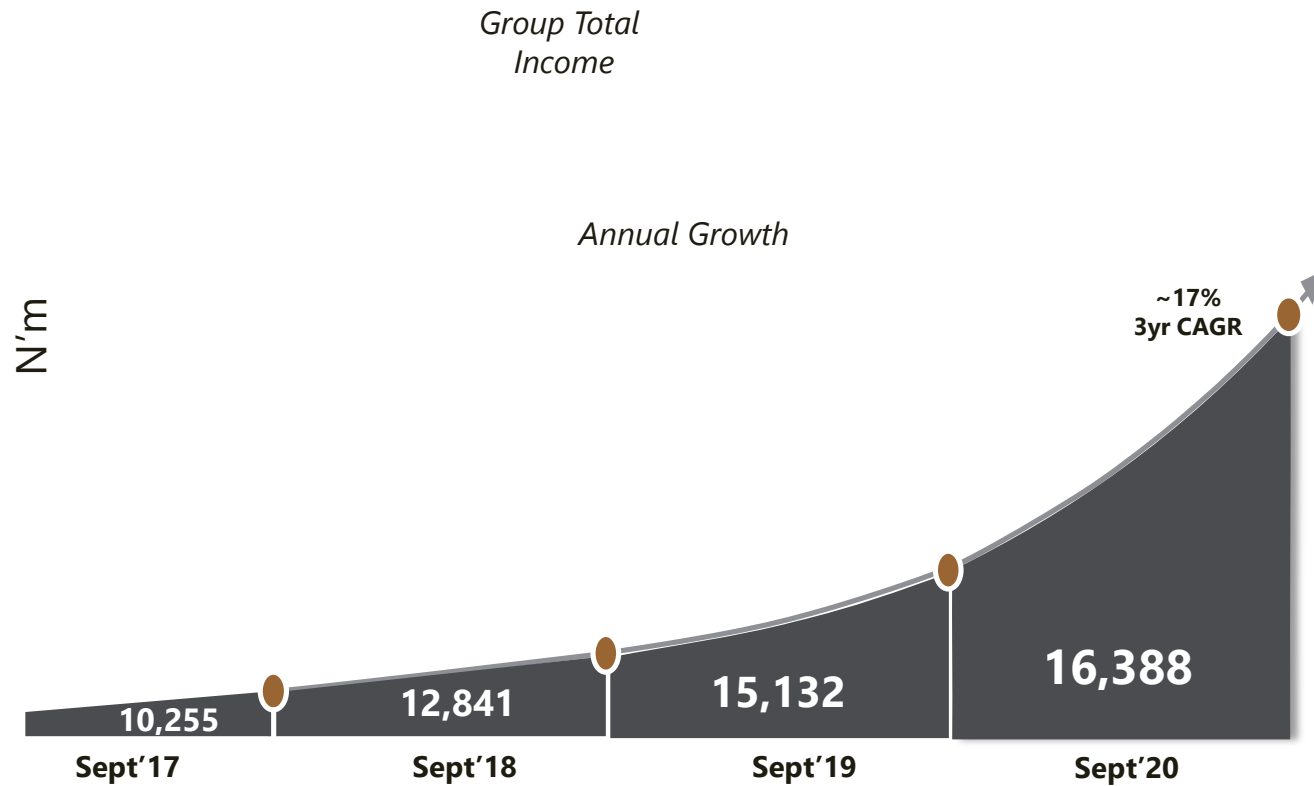


## Reinsurance expenses

- Reinsurance expenses grew YoY by 14% to N7.3bn (Sept'19: N6.4bn). This pushed the retention ratio downward by four notches to 45% at the end of the review period.
- In line with our retention plan, the ceded premiums on big ticket transactions written during the period were major contributors to the growth in reinsurance expense.

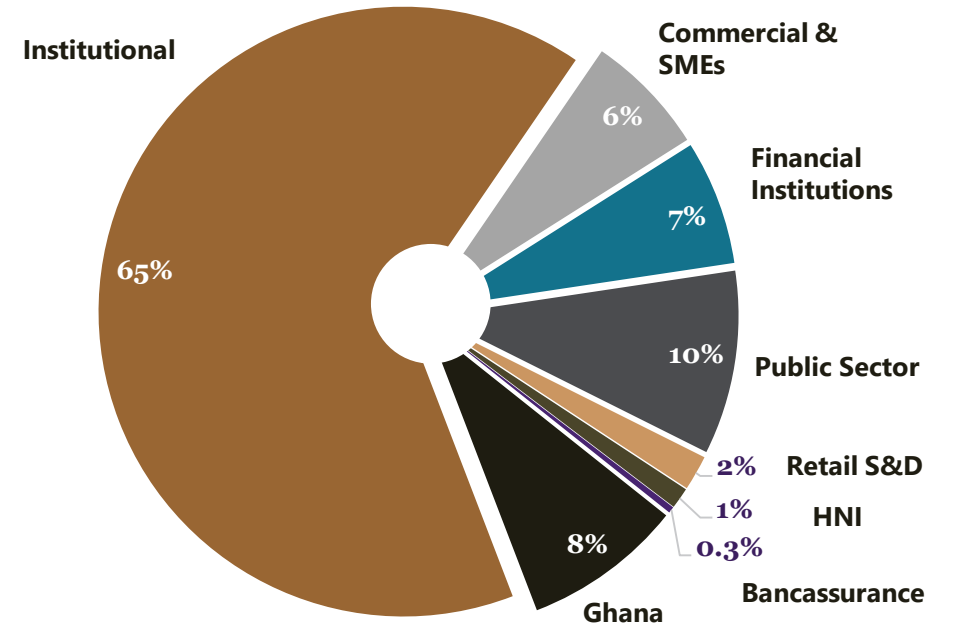


# Revenue



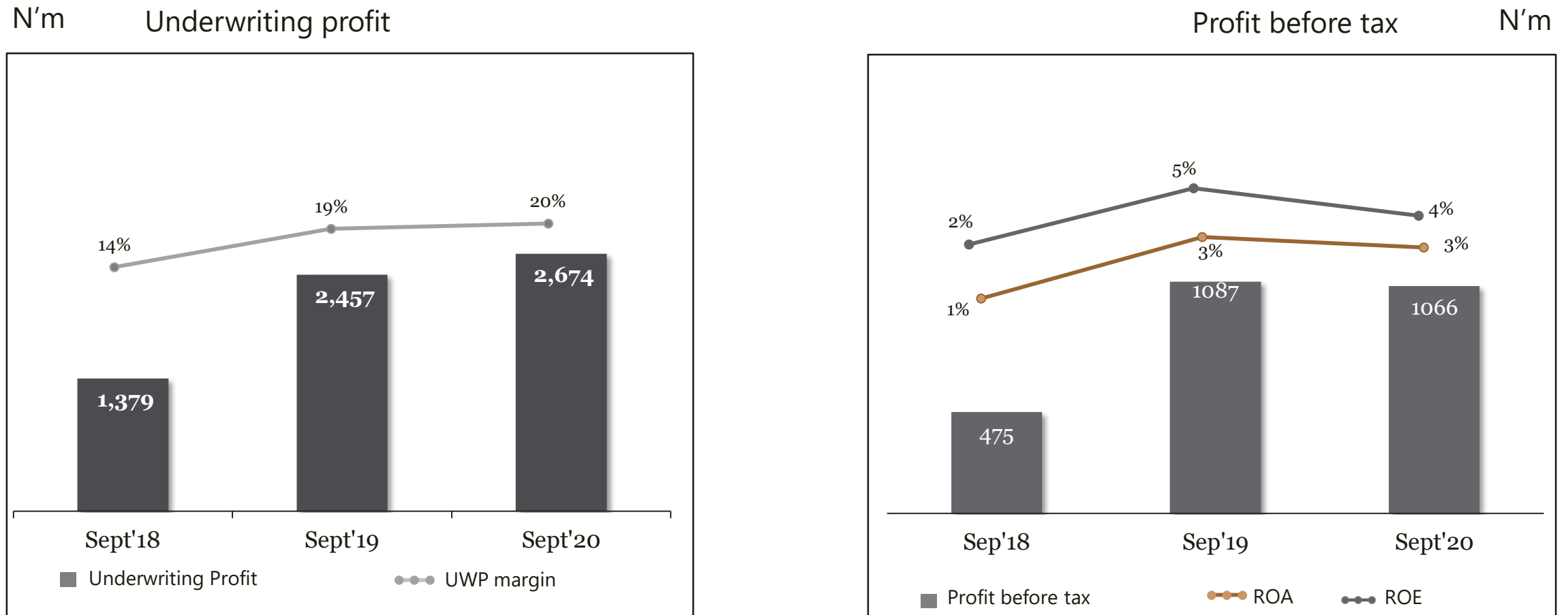
Total Income: GWP + Fees and Commission income + Net Investment Income + Other Operating Income

*GWP contribution by Business Groups*



- We recorded an 8% y/y growth in total income for the period and a 3-yr CAGR of 17% from Sept'17 to Sept'20. (Total Income: N16.38bn comprising 81% in premium income and 19% in non-premium income)
- The Institutional business group maintained the highest GWP share at 65%. Other groups, Public Sector, Financial Institutions and Commercial had 10%, 7% and 6% respective contributions.
- The Ghana subsidiary had an 8% contribution in GWP to the Group's revenue position.

# Group profit position



- Underwriting profit margin ratio moved up a notch to 20%, from the prior year's position of 19% following the 9% growth in underwriting profit for the review period.
- PBT recorded a 2% decline to close the period at N1.07B compared to the 1.09B in previous year. This decline was due to the increase in claims paid and operating expenses for the period.
- ROA and ROE recorded for the period closed at 3% and 4% respectively.

# Outline

01 FINANCIAL HIGHLIGHTS

---

02 INCOME STATEMENT REVIEW

---

**03 FINANCIAL POSITION REVIEW**

---

04 ASSETS UNDER MANAGEMENT

---



# Statement of financial position

NGN million	Q3'20	FY'19	%Δ
Cash and cash equivalents	2,771	1,152	+140
Financial assets	13,494	9,069	+49
Reinsurance assets	5,247	3,181	+65
Trade receivables	312	60	+1296
Other receivables & Prepayment	1633	1,515	-88
Investment property	139	255	-45
Investment in associate	10,736	9,754	+10
Fixed assets and intangibles	3,970	3,943	1
Other assets	1,926	1,816	+6
<b>Total assets</b>	<b>40,227</b>	<b>30,746</b>	<b>+31</b>
Insurance contract liabilities	12,489	8,699	+44
Investment contract liabilities	1,158	1,256	-8
Trade payables	165	298	-45
Provisions & other payables	1,561	1,679	-7
Lease liability	125	103	+21
Current income tax liabilities	313	192	+63
<b>Total liabilities</b>	<b>15,811</b>	<b>12,226</b>	<b>+29</b>
Equity	24,417	18,520	+32
<b>Total equity &amp; liabilities</b>	<b>40,227</b>	<b>30,746</b>	<b>+31</b>

## Highlights

- Cash and cash equivalents increased by 140% from the year end 2019 position to N2.77bn (FY:19 N1.15bn). Increase recorded in this asset class was a majorly a result of premium inflows towards the end of the period.
- The increase witnessed in financial assets is largely attributable to the proceeds from the successful rights issues received during the year which are currently invested in these securities. Financial assets grew by 49% from FY'19 to close at N13.5bn.
- Trade receivables made up of outstanding premiums on broker-related businesses showed a major percentage increase from the FY'19 position to close at N312m as at Sept'20. All balances are adequately backed by a 30day credit note as stipulated by regulatory guidelines.
- The 45% decrease in trade payables position is due to settlement of financial obligations. It closed at N165m as at the end of the period. The company will be taking advantage of 90 day payment window to better manage our cash flow.
- Insurance contract liabilities increased by 44% for the period. The adequacy of these reserves are regularly assessed to ensure the company maintains sufficient capacity to settle claims.
- Total assets and shareholders' funds grew by a 31% and 32% respectively as at the end of the period.

### Note

Other Assets= Deferred acquisition cost+ Deferred Tax asset +Statutory Deposits

Fixed Assets & intangibles= Property, plant & equipment + Intangible Assets

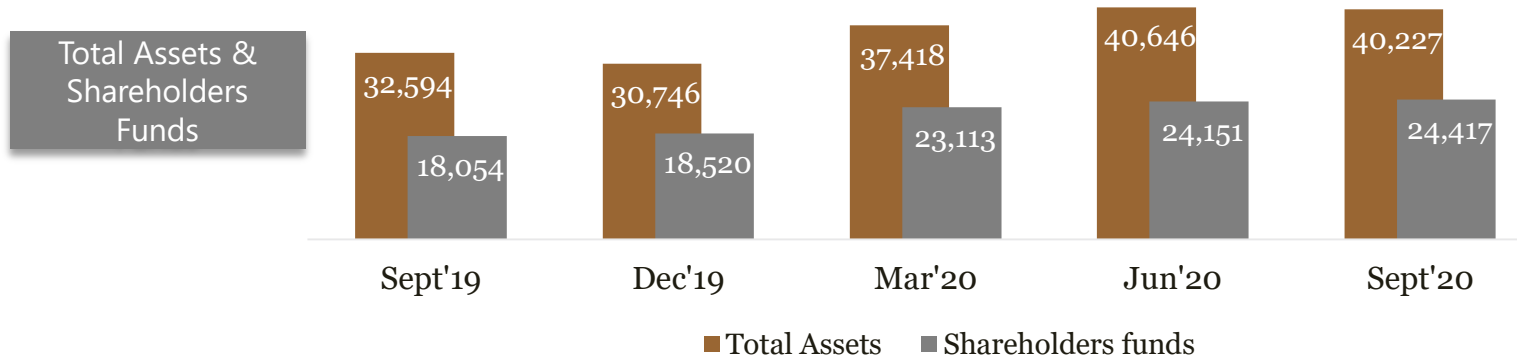
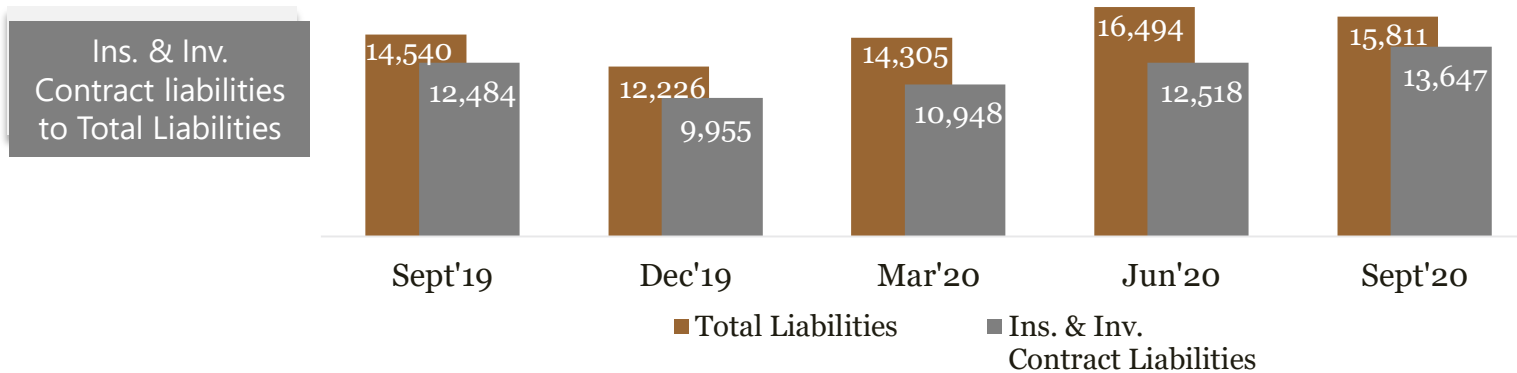
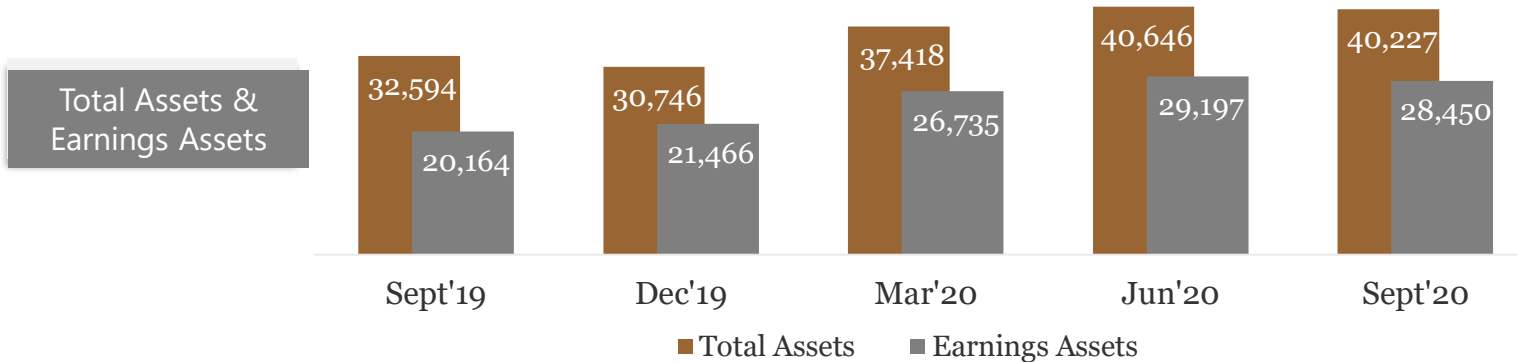
FVOCI: Fair Value Through Other Comprehensive Income

AC: Amortised Cost

RISK INSURED REST ASSURED

# Highlights of financial position

NGN million



## Highlights

- Earnings assets to total assets ratio grew slightly by 4% from Dec'19 to close at 71% as at Q3'20. The growth in financial assets within the period was a major driver.
- Total Asset grew by 31% to N40.2bn (FY'19: N30.7bn) driven largely by the growth in financial assets following funds inflow from the rights issue during the period.
- Insurance and investment contract liabilities made up a 86% proportion of the total liabilities for the period and grew 37% from FY'19.
- Shareholders' Funds grew by 32% from the Dec'19 position to N24.4bn for the period. The ratio of shareholders' funds to total assets for the period closed at 61%.

# Outline

01 FINANCIAL HIGHLIGHTS

---

02 INCOME STATEMENT REVIEW

---

03 FINANCIAL POSITION REVIEW

---

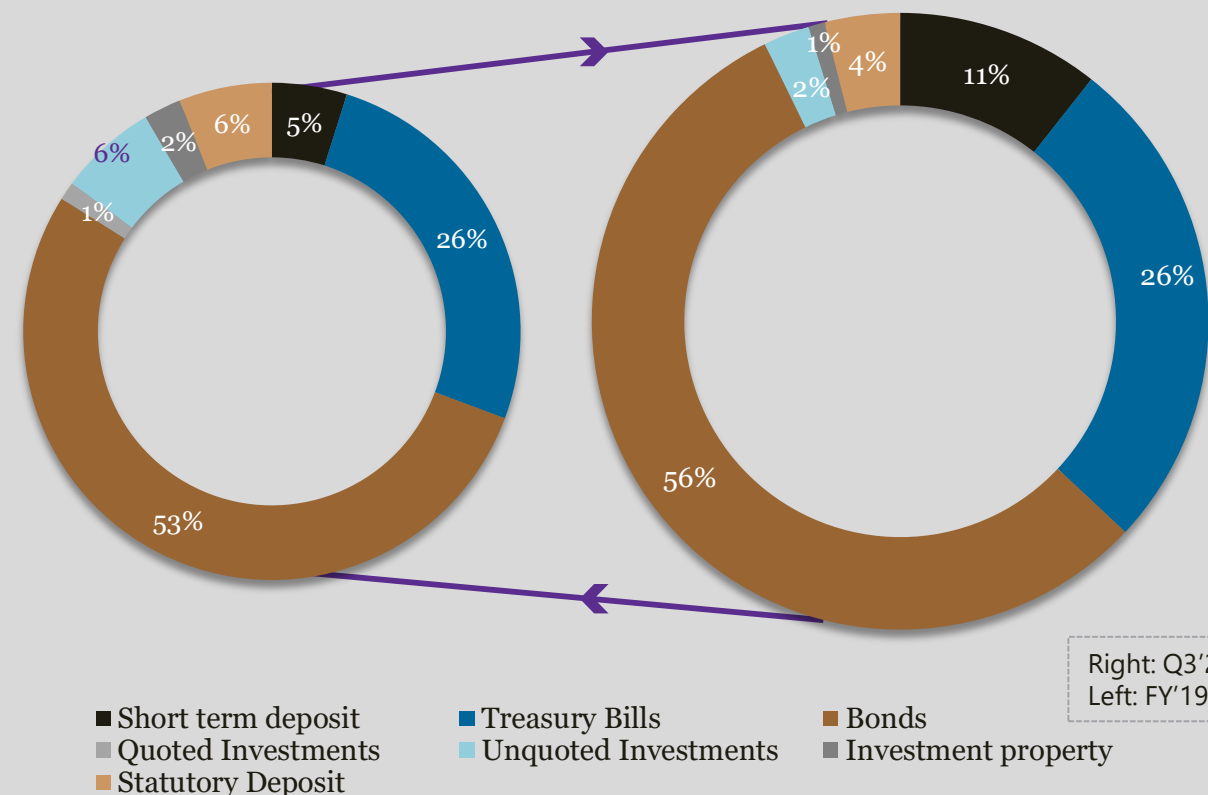
**04 ASSETS UNDER MANAGEMENT**

---

# Assets under management

N'm	Q3'20	FY'19
Term Deposits	1,711	511
Treasury Bills	4,229	2,701
Bonds	8,962	5,576
Quoted Investments	0.014	124
Unquoted Investments	389	668
Investment Property	139	255
Statutory Deposit	633	633
	<b>16,063</b>	<b>10,468</b>

## Total



- Investments in Bonds had a growth of 60% to close at N8.96bn for the period following additional investments from premium inflows.
- The growths in term deposits and treasury bills are largely attributable to the increase in underwriting portfolio and additional investment of the company's rights issue proceeds during the year.
- Quoted investments declined by approximately 100%, a reflection of portfolio rebalancing into other asset categories for higher returns.
- Investment property recorded a 45% decline as at Sept'20. Our strategy is to fully exit the legacy properties with more focus on investments with higher yields.
- Total AUM grew by 53%, on the back of positive effects of the additional capital raised through rights issue proceeds, exchange gain on dollar assets and increased investments from premium inflows during the period.

# How we build for the future

FINANCIAL	<ul style="list-style-type: none"><li>▪ We are relentless in delivering our strategic targets for the next five years. We remain focused on our GWP growth drive this year in line with our revised growth expectations following the impact of the global pandemic on insurance operations.</li><li>▪ We are optimistic for the first phase of the insurance industry's recapitalization process by the end of the year. This is in line with the extension to the deadline by NAICOM. i.e. 50% compliance by 31 Dec 2020 and 100% by Sept 2021.</li><li>▪ We sympathize with all the victims of the #EndSars protests who may have sustained injuries, lost loved ones, and properties as a result of the vandalizations. We reassure customers of our fast, efficient and customer-centric claims processing.</li></ul>
OPERATIONAL	<ul style="list-style-type: none"><li>▪ We would continue the enforcement of all preventive measures as contained in our business continuity plan in response to the COVID'19 pandemic. So far, we have zero cases in Coronation Insurance Group.</li><li>▪ We continue to drive the implementation of the group's digital strategy including digital marketing, channels management and data analytics &amp; intelligence.</li><li>▪ Our Transformation program remains a key enabler for delivering our 5-year growth strategy.</li></ul>
SALES	<ul style="list-style-type: none"><li>▪ Following all regulatory approvals by both the NAICOM and Central Bank of Nigeria (CBN), we officially launched and commenced a long term Bancassurance partnership with Access Bank Plc.. We are well on the way to deliver unrivalled bancassurance experience to customers.</li><li>▪ We would continue the expansion of our agency sales structure country-wide, solidifying our direct sales businesses.</li><li>▪ We will continue to deepen our insurance services into the commercial and SME space, thereby, further diversifying our market share and earning base.</li></ul>
PEOPLE	<ul style="list-style-type: none"><li>▪ Our new set of trainees have been successfully introduced into the system after undergoing a four months job rotation period (2 phases of 8 weeks each) in order to have a vast understanding of the organisation, broaden their skill set and align competencies with organisational requirements among others.</li><li>▪ We are committed to becoming a great place to work, building future champions, transforming economies and investing in our communities.</li><li>▪ We would continue to engage and inspire our staff to become high performers with high potential - having the right people in the right jobs, rewarding and developing them well.</li></ul>

# Disclaimer

The information presented herein is based on sources which Coronation Insurance Plc (The "Company") regards dependable.

This presentation may contain forward looking statements. These statements concern or may affect future matters, such as the Company's economic results, business plans and strategies, and are based upon the current expectations of the directors. They are subject to a number of risks and uncertainties that might cause actual results and events to differ materially from the expectations expressed in or implied by such forward looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, regulatory developments, competitive conditions, technological developments and general economic conditions. The Company assumes no responsibility to update any of the forward looking statements contained in this presentation.

The information should not be interpreted as an advice to customers on the purchase or sale of specific financial instruments. Coronation Insurance Plc bears no responsibility in any instance for loss which may result from reliance on the information.

Coronation Insurance Plc. holds copyright to the information, unless expressly indicated otherwise or this is self-evident from its nature. Written permission from Coronation Insurance Plc is required to republish the information on Coronation Insurance or to distribute or copy such information. This shall apply regardless of the purpose for which it is to be republished, copied or distributed. Coronation Insurance Plc's customers may, however, retain the information for their private use.

Transactions with financial instruments by their very nature involve high risk. Historical price changes are not necessarily an indication of future price trends. Investors are encouraged to acquire general information from Coronation Insurance Plc or other expert advisors concerning securities trading, investment issues, taxation etc in connection with securities transactions.

The Information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant, any fuller disclosure document published by the Company. Any person at any time acquiring the securities must do so only on the basis of such person's own judgment as to the merits of the suitability of the securities for its purposes and only on such information as is contained in public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained herein. The information is not tailored for any particular investor and does not constitute individual investment advice.

Q&A

# Thank You

For further inquiries:

**Coronation Insurance  
Plc.**

119 Awolowo Road , Ikoyi.  
Lagos , Nigeria

T: 012774500 / 4566 / 4555

<http://www.coronationinsurance.com.ng>



**Seyon Thomas**

Head, Enterprise Division

E: [Seyon.Thomas@Coronationinsurance.com.ng](mailto:Seyon.Thomas@Coronationinsurance.com.ng)

T: +234 1 277 4500

Ext: 4506

#KeepOnMOOVing



Email:

[strategy.investorrelations@coronationinsurance.com.ng](mailto:strategy.investorrelations@coronationinsurance.com.ng)

Website: [www.coronationinsurance.com.ng](http://www.coronationinsurance.com.ng)

Phone: 012774500 / 4566 / 4555