

2010 ANNUAL REPORT & ACCOUNTS



 **iINSURANCE**
Standard Alliance Insurance Plc
INC. 1996



Vision:

To be the leading provider of insurance, risk management and investment services in Africa.

Mission Statement:

- **To become the best within the shortest time possible, through hard work and innovation, and the employment of superior men and machine resources:**
- **To the Public**
 - a prime company that provides full protection against the unexpected at an affordable cost and in an efficient manner.
- **To Employees**
 - a place of pride to work; a pleasant and conducive work environment that in addition rewards merit and engenders ownership approach to duty.
- **To Shareholders**
 - a prime and profitable investment; a pride to own and
- **To the State**
 - a responsible corporate citizen.



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YEAR ENDED 31 DECEMBER, 2010

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Notice of the Fifteenth AGM

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of STANDARD ALLIANCE INSURANCE PLC will hold at Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki, Lagos State, on Friday, 16th December, 2011 at 12noon to transact the following businesses:

Ordinary Business

- a) To receive and adopt the Audited Financial Statements together with Auditor's Report , Directors' Report and Audit Committee's Report thereon for the year ended 31st December, 2010.
- b) To re-elect retiring Directors.
Special Notice has been received by the Company that it is intended to propose the following resolution as an Ordinary Resolution, namely:
"That Dr. Ramsey Oubromoro Mowoe, CON be re-elected a Director of the Company pursuant to Section 256 of the Companies and Allied Matters Act CAP C20 LFN 2004, notwithstanding that he attained the age of seventy (70) years on 6th August, 2011"
- c) To approve the remuneration of the Directors.
- d) To elect and authorize the Directors to fix the remuneration of the Auditors.
- e) To re-elect/elect members of the Audit Committee.

Special Business:

To consider and if thought fit, pass the following resolutions as Special Resolutions:

1. Pursuant to the provisions of Sections 106 and 140 (4) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and subject to the confirmation of the Federal High Court, the issued share capital of the Company of N5,996,586,725.00 (Five Billion, Nine Hundred and Ninety-Six Million, Five Hundred and Eighty-Six Thousand, Seven Hundred and Twenty-Five Naira) be reduced by N1,106,023,412 (One Billion, One Hundred and Six Million, Twenty-Three Thousand, Four Hundred and Twelve Naira) to N4,890,563,313.00 (Four Billion, Eight Hundred and Ninety Million, Five Hundred and Sixty-Three Thousand, Three Hundred and Thirteen Naira) and that such reduction be effected by cancelling of 2,212,046,824 (Two Billion, Two Hundred and Twelve Million, Forty-Six Thousand, Eight Hundred and Twenty Four) ordinary shares of 50k (Fifty Kobo) each representing shares forfeited to the Company by shareholders.
2. That pursuant to the preceding resolution, the authorized ordinary share capital be reduced from N6,000,000,000.00 (Six Billion Naira) divided into 8,500,000,000 (Eight Billion, Five Hundred Million) ordinary shares of 50k (Fifty Kobo) each and 17,500,000 (Seventeen Million, Five Hundred Thousand) preference shares of N100.00 (One Hundred Naira) each to N4,893,976,588 (Four Billion, Eight Hundred and Ninety-Three Million, Nine Hundred and Seventy-Six Thousand, Five Hundred and Eighty-Eight Naira) divided into 6,287,953,176 (Six Billion, Two Hundred and Eighty-Seven Million, Nine Hundred and Fifty-Three Thousand, One Hundred and Seventy-Six) ordinary shares of 50k (Fifty Kobo) each and 17,500,000 (Seventeen Million, Five Hundred Thousand) preference shares of N100.00 (One Hundred Naira) each.
3. That pursuant to the preceding resolutions, share certificates which have already been issued out in respect of the shares be cancelled by the Company in accordance with the resolution for reducing share capital after such resolution becomes operative and effective.

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Notice of the Fifteenth AGM (continues)

4. That the Board of Directors of the Company be and are authorized to apply to the Court for an order confirming the aforesaid reduction and to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution.
5. That upon the reduction of the Company's authorised share capital as specified in resolution 2 taking effect, the capital of the Company be increased to N7,000,000,000.00 (Seven Billion Naira) by the creation of 4,212,046,824 (Four Billion, Two Hundred and Twelve Million, Forty-Six Thousand, Eight Hundred and Twenty-Four) ordinary shares of 50k (Fifty Kobo) each.
6. That clause 6 of the Memorandum of Association of the Company being the capital clause be altered after the resolution increasing share capital becomes operative and effective by substituting the words and figures "N6,000,000,000.00 (Six Billion Naira) divided into 8, 500,000,000 (Eight Billion Five Hundred Million) ordinary shares of 50k each and 17,500,000 (Seventeen Million Five Hundred) preference shares of N100.00 each" with "N7,000,000,000.00 (Seven Billion Naira) divided into 10,500,000,000 (Ten Billion Five Hundred Million) ordinary shares of 50k each and 17,500,000 (Seventeen Million Five Hundred) preference shares of N100.00 each".
7. That pursuant to the terms of issue and upon receipt of conversion notices, the existing 17,500,000 (Seventeen Million, Five Hundred Thousand) preference shares of N100.00 (One Hundred Naira) each, all of which have been issued and are fully paid-up, be converted on 31st December, 2011 ("the Effective Conversion Date") into ordinary shares of 50k (Fifty Kobo) each in the Company and issued to the holders of the preference shares registered at the close of business of the day preceding the Effective Conversion Date, at the conversion price of 90% of the closing market price per 50K ordinary shares of the Company on the 31st December of the conversion year such ordinary shares to be issued, to rank for the full amount of all dividends declared and paid on the issued ordinary shares of the Company after the date of conversion (but not for the year ended December 31, 2011) and in all other respects *pari passu* with such ordinary shares.
8. That the Company shall issue to such holders of preference shares a new certificate for the shares so converted as ordinary shares upon receipt of certificates of their holdings of preference shares.

To consider and if thought fit, pass the following resolutions as Ordinary Resolutions:

1. That the Board of Directors of the Company be and is hereby authorized to adopt the electronic means of communication with shareholders and to have and dispatch the Company's Annual Accounts, Notice of Meeting, Proxy form, e-dividend form and other relevant corporate literature in Electronic CD format.
2. That the Board of Directors of the Company be and is hereby authorized to create access centres throughout the Federation of Nigeria where shareholders who have no ready access to computers can view the Electronic CD containing the Annual Accounts, Notice of Meeting, Proxy Form, E-dividend Form and other relevant corporate literature.
3. That the Company be and is hereby authorized to take all necessary steps required to effectively execute the above resolutions while complying with all applicable laws and regulations and that the Board of

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Notice of the Fifteenth AGM (continues)

Directors be and are hereby authorized to execute all such documents as are necessary to give effect to the above resolutions.

Dated this 24th day of November, 2011

BY ORDER OF THE BOARD

AGNES OKIEMUTE UMUKORO
COMPANY SECRETARY
STANDARD ALLIANCE INSURANCE PLC
281, AJOSE ADEOGUN STREET
VICTORIA ISLAND
LAGOS



• **Miss Agnes Umukoro**
Company Secretary

NOTES

1. Proxies

A member of the company entitled to attend and vote is entitled to appoint a proxy on his or her behalf. A proxy need not be a member of the company. A detachable blank proxy form is attached to the Annual Reports and Accounts and if it is to be valid for the purpose of the meeting, it must be duly completed and deposited with the Registrars, FIRST REGISTRARS OF NIGERIA LIMITED at Plot 2, Abebe Village Road, Iganmu, Lagos State not less than 48 hours before the time of the meeting.

2. Closure of Register of Members and Transfer Books

The Register of Members and Transfer Books of the Company will be closed from Thursday, 1st December, 2011 to 7th December, 2011 (both dates inclusive) for the purpose of preparing an up-to-date Register.

3. Unclaimed Share Certificates and Share Warrants

All Shareholders are hereby informed that the Registrars of the Company are holding share certificates and dividend warrants which have been returned by the Post Office as "unclaimed". Some dividend warrants sent to Shareholders' registered addresses or their bankers too are yet to be presented for payment or returned to the Registrars of the Company for revalidation. The affected shareholders should please get in touch with the First Registrars.

4. Nomination for Audit Committee

In accordance with Section 359 (5) of the Companies and Allied Matters Act 1990, any member may nominate a Shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting. The Security and Exchange Commission's Code of Corporate Governance has indicated that member of the Audit Committee should have basic financial literacy and be able to read financial statements. We would therefore request that nominations be accompanied by a copy of the nominee's Curriculum Vitae.



Chairman's Statement

For the year ended 31 December, 2010



Alhaji Aliyu Yahaya Sa'ad

Dear Shareholders,

It is with great pleasure that I welcome you all to the 15th Annual General Meeting of our company for the purposes of presenting to you the financial statements and reports for the year ended December 31, 2010.

Global Environment

The year 2010 was a very important year especially for the global economy as it offered a mix of positive and negative signals around the world. Whilst it may be too early to say that the financial crisis has come to an end, evidence abounds of impressive performance of the global economy around the third quarter of 2010. Some financial markets in the USA and Euro zone showed positive returns for second year whilst others continued to struggle with problems of

the world economic crisis. Most developing countries, especially in sub-sahara region, recorded strong growth in 2010. This development can be largely attributed to strong domestic demand as a result of rising real incomes, sustained private and public investments as well as strong commodity prices performance.

Rising oil and commodity prices in the international markets however fuelled concerns on future inflation and fiscal stress.

Domestic Environment

According to the provisional data from National Bureau of statistics, Nigeria Real Gross Domestic Product grew by 8.2% in the fourth quarter of 2010, up from the 7.8% recorded in the third quarter. The overall GDP growth for 2010 was estimated to be 7.85%, which was better than 6.96% recorded in 2009. The external reserve reduced significantly from \$42.4billion in 2009 to \$32.35billion as at December 2010 with consequent adverse impact on Naira exchange rate stability. During the period under review the Universal Banking Model was repealed by the CBN as part of its strategic initiatives to reform the Nigerian Banking System. This will lead to possible takeover, mergers and acquisitions in the industry as all banks with insurance subsidiaries are required to divest from these businesses. The abolition of the universal banking model would also open up the market and create a level playing field for the insurance market as non-bank affiliated insurance companies will now be able to compete for those businesses that were the near exclusive preserve of bank-owned or bank-affiliated underwriters.

In spite of the above the CBN recently put the national poverty level at 54.4% and unemployment at 19.7%. The poor state of electricity supply, road network and other physical infrastructure coupled with increase inflation rate continued to adversely affect the purchasing power and quality of life of most Nigerians. This is in addition to the negative impact on the overall cost of business transactions and the competitiveness of local industry. No sector of the economy has been spared this scourge.

The year 2010 was also a year of recovery for the

Continues on next page



Chairman's Statement (continues)

financial markets, credit squeeze in the economy and bank debt crisis, which led the establishment of the Asset Management Corporation of Nigeria in order to stimulate the recovery of Nigeria's financial system, to improve liquidity and encouraged lending to the real sector. The effect of this is yet to be felt, as lenders and investor apathy continues; thus crippling most businesses, with the debt market and equity market in hibernation.

The Insurance Industry

The fallout of the financial market crisis, the pervasive credit crunch meant for the purchase of insurance products like personal lines slowed as customers reneged on premium payments and cancelled policies. The majority of insurance quoted stocks still witnessed significant devaluation of prices which resulted in huge provisions for diminutions in the year 2010. Whilst insurance companies grapple under the weight of weak economy, the National Insurance Commission (NAICOM) embarked on Market Development and Restructuring Initiative (MDRI), focusing on public awareness and enforcement of six compulsory insurance policies in a renewed bid to deepen insurance penetration from the current less than 1% to at least 4%. As NAICOM forges on with compulsory insurances, Government made a fresh foray into insurance by repealing the Workmen Compensation Act 1987 and transferring the management of its insurance provisions to the National Social Insurance Trust Fund (NSITF) under a compulsory compensation savings scheme enacted within the new Employees Compensation Act 2010.

The industry also witnessed another regulator or legislation-induced changes or reforms in the Local Content Act for Oil & Gas insurance risk, which was enacted in April 2010. The implication of this is that no insurance risk in the Nigerian oil & gas industry can be placed overseas without the approval of the National Insurance Commission which must first ensure that Nigerian Local Capacity has been fully exhausted. This also has the implication that insurers would be expected to carry

larger credit risks which may drive down profits or at worse increase failure of insurers to meet claim obligations.

In spite of all these positive and growth-inducing development the public perception of insurance in Nigeria remain very poor. There continues to be unhealthy and unethical competitive practices among underwriters which are rate cutting, business acquisition costs are very high. The insurance business still remains a very tough industry to play in.

International Reporting Standards (IFRS)

The federal Government announced the adoption of the Nigeria Roadmap of International Financial Reporting Standards (IFRS) in August 2010. Subsequent to this, the National Insurance Commission (NAICOM) issued a directive to all insurance and reinsurance companies to take appropriate steps to ensure seamless transition to the new financial reporting regime. I am delighted to inform you that your company is one of the insurance companies that has taken this issue very serious by signing on with IFRS PARTNERS based in Canada in conjunction with Active edge Technologies, a renowned local company for the implementation of this international reporting standards and we are at the GAP analysis stage. Selected staff from all units and departments have attended training programmes organised by these organisation. By the end of 2011 we would have produced financial statements that are in line with International Financial Report Standards (IFRS).

Apart from harmonising the standard of accounting system we expect this development to restore confidence to the quality of financial reporting in the industry while revealing the true financial strength of the operators.

Financial Results

Despite the challenging business environment, your company was able to record many positive growth indices during the year. We recorded Gross Premium Income of N3.782billion in 2010 as against N3.159billion recorded for the corresponding period in 2009 representing a growth of 19.7%. Premium earned also grew by 20% from N2.931billion in 2009 to N3.514billion

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Chairman's Statement (continues)

in 2010. Underwriting profit, which is a measure of the efficiency of the Company's core risk bearing process stood at N1.7554billion in 2010.

Our investment income experienced a decline largely as a result of the prevalent low single digit interest rates given by deposit banks across the country during the year.

We also made full provision of N2.6billion for bad and doubtful outstanding premium in 2010 as against the figure of N507million for 2001. This was done in line with the NAICOM 2010 Policy Guidelines that stated that all outstanding premiums that are above 180days should be provided for.

However, contrary to high expectations in the Nigerian stock market, the decline continued throughout the year and, in fact, it was further compounded by the CBN reports on banks and bail out of the banking system during the period. Accordingly, your company suffered further losses due to diminution in the market value of our investments. The provision for diminution of N6.4billion in 2010 as against N6.7billion in 2009 resulted in N8.4billion loss before tax.

Our People

At Standard Alliance we pride ourselves in our people and are committed to instituting human resource best practices and policies compatible with our goal to be an employer of choice. We continue to invest in developing, equipping and empowering our people to position them for superior performance in line with our goal to remain a market leader. Our staff have continued to show their skills and hard labour by producing financial result in the face of difficult market conditions. On behalf of the Board of Directors, I would like to extend my appreciation to the staff of the Company for their tenacity and loyalty during these peculiar times. I wish to assure all staff that the Company is committed to their professional development and improving welfare.

Future Outlook

The future remains bright for a developing economy like ours and the business community, including our company, only needs to be

enabled to exploit the emerging opportunities. As the National Insurance Commission (NAICOM) makes efforts to increase penetration and density in the country with Market Development and Restructuring Initiatives (MDRI), we are positioning ourselves to be at the forefront in actualising these objectives through product innovation and new/alternative channels while maintaining world-class underwriting and risk management practices. While we continue to pursue our direct marketing strategic initiatives we will also focus on measures that will strengthen our strategic relationship with as well as increase our business patronage from our esteemed brokers. As part of our efforts to ensure all round excellent service delivery, we have significantly upgraded our IT infrastructure and we will continue to invest in and leverage on technology to improve on our service delivery and reach out to customers.

Conclusion

In conclusion, I would like to appreciate our customers for their continued and growing patronage and our esteemed shareholders for your continued support to the Company. My appreciation also goes to our esteemed brokers and all who have in one way or the other been of invaluable support to our business during the year under review. I would like to recognise the immense contribution of the Board and Management and, especially our loyal and hard working staff who have remained steadfast and committed to ensuring that we always deliver value beyond the expectations of all stakeholders.

Thank you and God bless you all.

ALHAJI ALIYU YAHAYA SA'AD

Chairman

Lagos.

16th December, 2011



Managing Director/CEO's Report

For the year ended 31 December, 2010



Tom Imokhai

Dear Shareholders,

As I look across the company, I am doubtless proud about Standard Alliance Insurance Plc's improving underwriting performance and our potential to achieve more in the future. Whilst there has been some improvement across all the business areas, it is clear that we still have a lot of work to do.

Industry review

The year 2010 witnessed the kick-off of a drive by the insurance regulator to launch additional compulsory insurance products in major cities in Nigeria. This launch was part of the implementation of its Market Development and Restructuring Initiatives (MDRI). Standard Alliance Insurance Plc ensured the reinforcement of the importance of the insurance to the public

by supporting the initiatives and other industry activities. The last financial period also witnessed the strong enforcement of regulatory policies with the resultant effect of improved reporting standards and adoption of risk management supervision. All the above and many others constitute evidence that the Nigerian Insurance Industry is progressively realigning towards global trends and local needs.

As part of the MDRI, the industry in conjunction with other agencies is out to enforce compulsory insurance products and it is our expectation that these products will facilitate the deepening of insurance penetration in Nigeria whilst serving to safeguard the financial security of all Nigerians.

In addition to this, the industry has embarked on a nationwide overhaul of the motor insurance system with a centralised database management project currently under development. This programme when completed will eliminate the malaise of fake motor insurance products thereby ensuring the security of road users and at the same time, pull our industry towards its potentials in this particular insurance class.

The insurance industry growth has remained modest after the

recapitalisation exercises initiated by the regulator, corroborated by the estimated 2009 Gross Premium Income of N200billion recorded by all underwriters. The industry grew at a compounded annual growth rate (CAGR) of 31% between 2006 and 2009. Growing at the same rate, the industry is expected to have achieved a GPI of N246billion in 2010.

Going forward, we will continue to improve essential capabilities such as launch of innovative services, leveraging on sound corporate governance, risk management, process engineering enhanced by performance oriented human capital development. In addition, we have made a lot of progress since we started our journey, but we are still aiming even higher for the future.

On our frontier, NAICOM, the regulatory



Managing Director/CEO's Report (continues)

authority for all insurance companies in Nigeria is repositioning itself with various initiatives and guide lines which will meet the test of time and bring stability and confidence to the sector.

The economic outlook remains positive and risks are generally balance. Growth is projected at 7%. Inflation may be much higher, due to government spending being an election year. On the upside, a shift in government spending towards capital formation and planned reforms in the power sector could boost growth, and passage of the Petroleum Industry Bill could unlock additional investments in the oil sector. Other growth drivers for 2011 are Foreign Direct Investment (FDI) inflow, which is one of the positive path due to our outlook on the attractive yield and higher rate of return on capital.

The insurance sector is also beginning to benefit from the impact of the local content policy in the oil sector.

Financial Performance

Considering the business environment in Nigeria in 2010 which was still at the recovery stage, your company generated a gross premium of N3.782billion against N3.159billion in 2009. This represents 19.7% increase in premium income. Net premium earned for the year increased from N2.931billion to N3.513billion representing 20% growth.

The decrease in investment income was due to instability experienced in the capital market in 2010, lull in Real Estate market coupled with unattractive return on investment from the money market due to CBN's significant reduction of interest rates.

People and Culture

Our staff winning culture and shared vision, mission and values is the heart of our company's success. We have always had great people at Standard Alliance, and today, we are doing a better job of developing, managing and retaining talents. We would not relent in having a relentless focus on the quality and development of our employees at all levels and in every area of the company to enable our long term success.

Information Technology

In line with the management strategy to improve the customer service delivery leveraging on up to date information system that will stand the test of time, your company has invested heavily on a robust and sophisticated core business application (Turn quest software) with skilled and dedicated staff with which we have started parallel run. I have no doubt in my mind that this software will transform the company and enhance business performance.

Cost Reduction

The cost reduction mechanism is in place and becoming well engrained in all our operations. The impact is already being felt in the numbers hence the huge reduction in our operational expenses in relation to the growth recorded in gross premium in 2010. We are poised to making our company become an investors' delight by all standards.

Public Sector

Standard Alliance Insurance Plc is now strategically positioned and participating in some major Government accounts. However, our public sector marketing unit has been reorganised to drive the insurance business from Local, States, Federal Government's parastatals, agencies and ministries. This department will also look for opportunities from multinational and international organisations, development agencies, and NGOS in order to improve the company's earnings from more sources.

IFRS Transition Project

Further to the approval by the Federal Executive Council, that all Nigerian companies adopt the International Financial Reporting Standards (IFRS) and subsequent directive of the Securities and Exchange Commission, we have in compliance gone through a training and implementation programme with a Canadian based IFRS specialist "IFRS PARTNERS" in conjunction with a local consultant "ACTIVE EDGE TECHNOLOGIES". We have in compliance drawn our roadmap and GAP analysis that will enable us to implement accordingly. Our company is well positioned for the adoption deadline in 2011.



Managing Director/CEO's Report (continues)

Looking Ahead

In the midst of the global financial and economic meltdown, we have continued to put measures in place to ensure that our company is firmly footed to ride the storm. We have used this period of down turn to embark on series of strategic initiatives to strengthening our operations and business model that will enable us increase our market share in the industry. Indeed the future of our company is bright as we will continue to deploy strategies to enable us fully exploit emerging business opportunities and also make the company one of the top five in the industry.

Conclusion

With all humility, this is a great opportunity for me to offer my gratitude to many of you who have contributed positively to bring Standard Alliance Insurance to this enviable position. Those who work tirelessly to give the company their best every day. We could not have

achieved so much, nor would we have such great confidence in the future without the talents and hard work of my colleagues.

I would also like to applaud our Board of Directors for their deep involvement and regular support. We remain grateful to our customers and intermediaries for their continued support and patronage over the years.

Let me conclude by thanking you, our Shareholders, for your confidence in our ability to take this company to greater heights. Thank you for your attention.

Tom Imokhai
Managing Director/CEO
16th December, 2011



Board of Directors



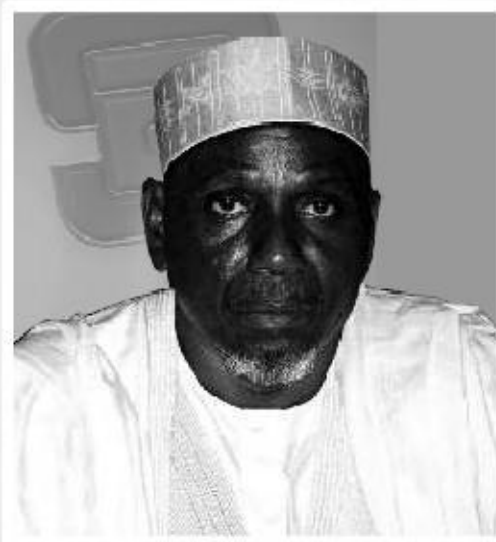
● Olorogun O'tega Emerhor, OON
Vice Chairman



● Hassan Mohammed
(Ciroma Keffi)
Director



● Mrs. Rhe Emerhor-Iwuagwu
Director



● Alhaji Aliyu Yahaya Sa'ad
Chairman



● Joshua Ayodele Ajayi
Director



● Mr. Thomas Imokhai
Managing Director



● Miss Agnes Umukoro
Company Secretary



● Mr. Bode Akinboye
Director



● Brig. Gen. Dominic Oneya (RTD.)
Director



● Dr. Ramsey O. Mowoe, CON
Director



Management Team



• **Anietie Udo**
Regional Head, South-South



• **Akinola Bello**
GM, Business Development/
Divisional Head Brokers' Group



• **Sunday Ojo**
Group Head, Finance and Investments



• **Chibuzor Chukwudi**
Regional Head, Mid-West/South-East



• **Austin Osegha Ebose**
Divisional Head, Public Sector,
Energy & Telecoms.



• **Ndubisi Ifeanyi**
Group Head, Technical



• **Tom Imokhai**
Managing Director/CEO



• **Ekundayo Mobayo**
Divisional Head,
Financial Institutions Group



• **Akinyanju Akintunde**
Divisional Head, General Business/
Multi-Clients



• **Jide Fasanmi**
Regional Head, South-West



• **Nelson Egboboh**
Head, Group Corporate
Communications



• **Koleola Ojo**
Team Leader, Brokers' Group



• **Adewale Koko**
Group Head, Energy and Special Risk



• **Abayomi Ayegbusi**
Regional Head, North



• **Akanni Oladele**
Team Leader, Financial Institutions
Team 1



• **Ijeremhe Kadiri**
Head, Management Accounts



• **Miss Agnes Umukoro**
Company Secretary



Financial and General Highlights

For the year ended 31st December, 2010

	2010	2009	CHANGE	%
	=N='000	=N='000	=N='000	
PROFIT AND LOSS ITEMS				
Gross Premium Written	3,883,160	3,258,173	624,987	19
Net Premium Written	3,513,741	2,931,701	582,040	20
Claims Paid	758,348	873,097	(114,749)	(13)
Underwriting Profit	1,754,156	1,795,900	(41,744)	(2)
Investment Income	49,250	1,113,004	(1,063,754)	(96)
Management Expenses	1,204,644	1,384,979	(180,335)	(13)
Profit/(Loss) before taxation	(8,413,755)	(5,705,801)	(2,707,954)	47
BALANCE SHEET ITEMS				
Cash/Bank Balances and Short Term Investment				
Long Term Investments	4,985,452	10,969,527	(5,984,075)	(55)
Insurance Funds	1,399,476	2,539,773	(1,140,297)	(45)
Paid-up Share Capital	726,143	545,600	180,543	33
Shareholders' Fund	5,996,587	5,996,587	-	0
Total Assets	7,706,464	16,432,568	(8,726,104)	(53)
	10,742,356	18,742,465	(8,000,109)	(43)
PER SHARE DATA				
Based on the weighted average units of ordinary shares of 50k each				
Basic Earnings per share (kobo)	(99)	(67)	(32)	(48)
Proposed Dividend (kobo)	0	0	-	
Net Asset per share (adjusted) (kobo)	164	193	(29)	
Share Price (kobo)	50	50	-	(15)
				0
GENERAL				
Number of Shareholders	78,030	78,789	(759)	(1)
Number of employees	191	186	5	3
Number of Branches	23	23	-	0



Corporate Profile

DIRECTORS

Alhaji Aliyu Sa'ad	-	Chairman
Olorogun O'tega Emerhor, OON	-	Vice Chairman
Mr Tom Imokhai	-	Managing Director
Mr Bode Akinboye	-	Director (Resigned 6th July, 2010)
Brig. Gen. Dominic Oneya (Rtd.)	-	Director
Dr Ramsey Mowoe, CON	-	Director
Mr Ayodele Ajayi	-	Director
Alhaji Mohammed Hassan	-	Director
Mrs Orehime Emerhor-Iwuagwu	-	Director (Appointed May 2009)

Company Secretary - Agnes Okiemute Umukoro

Registered office - Plot 281 Ajose Adeogun Street
Victoria Island
Lagos

Registrars - First Registrars Nigeria Limited
Plot 2, Abebe Village Road
Iganmu Lagos.

Auditors - Messrs Muhtari Dangana & Co
(Chartered Accountants)
Maanah Plaza
19 Araromi Street
Onikan – Lagos

Reinsurers

Local

1. African Reinsurance Corporation, Nigeria
2. Continental Reinsurance Plc
3. Nigerian Reinsurance Plc
4. WAICA Reinsurance Pool, Nigeria.

Foreign

1. GIC Re of India

Bankers

1. Access Bank Plc
2. Afribank Plc
3. Diamond Bank Plc
4. Ecobank Plc
5. Fidelity Bank Plc
6. First Bank of Nigeria Plc
7. Finbank Plc
8. Lagoon Home Savings & Loans Limited
9. Skye Bank Plc
10. United Bank for Africa
11. Zenith Bank Plc
12. Sterling Bank Plc
13. Standard Chartered Bank Limited



Report of the Directors

For the year ended 31 December, 2010

The Directors have the pleasure in presenting their reports and the audited financial statements of the Company for the year ended 31 December, 2010.

Results for the year

The highlights of the Company's results for the year are:

PROFIT AND LOSS ITEMS

	2010	2009
	=N='000	=N='000
Gross Premium Written	3,883,160	3,258,173
Net Premium Written	3,513,741	2,931,701
Claims Paid	758,348	873,097
Underwriting Profit	1,754,156	1,795,900
Investment Income	49,250	1,089,216
Management Expenses	1,204,644	1,384,979
Provision for doubtful debts	2,585,306	507,525
Profit before taxation and exceptional item	1,986,544	1,016,400
Provision for diminution of investment	6,427,211	6,719,201
Profit/(Loss) before taxation and extraordinary item	(8,413,755)	(5,702,801)

Legal form

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. Its name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

Standard Alliance became a Public Liability Company (PLC) on 30 May 2002.

Principal activities

The principal activities of the Company during the year remained to transact non-life businesses.



Report of the Directors

For the year ended 31st December, 2010 (Continues)

Directors' responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that period and comply with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004. In doing so, they ensure that:

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- adequate internal control procedures are established, which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- judgements and estimates made are reasonable and prudent and consistently applied and the going concern basis is used, unless it is inappropriate to presume that the company shall continue in business.
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Directors

The following Directors served during the year:

Alhaji Aliyu Sa'ad	-	Chairman
Olorogun O'tega Emerhor, OON	-	Vice Chairman
Mr Tom Imokhai	-	Managing Director
Mr Bode Akinboye	-	Director (Resigned 6th July, 2010)
Brig. Gen. Dominic Oneya (Rtd.)	-	Director
Dr Ramsey Mowoe, CON	-	Director
Mr Ayodele Ajayi	-	Director
Alhaji Mohammed Hassan	-	Director
Mrs Orerhime Emerhor-Iwuagwu	-	Director

Retirement of directors

In accordance with Section 83(2) of the Company's Article of Association, one third of the non-executive Directors shall retire at the Company's Annual General Meeting and being eligible, offer themselves for re-election.



Report of the Directors

For the year ended 31 December, 2010 (Continues)

Directors' interests

Shares

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members were as follows:

	Number of shares held at the end of:	
	2010	2009
	Units	Units
Olorogun O'tega Emerhor, OON	415,130,000	415,130,000
Mr Bode Akinboye	214,025,000	214,025,000
Alhaji Aliyu Sa'ad	73,012,500	73,012,500
Brig. Gen. Dominic Oneya (Rtd.)	2,100,000	2,100,000
Ayodele Ajayi	1,442,900	1,442,900
Dr. Ramsey O. Mowoe	1,200,000	1,200,000
Mr Tom Imokhai	6,000,000	6,000,000
Alhaji Mohammed Hassan	25,000	25,000

The Directors' indirect interests in the issued share capital of the Company as recorded in the Register of members were as follows:

	Number of shares held at the end of:	
	2010	2009
	Units	Units
OLOROGUN O'TEGA EMERHOR, OON Ordinary Shares		
Standard Alliance Investments Ltd	365,892,140	365,892,140
First Atlantic Asset Management Ltd	308,700,000	308,700,000
Synetics Technologies Limited	309,581,094	309,581,094
New Heroes Limited	113,580,709	113,580,709
Finbank Plc	420,000,000	420,000,000
<u>Preference Shares</u>		
Finbank Plc	3,500,000	3,500,000
Synetics Technologies Limited	13,965,000	13,965,000
Strength Security Services Limited.	25,000	25,000
Standard Insurance Consultants Ltd	10,000	10,000



Report of the Directors

For the year ended 31st December, 2010 (Continues)

Directors' interest (continued)

Contracts

Olorogun O'tega Emerhor, OON has beneficial interests in Synetics Technologies Ltd, Strength Security Services Limited, Finbank PLC and Standard Alliance Investments Limited that the Company maintains business relationships with. The transactions between them are carried out at arm's length.

Other than as stated above, none of the directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any declarable interest in contracts in which the Company was involved during the year ended 31 December 2010.

Acquisition of own shares

The Company did not acquire any of its own shares during the year ended 31 December 2010.

Fixed assets

Information relating to changes in tangible assets is given in Note 8 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the value shown in the financial statements.

Human resources

(a) Employment of disabled persons

The Company does not discriminate in considering applications from suitably qualified persons. Equal opportunities for development are given to all employees regardless of disability. Where an employee becomes disabled, every effort is made to ensure his/her continued employment.

(b) Employees' health, safety and welfare

The members of staff enjoy free and comprehensive medical services, which are extended to members of their family at retained clinics and hospitals. Every effort is made to provide a safe and healthy working environment for staff.

(c) Employee involvement and training

The Company attaches great premium to training of its staff. Staffers are sponsored to attend local and overseas courses of the highest quality.



Report of the Directors

For the year ended 31st December, 2010 (Continues)

Share capital information

a. Share range analysis

Range of Shares	Number of Shareholders	Share Units	% Total
1 - 1,000	15,304	14,814,191	0.17
1,001 - 5,000	28,615	89,645,551	1.06
5,001 - 10,000	12,150	107,900,067	1.27
10,001 - 50,000	17,818	391,350,704	4.61
50,001 - 100,000	2,029	166,211,324	1.96
100,001 - 500,000	1,547	347,191,948	4.09
500,001 - 1,000,000	254	213,966,211	2.52
1,000,001 - 5,000,000	184	398,213,972	4.69
5,000,001 - 10,000,000	47	360,772,612	4.25
10,000,001 - 50,000,000	41	935,906,480	11.02
50,000,001 - 100,000,000	41	5,467,200,390	64.37
	78,030	8,493,173,450	100.00

b. Substantial interest in shares

No shareholder held more than 5% of the issued share capital of the Company as at 31 December 2010.

Donations

The Company did not make any donations to political organizations during the year.

Auditors

The Auditors, Messrs Muhtari Dangana & Co, have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

AGNES OKIEMUTE UMIKORO
COMPANY SECRETARY
STANDARD ALLIANCE INSURANCE PLC

15th June, 2011



**Muhtari
Dangana & Co.**
CHARTERED ACCOUNTANTS



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648982
318000

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4132591
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7300495

muhtaridangana@yahoo.com

**Auditors Report to the Members of
Standard Alliance Insurance Plc**

We have audited the financial statements of Standard Alliance Insurance Plc which comprise the balance sheet as at 31 December 2010, the profit and loss account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give true and fair view of the financial position of Standard Alliance Insurance PLC as at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria.

Report on other legal/regulatory requirements

The Company has kept proper books of account and the financial statements are in agreement with them. The financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Insurance Act, CAP 117 LFN 2004, the regulatory requirements of the National Insurance Commission and the applicable statements of accounting standards issued by the Nigerian Accounting Standards Board.

Contravention

The Company contravened certain sections of the NAICOM guidelines 2009 and other circulars issued by National Insurance Commission (NAICOM). Details of the penalties have been disclosed in note 26 of these financial statements

Muhtari Dangana & Co.
MUKHTARI DANGANA & CO
(CHARTERED ACCOUNTANTS)
LAGOS - NIGERIA

29 September 2011





Corporate Governance Report

The Board is committed to best practices and procedures in corporate governance. Overseen by the Board of Directors, Standard Alliance Insurance Plc's corporate governance practices are constantly under review, in line with the dynamics of the business environment and guidelines of the regulatory bodies.

The corporate governance policies adopted by the Board of Directors are designed to ensure that the company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

The day to day running of the company is delegated to the Managing Director by the Board of Directors assisted by the management committee.

Responsibilities of the Board of Directors

The responsibility of the Board of Directors includes:

- i. Review corporate strategy, major plans of actions, risk policy, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions.
- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the companies' accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.



Corporate Governance Report (Continues)

The Board carries out some of the above responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a Non Executive Director in compliance with principles of good corporate governance. The Audit Committee is chaired by a representative of the shareholders.

Sub Committees of the Board of Directors

The Board delegated some of its responsibilities to standing committees that consist of Executive and Non Executive Directors. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. These committees are as follows:

The Investment and Finance Committee

This is a standing committee of the Board with the responsibility for investment. The Managing Director is a member of the Committee. The committee members are:

Mr Joshua Ayodele Ajayi- Chairman
Olorogun O'tega Emerhor- Member
Mr. Bode Akinboye- Member
Alh. Mohammed Hassan (Ciroman Keffi)- Member
Mr. Thomas Imokhai- Member
Mrs. Orerhime Emerhor-Iwuagwu- Member

Its terms of reference include:

- Ensure investment policies in place are documented, including placement limits.
- Review existing investments and investment strategies and to review yearly budgets.

The Strategy and Establishment Committee

The Committee membership includes the Managing Director.

Dr. Ramsey Mowoe- Chairman
Olorogun O'tega Emerhor- Member
Mr. Bode Akinboye- Member
Mr. Thomas Imokhai- Member
Brig. Gen. Dominic Oneya (Rtd)- Member
Mrs. Orerhime Emerhor-Iwuagwu- Member



Corporate Governance Report (Continues)

Its terms of reference include:

- Review capital and recurrent expenditure policies/processes.
- Review of administration and general management practices.
- Review entitlements and otherwise as they relate to staff welfare and make recommendations.
- Any other matter that may be relevant in the improvement of strategy and establishment process.

Risk/Remuneration Committee

The members are:

- | | | |
|----------------------------------|---|----------|
| 1. Brig Gen. Dominic Oneya (Rtd) | - | Chairman |
| 2. Mr Thomas Imokhai | - | Member |
| 3. Mrs Orerhime Emerhor Iwuagwu | - | Member |
| 4. Mr. Ayodele J. Ajayi | - | Member |
| 5. Olorogun O'tega Emerhor | - | Member |

Its Terms Of Reference:

1. Review of Directors compensations
2. Review of Executive Directors Remuneration packages.
3. Enterprise risk mangement

The Audit Committee

The Audit Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting. The members of the committee are:

- | | | |
|--------------------------------------|---|------------------------|
| Mr Chuka Onwuchekwa | - | Chairman (Shareholder) |
| Mr. Matthew Esonanjor | - | Member (Shareholder) |
| Mr. Ese Arueya | - | Member (Shareholder) |
| Dr. Ramsey Mowoe | - | Member (Director) |
| Brig. Gen. Dominic Oneya (Rtd) | - | Member (Director) |
| Alh. Mohammed Hassan (Ciroman Keffi) | - | Member (Director) |