

TANGERINE GENERAL INSURANCE LIMITED

**NON-LIFE BUSINESS FINANCIAL CONDITION REPORT
AS AT 31 DECEMBER 2025**



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**Tangerine General Insurance Limited
Non-Life Business Financial Condition Report**

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Becoda Consulting has prepared the Financial Condition Report for the non-life business of Tangerine General Insurance Limited (“the Client” or “Tangerine General”) as at 31 December 2025 and is addressed to the Managing Director of Tangerine General Limited. The Report was prepared for our client's sole use and benefit and to meet our client's regulatory requirements under the Nigeria Insurance Industry Reform Act 2025. Becoda Consulting makes no representation or warranties to any other third party as to the accuracy or completeness of the Report.

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EXECUTIVE SUMMARY

- I. This report analyses the financial condition of Tangerine General Insurance Limited's non-life business as of 31 December 2025.
- II. The analysis is based on data provided by Tangerine General, including financial statements, actuarial valuation reports, and transactional data.

Key Findings:

- III. The 2023–2025 period marks a transformative phase for Tangerine General, characterized by a shift from market-dependent earnings to core operational strength.
- IV. **Robust Earnings Growth:** The Insurance Service Result saw a nine-fold increase, rising from ₦0.43 billion in 2023 to ₦3.90 billion in 2025.
- V. **Underwriting Excellence:** The Combined Ratio improved from 81.2% in 2024 to 65.2% in 2025, driven by a drastic reduction in the incurred claims ratio from 31.8% to 15.4%.
- VI. **Quality of Earnings:** While 2024 profits were heavily bolstered by exceptional investment returns, the 2025 result represents a higher "quality" of earnings supported by sustainable insurance operations.
- VII. **Regulatory Compliance:** The enactment of the Nigeria Insurance Industry Reform Act 2025 (NIIRA 2025) has fundamentally redefined the company's capital requirements. Despite a five-fold increase in the statutory minimum capital (from ₦3 billion to ₦15 billion), Tangerine General remains fully compliant with a Capital Adequacy Ratio (CAR) of 138%.
- VIII. **Solvency Headroom:** The precipitous drop in CAR from 573% in 2024 to 138% in 2025 is a direct result of the new legislative floor rather than financial decline. The firm remains "over-capitalized" relative to its internal economic risks (₦11.89 billion).
- IX. **Concentration Risk:** The portfolio remains highly concentrated, with Oil & Gas, Motor, and Fire accounting for 74% of total premiums. Oil & Gas alone represents 35% of GPW, exposing the firm to systemic industry shocks.
- X. **Reinsurance Efficiency:** While the reinsurance program effectively shields the balance sheet from large losses, the three-year Value for Money (VfM) average of

48.7% is below the 80% industry benchmark. However, a recovery to 56.6% in 2025 indicates improving cession efficiency.

- XI. **Strategic Outlook for 2026:** The 2026 Business Plan targets an ambitious 69.3% increase in premiums. Key focus areas include:
- *Operational Scaling:* Aiming for a significant reduction in the total expense ratio from 49.8% to 41.9% through scale efficiencies.
 - *Claims Normalization:* Budgeting for a rise in the claims ratio to 26.2% as 2025's exceptionally low experience is expected to revert toward historical norms.

Recommendations:

- (1) **Diversification Strategy:** Prioritize the growth of General Accident, Engineering, and Agriculture lines to reduce the 35% concentration in the volatile Oil & Gas sector.
- (2) **Portfolio Remediation:** Conduct technical reviews of the Agriculture line (where the Combined Ratio rose to 88.3%) and Aviation (which carries disproportionately high administrative costs). The high administrative cost could be as a result of flawed expenses allocation which might need to be reviewed.
- (3) **Capital Retention:** Maintain a disciplined dividend policy to protect the CAR buffer against the new ₱15 billion statutory minimum.

1. INTRODUCTION

1.1 Purpose

The primary purpose of this report is to present the results of our analysis of the financial condition of the non-life business of Tangerine General Insurance Limited (“Tangerine General”) as at 31 December 2025.

We understand that this report will form part of Tangerine General’s submission to NAICOM. This report should not be distributed to any other parties other than NAICOM and is not suitable for any other purpose other than that stated above.

1.2 Documents and Information Supplied

We were supplied with the following documents and information for this report by the Management of Tangerine General.

- a) Audited abridged financial statements as at 31 December 2024.
- b) Unaudited financial statements as at 31 December 2025.
- c) IFRS 17 financial disclosures as at 31 December 2025 as prepared by Becoda and Tangerine General.
- d) Actuarial valuation report as at 31 December 2025 prepared by Becoda.
- e) Summary of actual transactional data and cashflows for the reporting period.

1.3 Reliance and Limitations

- Management is ultimately solely responsible for preparing and submitting the Financial Condition Report. Our analyses does not include or constitute either a review or audit, and so we do not express any assurance on the financial condition, sustainability or the ability for Tangerine General to continue as a going concern.
- We have assumed that the data provided was correct and we did not perform a full audit of the data and information provided. However, our analyses and conclusions must be limited to the accuracy of data and information and the realisation of the assumption used. In preparing this report, we have relied on information and data supplied by the Management of Tangerine General.

2. BUSINESS OVERVIEW

2.1 Activities of the Company

Tangerine General's business portfolio is made up of the following the lines of business:

- Agriculture
- Aviation
- Bond
- Engineering
- Fire
- General Accident
- Marine
- Motor
- Oil & Gas

There has been no change in the lines of business it underwrites in 2025 compared to 2024.

2.2 Financial Performance Summary

The following table summarizes the financial results for the three-year period ending 31 December 2025.

Statement of profit or loss	2025	2024	2023
<i>Amounts in N'000</i>			
Insurance revenue	17,285,289	13,598,565	8,149,647
Insurance service expense	(9,469,476)	(9,019,253)	(9,373,614)
Net income or (expense) from reinsurance contracts held	(3,920,329)	(2,952,030)	1,649,020
Insurance service result	3,895,484	1,627,282	425,053
Financial insurance result	2,607,270	8,559,703	5,542,478
Other expenses	(2,421,951)	(2,418,122)	(2,335,881)
Profit before tax	4,080,803	7,768,863	3,631,650
Income tax	(1,224,200)	(2,900,430)	(1,736,535)
Profit for the year	2,856,603	4,868,433	1,895,115
Statement of changes in equity			
<i>Amounts in N'000</i>			
Opening equity	21,871,778	16,305,910	15,370,955
Shares Issued during the year	336,243	0	0
Profit for the year	2,856,603	4,868,661	1,233,235
Other comprehensive income for the year	(16,349)	1,447,207	301,947
Realized Gain on Disposal of OCI Instrument	37,344	0	0
Cash Dividend	(1,700,000)	(750,000)	(600,000)
Closing equity	23,385,619	21,871,778	16,306,137

**Note that some of the figures below the insurance service result might be adjusted during 31 December 2025 audit.

Key Performance Drivers:

Over the 2023–2025 period, Tangerine General has demonstrated a significant structural improvement in its earnings profile, characterized by a pivot toward sustainable underwriting profitability.

- **Robust Underwriting Transformation:** The Insurance Service Result has seen a remarkable nine-fold increase, rising from ₦0.43 billion in 2023 to ₦3.90 billion in 2025. This was achieved through aggressive revenue growth (up 112% since 2023) while maintaining a disciplined approach to insurance service expenses, which remained relatively flat over the same period.
- **Shifting Profit Drivers:** While the 2024 peak in Profit Before Tax (₦7.77 billion) was heavily bolstered by exceptional Financial Insurance Results (investment income), the 2025 result represents a higher "quality" of earnings. The company is now less reliant on volatile market-driven investment returns and more supported by its core insurance operations.
- **Capital Accretion and Shareholder Value:** Total equity has grown by ₦7.08 billion over the three-year cycle. This 43% increase in the capital base was driven by consistent retained earnings and a modest capital injection in 2025, even after accounting for ₦3.05 billion in cumulative dividend payouts. This strengthens Tangerine General's solvency margin and capacity to take on larger risks.

2.3 Premium History

Tangerine General recorded a robust 25.1% increase in Gross Premium Written (GPW) over the reporting period, rising from ₦15.11 billion in 2024 to ₦18.90 billion in 2025. This expansion was characterized by aggressive growth in high-volume retail lines and continued dominance in specialized industrial sectors.

Line of business	Gross Premium Written (N'000)		% Change
	2025	2024	
Motor	4,265,864	2,562,080	+66.5%
General Accident	1,638,745	1,168,965	+40.2%
Marine	1,135,988	1,235,706	-8.1%
Fire	3,096,054	2,329,043	+32.9%
Engineering	1,491,346	1,048,909	+42.2%
Bond	286,776	168,888	+69.8%
Oil & Gas	6,622,380	6,151,813	+7.6%
Agriculture	67,778	53,509	+26.7%
Aviation	298,747	388,232	-23.0%
TOTAL	18,903,677	15,107,146	+25.1%

The company's growth remains highly concentrated, with three core lines—Oil & Gas, Motor, and Fire—accounting for 74% of total premiums in 2025, a slight increase from 73% in 2024.

- **Primary Growth Drivers:** Of the ₦3.80 billion total increase in GPW, ₦2.94 billion (77%) was generated by just three sectors:
 - Motor: Contributed ₦1.70 billion of the increase, representing a staggering 66.5% year-on-year growth.
 - Fire: Contributed ₦0.77 billion of the increase (+32.9%).
 - Oil & Gas: Contributed ₦0.47 billion of the increase (+7.6%).

- **Emerging Opportunities:** Strong percentage gains were also noted in the Bond (+69.8%) and Engineering (+42.2%) lines, though they remain smaller contributors to the overall top line.

- **Portfolio Contractions:** The Aviation (-23.0%) and Marine (-8.1%) lines saw notable declines, potentially reflecting a strategic withdrawal or increased market competition in these specialized areas.

Concentration and Diversification Risk While the overall growth trajectory is positive, the current portfolio structure presents a significant concentration risk:

- **Oil & Gas Dominance:** At ₦6.62 billion, the Oil & Gas sector alone represents 35% of the total 2025 GPW.

- **Strategic Outlook:** It is critical that Tangerine General evaluates its diversification strategy. Over-reliance on a single sector, particularly one as volatile as Oil & Gas, exposes the firm to systemic industry shocks. Future growth efforts should prioritize scaling the General Accident, Engineering, or Agriculture lines to balance this exposure.

2.4 Experience Analysis – Insurance Contracts

An analysis of the Company's insurance contract experience for the 2024 and 2025 financial years is summarized in the table below:

Amounts in N'000	2025	2024	<u>2025 vs 2024</u>
INSURANCE CONTRACT EXPERIENCE RATIOS			
Premiums received	18,903,677	15,107,146	+25.1%
Insurance revenue	17,285,289	13,598,565	+27.1%
Incurred claims	(2,663,388)	(4,330,249)	-38.5%
Acquisition costs	(3,533,868)	(3,346,836)	+5.6%
Fulfilment expenses	(2,658,201)	(1,051,493)	+152.8%
Other (management) expenses	(2,421,951)	(2,310,258)	+4.8%
Investment income	2,159,253	8,601,603	-74.9%
Profit before tax	4,080,803	7,768,863	-47.5%
<i>As a % of insurance revenue:</i>			
Incurred Claims [A]	(15.4)%	(31.8)%	+16.4%
Acquisition costs [B]	(20.4)%	(24.6)%	+4.2%
Fulfilment expenses [C]	(15.4)%	(7.7)%	-7.6%
Other (management) expenses [D]	(14.0)%	(17.0)%	+3.0%
Investment Income	12.5%	63.3%	-50.8%
Profit before tax	23.6%	57.1%	-33.5%
Combined ratio on Insurance Services = [A] + [B] + [C] + [D]	(65.2)%	(81.2)%	+15.9%

The 2025 results demonstrate a significant maturation of Tangerine General's underwriting capabilities and operational efficiency.

- **Exceptional Claims Management:** The incurred claims ratio improved drastically, falling from 31.8% in 2024 to 15.4% in 2025. This suggests high-quality risk selection and effective claims protocols. However, as this ratio is likely lower than long-term expectations, we anticipate a normalization in the near future.
- **Operational Efficiency Gains:**
 - *Acquisition Costs:* While absolute costs rose marginally, the ratio decreased from 24.6% to 20.4%, indicating improved economies of scale as the business grows.
 - *Management Expenses:* Administrative overhead was better absorbed by the increased revenue base, dropping from 17.0% to 14.0% of insurance revenue.

- **Fulfilment Expense Volatility:** In contrast to other efficiency gains, fulfilment expenses doubled as a percentage of revenue (from 7.7% in 2024 to 15.4% in 2025). This increase seems to arise from expense reallocation from acquisition expenses to fulfilment expenses to better align with the correct expense classification. However, the absolute increase in costs associated with policy administration warrants further investigation to ensure long-term scalability.
- **Underwriting Profitability:** The Combined Ratio improved significantly from 81.2% in 2024 to 65.2% in 2025. This continues a positive trajectory from 2023 (126.1%), marking a sustained transition from underwriting losses to operational profit.
- **Profitability Drivers by Line:** Overall profitability was primarily driven by the Oil & Gas, Motor, Fire, and Engineering segments. Conversely, all other lines of business experienced aggregate losses before tax in 2024, highlighting a need for strategic performance reviews in underperforming niche segments.

The table on the next page shows the breakdown of the ratios and profitability by line of business.

Amounts in N'000

	Motor	General Accident	Fire	Oil & Gas	Marine	Bond	Agriculture	Engineering	Aviation
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INSURANCE CONTRACT EXPERIENCE RATIOS

Premiums received	4,265,864	1,638,745	3,096,054	6,622,380	1,135,988	286,776	67,778	1,491,346	298,747
Insurance revenue	3,470,186	1,609,093	2,826,963	6,442,771	1,085,897	231,983	60,807	1,257,846	299,744
Incurred claims	(669,844)	(688,131)	(565,068)	(32,567)	(299,072)	(4,110)	(16,345)	(360,844)	(27,407)
Acquisition costs	(538,014)	(330,786)	(667,359)	(1,288,671)	(232,531)	(62,842)	(19,123)	(326,434)	(68,107)
Fulfilment expenses	(599,858)	(230,437)	(435,361)	(931,227)	(159,741)	(40,326)	(9,531)	(209,710)	(42,009)
Other (management) expenses	(546,545)	(209,957)	(396,668)	(848,464)	(145,544)	(36,742)	(8,684)	(191,072)	(38,276)
Investment income	487,264	187,184	353,644	756,435	129,757	32,757	7,742	170,347	34,124
Profit before tax	1,281,558	(455,164)	551,228	2,857,145	(73,610)	(4,453)	(6,229)	57,425	(127,096)

As a % of insurance revenue:

Incurred Claims [A]	(15.7)%	(42.0)%	(18.3)%	(0.5)%	(26.3)%	(1.4)%	(24.1)%	(24.2)%	(9.2)%
Acquisition costs [B]	(12.6)%	(20.2)%	(21.6)%	(19.5)%	(20.5)%	(21.9)%	(28.2)%	(21.9)%	(22.8)%
Fulfilment expenses [C]	(14.1)%	(14.1)%	(14.1)%	(14.1)%	(14.1)%	(14.1)%	(14.1)%	(14.1)%	(14.1)%
Other (management) expenses [D]	(12.8)%	(12.8)%	(12.8)%	(12.8)%	(12.8)%	(12.8)%	(12.8)%	(12.8)%	(12.8)%
Investment Income	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
Profit before tax	30.0%	(27.8)%	17.8%	43.1%	(6.5)%	(1.6)%	(9.2)%	3.9%	(42.5)%
Combined ratio on Insurance Services = [A] + [B] + [C] + [D]	(55.2)%	(89.1)%	(66.7)%	(46.8)%	(73.7)%	(50.2)%	(79.2)%	(73.0)%	(58.8)%

Key Segmental Insights

- **The Profitability Engine:** Oil & Gas is the clear standout, contributing ₦2.86 billion in Profit Before Tax with a dominant 43.1% margin. Its exceptionally low Incurred Claims ratio of 0.5% suggests either a year of zero major losses or high-performance risk engineering in this sector.
- **Retail Strength:** The Motor line continues to be a high-performing cornerstone, yielding a 30% PBT margin. It maintains a healthy balance between its claims ratio (15.7%) and acquisition costs (12.6%), which are the lowest in the entire portfolio.
- **The "General Accident" Challenge:** Despite generating significant revenue (₦1.61 billion), the General Accident line is the largest loss-maker in absolute terms, with a ₦455 million deficit. This is driven by a high Incurred Claims ratio of 42.0%, suggesting a need for urgent pricing reviews or tighter underwriting criteria in this segment.

- **Operational Drag in Niche Lines:** Aviation, Marine, Bond, and Agriculture all reported negative Profit Before Tax.
 - Aviation is particularly concerning, with a negative 42.5% PBT margin despite a relatively low combined ratio of 58.8%, indicating that administrative and management expenses are disproportionately high for the premium volume currently written.
 - Agriculture suffers from the highest Acquisition Cost ratio in the portfolio at 28.2%, making it difficult to achieve profitability even with moderate claims experience.
- **Uniform Fulfilment Burden:** Management appears to apply a flat 14.1% fulfilment expense allocation across all lines. While simpler for accounting, this may mask the true cost-to-serve for complex lines like Engineering or Marine compared to simpler retail lines like Motor.

2.5 Experience Analysis – Reinsurance Contracts

The following table summarizes the financial impact of the Company's reinsurance arrangements over the 2024–2025 period.

<i>Amounts in N'000</i>	2025	2024	<u>2025 vs 2024</u>
REINSURANCE CONTRACT EXPERIENCE RATIOS			
Reinsurance premiums paid	(4,632,721)	(5,225,328)	-11.3%
Inward commissions & fees	953,003	811,351	+17.5%
Reinsurance recoveries	1,669,147	1,073,102	+55.5%
Reinsurance contract remeasurements	(1,909,758)	388,845	-591.1%
Net income or (expense) on reinsurance	(3,920,329)	(2,952,030)	+32.8%
<i>As a % of reinsurance premium paid:</i>			
Inward commissions & fees	20.6%	15.5%	+5.0%
Reinsurance recoveries	36.0%	20.5%	+15.5%
Reinsurance contract remeasurements	(41.2)%	7.4%	-48.7%
Net income or (expense) on reinsurance	(84.6)%	(56.5)%	-28.1%

- **Growing Net Reinsurance Cost:** The net expense on reinsurance increased by 32.8% year-on-year, rising to ₦3.92 billion. This indicates that the cost of risk-sharing is outpacing the immediate benefits from recoveries and commissions.
- **Effective Utilization of Capacity:** Reinsurance recoveries surged by 55.5%, significantly narrowing the gap between premiums paid and claims recovered. Recoveries now cover 36.0% of ceded premiums (up from 20.5% in 2024), demonstrating that the reinsurance program is effectively shielding the balance sheet from large, volatile losses.
- **Strategic Premium Retention:** Despite an overall increase in the group's Gross Premium Written (GPW), reinsurance premiums paid actually decreased by 11.3%. This suggests that Tangerine General is retaining a higher proportion of its premiums.
- **Improving Ceding Terms:** Inward commissions and fees rose by 17.5%, now accounting for 20.6% of premiums paid (up from 15.5%). This improvement in "commission yield" helps offset some of the structural costs of maintaining the reinsurance program.

2.6 Reinsurance Effectiveness

The table below provides a general assessment of the value derived from reinsurance arrangements over the last three years.

	2025	2024	2023	Total
<i>Amounts in N'000</i>				
Reinsurance expense	(4,632,721)	(5,225,328)	(3,388,002)	(13,246,051)
Inward commission & fee	953,003	811,351	605,837	2,370,191
Reinsurance recoveries	1,669,147	1,073,102	1,337,011	4,079,260
Reinsurance Income	2,622,150	1,884,453	1,942,847	6,449,451
Value for Money Ratio	56.6%	36.1%	57.3%	48.7%

To evaluate the efficiency of the reinsurance program, we utilize a Value for Money (VfM) Ratio, defined as:

$$VfM \text{ Ratio} = \frac{(Inward \text{ Commission \& Fees} + Reinsurance \text{ Recoveries})}{Reinsurance \text{ Premium Expense}}$$

While an industry benchmark of 80% is often targeted for optimal value, Tangerine General's three-year average of 48.7% suggests that for every ₦1.00 spent on reinsurance, the firm recovers approximately ₦0.49 in commissions and claims.

- **VfM Recovery in 2025:** The ratio rebounded significantly to 56.6% from a low of 36.1% in 2024. This improvement was driven by a 55.5% surge in recoveries and a 17.5% increase in commission income, despite a reduction in total premiums ceded.
- **Strategic Cession Efficiency:** The reduction in reinsurance expense from 2024 to 2025 suggests management is successfully retaining more profitable "bread and butter" risks (like Motor) while utilizing reinsurance primarily for high-volatility exposures.

The table below presents the results of the value for money analysis per line of business over 2025 and 2024.

<i>Value for Money Ratio</i>	2025	2024	<i>Direction of Change</i>
General Accident	84.6%	63.7%	▲
Fire	83.3%	75.2%	▲
Marine	51.3%	58.6%	▼
Motor	39.4%	40.8%	▼
Engineering	114.0%	61.2%	▲
Bond	29.5%	36.0%	▼
Oil & Gas	1.1%	4.7%	▼
Agriculture	329.9%	33.2%	▲
Aviation	18.2%	21.2%	▼
Total	56.6%	36.1%	▲

The following tables provide a breakdown of the Value for Money Ratio by line of business for 2025 and 2024 respectively.

2025 Breakdown of Value for Money Ratio

<i>Amounts in N'000</i>	Reinsurance expense	Inward commission & fees	Reinsurance recoveries	Reinsurance Income	Value for Money Ratio
General Accident	486,260	138,987	272,452	411,440	84.6%
Fire	1,153,109	362,911	598,113	961,025	83.3%
Marine	390,719	126,624	73,630	200,254	51.3%
Motor	346,066	95,181	41,123	136,305	39.4%
Engineering	723,934	161,402	663,800	825,203	114.0%
Bond	90,325	24,156	2,466	26,622	29.5%
Oil & Gas	1,335,716	14,260	0	14,260	1.1%
Agriculture	8,865	11,687	17,562	29,249	329.9%
Aviation	97,726	17,793	0	17,793	18.2%
Total	4,632,721	953,003	1,669,147	2,622,150	56.6%

2024 Breakdown of Value for Money Ratio

<i>Amounts in N'000</i>	Reinsurance expense	Inward commission & fees	Reinsurance recoveries	Reinsurance Income	Value for Money Ratio
General Accident	333,543	90,248	122,273	212,521	63.7%
Fire	1,076,551	272,603	536,957	809,560	75.2%
Marine	426,996	108,947	141,243	250,190	58.6%
Motor	243,990	56,278	43,342	99,621	40.8%
Engineering	514,001	104,078	210,676	314,754	61.2%
Bond	114,163	29,302	11,742	41,044	36.0%
Oil & Gas	2,307,772	108,215	0	108,215	4.7%
Agriculture	36,021	9,186	2,768	11,954	33.2%
Aviation	172,292	32,493	4,101	36,594	21.2%
Total	5,225,328	811,351	1,073,102	1,884,453	36.1%

1. The High-Yield Segments (Engineering & Agriculture)

- Engineering: This line achieved a standout VfM of 114.0% in 2025, up from 61.2% in 2024. A recovery of ₦663.8 million against ₦723.9 million in premiums suggests the reinsurance treaty was highly effective in absorbing significant technical losses this year.
- Agriculture: While a small portion of the portfolio, the 329.9% VfM in 2025 indicates a "catastrophic" recovery year where reinsurance payments vastly exceeded premiums paid. This highlights the vital role of reinsurance in protecting the firm against volatile climate-related risks.

2. The Core Stabilizers (General Accident & Fire)

- General Accident & Fire: Both lines showed strong upward trends, reaching 84.6% and 83.3% VfM respectively. These lines are currently operating at near-optimal efficiency, perfectly balancing the cost of the "safety net" with consistent recovery levels.

3. The Structural Cost Centers (Oil & Gas & Aviation)

- Oil & Gas: Despite being the largest revenue driver, this line provides the lowest VfM at just 1.1% in 2025 (down from 4.7% in 2024). Reinsurance here acts as a "sleep easy" catastrophe cover; the firm pays significant premiums (₦1.34 billion) for protection that is rarely triggered due to the high quality of the risks or high retention levels.
- Aviation: Showing a declining VfM of 18.2%, this line continues to see high premium outflow with minimal recovery, suggesting either an over-insurance of the segment or a need to renegotiate commission terms.

3. FINANCIAL POSITION AND MANAGEMENT

3.1 Statement of Financial Position

The table below presents Tangerine General's statement of financial position for the year ending 31 December 2025, compared to 2024.

Statement of financial position

<i>Amounts in N'000</i>	2025	2024	% Change
Investment securities	24,896,664	18,582,684	+34.0%
Investment properties	1,273,240	1,321,151	-3.6%
Cash and cash equivalents	7,159,168	8,556,660	-16.3%
Invested Assets	33,329,071	28,460,494	+17.1%
Reinsurance assets	3,637,529	5,338,989	-31.9%
Other balance sheet assets	7,007,266	6,934,546	+1.0%
Total Assets	43,973,866	40,734,030	+8.0%
Insurance liabilities	13,491,161	12,482,221	+8.1%
Other liabilities	6,954,170	6,152,945	+13.0%
Total Liabilities	20,445,331	18,635,166	+9.7%
Net Assets	23,528,535	22,098,863	+6.5%

- **Aggressive Yield Pursuit:** The most striking shift is the 34.0% increase in Investment Securities. Funded partly by the 16.3% reduction in cash, this suggests management has moved ~~N~~6.3 billion into income-generating instruments. In a 2025 environment characterized by higher interest rates, this rotation is designed to bolster the "Financial Insurance Result" seen in earlier sections.
- **Declining Reinsurance Reliance:** Reinsurance Assets dropped by 31.9%. This aligns with the "Value for Money" analysis, indicating that the company is carrying fewer recoverables from reinsurers. This is likely due to the settlement of old claims or a strategic shift toward higher attachment points, where Tangerine General retains more risk (and profit) on its own books.
- **Controlled Liability Growth:** While Gross Premium Written (GPW) surged by 25.1%, Insurance Liabilities only grew by 8.1%. This "positive jaws" effect—where revenue growth outpaces liability growth—suggests that the new business being written (particularly in the high-performing Motor and Oil & Gas sectors) may have shorter tail risks or more efficient reserving requirements than the legacy portfolio.

- **Resilient Solvency Base:** Net Assets grew by ₦1.43 billion (+6.5%). This growth in the capital base was achieved despite significant dividend payouts and market volatility, providing a robust buffer to support the company's 2026 expansion plans.
- **Liquidity Thresholds:** Despite the dip in cash, the company maintains ₦7.16 billion in highly liquid assets. When combined with the ₦24.9 billion in securities (many of which may be marketable), the "Liquid Asset to Liability" ratio remains very strong, ensuring the firm can meet sudden spikes in claims without distressing its investment portfolio.

3.2 Results of the Insurance Liability Valuation

The following table provides a reconciliation of the insurance contract liabilities as at 31st December 2025.

Reconciliation of Insurance Contract Liabilities N'm	Total	Motor	General Accident	Fire	Oil & Gas	Marine	Bond	Agriculture	Engineering	Aviation
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	12,482.2	1,374.9	1,019.7	1,989.8	3,816.6	1,040.2	131.1	15.7	2,735.4	358.8
Net opening balance	-	-	-	-	-	-	-	-	-	-
Insurance revenue	(17,285.3)	(3,470.2)	(1,609.1)	(2,827.0)	(6,442.8)	(1,085.9)	(232.0)	(60.8)	(1,257.8)	(299.7)
Insurance service expenses										
Incurred claims	2,663.4	669.8	688.1	565.1	32.6	299.1	4.1	16.3	360.8	27.4
Incurred Fulfilment expenses	2,658.2	599.9	230.4	435.4	931.2	159.7	40.3	9.5	209.7	42.0
Acquisition expenses	3,533.9	538.0	330.8	667.4	1,288.7	232.5	62.8	19.1	326.4	68.1
Changes related to future service	-	-	-	-	-	-	-	-	-	-
Changes related to past service	614.0	169.4	1,070.4	57.1	438.7	47.1	36.8	15.6	(1,305.0)	83.9
Total Insurance service expenses	9,469.5	1,977.2	2,319.7	1,724.9	2,691.2	738.4	144.1	60.6	(408.0)	221.4
Investment components	-	-	-	-	-	-	-	-	-	-
Insurance service result	(7,815.8)	(1,493.0)	710.7	(1,102.1)	(3,751.6)	(347.5)	(87.9)	(0.2)	(1,665.8)	(78.3)
Insurance finance expenses	(255.8)	(46.7)	60.4	(93.2)	(516.8)	74.5	4.3	0.6	231.1	30.0
Total change in comprehensive income	(8,071.6)	(1,539.8)	771.1	(1,195.3)	(4,268.4)	(273.0)	(83.6)	0.4	(1,434.8)	(48.3)
Premiums received	18,903.7	4,265.9	1,638.7	3,096.1	6,622.4	1,136.0	286.8	67.8	1,491.3	298.7
Claims paid	(3,631.1)	(640.9)	(658.9)	(711.3)	(181.6)	(324.4)	(4.1)	(25.1)	(1,016.4)	(68.5)
Fulfilment expenses paid	(2,658.2)	(599.9)	(230.4)	(435.4)	(931.2)	(159.7)	(40.3)	(9.5)	(209.7)	(42.0)
Acquisition costs paid	(3,533.9)	(538.0)	(330.8)	(667.4)	(1,288.7)	(232.5)	(62.8)	(19.1)	(326.4)	(68.1)
Total cash flows	9,080.5	2,487.1	418.6	1,282.0	4,220.9	419.3	179.5	14.0	(61.2)	120.1
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	13,491.2	2,322.3	2,209.4	2,076.5	3,769.2	1,186.6	227.1	30.1	1,239.4	430.6
Net closing balance	13,491.2	2,322.3	2,209.4	2,076.5	3,769.2	1,186.6	227.1	30.1	1,239.4	430.6

The next table provides a reconciliation of the risk adjustment element of the insurance contract liabilities as at 31st December 2025 as stated in the previous table.

Reconciliation of Risk Adjustment on Insurance Contract Liabilities N/m	Total	Motor	General Accident	Fire	Oil & Gas	Marine	Bond	Agriculture	Engineering	Aviation
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	644.8	36.3	61.8	116.9	151.2	96.9	4.3	0.6	147.2	29.6
Net opening balance	644.8	36.3	61.8	116.9	151.2	96.9	4.3	0.6	147.2	29.6
Changes related to current services	-	-	-	-	-	-	-	-	-	-
CSM for service provided	-	-	-	-	-	-	-	-	-	-
Risk Adjustment release for expired risks	(40.1)	2.1	104.8	(19.3)	(18.0)	(14.2)	2.3	0.1	(105.2)	7.3
Experience adjustments	-	-	-	-	-	-	-	-	-	-
Total changes related to current services	(40.1)	2.1	104.8	(19.3)	(18.0)	(14.2)	2.3	0.1	(105.2)	7.3
Changes related to future services	-	-	-	-	-	-	-	-	-	-
New contracts recognised	-	-	-	-	-	-	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-	-	-	-	-	-	-
Changes in estimates resulting in contract losses	-	-	-	-	-	-	-	-	-	-
Total changes related to future services	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-
Total changes that relate to past service	-	-	-	-	-	-	-	-	-	-
Insurance service result	40.1	(2.1)	(104.8)	19.3	18.0	14.2	(2.3)	(0.1)	105.2	(7.3)
Insurance finance expenses	-	-	-	-	-	-	-	-	-	-
Total change in comprehensive income	40.1	(2.1)	(104.8)	19.3	18.0	14.2	(2.3)	(0.1)	105.2	(7.3)
Total cash flows	-	-	-	-	-	-	-	-	-	-
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing insurance contract liabilities	604.7	38.4	166.6	97.6	133.2	82.7	6.5	0.7	42.0	36.8
Net closing balance	604.7	38.4	166.6	97.6	133.2	82.7	6.5	0.7	42.0	36.8

Similar to the insurance contract liabilities, the following table provides a reconciliation of the reinsurance contract assets as at 31st December 2025.

Reconciliation of Reinsurance Contract Assets <i>N/m</i>	Total	Motor	General Accident	Fire	Oil & Gas	Marine	Bond	Agriculture	Engineering	Aviation
Opening insurance contract assets	5,339.0	58.5	608.9	976.0	532.7	731.3	71.8	9.2	2,223.4	127.2
Opening insurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net opening balance	5,339.0	58.5	608.9	976.0	532.7	731.3	71.8	9.2	2,223.4	127.2
Insurance revenue	(3,890.2)	(240.5)	(327.1)	(998.8)	(1,394.5)	(322.2)	(87.3)	(29.8)	(413.5)	(76.5)
Insurance service expenses										
Incurred claims and other expenses	318.4	2.3	100.4	114.0	-	31.3	-	0.3	70.2	-
Acquisition expenses	-	-	-	-	-	-	-	-	-	-
Changes related to future service	-	-	-	-	-	-	-	-	-	-
Changes related to past service	(348.5)	63.7	491.3	245.4	135.7	(48.6)	14.9	28.3	(1,196.2)	(83.1)
Total insurance service expenses	(30.1)	66.0	591.7	359.4	135.7	(17.3)	14.9	28.6	(1,126.1)	(83.1)
Investment components	-	-	-	-	-	-	-	-	-	-
Insurance service result	(3,920.3)	(174.6)	264.6	(639.4)	(1,258.8)	(339.5)	(72.4)	(1.2)	(1,539.6)	(159.6)
Insurance finance expenses	192.3	(24.4)	74.1	38.4	(60.4)	8.7	(11.6)	(3.7)	182.9	(11.6)
Total change in comprehensive income	(3,728.1)	(198.9)	338.7	(601.0)	(1,319.2)	(330.8)	(84.0)	(4.9)	(1,356.6)	(171.2)
Premiums received	3,679.7	250.9	347.3	790.2	1,321.5	264.1	66.2	(2.8)	562.5	79.9
Claims and expenses paid	(1,669.1)	(41.1)	(272.5)	(598.1)	-	(73.6)	(2.5)	(17.6)	(663.8)	-
Acquisition costs paid	-	-	-	-	-	-	-	-	-	-
Total cash flows	2,010.6	209.8	74.8	192.1	1,321.5	190.5	63.7	(20.4)	(101.3)	79.9
Closing insurance contract assets	3,637.5	69.3	1,022.3	567.1	535.0	591.0	51.5	-	765.5	35.9
Closing insurance contract liabilities	(16.0)	-	-	-	-	-	-	(16.0)	-	-
Net closing balance	3,621.5	69.3	1,022.3	567.1	535.0	591.0	51.5	(16.0)	765.5	35.9

The table below provides a reconciliation of the risk adjustment element of the reinsurance contract assets as at 31st December 2025 stated in the previous table.

Reconciliation of Risk Adjustment on Reinsurance Contract Assets <i>N'm</i>	Total	Motor	General Accident	Fire	Oil & Gas	Marine	Bond	Agriculture	Engineering	Aviation
Opening insurance contract assets	341.3	1.9	48.6	61.8	12.2	77.8	0.7	0.3	127.2	10.8
Opening insurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net opening balance	341.3	1.9	48.6	61.8	12.2	77.8	0.7	0.3	127.2	10.8
Changes related to current services	-	-	-	-	-	-	-	-	-	-
CSM for service provided	-	-	-	-	-	-	-	-	-	-
Risk Adjustment release for expired risks	(111.6)	(0.5)	34.8	(18.9)	4.8	(25.7)	(0.1)	0.3	(97.7)	(8.6)
Experience adjustments	-	-	-	-	-	-	-	-	-	-
Total changes related to current services	(111.6)	(0.5)	34.8	(18.9)	4.8	(25.7)	(0.1)	0.3	(97.7)	(8.6)
Changes related to future services	-	-	-	-	-	-	-	-	-	-
New contracts recognised	-	-	-	-	-	-	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-	-	-	-	-	-	-
Changes in estimates resulting in contract losses	-	-	-	-	-	-	-	-	-	-
Total changes related to future services	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-
Total changes that relate to past service	-	-	-	-	-	-	-	-	-	-
Insurance service result	111.6	0.5	(34.8)	18.9	(4.8)	25.7	0.1	(0.3)	97.7	8.6
Insurance finance expenses	-	-	-	-	-	-	-	-	-	-
Total change in comprehensive income	111.6	0.5	(34.8)	18.9	(4.8)	25.7	0.1	(0.3)	97.7	8.6
Total cash flows	-	-	-	-	-	-	-	-	-	-
Closing insurance contract assets	229.2	1.4	83.4	42.9	17.0	52.1	0.6	-	29.5	2.3
Closing insurance contract liabilities	0.5	-	-	-	-	-	-	0.5	-	-
Net closing balance	229.8	1.4	83.4	42.9	17.0	52.1	0.6	0.5	29.5	2.3

Please see the Appendix for more detailed reconciliation tables.

3.3 Solvency

The following analysis evaluates the Company's balance sheet strength and regulatory compliance under the newly enacted NIIRA 2025 framework.

<i>Amounts in N'000</i>	2025	2024
Shareholders' Funds	23,528,535	22,098,863
Less: Inadmissible Shareholders' Funds	2,761,459	4,916,901
Admissible Shareholders' Funds	20,767,076	17,181,963
Insurance contract liabilities	13,491,161	12,482,221
Balance Sheet Solvency Margin	154%	138%
Minimum Required Statutory Capital	15,000,000	3,000,000
Capital Adequacy Ratio	138%	573%

The enactment of the Nigeria Insurance Industry Reform Act 2025 (NIIRA 2025) in August 2025 has introduced a more stringent capital regime for the Nigerian insurance market. Tangerine General is now subject to a dual capital test, requiring the higher of a risk-based capital (RBC) requirement or a fixed statutory minimum capital requirement.

Despite a five-fold increase in the statutory minimum capital (from ₦3 billion to ₦15 billion), Tangerine General remains fully compliant with a CAR of 138% as at 31 December 2025. However, the sharp decline in the Capital Adequacy Ratio (from 573% to 138%) is not a reflection of financial deterioration. Rather, it underscores the immense pressure the new ₦15 billion legislative floor has placed on the industry's capital headroom..

The Economic Risk Capital (ERC)—which measures the capital needed based on the company's actual underlying risk—is estimated at ₦11.89 billion. As the ₦15 billion statutory minimum is higher than the ERC, the law (not the risk) is now the primary driver for capital retention. This suggests Tangerine General is currently "over-capitalized" relative to its risks but has lean headroom relative to the new law.

The Balance Sheet Solvency Margin (Admissible Funds as a % of Insurance Liabilities) increased slightly to 154%. The absolute value of admissible funds grew by 20%, this outpaced with the 8% growth in insurance liabilities.

Management successfully reduced inadmissible assets by 44% (down to ₦2.76 billion). This proactive "cleaning" of the balance sheet—converting non-admissible items into qualifying capital—was crucial in meeting the new NIIRA standards.

The following tables show how sensitive the balance sheet solvency margin and capital adequacy ratio are to changes in the confidence interval used to set the Risk Adjustment.

Balance Sheet Solvency Margin Sensitivity to Risk Adjustment Confidence Level

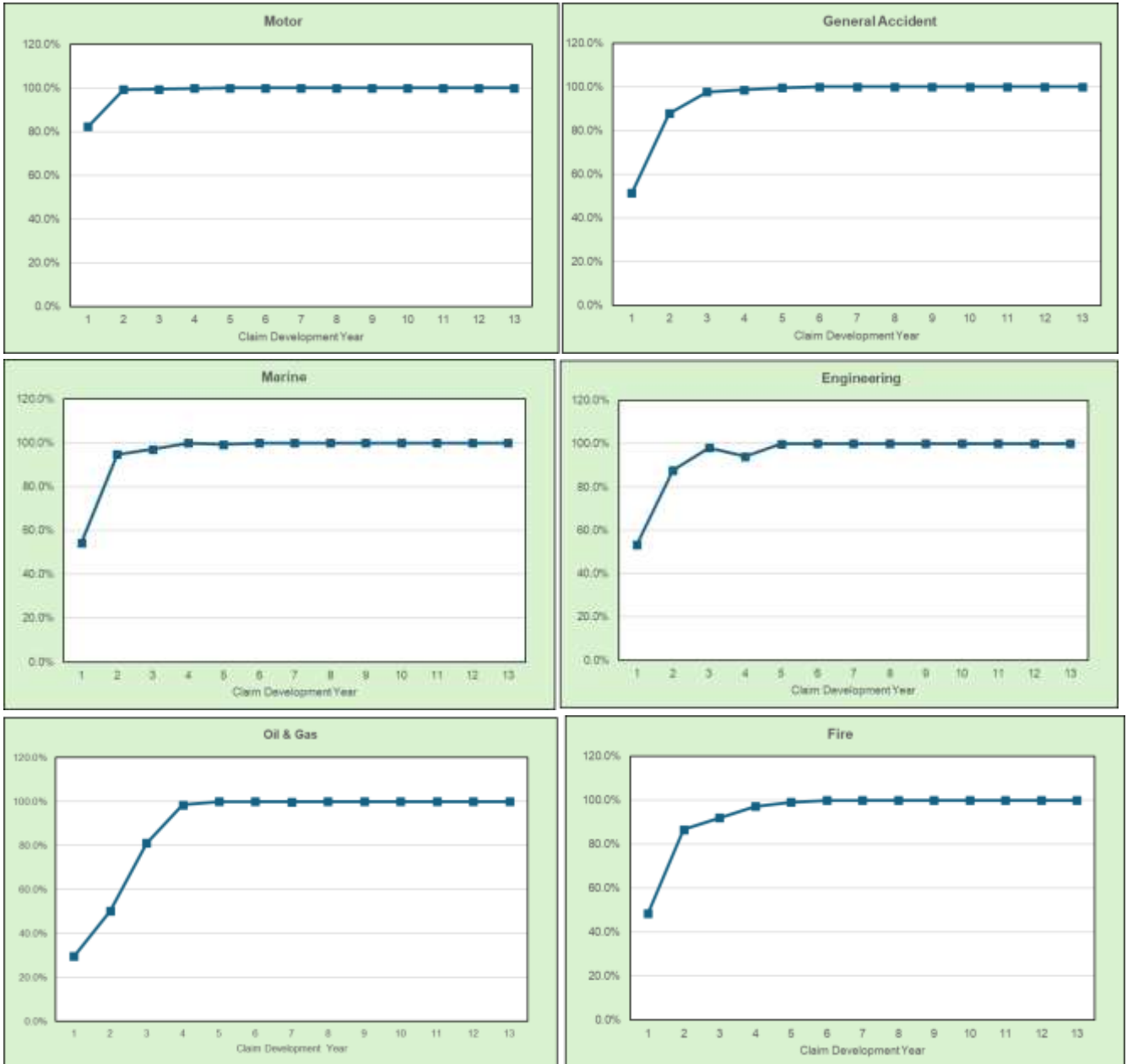
	2025	2024
50% confidence interval	+12%	+13%
60% confidence interval	+11%	+12%
Base (70% confidence interval)	154%	138%
80% confidence interval	-14%	-15%
90% confidence interval	-25%	-30%
99.5% confidence interval	-33%	-41%

Capital Adequacy Ratio Sensitivity to Risk Adjustment Confidence Level

	2025	2024
50% confidence interval	+4%	+21%
60% confidence interval	+4%	+20%
Base (70% confidence interval)	138%	573%
80% confidence interval	-5%	-28%
90% confidence interval	-10%	-60%
99.5% confidence interval	-13%	-86%

3.4 Liability Profiles

The following charts illustrate the claim development profiles for each line of business, derived from claims payment data spanning 2016 to 2025. These profiles offer insights into the duration and average progression of liabilities. Due to insufficient data, reliable charts could not be generated for Aviation, Agriculture, and Bond lines of business.



3.5 Material Risks

Catastrophe Risk

This is the risk of high-severity and low-frequency loss events. This can be mitigated by diversifying the spread of risks covered, by geography and industry, through its underwriting procedures. The Company's concentration in Oil & Gas is a concern and this has to be managed effectively to mitigate exposure to catastrophe risk. Reinsurance is used to mitigate this risk and we note that Tangerine General's reinsurance arrangements do not seem to provide adequate value for money and need to be reviewed.

Expense Risk

Tangerine General achieved an expense ratio¹ of 49.8% in 2025 which is almost consistent with 49.3% achieved in 2024. This is commendable, however, given its strategic growth targets, the Company must ensure robust control of expenses in the face of inflationary headwinds and business growth demands.

Economic Risk

This specifically relates to the impact of market conditions, specifically, fiscal measures and inflationary pressures on the operations of Tangerine General. One key market risk for non-life business are inflationary pressures when claims take longer to settle or are subject to litigation.

Insurance Risk

In assessing this we considered the incurred claims ratio at an aggregate level for the year ending 31 December 2025. This ratio drastically improved over 2024-2025 from 31.8% in 2024 to 15.4% in 2025. Maintaining this requires consistent implementation of robust underwriting and risk management procedures.

Pricing Risk

This is the risk that the premiums charged do not adequately reflect the underlying risks being written. This leads to the premium charged being inadequate which adversely impacts profitability and solvency. The combined ratio of at most 100% is ideal and this criterion was met by most lines of business in 2025. Reducing pricing risk with require allowing for relevant rating factors and employing strict underwriting procedures manages this risk.

¹ This is the sum of the acquisition cost ratio, fulfilment expense ratio and other (management) expense ratio

Currency Risk

Tangerine General faces currency risk due to holding assets in currencies different from its functional currency, the Nigerian Naira. With liabilities denominated exclusively in Naira, a currency mismatch exists. This imbalance necessitates ongoing monitoring and proactive management. Ideally, the company should actively hedge this risk and maintain capital reserves to cover any remaining unhedged exposure.

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3.6 Business Plan

The table below presents Tangerine General's forecast for insurance contracts for the year ending 31 December 2026 along with the actual figures for 2025 and 2024.

	2026 <i>Forecast</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
<i>Amounts in N'000</i>			
INSURANCE CONTRACTS			
Premiums received	32,000,000	18,903,677	15,107,146
Insurance revenue	28,320,000	17,285,289	13,598,565
Incurred claims	(7,427,176)	(2,663,388)	(4,330,249)
Acquisition costs	(6,720,000)	(3,533,868)	(3,346,836)
Fulfilment expenses	(2,047,463)	(2,658,201)	(1,051,493)
Other (management) expenses	(3,099,281)	(2,421,951)	(2,310,258)
Investment income	3,617,922	2,159,253	8,601,603
Profit before tax	6,195,039	4,080,803	7,769,063
<i>As a % of insurance revenue:</i>			
Incurred Claims [A]	(26.2)%	(15.4)%	(31.8)%
Acquisition costs [B]	(23.7)%	(20.4)%	(24.6)%
Fulfilment expenses [C]	(7.2)%	(15.4)%	(7.7)%
Other (management) expenses [D]	(10.9)%	(14.0)%	(17.0)%
Investment Income	12.8%	12.5%	63.3%
Profit before tax	21.9%	23.6%	57.1%
Combined ratio on Insurance Services = [A] + [B] + [C] + [D]	(68.1)%	(65.2)%	(81.2)%

- **Ambitious Revenue Expansion:** Management has set a bold target to grow premiums received by 69.3%. This growth is expected to be driven by the continued scaling of the high-performing Motor and Oil & Gas lines, alongside a revitalized strategy for underperforming niche segments.
- **Anticipated Claims Normalization:** The forecast factors in a rise in the Incurred Claims Ratio to 26.2% (up from an exceptionally low 15.4% in 2025). This is a prudent adjustment; it acknowledges that 2025 was an outlier and that claims frequency is likely to return toward historical and industry averages as the portfolio expands.
- **Operational Efficiency Gains:** A key foundation of the 2026 plan is the reduction of the Total Expense Ratio (Acquisition + Fulfilment + Other) from 49.8% to 41.9%.
 - *Management Expenses:* Projected to drop from 14.0% to 10.9% of revenue, reflecting the successful absorption of fixed costs over a larger premium base.
 - *Fulfilment Expenses:* Expected to normalize at 7.2% (down from 15.4%), reversing the sharp volatility seen in 2025.
- **Underwriting Discipline:** Despite the higher claims forecast, the Combined Ratio is projected to remain healthy at 68.1%. While this is a slight "deterioration" from the

65.2% achieved in 2025, it still represents a vastly superior underwriting position compared to the 126.1% recorded in 2023.

<i>Amounts in N'000</i>	2026 <i>Forecast</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
REINSURANCE CONTRACTS			
Reinsurance premiums paid	(6,004,458)	(4,632,721)	(5,225,328)
Inward commissions & fees	1,235,185	953,003	811,351
Reinsurance recoveries	1,775,046	1,669,147	1,073,102
Reinsurance contract remeasurements	(355,655)	(1,909,758)	388,845
Net income or (expense) on reinsurance	(3,349,883)	(3,920,329)	(2,952,030)
<i>As a % of reinsurance premium paid:</i>			
Inward commissions & fees	20.6%	20.6%	15.5%
Reinsurance recoveries	29.6%	36.0%	20.5%
Reinsurance contract remeasurements	(5.9)%	(41.2)%	7.4%
Net income or (expense) on reinsurance	(55.8)%	(84.6)%	(56.5)%

Reinsurance Strategy Maturity: On reinsurance contracts, the Company expects to improve its net results. Reinsurance recoveries are projected to increase by 144.8% in nominal terms, while inward commissions are targeted to remain at the 20.6% of premiums paid, seen in 2025.

Achieving a 7.9% reduction in the expense ratio while simultaneously pursuing 69% revenue growth will be the primary execution risk for 2026. Management must ensure that infrastructure and personnel costs are kept in check during this rapid scaling phase.

4. PRICING AND PREMIUM ADEQUACY

The tables below show the incurred claims ratio, expense ratio and combined ratio across each line of business for 2025 and 2024 along with the change over the period. Improvements are highlighted in green and deteriorations are highlighted in red.

Line of business	2025			2024			Change over the period		
	Incurred Claims Ratio	Expense Ratio	Combined Ratio	Incurred Claims Ratio	Expense Ratio	Combined Ratio	Incurred Claims Ratio	Expense Ratio	Combined Ratio
Motor	19.3%	48.5%	67.8%	25.0%	38.2%	63.2%	(5.7)%	10.3%	4.6%
General Accident	42.8%	47.9%	90.7%	45.9%	49.7%	95.6%	(3.1)%	(1.7)%	(4.9)%
Fire	20.0%	53.0%	73.0%	51.8%	56.3%	108.1%	(31.8)%	(3.3)%	(35.1)%
Oil & Gas	0.5%	47.6%	48.1%	20.7%	44.4%	65.1%	(20.2)%	3.3%	(17.0)%
Marine	27.5%	49.5%	77.1%	62.4%	52.3%	114.8%	(34.9)%	(2.8)%	(37.7)%
Bond	1.8%	60.3%	62.1%	7.5%	69.7%	77.2%	(5.7)%	(9.4)%	(15.1)%
Agriculture	26.9%	61.4%	88.3%	14.4%	41.7%	56.1%	12.5%	19.7%	32.2%
Engineering	28.7%	57.8%	86.5%	(12.6)%	82.3%	69.7%	41.2%	(24.4)%	16.8%
Aviation	9.1%	49.5%	58.6%	116.5%	43.0%	159.5%	(107.4)%	6.5%	(100.9)%

Pricing Adequacy Summary: In aggregate, the substantial reduction in incurred claims ratios across most lines indicates that current pricing is "adequate" and reflective of the underlying risks. The portfolio has shifted from a state where losses were being "carried" by investment income to one where underwriting itself is a primary value driver.

- **Underwriting Turnaround:** A major milestone in 2025 was the successful transition of the Fire, Marine, and Aviation lines from loss-making positions (CR > 100%) to strong profit positions. The massive 100.9% improvement in Aviation and 37.7% in Marine suggest a rigorous "clean up" of the portfolio, potentially involving the non-renewal of high-risk or underpriced accounts.
- **Performance Anchor – Oil & Gas:** This segment remains the most technically proficient, with a combined ratio of 48.1%. The negligible 0.5% Incurred Claims Ratio highlights the effectiveness of the "high-performance risk engineering" discussed in previous sections, though the 3.3% rise in its expense ratio indicates slightly higher acquisition or servicing costs.

- **The Agriculture Exception:** Contrary to the general portfolio trend, the Agriculture line saw a significant deterioration, with its combined ratio rising by 32.2% to reach 88.3%. This was driven by a simultaneous spike in both claims (+12.5%) and expenses (+19.7%), suggesting that current premium levels are not keeping pace with the rising costs of field assessments and climate-related volatility in this sector.
- **Expense Pressure in Motor:** While the Motor line remains profitable with a 67.8% combined ratio, its expense ratio rose by 10.3%. This highlights an increasing cost-to-acquire in the competitive retail market, which management must monitor to ensure premium margins are not further eroded by commission wars or marketing spend.

5. ACTUARIAL STANDARDS

Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council (FRC) and set standards for certain items of actuarial work, including the information and advice contained in this report.

The following Technical Actuarial Standards are applicable in relation to this report and have been complied with where material:

- TAS 100: Generic TAS - Principles for Technical Actuarial Work, which applies to all technical actuarial work and promotes high-quality technical actuarial work.
- TAS 200: Insurance - Insurance (TAS 200) promotes high-quality technical actuarial work in insurance on matters where there is a high degree of risk to the public interest.



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6. APPENDIX: Aggregate Reconciliation of Insurance Contract Liabilities and Reinsurance Contract Assets

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts -

Reconciliation of carrying amounts by LRC/LIC:	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Risk Adjustment	Insurance Contract Liabilities (ICL)
	Non-onerous	Onerous	LIC		
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	4,269,423,438	-	7,568,018,161	644,779,829	12,482,221,428
Net opening balance	4,269,423,438	-	7,568,018,161	644,779,829	12,482,221,428
Insurance revenue	(17,285,288,781)	-	-	-	(17,285,288,781)
Insurance service expenses					
Incurred claims and other expenses	-	-	2,663,388,254	-	2,663,388,254
Acquisition expenses	3,533,867,559	-	-	-	3,533,867,559
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	654,135,088	(40,115,550)	614,019,538
Total insurance service expenses	3,533,867,559	-	3,317,523,342	(40,115,550)	6,811,275,351
Investment components	-	-	-	-	-
Insurance service result	(13,751,421,222)	-	3,317,523,342	(40,115,550)	(10,474,013,431)
Insurance finance expenses	-	-	(255,763,101)	-	(255,763,101)
Total change in comprehensive income	(13,751,421,222)	-	3,061,760,241	(40,115,550)	(10,729,776,532)
Premiums received	18,903,677,024	-	-	-	18,903,677,024
Claims and expenses paid	-	-	(3,631,093,010)	-	(3,631,093,010)
Acquisition costs paid	(3,533,867,559)	-	-	-	(3,533,867,559)
Total cash flows	15,369,809,465	-	(3,631,093,010)	-	11,738,716,455
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	5,887,811,681	-	6,998,685,392	604,664,278	13,491,161,351
Net closing balance	5,887,811,681	-	6,998,685,392	604,664,278	13,491,161,351

Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts

Reconciliation of carrying amounts by ARC/AIC:	Asset for Remaining Coverage (ARC)		Asset for Incurred Claims	Risk Adjustment	Reinsurance Contract Assets (RCA)
	Non-onerous	Onerous	AIC		
Opening reinsurance contract assets	1,026,638,083	-	3,971,019,132	341,331,882	5,338,989,098
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	1,026,638,083	-	3,971,019,132	341,331,882	5,338,989,098
Reinsurance revenue	(3,890,221,846)	-	-	-	(3,890,221,846)
Reinsurance service expenses					
Incurred reinsurance claims and other expenses	-	-	318,402,921	-	318,402,921
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(236,934,600)	(111,575,247)	(348,509,846)
Total Insurance service expenses	-	-	81,468,322	(111,575,247)	(30,106,925)
Investment components	-	-	-	-	-
Insurance service result	(3,890,221,846)	-	81,468,322	(111,575,247)	(3,920,328,771)
Reinsurance finance expenses	-	-	192,253,782	-	192,253,782
Total change in comprehensive income	(3,890,221,846)	-	273,722,104	(111,575,247)	(3,728,074,989)
Premiums paid net of commission	3,679,717,791	-	-	-	3,679,717,791
Reinsurance Claims and expenses received	-	-	(1,669,147,495)	-	(1,669,147,495)
Acquisition costs paid	-	-	-	-	-
Total cash flows	3,679,717,791	-	(1,669,147,495)	-	2,010,570,296
Closing Reinsurance contract assets	816,134,029	-	2,575,593,741	229,756,635	3,621,484,405
Closing Reinsurance contract liabilities	-	-	-	-	-
Net closing balance	816,134,029	-	2,575,593,741	229,756,635	3,621,484,405