



INTRODUCTION

NICO Life Insurance Company Limited is a life insurance company that offers a comprehensive range of products such as group and individual life insurance, annuity, and deposit administration. The company is co-owned by NICO Holdings Plc (51%) and Sanlam Emerging Markets of South Africa (49%).

BASIS OF PREPARATION

The Directors have prepared the summary consolidated and separate financial statements ("summary accounts") to meet the requirements of the Financial Services Act, 2010.

The summary accounts have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, and have been derived from the Annual Consolidated and Separate Financial Statements which were approved by the Board of Directors on 24th March 2021.

ECONOMIC HIGHLIGHTS

The economy continued to stabilize in 2020 with a decrease in average inflation to 8.6% (2019: 9.4%). The Malawi Kwacha closed the year at K771 (2019: K745) against the US Dollar. The average all type treasury bill yield was 10.6% up from 9.6% in 2019. The Malawi All Share Index increased to 7.1% from a return of 4.4% in 2019.

PERFORMANCE

Gross revenue at K102.9 billion was 18% above last year (K87.1 billion in 2019). This was on account of growth in revenues recorded across all business lines.

Profit after tax and total comprehensive income at K9.3 billion was 29% above prior year (K7.2 billion in 2019). The profitability was driven by improved underwriting profit and an increase in investment income.

Total assets grew by 19% to K367 billion from K309 billion in 2019. This growth was driven by implementation of planned strategies coupled with the associated earned returns.

OUTLOOK

Inflation upside risks remain high due to expected increases in global crude oil prices. However, the rate may remain moderate in the medium term due to the impact of a projected good harvest season.

Interest rates are expected to remain relatively low due to the current stance on the monetary policy rate. The performance of the stock market may be impacted by the effects of the COVID-19 pandemic.

The Company will continue to focus on improving customer experience by enhancing operational efficiency and effectiveness through a roll out of a new ICT system expected to commence in the second quarter of 2021 as well as introducing innovative products that respond to customer changing needs.

The Company will continue to leverage synergies that exist within the NICO and Sanlam Groups.

COVID -19 PANDEMIC

The COVID-19 pandemic continues to pose a challenge to the achievement of the planned strategies for the business. However, due to the developed resilience from the 2020 experience, the company is confident that it will be able to successfully roll out its 2021 initiatives.

Vizenge M. Kumwenda
Chairman
29 April 2021

John S. Melrose
Director
29 April 2021

Eric Chapola
Chief Executive Officer
29 April 2021

CERTIFICATE OF THE ACTUARY

I hereby certify that to the best of my knowledge and belief the liabilities under un-matured life, funeral, industrial, deposit administration, group life and sinking fund policies issued by NICO Life Insurance Company Limited do not exceed the amount of the life insurance fund as at 31 December 2020.

Edwin Splinter
Fellow of the Actuarial Society of South Africa
23rd March 2021

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the Shareholders of NICO Life Insurance Company Limited

OPINION

The summary consolidated and separate financial statements, which comprise the summary statements of financial position as at 31 December 2020, the summary statements of comprehensive income, the summary statements of changes in equity and the summary statements of cash flows for the year then ended, are derived from the audited consolidated and separate financial statements of NICO Life Insurance Company Limited for the year ended 31 December, 2020.

In our opinion, the accompanying summary consolidated, and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements of NICO Life Insurance Company Limited, and the basis described based in preparation paragraph.

SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summary consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

THE AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 31 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the basis described in the basis of preparation paragraph.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte

Chartered Accountants
Madalo Mwenelupembe
Partner
29 April 2021

CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	Group		Company	
	2020 K'm	2019 K'm	2020 K'm	2019 K'm
Gross revenue	102,907	87,074	100,215	84,816
Reinsurance	(211)	(382)	(211)	(382)
Net revenue	102,696	86,692	100,004	84,434
Gross insurance benefits	(26,393)	(19,822)	(26,393)	(19,822)
Reinsurance	151	218	151	218
Net insurance benefits	(26,242)	(19,604)	(26,242)	(19,604)
Operating profit	76,454	67,088	73,762	64,830
Commissions payable and stamp duty	(1,129)	(1,222)	(1,129)	(1,222)
Management and investment expenses	(10,907)	(7,602)	(8,846)	(5,973)
Profit before transfer of long term policyholders' benefits	64,418	58,264	63,787	57,635
Transfer to policyholder's liabilities	(52,185)	(48,543)	(52,185)	(48,543)
Profit before income tax expense	12,233	9,721	11,602	9,092
Income tax expense	(2,963)	(2,491)	(2,757)	(2,388)
Profit for the year	9,270	7,230	8,845	6,704
Other comprehensive income	3	2	3	2
Total comprehensive income	9,273	7,232	8,848	6,706

CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF FINANCIAL POSITION

	2020	2019	2020	2019
	K'm	K'm	K'm	K'm
ASSETS				
Non-current assets				
Property and equipment	3,341	1,767	3,202	1,624
Intangible assets	947	355	484	245
Right of use assets	44	46	26	35
Deferred tax assets	408	-	335	-
Investments	297,510	212,149	297,946	212,399
Total non-current assets	302,250	214,317	301,993	214,303
Current assets				
Investments	17,345	55,876	17,345	55,876
Insurance and other receivables	4,628	2,627	4,400	2,451
Income tax receivable	1,957	-	1,805	-
Cash and cash equivalents	40,861	36,212	40,550	36,123
Total current assets	64,791	94,715	64,100	94,450
Total assets	367,041	309,032	366,093	308,753
EQUITY AND LIABILITIES				
Share capital	33	33	33	33
Share premium	1,358	1,358	1,358	1,358
Non-distributable reserves	-	4,358	-	4,358
Revaluation reserves	935	932	935	932
Retained earnings	33,450	22,456	32,899	22,330
Total equity	35,776	29,137	35,225	29,011
LIABILITIES				
Non-current liabilities				
Policyholders benefits	294,111	248,516	294,111	248,516
Technical reserves	33,845	27,255	33,845	27,255
Deferred tax liabilities	-	1,695	-	1,741
Total non-current liabilities	327,956	277,466	327,956	277,512

CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF FINANCIAL POSITION

	2020	2019	2020	2019
	K'm	K'm	K'm	K'm
Current liabilities				
Insurance and other payables	1,006	659	1,006	659
Trade and other payables	1,738	1,742	1,341	1,543
Amounts due to group companies	565	28	565	28
Total current liabilities	3,309	2,429	2,912	2,230
Total liabilities	331,265	279,895	330,868	279,742
Total equity and liabilities	367,041	309,032	366,093	308,753

CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF CHANGES IN EQUITY

	2020	2019	2020	2019
	K'm	K'm	K'm	K'm
At the beginning of the year	29,137	26,455	29,011	26,855
Total comprehensive income for the year	9,273	7,232	8,848	6,706
Dividends declared	(2,634)	(4,550)	(2,634)	(4,550)
At the end of the year	35,776	29,137	35,225	29,011

CONSOLIDATED AND SEPARATE SUMMARY STATEMENTS OF CASH FLOWS

	2020	2019	2020	2019
	K'm	K'm	K'm	K'm
Net cash flows from operating activities	13,295	16,433	12,855	16,196
Net cash (used in)/from investing activities	(6,502)	7,204	(6,284)	7,310
Net cash used in financing activities	(2,144)	(4,550)	(2,144)	(4,550)
Net increase in cash and cash equivalents	4,649	19,087	4,427	18,956
Cash and cash equivalents at 1 January	36,212	17,125	36,123	17,167
Cash and cash equivalents at 31 December	40,861	36,212	40,550	36,123



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