
SIC Insurance Company Limited



PROSPECTUS

Initial Public Offer

**97,822,500 ordinary shares of no par value at 30Gp (¢3,000) per share
(Regarding the Divestiture of SIC General Business)**

Lead Broker/Manager

MERBAN STOCKBROKERS LIMITED

Co-Sponsoring Broker

SIC FINANCIAL SERVICES LIMITED

December 3, 2007

DISCLAIMER

The Directors of SIC Insurance Company Limited (SIC) collectively and individually accept full responsibility for the accuracy of the information given in this prospectus. After making all reasonable inquiries and to the best of their knowledge and belief there are no facts the omission of which would make any statement in this document misleading.

No director has an interest in the Company. There is however no restriction on any director who wants to acquire some of the shares during the offer period.

To the best of the knowledge and belief of the Sponsoring Brokers this prospectus constitutes full and true disclosure of all material facts about the Issue and the Issuer and where appropriate the profit forecast has been stated by the directors after due and careful inquiry.

A copy of this document has been delivered to the Registrar of Companies for registration. The Registrar has not checked and will not check the accuracy of any statement made and accepts no responsibility thereof or for the financial soundness of the Company or the value of securities concerned.

This prospectus has been reviewed and approved by the Securities and Exchange Commission (SEC) in accordance with Section 9 of the Securities Industry Law, 1993 (PNDCL 333) as amended. In its review, the SEC examined the contents of the prospectus to ensure that adequate disclosures have been made.

This prospectus does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.

Before deciding whether to apply for SIC shares, you should consider whether shares are a suitable investment for you. Their values can go down as well as up. Past performance is not necessarily indicative of future performance.

Persons interested in acquiring shares should inform themselves as to: -

- (1) Any foreign exchange restrictions or exchange control requirements, which they might encounter on the acquisition of shares.
- (2) The income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of shares.

If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisors.

An application has been made to the Ghana Stock Exchange (GSE) for permission to list all the shares of the Company already issued as well as those shares, which are the subject of this Offer. Acceptance of applications will be conditional upon permission being granted to list all of the issued shares of the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted. The GSE assumes no responsibility for the correctness of any of the statements made, or opinions, or reports expressed in this prospectus. Admission to the First or Second List is not to be taken as an indication of the merits of the Company or of the shares.

The shares are offered on the basis of the information and representations contained in this prospectus and other documents referred to herein. Any further information given or representations made by any person may not be relied upon as having been authorized by the Company. Neither the delivery of this document nor the allotment of shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

Some portions of this document contain “forward-looking information”. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including without limitation, those concerning: the operating and financial performance of SIC. These forward-looking statements reflect SIC’s current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or other similar words and phrases. Similarly, statements that describe SIC’s objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause SIC’s actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although SIC believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

The risk factors described in this document beginning from page 80 of this document could affect SIC’s future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all of the important factors that could cause SIC’s actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

You should review carefully all information included in this document. The forward-looking statements included in this document are made only as of the date of this document. SIC does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to SIC or any person acting on its behalf are qualified by the cautionary statements in this paragraph.

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KEY MILESTONES AND TIMETABLE

<u>ACTIVITY</u>	<u>DATE</u>	<u>TIME</u>
Commencement of Offer	December 3, 2007	9.00 a.m.
End of Offer	December 21, 2007	5.00 p.m.
Allotment of shares	December 28, 2007 - January 4, 2008	5.00 p.m.
Submission of report on the Offer to SEC	January 4, 2008	5.00 p.m.
Dispatch of share certificates	January 11, 2008	5.00 p.m.
Commencement of trading	January 18, 2008	9.30 a.m.

The dates provided in the activity timetable above are subject to change by the Lead Managers of the Offer in consultation with the Directors of SIC (subject to the necessary regulatory approvals). Any amendment will be published in the national daily newspapers not later than 72 hours of receipt of regulatory approvals.

TABLE OF KEY DEFINITIONS

Companies Code	Companies Code 1963 (Act 179)
GoG	Government of Ghana
GSE	Ghana Stock Exchange
NIC	National Insurance Commission
PNDCL	Provisional National Defence Council Law
SEC	Securities and Exchange Commission
SIC	SIC Insurance Company Limited
SIC-FSL	SIC Financial Services Limited
The Company	SIC Insurance Company Ltd.
¢10,000	GH¢1.00
The Government	Government of Ghana
Sponsoring Brokers	MSL/SIC-FSL
MSL	Merban Stockbrokers Limited
The Code	The Companies Code, 1963 (Act 179)
MOFEP	Ministry of Finance and Economic Planning

DIRECTORS AND CORPORATE INFORMATION

Directors	Prof. I. M. Ofori (Chairman) Mr. Peter Osei Duah (Managing Director) Mr. Franklin Owusu Asafo-Adjei Dr. Kwaku Osafo Ms. Margaret Ekua Prah Mr. Kwame Owusu Dr. Y. S. Karikari Brobbey Mr. D. K. M. Soadzedey
Company Secretary	Barbara Oteng-Gyasi (Mrs) Nyemitei House 28/29 Ring Road East Osu, Accra. Tel: 233 (021) 780613 Fax: 233 (021) 780615 Email: sicinfo@sic-gh.com
Registered Office and Principal place of business	Nyemitei House 28/29 Ring Road East Osu, Accra Tel: 233 (021) 780600/9 Fax: 233 (021) 780615 Email: sicinfo@sic-gh.com Website: www.sic-gh.com
Auditors	Deloitte and Touche Chartered Accountants P. O. Box GP 453 Accra Tel: 233 (021) 775355 / 773761 Fax: 233 (021) 775480 Email: administrator@deloitte-gh.com
Registrars	NTHC Limited Martco House P. O. Box KIA 9563 Aripport - Accra Tel: +233 (21) 238492-3 / 235814-5 Fax: +233 (21) 229975 / 240243 Email: nthc@ghana.com
Bankers (Local)	Ghana Commercial Bank Ltd. Merchant Bank (Ghana) Ltd. National Investment Bank Ltd. SG-SSB Limited HFC Bank (Ghana) Ltd. Standard Chartered Bank Ghana Ltd. Barclays Bank of Ghana Ltd. Ecobank Ghana Ltd. International Commercial Bank Ltd.
Bankers (Foreign)	Ghana International Bank Ltd. Barclays Bank Plc.

ADVISORS TO THE SHARE OFFER

Lead Sponsoring Brokers

Merban Stockbrokers Limited

57 Examination Loop, North Ridge
P. O. Box 401

Accra

Tel: + 233 21 251131-5

Fax: +233 21 251138

Website: www.merbangh.com

Email: mbd@merbangh.com

Contact: Mrs. Lilian Atakora

Co-Sponsoring Brokers

SIC Financial Services Limited

(Nyemitei House)

28/29 Ring Road East, Osu

P. O. Box GP 2363

Accra

Tel: +233 21 767051/767163/767117

Fax: +233 21 767021

Website: www.sic-fsl.com

Email: info@sic-fsl.com

Contact: George Y. Mensah

LEGAL ADVISORS

Bentsi-Enchill, Letsa & Ankomah

1st Floor, West Wing

Teachers' Hall Complex, Accra

Tel: 233 21 22 11 71

Fax: 233-21-22 61 29

Email: seth.asante@belonline.org

Contact: Seth Asante

REAL ESTATE VALUERS

Valuation and Development Services

6 Down Hill Street

Kokomlemle, Accra

P. O. Box AC 411

Tel: 233-21-22 63 28

Fax: 233-21-22 64 98

Email: valuedev@ghana.com

Contact: S. Ofori-Offei

REPORTING ACCOUNTANTS

Pannell Kerr Forster

Valley View

P. O. Box 1219

Accra, Ghana

Tel: 233-21-22 12 66

Email: pannell@africaonline.com.gh

Contact: Frederick Bruce Tagoe

REAL ESTATE VALUERS

KOACONSULT

3RD Floor, Teachers' Hall Complex

Off Barnes Rd., Adabraka

P. O. Box 11562

Accra-North, Ghana

Tel: 233-21-22 44 64, 233-21-232 959

Fax: 233-21-22 48 77

Email: admin@koaconsult.com

Contact: Francis Konadu

ACTUARIES

Rocky Hill Group

4112 Ridge Park Way

Plano, Texas, 75034

USA

Tel: (214)-705-9405

Fax: (214)-705-9406

Email: nketia@rockyhillgroup.com

Contact: Francis Y. B. Nketia

RECEIVING AGENTS

Receiving Brokers

Merban Stockbrokers Limited	SIC Financial Services Limited
CAL Brokers Limited	HFC Brokerage Services Limited
CDH Securities Limited	New World Investments Limited
Databank Brokerage Limited	NTHC Securities Limited
EDC Stockbrokers Limited	Prudential Securities Limited
First Atlantic Brokers Limited	SDC Brokerage Services Limited
Gold Coast Securities Limited	Strategic African Securities Limited
	Worldwide Securities Limited

Receiving Banks	
<p>Merchant Bank (Ghana) Ltd</p> <p>All Branches at:</p> <ul style="list-style-type: none"> ▪ Head Office, Accra Central ▪ Adabraka ▪ North Industrial Area ▪ Kaneshie ▪ Abeka ▪ Ridge ▪ Tema ▪ Kumasi ▪ Takoradi ▪ Tarkwa ▪ Bibiani ▪ Techiman ▪ Konongo ▪ Koforidua 	<ul style="list-style-type: none"> ▪ Ghana Commercial Limited ▪ The Trust Bank Limited ▪ SG-SSB Limited ▪ Agricultural Development Bank

Other Receiving Agents

All SIC Area/Branch Offices	<ul style="list-style-type: none"> • Tarkwa • Koforidua • Cape Coast • Wa • Bolgatanga • Akim Oda
<ul style="list-style-type: none"> • Tema • Takoradi • Kumasi • Tamale • Ho • Sunyani 	

LEGAL ADVISORS' COMPLIANCE CERTIFICATE

BENTSI-ENCHILL, LETSA & ANKOMAH

LEGAL PRACTITIONERS, NOTARIAL PUBLIC & TRADEMARK AGENTS

KOJO BENTSI-ENCHILL
D.K.D. LETSA
ACE ANAN ANKOMAH
SETH ASANTE
ROSA A. KUDODZI

Our Ref: S/68/SE.1
Date: 27-Nov-07

The Director-General
Securities and Exchange Commission
1st Floor, State Enterprises Commission Building
Ministries, Accra

The Managing Director
The Ghana Stock Exchange
5th Floor, Cedi House
Liberia Road
P.O. Box 1849
Accra-Ghana

Dear Sirs,

SIC INSURANCE COMPANY LIMITED: INITIAL PUBLIC OFFERING AND LISTING ON THE GHANA STOCK EXCHANGE

1. INTRODUCTION

1.1 Basis of Instructions

We have acted as legal advisors to SIC Insurance Company Limited (SIC) in connection with its proposed initial public offering ("IPO") and listing on the Ghana Stock Exchange ("GSE Listing").

1.2 Documents Examined

1.2.1 For the purpose of giving this opinion we have examined [originals or copies certified to our satisfaction] of the following documents (the "**Documents**" and each a "**Document**");

- (a) the Regulations of SIC adopted by special resolution of the sole member of SIC dated November 16, 2007 (the "**Regulations**");
- (b) an ordinary resolution of the sole member of SIC dated October 22, 2007 authorising the IPO and the GSE Listing;

Registered Office:
1st Floor Teachers' Hall Campus
Education Loop (Off Barnes Road)
Aidabraka, Accra
P.O. Box GP 1632
Accra, Ghana

Tel:
(233-21) 224812
(233-21) 227187
(233-21) 229396
(233-21) 221171

Web, E-mail & Fax:
www.belonline.gh
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In association with:
Lex Mundi
Lex Africa
Dennis Wilde Sayre
Udo Udoema & Belo-Chigbo

- (c) a resolution of the directors of SIC approving the IPO and GSE Listing dated October 24, 2007;
- (d) the prospectus (the “Prospectus”) to be issued by SIC in connection with the IPO and the GSE Listing;
- (e) a letter from the Securities and Exchange Commission (the “SEC”) dated November 27, 2007 approving the Prospectus; and
- (f) a letter from the Ghana Stock Exchange dated October 26, 2007 conditionally approving the GSE Listing.

1.2.1 In addition, we have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us to give this opinion.

1.3 Scope and Purpose of the Opinion

This opinion is limited to matters of the law of Ghana as in force and applied at the date of this opinion. We have not investigated the laws of any country other than Ghana and we express no opinion on the laws of any other jurisdiction. This opinion is given on the basis of the assumptions set out in the Schedule.

2. OPINION

We are of the opinion that:

2.1 Incorporation

SIC is a public limited liability company duly incorporated under the laws of Ghana.

2.2 Authorisation to do business as Insurance Company

SIC is duly licensed as an insurance company and has complied with all regulatory requirements necessary or advisable for the conduct of its business.

2.3 Corporate Authorisations

SIC has obtained all the corporate authorisations necessary or advisable in connection with the IPO and GSE Listing.

2.4 Approvals and Consents

SIC has obtained all the regulatory and statutory approvals, consents, or authorisations of any governmental or other authority that are necessary or advisable in connection with the IPO and GSE Listing.

2.5 The Prospectus

The Prospectus substantially complies with the requirements of Schedule 5 of the Securities and Exchange Commission Regulations, 2003 (LI 1728) and Schedule 7 of the Companies Code.

2.6 Material Contracts

All the material contracts of SIC necessary for the conduct of its business are in proper legal form for the particular matters to which they are related and are enforceable under the laws of Ghana.

2.7 The Regulations

2.7.1 The Regulations comply with all legal requirements on the contents of the regulations of a public company.

2.7.2 The Regulations comply with the requirements of Part V of the Ghana Stock Exchange Listing Rules.

2.7.3 The proposed IPO and GSE Listing do not contravene any provision of the Regulations.

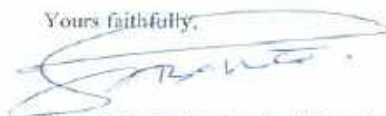
2.8 Contractual Obligations

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing SIC from undertaking the IPO and GSE Listing.

2.9 Registrations and Filings

All statutory or regulatory registration or filing requirements necessary or advisable in relation to or in connection with the IPO and GSE Listing have been complied with.

Yours faithfully,



Bentsi-Enchill, Letsa & Ankomah

SCHEDULE

ASSUMPTIONS

In giving this opinion, we have assumed, and this opinion is given on the basis that:

1. All original documents supplied to us are complete, authentic and up to date, and that all copies of documents supplied to us are complete and conform to the originals;
2. The person or persons who signed the documents were authorised to do so; and
3. The authorising resolutions of SIC were duly passed at properly convened meetings of SIC's shareholder and directors and a duly qualified quorum of directors voted in favour of approving the resolutions.

We have found nothing to indicate that the above assumptions are not justified.

SUMMARY OF THE OFFER, SHARES AND CAPITAL

The Offer

Authorised Shares	500,000,000 ordinary shares of no par value
Issued and Fully Paid Shares	195,645,000
Shares on Offer	97,822,500
Additional shares on offer in the event of oversubscription	19,564,500
Commencement of Offer	December 3, 2007
Closing Date of Offer	December 21, 2007
Commencement of trading in shares	January 18, 2008

Capital and Liabilities

Year ended December 31

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(¢ in millions)				
Stated Capital	25,000	25,000	25,000	25,000	25,000
Retained Earnings	18,297	15,152	11,435	6,009	3,597
Other reserves	55,493	42,118	31,201	23,569	17,135
Total Assets	640,916	530,429	554,282	432,999	352,664
Total Liabilities	334,928	240,960	289,574	240,826	196,889
Net Assets	305,988	289,469	264,708	192,173	155,775

Earnings History

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Profit after tax (¢'million)	29,519	22,634	17,058	14,846	5,516
Issued shares	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Earnings per share (¢)	590.38	452.68	341.16	296.92	110.32
Dividends (¢'million)	13,000	8,000	4,000	6,000	4,000
Dividend per share (¢)	260	160	80	120	80
Pay Out ratio (%)	44	35	23	40	73

Price Earnings Ratio (PE) using an offer price of GH¢0.30 (¢3,000)

Current number of issued shares	195,645,000
Post-IPO total number of issued shares	195,645,000
Current Earnings Per Share (Based on 2006 Earnings)	151
POST IPO PE based on 2006 earnings	19.9
POST IPO PE based on estimated earnings for 2007	10.4

CHAPTER 1

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. You should read the entire prospectus carefully, including the risks discussed under “Risk Factors” and the financial statements and notes thereto included elsewhere in this prospectus.

1.0 THE SHARE OFFER

The Offer is an unrestricted open cash offer of 97,822,500 ordinary shares of no par value, which represents 50% of the GoG’s stake in SIC. Out of the 97,822,500 shares on offer, 19,564,500, representing 10% of the issued shares, are earmarked for the employees of SIC at a price of 30Gp (¢3,000) per share under an Employee Share Ownership Plan (ESOP). The remaining 78,258,000 shares are being offered to the general public also at a price of 30Gp (¢3,000) per share.

The Offer is being made to individuals and institutions resident in Ghana, individuals and institutions in foreign jurisdictions whose laws allow them to invest under the terms of the Offer.

The Offer commences at 9:00 a.m. on December 3, 2007 and ends at 5:00 p.m. on December 21, 2007

1.1 REASONS FOR THE OFFER AND USE OF PROCEEDS

The proceeds from the sale of 97,822,500 shares which is approximately GH¢29.35 million (¢293.47 billion), will go to the Government.

The GoG is selling part of its stake in the Company for the following reasons:

- to raise funds for its budgetary programmes;
- as part of its ongoing strategy to reduce its involvement in the running of commercial businesses;
- to release state-owned entities from governmental controls to enable them compete more effectively; and
- as part of the Government’s efforts in developing the Ghanaian capital market.

1.2 DETAILS OF THE OFFER

Authorised Shares (ordinary shares of no par value)	500,000,000
Issued shares	195,645,000
Total shares on offer	97,822,500
Outstanding shares after the Offer	195,645,000
Price per share	30Gp (¢3,000)
Total proceeds from the Offer	GH¢29.35million (¢293.47 billion)
Market capitalisation after Offer	GH¢58.69 million (¢586.94 billion)

1.3 TERMS OF THE OFFER

The shares hereby offered are subject to the terms of this Offer, the application form and the regulations of SIC. The said shares shall be ordinary shares and will rank equally in all respects with all other issued shares of the Company including voting rights and all other rights attached thereto. Purchase of shares offered herein and subsequent transfers thereof shall only be made subject to applicable laws.

1.4 UNITS OF SALE

Each applicant is required to subscribe a minimum number of 200 ordinary shares, amounting to GH¢ 60 (¢600,000) and thereafter in multiples of 100 shares.

1.5 MINIMUM PROCEEDS FROM THE OFFER

The minimum amount to be realized from the Offer has been set at GH¢9.39 million (¢93.90 billion) or 32% of the Offer, which would involve the sale of 31,303,200 shares. In the case this amount is not realized, all monies received will be returned not later than December 28, 2007.

1.6 TERMS OF PAYMENT

A purchaser of the ordinary shares offered by this prospectus shall make payment in full on application. Payment may be made in cash, cheque, postal, and money order. Cheques, postal and money orders, which will be presented for payment, should be made payable to SIC SHARE OFFER and should be crossed and marked “COMMISSION TO DRAWER’S ACCOUNT”. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications in respect of which cheques are returned unpaid for any reasons whatsoever will be rejected.

1.7 WHERE TO OBTAIN COPIES OF THE PROSPECTUS

Copies of the prospectus together with application forms may be obtained from the offices of the sponsoring brokers or any of the named receiving agents listed on page 9. The Offer will open at 9:00 a.m. on December 3, 2007 and close at 5:00 p.m. on December 21, 2007.

1.8 COMPLETING THE APPLICATION FORM

Application for shares must be made on the accompanying application form and must be for a minimum of 200 shares and thereafter in multiples of 100 shares. The completed application form together with the amount payable on application must be lodged during business hours, while the Offer is open at any of the offices of the sponsoring brokers or any of the receiving agents indicated on page 9. No application will be accepted for consideration by the board of directors or treated as binding until or after the closure of the Offer on December 21, 2007.

1.9 ESCROW ACCOUNT

All monies collected from applicants will be lodged into an Escrow Account number 00002/01/001650/96 with Merchant Bank (Gh.) Ltd. A copy of the Escrow Account Agreement has been lodged with the SEC.

1.10 ALLOTMENT AND DISPATCH OF SHARE CERTIFICATES

A share certificate in respect of the number of shares for which the application is accepted will be sent by registered mail not later than twenty-one (21) days after the closure of the Offer.

The directors of SIC reserve the right to accept or reject any application in whole or in part. Applications will be rejected if they are incomplete, illegible, or made by an ineligible applicant, or remittances accompanying the application are not honoured on first presentation. Applications, which are received after the Offer is closed, will not be considered.

1.11 OVERSUBSCRIPTION OF THE OFFER

In the event of an oversubscription, the Government shall sell up to 19,564,500 additional shares in order to reduce its holdings to 40% to partially or wholly satisfy the excess subscription. Allotments will first be made to satisfy the minimum subscription for every qualified applicant. Beyond this, the basis of the allotment of shares will be determined by the directors of SIC in consultation with the sponsoring brokers and will be done in such a way as to bring about a fair distribution of the shares amongst applicants and principally to ensure an adequate spread of the shares.

1.12 RETURN OF EXCESS APPLICATION MONEY

If an application is not accepted or is accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to receiving agents not later than January 11, 2008 for onward distribution to applicants. An announcement will be made through a newspaper of wide circulation within 72 hours of the making of such refunds. Any refund not made by that date shall attract interest at the Bank of Ghana prevailing prime rate.

1.13 LISTING OF SIC SHARES ON THE GHANA STOCK EXCHANGE

An application has been made to the GSE for approval in accordance with Part II of the GSE Rules for the listing of the shares hereby offered and the other issued shares of the Company on the GSE's First Official List.

1.14 GSE SYMBOL

SIC's ordinary shares would be approved for listing on the GSE under the symbol "SIC".

1.15 BROKERAGE FEES

Brokerage fees will be paid by the Government. It is expected that this will not exceed 1.5% of all accepted applications.

1.16 THE COMPANY

SIC was incorporated as State Insurance Corporation by Executive Instrument in 1962 (E.I. 17). It continued in existence by the State Insurance Corporation Instrument, 1965 (LI 424), made under section 5 of the Statutory Corporations Act, 1964. The name of the company was changed to State Insurance Corporation of Ghana by virtue of the State Insurance Corporation (Amendment) Instrument, 1969 (LI 635).

The Statutory Corporations (Conversion to Companies) Act, 1993 (Act 461) provided for a number of statutory corporations, including SIC, to be converted into companies limited by shares under the Companies Code, 1963 (Act 179) (the “Code”). SIC was duly incorporated as a public limited liability company on August 28, 1995.

1.17 SHARES AND SHAREHOLDERS FUNDS STATEMENT

The share capital of SIC as at December 31, 2006 is detailed as follows:

Authorised number of shares	50,000,000
Number of ordinary shares issued and fully paid	50,000,000
Stated Capital (¢’million)	25,998
Total Shareholders Funds (¢’million)	305,989

1.18 DIVIDEND POLICY

SIC has a consistent history of paying dividends to its shareholder. The board of directors, in accordance with the provisions of the Companies Code has the authority to recommend and pay dividends on ordinary shares. As a policy the minimum dividend payable is 40% of profit after tax. Any recommendation to pay dividends will be at the discretion of the board of directors and will be dependent on SIC’s operational results, cash flows, financial position, capital requirements and any other factors the board of directors deem relevant.

The average dividend payout ratio over the last five years has been approximately 43% of profit after tax.

1.19 SIGNIFICANT ISSUES

1.19.1 Transferability of shares

As a public company, SIC's shares are fully transferable. No shares are agreed or proposed to be issued for any consideration other than cash.

1.19.2 Class of shares and debt securities

SIC has not issued any preference shares. All issued and outstanding shares are ordinary shares of no par value. There are no outstanding liabilities on any of the issued and outstanding shares of SIC. SIC has not issued any debt securities.

1.19.3 Treasury shares

SIC has no shares in treasury.

1.19.4 Board Of Directors

After the conclusion of the Offer the board of directors will be reconstituted to reflect the new shareholding structure of the Company.

1.19.5 Working Capital

The board of directors of SIC is of the opinion that the working capital of the company is adequate.

1.20 SUMMARY OF FINANCIAL INFORMATION

The financial statements of SIC for the period between 2002 and 2006 are summarised as follows:

Profit and Loss Account

	Year ended December 31				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(€ in millions)				
Gross Premium	445,818	363,887	254,416	214,470	147,822
Net Premium Earned	265,232	228,877	167,132	124,706	91,022
Underwriting Profit	6,063	7,824	11,040	3,908	(8,481)
Investment Income	22,880	14,716	17,306	16,123	10,024
Pre-tax Profit	40,195	24,825	27,544	27,083	10,158
Profit after Tax	29,519	22,634	17,058	14,846	5,516

Balance Sheet

	<u>Year Ended December 31</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(€'millions)				
Shareholders' Fund	305,988	289,469	264,708	192,173	155,775
Total Assets	640,916	530,429	554,282	432,999	352,664
Total Liabilities	334,928	240,960	289,574	240,826	196,889
Contingency Reserves	55,493	42,118	31,201	23,569	17,135

1.21 RISKS RELATING TO SIC'S BUSINESS

SIC's business is subject to numerous risks as discussed more fully in the chapter entitled "Risk Factors" on page 81. The Company believes that the most significant of these risks include the following:

- Premium undercutting;
- Loss of key personnel;
- Premium default risks; and
- Claims fraud.

1.22 PLANS AND PROSPECTS

Management, after a careful review of the Company's plans and operations, has decided to continue to focus on the four priority areas of strategic importance. These areas are:

- Profitability;
- Excellence in service delivery;
- Improved information and communications technology; and
- Human resources development.

1.23 VALUATION

In arriving at an acceptable value for SIC, two broad valuation approaches were adopted. These are Actuarial Valuation and Corporate Finance Valuation methods. Different valuation techniques under each of these approaches considered as the most appropriate for the Company were modelled and applied to the data provided, after a careful review of the Company's operations.

After applying the relevant weightings to the respective values generated, the following value was obtained for SIC.

Valuation Methodologies	Value			Final Value	
	(GH¢million)	(¢million)	Weighting	(GH¢million)	(¢million)
Actuarial Valuation	61.10	611,000	50%	30.55	305,500
Corporate Financial Valuation	56.29	562,869	50%	28.14	281,435
Weighted Average Value			100%	58.69	586,935

CHAPTER 2

DESCRIPTION OF THE OFFER

2.0 THE OFFER

The SIC Share Offer is an open cash offer. The Offer consists of the following:

Offer Price Per Share	30Gp (¢3,000)
No of shares offered by the Government	97,822,500
Total number of shares on offer	97,822,500
Proportion of offered shares to post-offer issued shares	50%
Ghana Stock Exchange trading ticker	SIC

SIC has applied to the GSE for permission to list all the shares of SIC already issued as well as those shares which are the subject of this Offer on the GSE's First Official List. On October 26, 2007, the GSE gave a conditional approval for the listing of these shares.

2.1 USE OF PROCEEDS

Expected net proceeds from the Offer will go to the selling shareholder; SIC will not receive any proceeds from this Offer.

2.2 MINIMUM PROCEEDS EXPECTED FROM THE OFFER

The shareholder has set GH¢9.39 million (¢93.90 billion) as the minimum amount that should be realized from the Offer. In case this amount is not realized all monies received will be returned within 8 days after the Offer closes on December 21, 2007 in accordance with section 284 (4) of the Companies Code.

2.3 THE APPLICATION

Each application must be for a minimum of 200 shares (i.e. GH¢60), and thereafter in multiples of 100. The latest time for the receipt of application forms is 5.00 pm on December 21, 2007.

2.4 PAYMENT

A purchaser of the ordinary shares offered by this prospectus shall make payment in full on application. Payment may be made by cash, cheque, postal or money order. Cheques, postal and money orders which will be presented for payment, should be made payable to SIC SHARE OFFER and should be crossed, and marked "COMMISSION TO DRAWER'S ACCOUNT". This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be borne by the applicant. Applications in respect of which cheques are returned unpaid for any reason will be rejected.

The right is reserved to present for payment, all cheques, banker's drafts and money/postal orders on receipt. It is a condition of the Offer that all cheques or other remittances must be honoured on first presentation. No interest will be paid to applicants on any monies held on behalf of applicants or on behalf of the company.

2.5 ALLOTMENT AND DISPATCH OF SHARE CERTIFICATES

The directors of SIC reserve the right to accept or reject any application in whole or in part. Applications received, after the close of this Offer, will not be accepted.

Should the total number of shares applied for exceed the number of shares on offer, an additional 19,564,500 existing shares will be made available by the sole shareholder to wholly or partially satisfy the excess subscription. Allotment of shares will first be made to satisfy the minimum subscription for every qualified applicant. Beyond this, the basis of the allotment of shares will be determined by the directors of SIC in consultation with the sponsoring brokers, with the aim of achieving a fair distribution of the shares amongst applicants and also ensuring an adequate spread of the shares.

In developing the allocation rules, the directors will focus on the following objectives:

- that the shares are widely held;
- there would be liquidity in the stock; and
- that no group would have an overbearing influence on the stock such that volatility of the stock is minimized.

Consequently, the allocation process will involve:

- Setting a minimum threshold for which all applications will be accepted;
- For applications in excess of the set threshold, a proportion of the remainder will be accepted.

A share certificate in respect of the number of shares for which the application is accepted will be sent by mail not later than 7 days after the allocation of the shares is completed.

2.6 RETURN OF EXCESS APPLICATION

If an application is not accepted or is accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to receiving agents not later than 10 days after the allotment of shares for onward distribution to applicants. An announcement will be made through a newspaper of wide circulation within 72 hours of the making of such refunds. Any refund not made by that date shall attract interest at the Bank of Ghana prevailing prime rate.

The Company and its Lead Manager will not issue share certificates until all cheques presented by applicants have been fully cleared.

2.7 TERMS OF THE OFFER

The shares hereby offered are subject to the terms of this Offer, the application form and regulations of SIC. The said shares shall be ordinary shares and will rank equally in all respects with all other issued ordinary shares of the Company. Purchase of shares offered herein and subsequent transfers thereof shall only be made subject to applicable laws.

2.8 RIGHTS AND OBLIGATIONS IN RELATION TO THE SHARES ON OFFER

2.8.1 Voting Rights

Subject to any rights or restrictions for the time being attached to any class of shares, each member and each proxy lawfully present at any meeting shall have one vote, and on a poll each member present or by proxy shall have one vote for each share held.

2.8.2 Rights to Share in SIC's Profits

Other than the entitlement to dividends declared, there are no rights to share in the profits of SIC.

2.8.4 Rights to share in any surplus in the event of liquidation

In the event of the company being wound up, the liquidator may divide among the members in specie or kind the whole part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members.

2.8.5 Appointment of Directors

Holding of any number of shares does not automatically entitle a person to be appointed or to appoint any number of directors of SIC. Under SIC's regulations, the directors will be appointed by ordinary resolution of members in general meeting. After the Offer, the constitution of the board of directors will be changed to reflect the new shareholding structure.

2.9 FLOTATION EXPENSES

SIC estimates total expenses for the flotation to be 3.8% of the expected amount to be raised. The following table summarizes the estimated expenses to be incurred:

Item	Amount (GH ¢)	% of amount to be raised
Consultants' fees	459,450	1.57
Brokerage fee	440,201	1.50
Regulators' fee	68,773	0.23
Printing	12,075	0.04
Marketing expenses	119,301	0.41
Miscellaneous	11,930	0.04
Total	1,111,730	3.79

All the fees will be borne by the shareholder and will be paid out of the expected proceeds from the Offer.

2.10 DISTRIBUTION OF PROSPECTUS

Copies of the prospectus and application forms will be available at the offices of the named receiving agents mentioned on page 9 under the heading “Receiving Agents”.

2.11 DEALING IN THE SHARES ON OFFER

2.11.1 Transferability of Shares

As a public company, SIC’s shares are fully transferable. No shares are agreed or proposed to be issued for any consideration other than cash under this Offer.

2.11.2 Dealings

At the close of the Offer all outstanding shares will be listed on the GSE, and secondary trading will commence. It is expected that dealings in the shares will commence on unconditional basis on the GSE through a Licensed Dealing Member. The shares will be traded in Ghana Cedis under the ticker or symbol SIC.

2.11.3 Commencement of Trading

Trading in the shares of SIC on the GSE is expected to commence on January 18, 2007.

CHAPTER 3

THE INSURANCE INDUSTRY

3.0 BACKGROUND

In Ghana, insurance business started in the colonial era where it was done through foreign trading companies in the country acting as chief agents of insurance companies in the United Kingdom and elsewhere. This was concentrated in few towns such as Accra, Sekondi and Kumasi. However the growth of Ghana's insurance industry took a turning point in 1962 when bold and revolutionary steps were taken to improve the insurance industry in the country. This resulted in the formation of the State Insurance Corporation leading to the spread of insurance centres to all the regional capitals and to some of the district capitals and beyond in the late 1980's.

In recent times there has been an increase in the number of insurance companies in the country which total 22.

The insurance market consists of insurers (insurance companies), intermediaries (insurance brokers and agents), and the insuring public (government institutions, corporate bodies, and individuals). Products that are offered on the insurance market are broadly categorised into two – Life and Non-Life (also referred to as General Business). While the range for life products varies, underwriting for general business centres on Motor, Marine, Aviation, Fire, and General Accident.

3.1 REGULATORY FRAMEWORK

The insurance industry is regulated by the National Insurance Commission (NIC), which administers the Insurance Act, 2006 (Act 724).

The NIC has broad supervisory and administrative powers over such matters as licenses, standards of solvency, premium rates, policy forms, investments, minimum capital and surplus requirements, periodic examinations, annual and other report filings.

3.2 COMPETITION

The non-life insurance industry is very competitive. There are approximately 22 insurance companies in the country. Competition in the industry has been keen, with the five leading companies (SIC, Vanguard, Enterprise, Ghana Union, Provident and Metropolitan) losing market shares, whilst others grew their market shares. The trend in market share is shown in the following table:

Table: Market Share of General Business

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
(In percentages)										
SIC	62.4	58.1	52.10	50.0	44.6	37.7	39.3	38.1	37.0	40.0
Vanguard Assurance	10.5	11.7	8.8	9	9.1	9.8	8.2	7.9	9	7.7
Enterprise Insurance	9.2	9.6	9.7	9	9.2	41.2	14.6	16.2	14	15.2
Ghana Union	7.4	7.2	6.9	7	7.2	7.2	6.8	5.4	5	5.2
Provident Insurance	3	2.8	3.9	4	3.1	3.2	3.3	3.6	3	2.8
Metropolitan	2.4	5.1	11.6	10	13.7	14.3	12.5	12.2	10	10.1
Others	5.1	5.5	7	11	13.1	13.6	15.3	16.6	15	19.0
Total	100	100	100	100	100	100	100	100	100	100

To stay competitive, insurers have adopted various strategies. For example, the insurance companies now offer specialty insurance products for niche markets. Furthermore, many insurers have increased their branch networks into other areas of Ghana beyond the urban centres of Accra, Kumasi and Takoradi.

The insurance companies have also recognized the internet as a powerful marketing tool. To them, not only has it reduced costs, it has enabled many clients to obtain information on their policies. A few insurers have even gone further to provide motor and homeowner's insurance quotes and to allow clients to lodge claim-notice on their websites.

3.3 REINSURANCE

The domestic insurance industry is dependent to an extent on foreign reinsurers for the necessary (prudential) spreading of risk. The extent to which risks can be ceded to a foreign reinsurer is somewhat restricted by the requirement that insurers must utilise the local capacity available in the local insurance market before recourse to any overseas re-insurance. Nevertheless, domestic insurers are forced to reinsure certain potentially huge risks, especially in fire, marine cargo, and marine hull with foreign reinsurers.

3.4 PERFORMANCE TREND IN THE INDUSTRY

There has been significant growth in the non-life business in Ghana in terms of premiums over the past four years. Total gross premium increased from ₵382.2 billion in 2002 to ₵1,145.2 billion in 2006 as shown in the following table:

Year	Premium Income (¢ million)	Growth Rate (%)
2001	270,387	-
2002	382,175	41.3
2003	571,109	49.4
2004	702,779	23.1
2005	909,824	29.5
2006	1,145,021	24.8

The motor class of business is the largest class of business accounting for between 47% and 50% of the market. This is partially due to the fact that motor insurance is mandatory in Ghana. The accident class comes second.

The table below shows the market share of the various classes of business.

	2001	2002	2003	2004	2005
	(Figures in percent)				
Motor	47.6	47.3	50.1	50.5	53
Accident	23.8	18.5	21.1	21.3	20
Fire	17.9	21.5	19.1	17.9	17
Marine	10.8	12.8	9.7	10.4	10
Total	100.0	100.0	100.0	100.0	100.0

3.5 MARKET OUTLOOK

Demand for insurance is expected to grow for the following reasons:

- Increasing middle working class;
- Increasing awareness of the importance of insurance to individuals, corporate bodies and the state;
- Growth and expansion of the economy;
- Mining and oil exploration promises huge insurance premiums; and
- Increasing financial intermediation.

With the promulgation of the Insurance Act, it is expected that regulation of the industry will be strengthened which would encourage the prudent management of insurance companies.

CHAPTER 4

PROFILE OF SIC INSURANCE COMPANY LIMITED

4.0 HISTORY OF SIC

SIC Insurance Company Limited is one of the oldest non-life insurance companies in Ghana. It traces its roots to the year 1955, when the Gold Coast Insurance Company was established. It was renamed Ghana Insurance Company in 1957, when Ghana attained independence.

In 1960, Ghana Insurance Company which was primarily a life assurance company, set up a subsidiary company – Ghana General Insurance Company (Ghana General) to underwrite fire and motor businesses.

The Government of Ghana in February 1962, per an Executive Instrument, took over the Ghana Cooperative Insurance Company and reconstituted it into the State Insurance Corporation to await the completion of takeover negotiations with Ghana Insurance Company and its subsidiary Ghana General. Subsequently after a successful takeover of the two private companies – Ghana Insurance and Ghana General – the new company, State Insurance Corporation, commenced business in November, 1962.

In 1995, State Insurance Corporation was converted into a public limited liability company as part of the Government of Ghana's divestiture programme. The company became known as State Insurance Company of Ghana Limited with the Government of Ghana as the sole shareholder. The State Insurance Company of Ghana Ltd. took over all the business assets and liabilities of the State Insurance Corporation of Ghana.

By a special resolution passed on 22nd October, 2007 the name of the Company was changed to SIC Insurance Company Limited.

In accordance with the provisions of the current insurance legislation, the Insurance Act, 2006, SIC has duly separated its general business from the life business with the incorporation of SIC Life Limited. By a special resolution, SIC transferred the life business and assets to SIC Life Limited and in consideration of that 80,000,000 ordinary shares were issued to the GoG.

SIC is a leading provider of general or non-life insurance products in Ghana. Its business operations cover fire, motor, marine and aviation, and accident insurance. SIC also provides specialty insurance products such as hoteliers and leisure policy, a policy for the hospitality industry. With roots dating back to 1955, the Company has been operating for more than 52 years and has developed long-standing relationships with insurance brokerage firms and some independent agents, who constitute some of its primary distribution channels.

SIC's business is national in scope with a visible presence in all ten regions of Ghana. The Company has consistently, over the span of its business life, maintained steady market leadership. In 2006, SIC had approximately 40% of the insurance industry's total market share.

4.1 THE COMPANY'S VISION AND MISSION

SIC's vision is to maintain its dominance in the insurance industry and position itself as the most profitable, innovative and customer friendly insurance company.

Its mission is to provide innovative and competitive insurance and other financial services to its clients through a highly skilled and motivated workforce with a commitment to be a good corporate citizen.

4.2 AUTHORIZED BUSINESS

The authorized business of SIC, as contained in its Regulations is set out as follows:

- To act as insurers and reinsurers generally for risks of every type and kind and description;
- To act as agents of other assurances of every kind and description;
- To underwrite the shares, stocks or securities of the Republic, corporations, state companies or other bodies; and
- To loan money with or without security and to invest money.

4.3 CAPITAL STRUCTURE OF SIC

4.3.1 Stated Capital / Share Issue

At incorporation, SIC was registered with 50,000,000 ordinary shares of no par value, all of which were issued to the GoG. The GoG paid a cash consideration of ₵1.0 billion for the 50,000,000 ordinary shares it holds in SIC. In 1998, the stated capital of SIC was increased through a transfer from surplus to stated capital.

By a special resolution passed on October 22, 2007, the company increased its authorized shares to 500,000,000 shares of no par value. On October 24, 2007, 145,645,000 new shares were issued to the Government under a capitalization issue in accordance with sections 66 and 74 of the Companies Code. There are no other classes of shares or unpaid liability on any share. SIC also has no shares in treasury.

The breakdown of the consideration paid for the ordinary shares is shown in the following table:

	No. of Shares	Amount (₵'m)	Amount (GH₵'m)
Issued for cash	50,000,000	1,000	100,000
Transfer from Income Surplus	-	426	42,600
Transfer from Capital Surplus	-	24,572	2,457,200
Bonus Issue	145,645,000	500	50,000

The sole shareholder has the right to sell or transfer its shares which are currently held on it behalf by the Ministry of Finance and Economic Planning (MOFEP).

4.4 DIVIDEND HISTORY

Set forth in the table below is SIC's dividend history for the years ended December 31, 2002 to 2006. The dividend trend reveals a company that has continuously rewarded its shareholder for capital provided. During the five year period, spanning from 2002 to 2006, dividend payout ratio averaged 43%.

Year end December 31	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Dividend Paid (¢'million)	13,000	8,000	4,000	6,000	4,000
Dividend per share (¢)	260	160	80	120	114
Payout Ratio (%)	44%	35%	23%	40%	73%

4.5 RELATED COMPANIES

The table below shows the list of some of the companies in which SIC has investments.

Unlisted Equities	% of Shareholding	No. of Shares
African Reinsurance Organisation	1.22	4,000
Accra City Hotel (Novotel)	5.00	2,000
Afram Publications (Ghana) Ltd.	20.00	785,000
Broll Ghana Ltd.	17.00	102,000
CDH Financial Holdings Ltd.	7.69	38,461,537
Export Finance Co. Ltd.	2.20	16,006,250
Ghana International Bank Ltd.	5.00	1,250,000
Metro Mass Transit Ltd.	11.20	35,000
Metropolitan Malls Ltd.	55.00	2,255,000
NTHC Ltd.	25.00	7,330,000
SIC Financial Services	100.00	10,000,000
Tourist Development Co. Ltd.	20.62	10,000
Twifo Oil Palm Plantations	4.40	17,598,038

4.6 PRINCIPAL CAPITAL EXPENDITURE

SIC has over the past five years consistently undertaken investments in building projects as well as in office and other equipment. The table below shows SIC's capital expenditure between 2002 and 2006.

	2006	2005	2004	2003	2002
	(¢ million)				
Land and Buildings	1,222	2,802	6,537	2,278	794
Capital Work-in-progress	-	-	-	-	5,817
Computers	1,608	1,852	1,462	3,660	80
Other Machinery & Equipment	3,951	6,476	4,596	6,956	5,227
Total	6,781	11,130	12,595	12,894	11,918

4.7 TAKEOVER OFFERS OR BIDS

SIC has neither in the past nor in the current financial year made any takeover bid for other companies' shares nor has it received any takeover offers by any third party in respect of its issued shares.

4.8 BUSINESS OVERVIEW

4.8.1 Operating License

SIC currently operates with a valid license issued under the Insurance Law PNDCL 227 by the NIC.

The Insurance Law (2006), Act 724 has substantially varied the conditions for the licensing of insurance operators in the country. The conditions include revised capitalization limits, revised criteria for appointment of Directors, appointment of actuaries and compliance officer as well as the separation of general business from life business. This has necessitated the re-licensing of all insurance companies. As a result the NIC is no longer renewing operational licenses, but is rather undertaking a complete re-licensing exercise.

SIC has duly submitted an application for re-licensing and is currently being considered by the NIC. The current license under which SIC operates is valid until December 31, 2007.

4.8.2 Products

SIC is a provider of non-life or general insurance products primarily for the Ghanaian market. The Company's insurance product segments range from fire, motor vehicle, accident, to marine and aviation. In addition, it offers specialty insurance products, such as flexible home package and hoteliers compact, a policy for the hospitality industry.

The following table presents a break down of the products offered under the various forms of insurance businesses.

Group Category	General Business				
Class	Fire	Motor Vehicle	Accident	Marine	Aviation
Industry market share	21%	43%	26%	67%	
Policies	<ul style="list-style-type: none"> Standard fire policy Fire & Allied Perils Consequential Loss/Business interruptions policy Home Package Policy Domestic Comprehensive Policy Flexible Home Package Policy Combined Policy Assets All Risk Policy 	<ul style="list-style-type: none"> Act Only Cover Third Party Cover Third Party Fire Theft and Comprehensive Cover 	<ul style="list-style-type: none"> Person Policy Group Personal Accident Family Personal Accident Personal Accident Travel Money Policy Property Policy Glass Plate Policy Pedal Cycle Liability Policy Engineering Policy Contractors Bonds CEPS Bonds 	<ul style="list-style-type: none"> Marine Cargo Marine Hull Stevedoring and Shore handling liability Ports and Harbours operator's liability policy 	<ul style="list-style-type: none"> Aviation Hull and Machinery Passenger Legal Liability Product Liability Airport operators' Liability Loss of License Chemical Liability Hanger Keepers Liability
Specialty Business					
<ul style="list-style-type: none"> Flexible Home Package Hoteliers Compact Hospital Shield Plus An All Risk Policy for Ghana Institute of Freight Forwarders (GIFF) 					

A brief description of SIC's classes of insurance products is as follows:

Motor

SIC's motor insurance business is the biggest in Ghana. More than 50% of its gross premiums written come from this category with an average industry market share of 43% for the period 2002-2005 (Latest data available from the NIC). The Company's motor insurance business is national in scope and covers both private and commercial motor users. Motor premium rates vary according to usage and the less extensive the cover, the smaller the premiums. SIC's dependence on motor premiums is diversified across a broad customer base and no one single customer influences more than 2% of gross premiums.

Apart from the standard coverage of third-party liability and comprehensive insurance, the Company also handles additional perils for both private and commercial motor users under both its comprehensive and third-party liability coverage. Examples of perils include, flood, volcanic eruption, earthquake or other convulsions of nature, strikes, riots and civil commotion.

SIC has a motor gratuitous passengers/members of insured's household coverage, which pays full compensation for bodily injury or death to occupants of the motor vehicle other than the insured or the person driving.

Accident

SIC's accident class of business constitutes over twenty different policies. These are broadly grouped under the following categories:

- Insurance of the person;
- Property insurance;
- Pecuniary insurance; and
- Liability insurance

Gross premiums from accident insurance contributed approximately 14% to the Company's total gross premiums written for the years ended December 31, 2002 to 2006. In its underwriting of accident risks, the Company exercises flexibility in order not to compromise underwriting profitability. It also ensures that market sentiments and the competitive nature of the insurance industry serve as guidelines in the setting of appropriate rates.

Marine & Aviation

SIC's marine portfolio consists of hull and cargo. The cargo business covers insurance of goods carried on board ships or vessels and aircrafts. The hull business covers the insurance of ships, fishing vessels etc as well as the liability coverage of ports and harbour operators, stevedorers, shorehandlers, ship repairers and third party liability coverage of vessel owners or operators.

The Company's aviation insurance products cover risks associated with the manufacture, ownership, operation, and maintenance of aircrafts and the operations of aviation facilities on the ground (i.e. airports and airport facilities).

Gross premiums from marine and aviation contributed an average of 18% of total gross premiums written for the years ended December 31, 2002 to 2006. In order to stay price competitive and maintain its loyal customers, SIC grants special discounts to select customers. The Company, however, does this without compromising underwriting profits.

Specialty Business

SIC's specialty lines provide professional and financial products and services through a network of brokers and SIC agents. Specialty lines provide solutions for managing the risks of its clients, including healthcare professionals, homeowners, and freight forwarders.

4.8.3 New Products

In its efforts to continue to provide products that meet specific needs and stay in competition, SIC has recently launched the following new products:

Inter-State Road Transport Insurance

SIC serves as the National Guarantor for the Inter-State Road Transit (ISRT) of Goods Protocol signed by ECOWAS states in 1982. The Protocol seeks to promote the free movement of goods by road through one customs office in a member state, free of duties, taxes and restrictions, while in transit to another member state.

The Company's ISRT operations, which commenced in September 2006 have been very satisfactory.

Akwaaba Insurance

The Akwaaba Insurance is a unique internet-based insurance policy that provides travellers visiting Ghana with medical care coverage and for other related medical emergencies during their stay. This product was launched in July 2007.

Travel Insurance

The Travel Insurance policy covers travellers from Ghana to countries worldwide. It covers medical expenses, emergency vacation accidents, loss of luggage etc. This product was launched in December 2005.

Flexi Home

The Flexi home package policy is an all-in-one package that protects the home and household against, fire and allied perils, rent, burglary, jewellery/cash and other valuables, plate glass, family personal accident, and motor vehicle insurance.

4.9 PREMIUM CONTRIBUTION BY PRODUCT

The tables below show the contributions of the individual lines of insurance business to gross premiums written between 2002 and 2006

Year ended December 31	<u>Gross Premium Written</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(¢ in millions)				
Fire	90,820	28,924	20,132	24,700	15,097
Motor	235,004	221,664	147,627	122,817	83,098
Accident	59,428	50,967	36,834	28,990	20,739
Marine & Aviation	60,566	62,332	49,823	37,963	28,888
Total	445,818	363,887	254,416	214,470	147,822

Year ended December 31	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Fire	20%	8%	8%	12%	10%
Motor	53%	61%	58%	57%	56%
Accident	13%	14%	14%	14%	14%
Marine & Aviation	14%	17%	20%	18%	20%

It is observed from the preceding tables that gross premium written from motor insurance accounts for a significant portion of total gross premiums written.

4.10 GEOGRAPHICAL CONCENTRATION OF THE BUSINESS

SIC has an extensive branch network spanning the ten regions of Ghana. This network of SIC and agency offices allows the Company to offer its products to a broader market with potential for deeper market penetration. The table below presents the number of offices or branches in each region.

Regions	No. of Offices/Branches	No. of Contact Offices
Greater Accra	3	2
Ashanti	1	4
Western	2	0
Eastern	2	2
Volta	2	1
Upper West	1	0
Upper East	1	2
Brong Ahafo	1	3
Northern	1	0
Central	1	3
Total	15	17

The following table displays the percentage distribution of gross written premiums for SIC's operations by geographic concentration.

Years ended December 31	Gross Written Premiums			
	Percentage			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Regions</u>				
Greater Accra	77	77	75	75
Ashanti	10	11	11	11
Western	3	3	3	3
Eastern	2	2	3	3
Volta	2	2	2	2
Upper West	1	0	1	1
Upper East	1	1	1	1
Brong Ahafo	2	2	2	2
Northern	1	1	1	1
Central	1	1	1	1
	100	100	100	100

4.11 MARKET SHARE

Despite a highly competitive insurance market, it is significant to note that SIC continues to dominate the market with a market share of about 40%.

The table below shows SIC's market share for the various insurance business lines for the years ended December 31, 2002 to 2005.

Years Ended December 31	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Insurance Products</u>				
Fire	26	16	23	19
Motor	41	42	43	47
Accident	23	25	24	33
Marine & Aviation	70	68	69	60
Total	40%	37%	38.1%	39.3%

4.12 MARKETING CHANNELS

SIC offers its products through registered brokers, company-employed sales representatives, and marketing field staff. It also, to a large extent, depends on walk-in customers. SIC's marketing strategy is to appeal to customers who desire a feature-rich product at a competitive price. The Company uses broadcast, print media, community events, and the internet to offer its products to its target markets. The Company has a broad marketing reach because of its comparatively larger number of agents. It has approximately 600 in-house trained agents who market its products all over the country to cater for the special needs of its geographical markets.

SIC's marketing field officers do not only offer products to its target markets, but also collect market data for the Company to use to enhance its existing product base and develop newer lines of policies.

Additionally, the Company uses thirty-seven registered independent insurance brokers to offer its products, particularly for its fire, marine and general accident lines of business.

4.13 CLAIMS MANAGEMENT

Claims management is the carrying out of the entire claims process with particular emphasis on the monitoring and lowering of claims review, investigation and negotiation. A claim is a request to be reimbursed (or compensated) filed by the insured and addressed to the insurer.

Effective claims management is a critical factor in achieving satisfactory underwriting results. The procedure for handling claims varies according to the type of cover, amount of claim, and whether it is a personal or commercial claim.

SIC maintains in-house investigators, engineers and surveyors to handle most of the claims, in order to detect any fraud or abuse in the processing of claims. Furthermore, in-house lawyers aid claim management procedures and law enforcement investigations in an attempt to reduce insurance fraud and litigation.

4.14 INVESTMENT

SIC's investment portfolios are managed by SIC-FSL, a wholly-owned subsidiary of SIC, and an authorized investment advisor with a broker-dealer certification from the SEC. SIC-FSL provides investment advisory and asset management services to SIC, other corporate clients, and high net worth individuals.

4.14.1 Investment Philosophy

SIC's investment philosophy is to adhere to the guidelines under the Insurance Law and the Company's investment objectives.

4.14.2 The Structure of the Investment Portfolio

The Insurance Act, 2006 (Act 724) requires that general insurance companies invest 25% of their gross premiums written in Government bills and notes, and the remainder in securities approved by the National Insurance Commission. Investments are also structured to meet the company's profitability objectives and solvency requirements.

SIC places emphasis on optimizing investment returns over the long term. SIC's investment portfolio mix as of May 31, 2007 consisted largely of high quality, fixed deposits and foreign currency cash equivalent and short-term investments, as well as a significant amount of listed and unlisted equity

securities. The Company believes that prudent levels of investments within its investment portfolio are likely to enhance long term total returns without significantly increasing the risk profile of the portfolio.

The table below presents the composition of SIC's investment portfolio as of May 31, 2007.

Investment Type	Percent of Total
Cash and Cash Equivalents (Domestic)	10%
Government Securities (Treasury bills and Notes)	25
Fixed Deposits and Foreign Currency Cash Equivalent	40
Long-Term Investments (excluding Real Estate)	25
TOTAL	100%

General Business Portfolio Details

Investment Type	Value (¢'billion)	Equivalent in GH¢	% of Total Portfolio
Fixed-Deposit	27.9	2,790,000	10.47
Re-Purchase Agreement	18.7	1,870,000	7.02
Treasury Bills	43.57	4,357,000	16.35
Long-Term Bonds	10.76	1,076,000	4.04
Other (On shore dollar & foreign deposits)	4.55	455,000	1.71
Listed Equities	114.58	11,458,000	43.01
Unlisted Equities	46.37	4,637,000	17.40
TOTAL	266.43	26,643,000	100.00

14.15 PROPERTY, PLANT AND EQUIPMENT

The table below shows the value of SIC's total fixed assets as at December 31, 2006.

Fixed Assets	Value As at December 31, 2006 (¢' millions)
Leasehold Properties	77,734
Freehold Land & Buildings	65,583
Computers	1,552
Capital Work In Progress	7,813
Other Machinery	11,025
	163,707

A revaluation of these fixed assets was carried out as at May 31, 2007. Set forth in the table below are the asset values by geographical concentration.

REGION	LAND & BUILDINGS	FURNITURE & EQUIPMENT	VEHICLES	TOTAL
	¢	¢	¢	¢
Ashanti Region	42,610,000,000	1,780,000,000	-	44,390,000,000
Brong Ahafo Region	1,580,000,000	90,000,000	-	1,670,000,000
Northern Region	5,140,000,000	120,000,000	-	5,260,000,000
Upper East Region	720,000,000	70,000,000	-	790,000,000
Upper West Region	700,000,000	90,000,000	-	790,000,000
Western Region	29,890,000,000	620,000,000	-	30,510,000,000
Central Region	6,070,000,000	110,000,000	-	6,180,000,000
Greater Accra	157,394,500,000	12,512,470,150	10,139,270,000	180,046,240,150
Eastern Region	14,734,000,000	97,092,000	400,455,000	15,231,547,000
Volta Region	39,017,300,000	158,926,800	460,347,000	39,636,573,800
GRAND TOTAL	297,855,800,000	15,648,488,950	11,000,072,000	324,504,360,950

CHAPTER 5

DIRECTORS, SENIOR MANAGEMENT AND OTHER EMPLOYEES

5.0 DIRECTORS

SIC has a nine-member board, all appointed by the GoG as the sole shareholder. The board formulates the Company's policies and strategies and sets out targets for the Company's performance. Currently, one of the members has resigned, and has not been replaced.

SIC's board comprises persons of diversified backgrounds with sound business judgment. They bring to SIC several years of varied individual experiences, expertise and interests in their leadership and in the formulation of the Company's strategies. They have shown independent-mindedness and a faithful commitment to the enhancement of shareholder value.

The table below presents a brief profile of SIC's directors:

Name (Age)	Position	Business/Occupation	Address	Other Directorship
Professor Isaac Mensah Ofori (79)	Non-executive Chairman	Land Economist	14 Oak St. P. O. Box T/N 90, Teshie Nungua Estates, Accra	SIC Provident Fund Ltd.
Peter Osei Duah (58)	Managing Director	Actuary	No44, 2 nd Rangoon Close, Cantonments, Accra	<ul style="list-style-type: none">• Broll Ghana Ltd• SIC Life• Ghana International Bank• Fidelity Bank Ltd.
Dr. Kwaku Osafo (63)	Member	Engineer/Economist/Financial Analyst	No. 24 Kinshasa Road, East Legon, Accra	<ul style="list-style-type: none">• Kwasaf Development Consultancy Ltd• SG-SSB Bank Limited• Global Access Financial Services Ltd.
Daniel Kwashie Macetor Soadzedey (56)	Deputy Managing Director (Technical)	Insurance Professional	No. E.392, Arapajei Junction, Madina, Accra	<ul style="list-style-type: none">• Accra City Hotel• National Road Safety Commission• Ghana Tourist Development Company Limited
Ms. Margaret Ekua Prah (62)	Member	Business Re-engineering Consultant	4 Nima Road Ring Rd. Central	<ul style="list-style-type: none">• Ghana Audit Service Board• Hotel Investments (Ghana) Ltd.
Dr. Karikari Brobbey (72)	Member	Medical Doctor	33 Gbegbe Road, Dansoman, Last Stop, Accra	Karikari Brobbey Hospital
Kwame Owusu (48)	Member	Tax Expert	089, C14 Annex, Lashibi, Accra	<ul style="list-style-type: none">• Financial Spectrum Company Ltd.• SIC-FSL
Franklin Owusu Asafo Adjei (47)	Deputy Managing Director (Finance and Administration)	Chartered Accountant	No. 2, 9 th Avenue Extension, Ridge Accra	<ul style="list-style-type: none">• Merchant Bank Ghana Limited• Bedrock Venture Capital Finance Company Limited.

Professor Isaac Mensah Ofori, (79 years) became a director of SIC on July 26, 2001. Prior to becoming a director, Professor Ofori lectured at many universities around the world. He has held a number of governmental and international appointments with the highest appointment being in 1969 when he was Minister of Rural Development and a Cabinet Member. He was also a Member of the UN Ad Hoc Group of Experts on Urban Land Policies and Land-Use Control Measures. Prof. Ofori is Chairman of the Board of SIC.

Professor Ofori received a Master's Degree in Arts (Cantab) Land Economy Tripos and a Bachelor's degree in the same field. He attended the King's College, Cambridge University, U.K., Manchester University, U.K., and the University College of the Gold Coast, Achimota Training College and Achimota College.

Peter Osei Duah, (58 years) became a director of SIC on July 18, 2001. He is currently the managing director of SIC. He has over 25 years of experience as a manager and a technical expert in the business of insurance and pensions. He is an Actuary by profession and has been involved in the establishment and administration of pension funds. He is also a consultant to a number of insurance companies. He is a volunteer teacher for the West African Insurance Institute (Banjul, The Gambia) He had since 1992 and until July 2001 been Executive Vice-Chairman and Chief Financial Officer at Tri-Star Financial Group, Ghana. He was with Williams, Thatcher and Rand in the USA as a Consulting Actuary from 1990 – 1992. He has also served as a Director of Life Insurance Company of Virginia, Richmond, USA in 1983 – 1990. In addition to these, he served in many other responsible positions both in Ghana and in the USA from 1975 – 1983. He holds an MBA in Finance and Statistics and a degree in Business Administration from the University of Chicago, Illinois, USA.

Mr. Daniel Kwashie Macetor Soadzedey (56years) became a director of SIC on December 12, 2001. He holds a Bachelor of Science Degree (Hons) in Administration from the University of Ghana's School of Administration. Mr. Soadzedey also holds a diploma from the West African Insurance Institute in Monrovia, Liberia. He later qualified with a diploma from the Chartered Insurance Institute, London, in 1990 and was conferred with the title of Chartered Insurer in 1996. In November 1997 Mr. Soadzedey was appointed Managing Director of Star Assurance Company Limited, Accra and then elected as Vice President of the Ghana Insurers Association. In November 2001 he was appointed Deputy Managing Director (Technical) of SIC.

Mr. Soadzedey has lectured at the SIC Insurance Training Centre and headed several committees of the Ghana Insurers Association. He has served as member of the Technical Committee to formulate the modalities for the implementation of the Ecowas Protocol and was also a member of the technical committee that formulated motor tariffs for the insurance industry in Ghana.

Franklin Owusu Asafo-Adjei (47years) became a director of SIC on December 12, 2001. He joined SIC in 2001 and is currently the Deputy Managing Director (Administration and Finance). Mr. Asafo Adjei worked with Royal Commodities Limited as financial controller and KPMG Consulting in

Ghana and the United Kingdom (UK). He also worked as on Audit Manager at Ikam Ltd., a security printing company.

He holds a Bachelor of Science degree in Administration (Accounting option) and a Masters in Business Administration (MBA) in Finance from the University of Ghana, Legon. He is also a Fellow of the Association of the Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants, Ghana. He has also lectured at the University of Ghana Business School as a part-time lecturer at both the undergraduate and post-graduate levels.

Ms. Margaret Ekua Prah (62 years) became a director of SIC on July 26, 2001. She is a Business Re-Engineering Consultant and an Associate Consultant with Ernst & Young Ghana. Miss Prah holds an English and History combined Honours Degree from Leeds University, UK and an MA Degree in Law from New Hall, Cambridge University, UK. Miss Prah has worked with the Bank of Ghana, Deloitte & Touche Consulting, Ghana Commercial Bank, PCL Consulting Group and currently Ernst & Young. She is a partner of Classe Associates Consultants and a member of the Ghana Auditing Services Board. She is also a board member of the Hotel Investments Ghana Limited.

Dr. Y.S. Karikari Brobbey (72 years) became a director of SIC on July 26, 2001. He received his postgraduate training in Obstetrics and Gynaecology at Queens University, Belfast and his postgraduate teaching programme at Northern Ireland Hospitals Authority. He worked as a Registrar in obstetrics and gynaecology at the Newcastle Regional Hospitals Board based at the Darlington Memorial Hospital from 1968 to 1969. He also worked as a specialist Obstetrician and Gynecologist at the Korle Bu Teaching Hospital from 1970 to 1972, and a consultant Obstetrician and Gynecologist with the Tema General Hospital from 1974 to 1980. He was appointed the director of Karikari Brobbey Hospital in 1980.

Dr. Brobbey has lectured in his area of medical expertise as well as in midwifery. He also has a number of publications to his credit and participated in many international conferences including FIGO (World Federation of Gynecology and Obstetrics) in Tokyo, Berlin and Washington DC. Dr. Brobbey is a member of the American Fertility Society.

Mr. Kwame Owusu (48years) became a director of SIC on July 26, 2001. He holds a Bachelor of Arts degree from the University of Ghana, Legon, a Postgraduate Diploma in Industrial Management and an MBA from the Kwame Nkrumah University of Science and Technology. Mr. Owusu joined the Internal Revenue Services in 1990 as an Assistant Inspector of Taxes. He rose through the ranks and is currently a Principal Inspector of Taxes. Presently Mr. Owusu is the Special Assistant to the Commissioner of the Internal Revenue Service.

From 1984 to 1986, Mr. Owusu worked as a Projects Co-ordinator with the National Service Secretariat and a part time tutor at the Kumasi and Accra Workers Colleges respectively. Mr. Owusu

served as a member of the National Service Board of Directors from 1984-1986 and was president of the National Service Personnel Association from 1983 to 1985.

Dr. Kwaku Osafo (63 years) became a director of SIC July 26, 2001. He is an Engineer, Economist and a Financial analyst. He has a PhD in Applied Economics and an MA in Economics from Stanford University; an M.B.A. in Finance from the University of Ghana Business School, an MSc in Irrigation and Water Resources Engineering from the University of California, and a BSc in Agricultural Engineering (Civil Option) from the Israeli Institute of Technology, Haifa Israel.

Dr. Osafo served as Economic Advisor to the 20-member Common Market for Eastern and Southern Africa (COMESA) Lusaka, Zambia, for five years. He was a World Bank Expert for the Government of Zambia for eight years. He was a Lecturer in Agricultural Engineering at the University of Ghana. He was also the Programme Manager for the 5th Ghana Government/European Union Micro projects in Ghana. He has served over the years in varied international capacities for projects in several countries. He is currently the Managing Director of Kwasaf Development Consultancy Ltd.

5.1 DECLARATION OF DIRECTORS INTEREST

There is no family relationship between the Directors.

No petition under any bankruptcy law has been filed against any of the Directors or any partnership in which such persons are/ were partners or any company in which such persons are/ were Directors.

No person who is a Director has been convicted in a criminal proceeding or is a named subject of a pending criminal proceeding relating to an offence involving fraud or dishonesty.

No person who is a Director has been the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body, permanently or temporarily prohibiting him from acting as an investment adviser, dealer in securities, director or employee of a corporate body or engaging in any type of business practice or activity or profession.

5.2 SENIOR MANAGEMENT

The management team together have many years of collective experience within and outside the insurance business, both internationally and in Ghana. The following table shows the list of other key management staff:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Isaac Tettey	45	Corporate Planner
Alfred Ofori-Kuragu	54	Head, Technical Operations
John Kusi-Mensah	50	Head, Corporate Affairs
Romeo Bugyei	42	Head, Information Services Department
Kwei Mensah Ashidam	50	Head, Reinsurance
F. Kofi Asiedu	53	Head, Med Services
Patience Opoku(Mrs)	42	Head, Human Resource
Barbara Oteng-Gyasi (Mrs.)	42	Company Secretary

Isaac Tettey was appointed the Corporate Planner of SIC in 1999. Prior to joining SIC, he was a Senior Corporate Planning Analyst at the Ghana National Petroleum Company (GNPC). He started his career as a Management Trainee with Unilever Ghana Limited in 1988 and became the Acting Western & Central Regions Sales Manager. He worked with Toyota Ghana Limited as Sales and Marketing Executive from 1990 to 1991.

Alfred Ofori-Kuragu Head, Technical Operations is a Chartered Insurer, U.K. He is a member of the Ghana Bar Association. He joined SIC in 1986 and headed the Accident and Fire Departments before his appointment to his current position. He holds a BA (Hons.) awarded by University of Ghana.

John Kusi-Mensah Head, Corporate Affairs is a Fellow of the Ghana Institute of Surveyors. He joined SIC in 1982 as an Estate Officer. He was the Head of the Estate Department between 1985 and 2002. In 2002 he was appointed Special Assistant to the MD, a position he combines with his current position as the Head of Corporate Affairs. He holds a Bachelors degree in Land Economy from the Kwame Nkrumah University of Science and Technology.

Romeo Bugyei Head, Information Systems Department has Masters and Bachelors degrees in Computer Programming and System Design and Analysis. He has 12 years experience to his credit. Prior to joining SIC he lectured at the University of Cape Coast and worked at Deloitte and Touche as Group Manager.

Kwei Mensah Ashidam Head, Reinsurance holds a Bachelor of Science degree in Mathematics and Post Graduate diploma in Marketing. He also has a Diploma in Insurance. He is a member of the Chartered Insurance Institute (London). He joined SIC in 1984.

Dr. F.Kofi Asiedu Head, Medical Services is a registered member of Medical & Dental Council. He holds degrees in Medicine and Surgery, Certificate in Health Administration and Management, and an MBA in Health Science. He also has a Masters degree in Applied Science from McGill University Canada. He joined SIC in 1986 as Head of Medical Services.

Patience Opoku (Mrs) Head, Human Resource has a Masters Degree in Human Resource Management, and a Bachelors Degree in French and History. She joined SIC in March 2007. Before then she was the Human Resource Manager at SDV GH Ltd/Scanship GH. Ltd. Tema for ten years. Other positions she has held include Personnel Officer at Ghana Agro Food Co Ltd, Tema, and Administrator/Board Secretary for JL Morrison Son & Jones GH. Ltd. and Assistant Director II at the Ministry of Manpower Development and Social Welfare.

Barbara Oteng-Gyasi (Mrs) Head, Corporate Secretariat & Company Secretary is a graduate from the University of Ghana and the Ghana School of Law. She joined SIC in September 2007 after working in similar positions elsewhere, including Director, Legal/Administration at Export Development & Investment Fund (EDIF) between 2001 and 2007, Group Legal Adviser for Vlisco Ghana Group between 1998 and 2001 and Legal Officer at Unilever Ghana Ltd. from 1996 to 1997.

5.3 EMPLOYEES

As of September, 2007, SIC employed approximately 602 persons. The table set forth below outlines employees per category for the years 2002 to September 2007.

Category	2002	2003	2004	2005	2006	2007
Executives	3	3	3	3	3	3
Managers	105	114	95	101	86	78
Senior Staff	180	216	237	245	234	301
Junior Staff	353	292	260	236	225	220
TOTAL	641	592	595	585	548	602

5.4 RENUMERATION AND COMPENSATION

5.4.1 Directors' Remuneration

The Non-Executive Directors are entitled to sitting allowances and directors' fees. Whilst the Chairman is entitled to a sitting allowance of ₵7.2 million (GH¢720) per sitting and an annual fee of ₵48.0 million (GH¢4,800), each of the other non-executive directors is entitled to a sitting allowance of ₵6.94 million (GH¢694) per sitting and an annual fee of ₵36 million (GH¢3,600). In addition, the Chairman and each non-executive director receives a sitting allowance of ₵3.6 million (GH¢360) and ₵3.47 million (GH¢347) respectively per committee sitting.

The sitting allowances as well as the directors' fees are fixed by the shareholders at Annual General Meetings.

5.4.2 Managing Director's Remuneration

The Managing Director currently receives a gross salary of the cedi equivalent of US\$110,400 per annum. He is also entitled to clothing allowance, entertainment allowance, free medical care, an official car, furnished accommodation as well as air ticket of up to \$2,500 for his annual vacation.

5.5 HUMAN RESOURCE POLICIES

SIC's human resource policy and procedures manual has been prepared to ensure that Managers / Supervisors throughout the Company handle human resource issues in a consistent and professional manner. There are standard guidelines to follow covering many subjects from recruitment, benefits, motivation, productivity, safety, loyalty, termination and retirement. The main sources of SIC human resource policy are as follows:

- The Junior Staff Collective Bargaining Agreement
- Conditions of Service for Senior Staff
- Conditions of Service for Management Staff
- Labour Act 2003 (Act 651)
- Scheme of Service and
- Directives issued by Management from time to time.

5.5.1 Programme for Staff Development

The Company has a number of policies in place that seek to enhance the efficiency and effectiveness of staff. These policies focus on professional development to cater for the short, medium and long term needs of the Company as well as opportunities aimed at promoting a responsible, creative, and proactive approach to work.

Employees are sponsored to attend training sessions locally and abroad to update and improve their technical and professional skills. Line managers are responsible for identifying the training and developmental needs of their subordinates. The Human Resource Department advises on the relevant training/development programme and provide them internally or externally. Development encompasses formal learning, job experience, part-time and full-time courses etc. The employer funds the cost of registration and examination fees for employees in respect of only one chosen profession which is relevant to the Company

5.5.2 Employee Share Ownership Scheme by directors and employees

SIC is 100% owned by the Government of Ghana. None of the directors or employees currently owns shares in the Company. Under the Offer, however, 10% of the Government's shares in SIC amounting to 19,564,500 has been earmarked for sale to employees under an employee share ownership plan (ESOP). All eligible persons shall not be able to transfer, assign, charge or dispose of their shares until

the expiration of a vesting period of two (2) years. The plan will be administered by a board of trustees.

5.5.3 Industrial Relations

SIC enjoys a cordial relationship with its employees. It has conditions of service for all categories of its staff, including a Collective Bargaining Agreement.

SIC has entered into a Collective Bargaining Agreement (CBA) with the Union of Industry Commerce and Finance Workers (UNICOF) of TUC. The CBA applies to all employees below the grade of officer and comparable grades. All Management Staff from the grade of Assistant Manager to Chief Manager (Management Staff) belong to the Managers' Association. And all Senior Staff from the grade of Officer to Chief Officer (Senior Staff) of the Company belong to the Senior Staff Association. The agreement is effective for a term of two years commencing January 1, 2006. It is a policy to renegotiate the collective bargaining agreement every two years. The CBA shall however be in force even after it has expired until a new CBA is signed. There are no disputes between SIC and the members of UNICOF and TUC.

By letters dated April 26, 2007 and May 3, 2007, UNICOF and the TUC, respectively confirm that there is currently no dispute between their members and SIC.

5.5.4 End of Service Benefit

Under SIC's current pension scheme, all employees who stay employed with the Company until the statutory retirement age, earn 7 ½% of their current annual basic salary for each year of employment. This, however, is being replaced with a funded scheme, which will come into effect as an amendment to the Company's current provident fund. Under this proposal, the Company will increase its contribution to the provident fund from 7.5 % to 15% of each employee's basic salary, whilst the employees' contribution will also be increased from 5% to 10% of basic salary. The proposal has been approved by the board of directors of the Company and is now being considered by the Company's employees.

5.6 CORPORATE GOVERNANCE AND BOARD PRACTICE

The Board of Directors hold regular bi-monthly meetings and extraordinary meetings as and when deemed necessary to consider urgent matters requiring specific decisions and approvals. Various committees have also been set up to deal with varied matters that arise during intervening periods when Board meetings are not scheduled.

5.6.1 Committees of the Board

The following committees of the board have been constituted in respect of specific areas of SIC's operations:

Audit and Finance committee
Technical Operations committee
Executive and Estate committee.

5.6.2 **Audit and Finance Committee**

The Audit and Finance committee consists of four (4) directors. Rules governing the committee bar the chairman of the board of directors from being chairman of the committee. The rules require at least two of the members of the committee to be financially literate at the time such member is appointed. The internal auditor of SIC is required to attend meetings of the committee.

Mr. Kwame Owusu, Dr. Kwaku Osafo (Chairman), and Mr. F. Asafo Adjei are the current members of the committee. The committee sits bi-monthly.

The principal duties and responsibilities of the audit committee are as follows:

- to monitor the maintenance of proper accounting records and the reliability of financial information used within SIC's business;
- to provide reasonable assurance of the safeguarding of assets against unauthorized use or disposition;
- to authorize, direct and review the programme of the Internal Auditor. to receive reports from the Internal Auditor, consider the major findings of those reports and monitor follow-up actions of management;
- to keep accounting policies of the Company under review and make recommendations to the board to renew or amend such policies;
- monitor compliance with the relevant legal and regulatory framework;
- presentation of audit reports to board members at board meetings;
- to discuss any problems or reservations arising from the interim or final audits and any matters the external auditor may wish to discuss;
- responsible for reviewing the manner in which management ensures and monitors the nature, extent and effectiveness of SIC's accounting, financial and risk management control systems through the ongoing review of the appropriateness of scope, efficiency and effectiveness of internal control systems;
- hold discussions with the External Auditor before their audit commences on the nature and scope of the audit;
- recommend levels of remuneration of non-executive directors for approval by the board and ultimately the shareholder;
- undertake annual reviews of executive emoluments; and
- review and recommend to the board, executive and staff bonus and long-term incentive plans

The Audit and Finance committee has the authority of the board of directors to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to cooperate with any request made by the committee.

The committee has the authority of the board of directors to obtain outside legal or other independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise.

5.6.3 Technical Operations Committee

The Technical Operations committee consists of three (3) directors. The Head of Technical Operations of SIC is required to attend meetings of the committee. The current members of the committee are Mr. Kwame Owusu (Chairman), Ms. M.E. Prah, and Mr. D.K.M Soadzedey. The committee holds bi-monthly meetings to discuss various issues to do with the core business activities of the Company.

The principal duties and responsibilities of the Technical Operations committee are as follows:

- formulate policy on technical operations for the attention of the board of directors;
- monitor the performance of the Marketing and Technical departments;
- ensure that all expenditure relating to technical matters is within the approved budgetary limits;
- ensure that the appropriate infrastructure and equipment is available for to the various departments to assist in the achievement of the goals and targets;
- monitor compliance with the relevant legal and regulatory framework;
- discuss any problems or reservations arising from any relevant reports and any matters the relevant supervising authority may wish to discuss.

The Technical Operations committee has the authority of the board of directors to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to cooperate with any request made by the committee.

The Technical Operations committee has the authority of the board of directors to obtain outside legal or other independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise.

5.6.4 Executive and Estates Committee

The Executive and Estates committee consists of five (5) directors. The Head, Estates and Mortgages Department is required to attend meetings of the committee. The Executive & Estate Committee is chaired by Prof. I.M. Ofori and has Dr. K. Osafo, Dr. K. Brobbey, Ms. M.E. Prah, and Mr. Peter Osei Duah as members of the committee. The committee has been sitting every other month for business.

The principal duties and responsibilities of the Executive and Estate committee are as follows:

- monitor, review and advise management on all real estate matters;
- provide policy direction on developments, acquisitions, disposals and the management of the company's real estate assets;

-
- approve the award of contracts and other related professional services that require the board's approval, subject to ratification of the full board;
 - advise management on the restructuring of the real estate portfolio into an efficient, profitable and income-generating asset of the Company;
 - develop, monitor, review and effect the human resources policy for the Company within the guidelines approved by the board;
 - monitor and advise management on all human resource matters.

The Executive and Estates Committee has the authority of the board of directors to investigate any activity within its principal duties outlined above. It also has authority to seek any information it requires from any employee, past and present, and such employee is required to cooperate with any request made by the committee.

The Executive and Estates committee has the authority of the board of directors to obtain outside legal or other independent professional advice and if it considers it necessary to secure the attendance of outsiders with relevant experience and expertise.

5.6.5 Remuneration Committee

The Company currently has no separate committee for remuneration. This role is played by the Finance and Audit Committee of the board. However, in future, a separate Remuneration Committee will be set up to ensure proper corporate governance practices. It is expected that Remuneration Committee will be set up at the first Board meeting after the listing of the company.

5.7 DECLARATION OF DIRECTORS' INTEREST

5.7.1 Transaction between SIC and its directors

SIC has confirmed that there are no existing transaction between SIC and its directors.

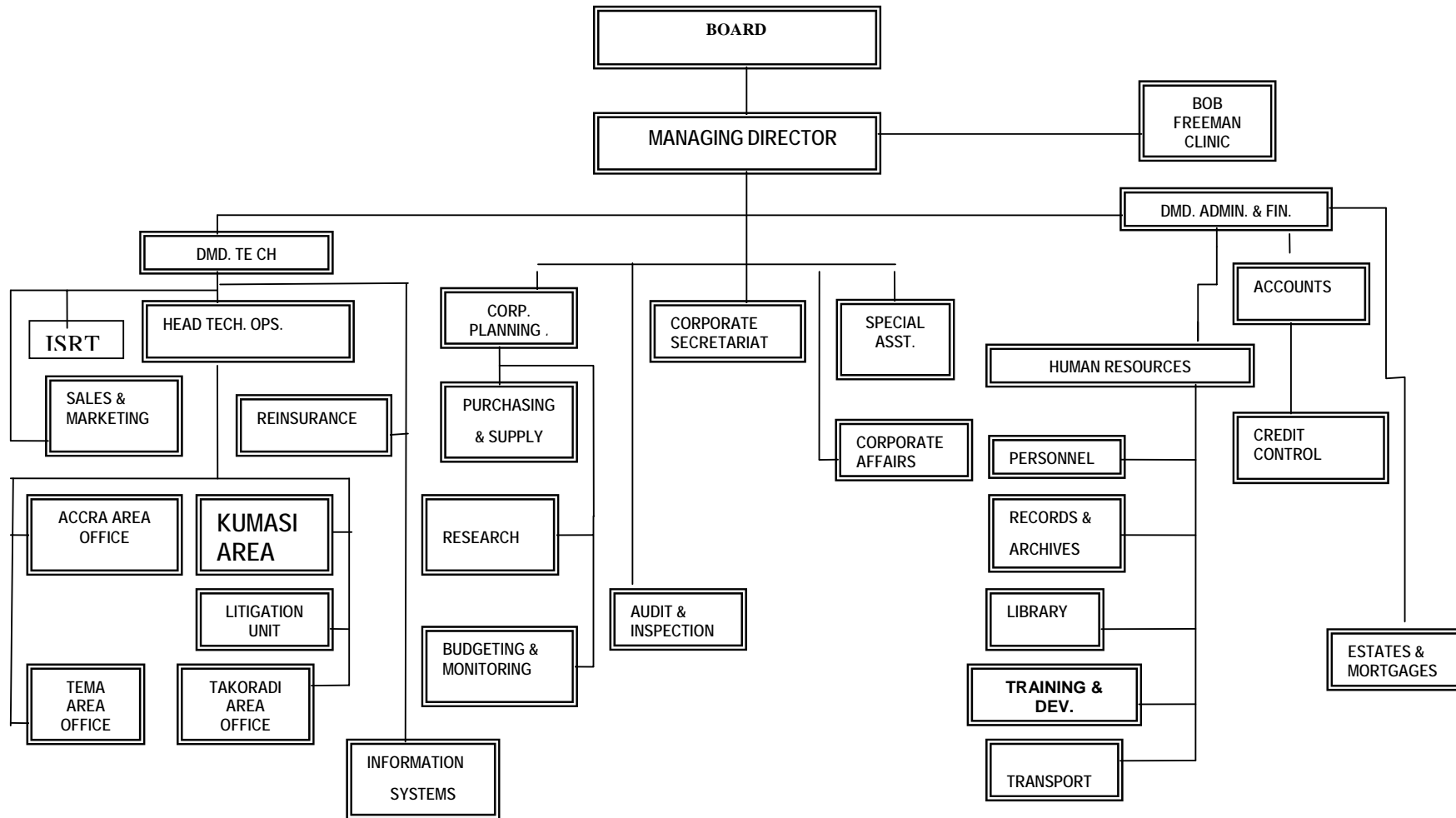
5.7.2 Family Relationships between Directors

SIC has confirmed that there are no family relationships between the directors.

5.8 ORGANISATIONAL STRUCTURE

The present organisational structure of SIC is as below:

SIC ORGANISATIONAL STRUCTURE



CHAPTER 6

HISTORICAL FINANCIAL OVERVIEW

6.0 REPORT OF THE ACCOUNTANTS

Pannell Kerr Forster

30 October 2007

The Board of Directors
State Insurance Company of Ghana Limited
Nyemitei House
28/29 Ring Road East
Osu – Accra.

Our Ref. EST/CFA/G

Dear Sirs,

STATE INSURANCE COMPANY OF GHANA LIMITED
INDEPENDENT ACCOUNTANT'S REPORT ON THE
FINANCIAL STATEMENTS FOR THE FIVE YEARS
ENDED 31 DECEMBER 2006

We have examined the audited financial statements of State Insurance Company of Ghana Limited for the five years ended 31 December 2006.

KPMG/Deloitte and Touché has acted as Auditors of the Company for the years relevant to this report. For each of the relevant years, the Auditors issued an unqualified audit report except for 2003 and 2004 financial statements. However corrective measures had been taken in relation to the control weaknesses which resulted in the qualification. The Board of Directors approved the audited financial statements to 31 December 2006.

No audited financial statements have been prepared for submission to the shareholders for any period subsequent to 31 December 2006.

The audited financial statements have been prepared on the basis of the accounting policies set out below. For all the accounting periods dealt with in this report, the financial statements have been, in all material respects, prepared in accordance with the Ghana National Accounting Standards.

Our examination has been carried out in accordance with the Auditing Guidelines "Prospectuses and the Reporting Accountant".

In our opinion, the financial information set out below gives a true and fair view of the profits and cash flows of the Company for the years stated and of the state of affairs of the Company at the end of those years, in accordance with Ghana National Accounting Standards.

Yours faithfully,

Pannell Kerr Forster

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Offices in Tema, Kumasi
Member Firm of PKF International Operating Worldwide in Europe, the Mediterranean, Middle East, Western and Southern Africa, the Caribbean,
Central and Southern America, Southern Asia, China and Far East, Australia and New Zealand.

PKF

Accountants &
business advisers

The following tables are SIC's historical financial information for the dates indicated. The financial information presented below is for the years ended December 31, 2002 to 2006 and are derived from the Company's audited financial statements. The Company's historical results are not necessarily indicative of results to be expected from any future period. You should read the following historical information along with information contained elsewhere in this prospectus.

6.1 PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDED DECEMBER 31,

(All amounts are expressed in millions of cedis)

		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	<u>Notes</u>					
Gross Premium		445,818	363,887	254,416	214,470	147,822
Less Reinsurance		(195,364)	(88,981)	(69,358)	(63,176)	(39,188)
Net Premium		250,454	274,906	185,058	151,294	108,634
Less Increase/(Decrease) in Premium Earned	17	14,778	(46,029)	(17,926)	(26,588)	(17,612)
Premium Earned		265,232	228,877	167,132	124,706	91,022
Commissions (Net)	5	(137)	(6,457)	(3,610)	8,562	3,811
Claims Net of Recoveries	4	(85,854)	(92,359)	(45,612)	(40,795)	(35,610)
Management Expenses	6	(173,178)	(122,237)	(106,870)	(88,565)	(67,704)
Underwriting Profit		6,063	7,824	11,040	3,908	(8,481)
Investment Income	2	22,880	14,716	17,306	16,123	10,024
Other Income	3	11,252	2,285	4,382	11,629	12,607
Profit before exceptional items		40,195	24,825	32,728	31,660	14,150
Restructuring Cost		-	-	(5,184)	(4,577)	(3,992)
Profit after exceptional item		40,195	24,825	27,544	27,083	10,158
Taxation	14a	(8,465)	(329)	(7,732)	(10,883)	(3,626)
National Reconstruction Levy	14b	(2,211)	(1,862)	(2,754)	(1,354)	(1,016)
Profit after tax transferred to income surplus accounts		29,519	22,634	17,058	14,846	5,516

6.2 INCOME SURPLUS ACCOUNT FOR THE YEARS ENDED DECEMBER 31,

(All amounts are expressed in millions of cedis)		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Balance at 1 January		15,152	11,435	6,009	3,597	9,662
Prior Year Adjustment						(3,146)
Net Profit after tax from revenue account		29,519	22,634	17,058	14,846	5,516
		44,671	34,069	23,067	18,443	12,032
Less: Proposed Dividend		(13,000)	(8,000)	(4,000)	(6,000)	(4,000)
Transfer to Contingency Reserve	18	(13,375)	(10,917)	(7,632)	(6,434)	(4,435)
Balance at 31 December		18,297	15,152	11,435	6,009	3,597

6.3 BALANCE SHEET AS AT DECEMBER 31,

(All amounts are expressed in millions of cedis)

		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	<u>Notes</u>					
Stated Capital	15	25,000	25,000	25,000	25,000	25,000
Capital Surplus	16	207,199	207,199	197,072	137,595	110,043
Income Surplus		18,297	15,152	11,435	6,009	3,597
Contingency Reserve	18	55,493	42,118	31,201	23,569	17,135
Shareholder funds		305,989	289,469	264,708	192,173	155,775
Property, Plant and Equipment	7	163,707	169,080	172,805	170,637	166,175
Long Term Investment	8	163,945	156,431	152,337	84,720	57,574
Total Fixed Assets		327,652	325,511	325,142	255,357	223,749
Debtors and Prepayments	9	171,044	88,233	122,875	73,437	58,238
Short Term Investment	11	99,187	80,029	76,945	69,702	50,015
Non-Trading Stocks		2,866	2,847	2,757	2,125	1,069
Lease Deposit		-	2,950	2,950	3,572	-
Cash and Bank		40,167	30,859	23,613	28,806	19,593

Current Assets		313,264	204,918	229,140	177,642	128,915
Provision for Unearned Premium	17	129,137	143,915	97,886	79,960	53,372
Provision for claims		46,628	19,580	27,562	26,405	32,222
Creditors	13	108,591	35,326	104,032	69,231	57,215
Taxation	14	7,279	4,732	10,473	3,084	1,417
Proposed Dividend		13,000	8,000	4,000	6,000	5,700
Obligation under finance lease	10	1,380	1,584	1,050	1,277	-
Current Liabilities		306,015	213,137	245,003	185,957	149,926
Net Current Assets/(Liabilities)		7,249	(8,219)	(15,863)	(8,315)	(21,011)
Obligation under Finance Lease	10	(2,834)	(1,744)	(4,447)	(6,973)	-
Deferred Tax	14c	(26,079)	(26,079)	(40,124)	(47,896)	(46,963)
		(28,913)	(27,823)	(44,571)	(54,869)	(46,963)
Net Assets		305,989	289,469	264,708	192,173	155,775

6.4 CASHFLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31,

All amounts are expressed in millions of cedis)

		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	<u>Notes</u>					
Operating Profit/Loss	20	17,315	10,109	10,238	10,960	134
Depreciation Charge		12,154	14,533	11,161	8,424	2,519
Profit Disposal of Fixed Assets		(71)	(442)	-	(883)	(2,304)
Provision for Unexpired Risk		(14,778)	46,029	17,926	26,588	17,613
Increase in Debtors		(86,398)	34,642	(49,438)	(15,199)	(14,421)
Increase in Non-Trading Stocks		(246)	(90)	(4,882)	(1,056)	(23)
Increase in Creditors		73,265	(68,706)	34,801	12,016	9,814
Increase in Outstanding Claims		27,048	(7,982)	1,157	5,817	399
Increase in Actuarial Liability		-	-	-	-	-
Increase in Lease Deposit		2,950	-	622	(3,572)	-
Increase/(Decrease) in Lease Obligation		886	(2,169)	(2,753)	8,250	-
Net Cash Inflow from Operating Activities		32,125	28,093	21,585	43,095	13,731

Dividend received	699	2,226	763	1,058	1,829
Interest received	22,181	12,490	16,543	15,064	8,195
Dividend paid	(8,000)	(4,000)	(6,000)	-	-
Net Cash Inflow from Returns on Investments and Servicing of Finance	47,005	38,809	32,891	59,217	23,755
Tax Paid	(8,129)	(11,850)	(7,815)	(7,871)	(516)
Investing Activities					
Purchase of Long-term Investment	(3,700)	(5,941)	(9,248)	(10,445)	(3,592)
Acquisition of Fixed Assets	(6,781)	(11,130)	(12,595)	(12,894)	(11,918)
Proceeds from Sale of Fixed Assets	71	442	-	892	5,653
Net Cash Inflow	28,466	10,330	3,233	28,899	13,382
Balance at 1st January	110,888	100,558	98,508	69,608	56,226
Balance at 31st December	139,354	110,888	101,741	98,507	69,608

6.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE FIVE YEARS ENDED 31, 2006

1. Accounting Policies

The significant accounting policies adopted and used by SIC in preparing these financial statements are as follows:

Basis of Accounting

The Company's financial statements are prepared in accordance with Ghana Accounting Standards and the Companies Code, and have been audited in accordance with International Standard on Audit, which includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

The significant accounting policies adopted and used are in line with Ghana Accounting Standards, local GAAP and with normal industry practice.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain landed properties and in accordance with Ghana Accounting Standards.

Property, Plant & Equipment

Depreciation has been provided using the straight-line method so as to write-off the cost of assets over their estimated useful life at the following rates:

▪ Motor Vehicles	25%
▪ Office Furniture	10%
▪ Household Furniture	20%
▪ Freehold Properties	2.5%
▪ Office Equipment	25%
▪ Computers	33.33%

Leasehold properties are amortised over the life of the lease.

Investment properties are stated at their estimated open market values and are not subject to depreciation where the unexpired term of the lease is more than 20 years.

Debtors

Debtors are stated after providing for debts considered to be doubtful of collection.

Finance Lease

Lease that transfer substantially all risks and rewards of ownership of the underlying asset to the Company are classified as finance leases. Assets acquired in terms of finance lease are capitalised at the lower of cost and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset. The capital element of future obligations under the lease is included as a liability in the balance sheet.

Outstanding Claims

Full provision is made for the estimated cost of claims notified but not settled at the balance sheet date using the best information available at that time. In the case of claims incurred but not reported at the balance sheet date a further provision of 20% calculated on an estimated amount of outstanding claims is made in respect of all non-life business. Outstanding claims are stated net of recoveries.

Unearned Premium Reserved

Provision for unearned premium, which is calculated on the basis of total net premiums, is made up as follows:

- For business other than the marine not less than 45% of the net premium; and
- For marine business not less than 75% of the net premium

Premium Recognition

General Business other than Marine and Aviation

Premiums in respect of general business other than marine and aviation business are accounted for in the period in which the risk commences and the recognition of premium income is based on 50% of retained premiums.

Marine and Aviation Business

Premiums and claims in respect of marine and aviation business are reported by the underwriting years and the result for each underwriting year is not determined until after 36 months.

Foreign Currencies

Transactions denominated in foreign currencies are translated into cedis and recorded at the rates of exchange ruling at the dates of the transactions. Balances denominated in foreign currencies are translated into cedis at rates of exchange ruling at the balance sheet date. Gains and losses resulting from currency translation are included in profit or loss for the year.

Investments

Investments are held for the purposes of both trading and investment. Investments are included in the balance sheet at the lower of cost and market value. Gains and losses on sales of investments are shown separately in other operating income or expenses as applicable. Equity investments are stated at market values and the changes in market value of investments are recognised in capital surplus account.

Deferred Tax

Provision is made for deferred taxes using the liability method on all temporary differences to the extent that an asset or liability is probable to crystallize.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
2. Investment Income	¢'m	¢'m	¢'m	¢'m	¢'m
Dividend	699	2,226	763	1,059	1,829
Mortgage Loans Interest	155	172	1	290	243
Interest on Bank Deposits	7,416	6,883	6,733	8,445	6,620
Government Stocks Interest	8,754	5,304	8,761	5,790	872
Commercial Loans Interest	-	-	-	-	15
HFC House Bonds Interest	-	-	1,048	539	445
Other Investment Income	5,856	131	-	-	-
	<u>22,880</u>	<u>14,716</u>	<u>17,306</u>	<u>16,123</u>	<u>10,024</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>

	€'m	€'m	€'m	€'m	€'m
3. Other Operating Income					
Rent	1,362	1,235	744	1,263	655
Profit on Disposal of Fixed Assets	71	442	-	883	2,304
Sundry Income	9,001	566	3,630	6,162	4,447
Gains on Exchange	818	42	8	3,321	5,201
Current Account Interest	-	-	-	-	-
	<u>11,252</u>	<u>2,285</u>	<u>4,382</u>	<u>11,629</u>	<u>12,607</u>
4. Claims Incurred					
Payment during the year	124,003	135,245	77,180	57,573	60,732
Outstanding at December 31,	23,767	19,580	27,562	26,405	32,222
Outstanding at January 1,	(19,580)	(27,562)	(26,405)	(32,222)	(32,621)
Net Recoveries	(42,336)	(34,904)	(32,725)	(10,961)	(24,723)
Claims Net of Recoveries	<u>85,854</u>	<u>92,359</u>	<u>45,612</u>	<u>40,795</u>	<u>35,610</u>
	<u>171,708</u>	<u>184,718</u>	<u>91,224</u>	<u>81,590</u>	<u>71,220</u>
5. Commissions					
Receivable	38,019	23,515	19,971	20,702	13,524
Payable	<u>(38,156)</u>	<u>(29,972)</u>	<u>(23,581)</u>	<u>(12,140)</u>	<u>(9,713)</u>
	<u>(137)</u>	<u>(6,457)</u>	<u>(3,610)</u>	<u>8,562</u>	<u>3,811</u>
6. Management Expenses					
Staff Cost	91,206	68,426	58,212	42,682	31,085
Depreciation	12,154	14,533	9,292	7,897	2,342
Audit Fees	380	270	308	259	213
Donations	545	374	47	144	57
Directors' Remuneration	2,697	2,435	1,615	1,431	855
Provision for Doubtful Debts	7,027	8,439	5,621	1,556	7,137
Bad Debt	17,018	-	-	-	-
Others	<u>42,151</u>	<u>27,760</u>	<u>31,774</u>	<u>34,595</u>	<u>26,016</u>
	<u>173,178</u>	<u>122,237</u>	<u>106,870</u>	<u>88,565</u>	<u>67,704</u>

7. Property, Plant & Equipment

	Leasehold Properties	Freehold Land & Building	Computers	Capital Work In Progress	Other Machinery & Equipment	Total
Cost/Valuation						
At 1 January 2006	88,284	71,109	12,652	7,813	27,780	207,638
Additions	1,222	-	1,608	-	3,951	6,781
Transfer/Disposal	842	(842)	-	-	(116)	(116)
At 31 December 2006	90,348	70,267	14,260	7,813	31,615	214,303
Depreciation						
At 1 January 2006	9,017	4,090	11,084	-	14,367	38,558
Charge for the year	3,597	594	1,624	-	6,339	12,154
Disposal					(116)	(116)
At 31 December 2006	12,614	4,684	12,708	-	20,590	50,596
Net book value						
At 31 December 2006	77,734	65,583	1,552	7,813	11,025	163,707
At 31 December 2005	79,267	67,019	1,568	7,813	13,413	169,080
At 31 December 2004	80,036	67,615	3,736	7,813	13,605	172,805
At 31 December 2003	78,061	68,640	3,519	7,813	12,604	170,637
At 31 December 2002	78,504	69,272	1,617	7,813	8,969	166,175

2006 **2005** **2004** **2003** **2002**

7.(a) Disposal of Fixed Assets

Cost	(116)	(1,222)	-	532	3,926
Accumulated Depreciation	116	900	-	(523)	(577)
Net Book Value	-	(322)	-	9	3,349
Proceed from Sale	71	764	-	892	5,653
Profit /(Loss) on Disposal	71	442	-	883	2,304

8. Long - Term Investment

Mortgage Loan	1,018	1,136	1,075	1,075	938
Less: Provision for Diminution in value	-	-	(1,075)	(549)	(550)
	1,018	1,136	-	526	388
Equity Shares	146,574	143,393	142,086	79,247	52,537
HFC House Bonds	16,353	11,902	9,455	4,403	4,176
HFC Unit Trust	-	-	396	209	209
Government Securities	-	-	400	335	264
	163,945	156,431	152,337	84,720	57,574

9. Debtors

Premium Debtors	125,031	95,104	72,651	47,900	43,276
Less: Provision for Bad Debts	(37,983)	(30,956)	(22,517)	(22,517)	(20,837)
	87,048	64,148	50,134	25,383	22,439
Accrued Income and Prepayments	3,045	3,294	3,405	7,247	3,755
Staff Debtors	4,272	5,286	6,791	5,365	5,242
Current Account with SIC-Life	30,699	3,168	23,686	21,323	18,135
Sundry Debtors	36,752	7,351	38,531	13,791	8,667
Agents and Reinsurances' Balances	13,338	4,986	-	-	-
Commercial Loans	(4,110)	-	328	328	-
	171,044	88,233	122,875	73,437	58,238

10. Obligation Under Finance Lease

Obligation under finance lease fall due as follows:

Within one year	1,380	1,584	1,050	1,277	-
After one year	2,834	1,744	4,447	6,973	-
	4,214	3,328	5,497	8,250	-

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	¢'m	¢'m	¢'m	¢'m
11. Short - Term Investments				
Commercial Loans	-	-	-	-
Less: Provision for Bad Debts	-	-	-	-
	-	-	-	-
Ghana Govt. Treasury Bills	44,848	36,365	32,486	26,245
Bank Time Deposit	54,339	43,664	44,459	43,457
	99,187	80,029	76,945	69,702

12. Bank Guarantee

Included in short term investment is an amount of ¢ 4.2 billion deposited with Merchant Bank Ghana Limited as security for loans that the bank has granted to the company's staff.

13. Creditors

Agents & Reinsurers' Balance	85,550	25,033	28,553	55,550
Interest Suspense	-	-	-	-
End of Service Benefit	-	-	95	-
HFC Balance	-	-	476	35
Provident Fund Balance	-	-	74,908	881
Sundry Creditors	23,041	10,293	-	12,765
	108,591	35,326	104,032	69,231

14. Taxation

	Balance 1 January	Payments	Charge to P/L	Balance at 31 December
(a) Income Tax Payable				
2002	(1,701)	(300)	2,200	199
2003	199	(7,096)	8,184	1,287
2004	1,287	(6,912)	12,450	6,825
2005	6,825	4,247	(8,280)	2,792
2006	2,792	8,465	(6,335)	4,922
(b) Reconstruction Levy				
2002	418	(216)	1,016	1,218
2003	1,218	(775)	1,354	1,797
2004	1,797	(903)	2,754	3,648
2005	3,648	1,862	(3,570)	1,940
2006	1,940	2,211	(1,794)	2,357

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Income Tax/Reconstruction Levy	7,279	4,732	10,473	3,084	1,417
(c) Deferred Tax					
Balance at 1st January	26,079	40,124	47,896	46,963	3,146
Charge for the Year	-	(3,918)	(4,718)	2,699	1,426
Write back to Capital Surplus	-	(10,127)	(3,054)	(1,766)	42,391
Balance at 31st December	26,079	26,079	40,124	47,896	46,963

15. Stated Capital

Authorised

Number of ordinary shares of no

par value

	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>
Cash	2	2	2	2	2
Transfer from Income Surplus	426	426	426	426	426
Transfer from Capital Surplus	24,572	24,572	24,572	24,572	24,572
	25,000	25,000	25,000	25,000	25,000

There is no share in treasury and no call or installment unpaid on any share.

16. Capital Surplus

This represents surplus arising from revaluation of certain landed properties and long term investments. The landed properties were professionally valued by a consortium of Valuers namely, SM Property Service, Consolidated Properties Limited, Owusu-Adjapong & Co (now KOACONSULT), Valuation and Development Services, Valuation and Estate Services and was co-ordinated by Messrs PROPICON on 31st of December, 2002 on the basis of their open market value.

Unlisted equity investments were professionally valued by Glendale Consulting Limited and AB Intel Ghana Limited.

The movement on the Capital Surplus Account for the years is as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>	<u>¢'m</u>
Balance at 1st January	207,199			110,043	

		197,072	137,595		25,069
Revaluation Surplus	-	-	56,423	25,786	127,365
Transfer to Deferred tax	-	10,127	3,054	1,766	(42,391)
Balance at 31st December	207,199	207,199	197,072	137,595	110,043

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
17. Provision for Unearned Premium					
Net Premium	250,454	274,906	185,058	151,314	108,634
Unexpired Risk reserve					
At 1 January	129,137	143,915	97,886	79,960	53,372
At 31 December	(143,915)	(97,886)	(79,960)	(53,372)	(35,760)
Charged to Revenue Account	(14,778)	46,029	17,926	26,588	17,612

This is in compliance with Section 23 of the Insurance Law, 1989 (PNDCL 227). Forty-five (45) percent of net premium is provided for non-life insurance business other than marine and seventy-five (75) percent in the case of marine business.

18. Contingency Reserve					
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Balance at 1st January	42,118	31,201	23,569	17,135	12,700
Transfer from Income Surplus	13,375	10,917	7,632	6,434	4,435
Balance at 31st December	55,493	42,118	31,201	23,569	17,135

19. Statutory Reserve Funds

(i) Staff Welfare Fund

Under its former instrument of incorporation, the company was required to transfer to staff welfare fund such sums not exceeding 5 percent of its net profit. The balance with the fund has been classified under Sundry Creditors.

(ii) Contingency Reserve

This represents sums set aside to cover fluctuation in securities and variation in statistical estimates in accordance with the Insurance Law, 1989 (PNDCL 227)

20. Operating Loss

(before Returns on Investments and Servicing of Finance)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	¢'m	¢'m	¢'m	¢'m	¢'m
Profit per account	40,195	24,825	27,544	27,083	10,158
Less: Dividend Received	(699)	(2,226)	(763)	(1,059)	(1,829)
Interest Received	(22,181)	(12,490)	(16,543)	(15,064)	(8,195)
	<u>17,315</u>	<u>10,109</u>	<u>10,238</u>	<u>10,960</u>	<u>134</u>

21. Actuarial Liability

The Rocky Hill Group, Inc professionally valued the actuarial liabilities as at 31st December 2003.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Balance at 1 January	-	-	-	36,468	-
Charge to Revenue Statement	-	-	-	24,183	-
Balance at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,651</u>	<u>-</u>

22. Contingencies, Capital and Financial Commitments

The company entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements. Outstanding amounts at the end of the year were:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Guaranteed	-	-	-	-	8,337
Contingencies	-	-	9,000	4,215	235
Capital Commitments	-	-	-	1,072	1,763
	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>5,287</u>	<u>10,335</u>

6.6 COMMENTARY ON HISTORICAL FINANCIAL STATEMENT

Gross Premiums Written

Gross premiums written grew steadily and at a compounded annual growth rate (CAGR) of 31.8% from ¢147.82 billion in the year ended December 31, 2002 to ¢455.82 billion in 2006. Although, the growth in gross premiums written have increased year over year since 2002, the annual growth in

2006 was moderate at 23% compared to the 43% growth in 2005. This was primarily due to declines in gross premiums from SIC's marine and aviation, motor, and accident insurance businesses which were offset by a 214% growth in fire insurance premiums from ₺28.92 billion in 2005 to ₺90.82 billion in 2006. Overall, the steady growth rate in SIC's gross premiums written has been primarily due to the increase in the number of motor insurance policies written and to a lesser extent rate increases. In addition, the increased awareness of the importance of insurance has helped fuel gross premium growth. Current growth is being generated through active advertising for new customers and product innovations.

Net Premiums Written

Net premiums written grew at a CAGR of 23% from ₺108.6 billion in 2002 to ₺250.5 billion in 2006. Net premiums written grew year over year by 39%, 22%, 49% and -9% to ₺151.3 billion, ₺185.1 billion, ₺274.9 billion and ₺250.5 billion, for the years ended December 31, 2003, 2004, 2005 and 2006, respectively. The unfavourable decrease in net premiums in 2006 was primarily due to declines in premiums written for marine, fire, and accident, which were partially offset by a favourable and modest 1.0% increase in net premiums for motor insurance. Reasons for these declines were, SIC's higher reinsurance purchases for those lines of businesses in order to minimize losses from large risks or catastrophic events. As a result, purchases of reinsurance coverage for fire grew by 799% to ₺72.0 billion and that for accident by 253% to ₺31.4 billion in 2006. Net premiums from motor insurance continued to contribute significantly to total net premiums written. For the five year period 2002 to 2006, it contributed an average of 68% to total net premiums written.

Net Premiums Earned

Net premiums earned increased by ₺36.4 billion (16%) to ₺265.2 billion in 2006 compared to ₺228.9 billion in 2005. The year over year growth of 16% in 2006 was slightly lower compared to the average of 35% in the four years preceding it. Again, because of declines in the growth rate of gross premiums written for marine and aviation, fire and accident insurance and also higher ceded reinsurance arrangements for those lines of business. For instance, the percentage composition of reinsurance to gross premiums in 2006 was 44% compared to an average of 28% for the four years preceding it. However, over the period, net premiums have enjoyed a sustainable growth trend and grew at a CAGR of 23.2%.

Total Revenue

Total Revenue, which comprises revenue from earned premiums, investment income and other revenue grew from ₺113.7 billion in 2002 to ₺299.4 billion in 2006, a CAGR of 27.4%. The growth in total revenue was driven, principally, by revenue from investment income, which grew at a CAGR of 22.9% from ₺10.0 billion in 2002 to ₺22.9 billion in 2006.

Total Expenses

Total expenses, which comprise of claims and management expenses grew at a CAGR of 25.8% from ₪103.32 billion in 2002 to ₪259.03 billion in 2006. The growth rate in SIC's total expenses has been consistent with industry levels. In addition, expenses have been prudently managed overtime, witnessed by a declining expense and claims ratio. For example, the expense ratio has steadily declined from 45.8% in 2002 to 38.8% in 2006, while its claims ratio fell from 24.1% in 2002 to 19.3% in 2006. SIC's expense structure is robust and in comparison with its peers is expense competitive.

Combined Ratio

The combined ratio calculated as the sum of total claims and management expenses to gross premiums written, shows the level of profitability of an insurance company. SIC's combined ratio was 58.1% for the year ended December 31, 2006, compared to 59%, 59.9%, 60.3% and 69.9% for the years ended December 31, 2005, 2004, 2003 and 2002, respectively. The steady decline in this ratio over the period can be attributed to prudent management of operational expenses and a careful selection of businesses and clients.

Pre-tax Profit

Pre-tax profits grew from ₪10.5 billion in year ended December 31, 2002 to ₪40.2 billion in 2006, representing a CAGR of 41.0%. Pre-tax profits for year ended December 31, 2006 increased year over year by ₪15.4 billion (62%) to ₪40.20 billion. This was after a 10% decline in pre-tax profits in 2005, because of increases in motor, accident, and fire claims costs. The significant growth in the 2006 pre-tax profits was principally due to a decrease in claims incurred and a favourable increase in investment income.

Net Profit after Tax

Net profit after tax grew from ₪5.5 billion in year ended December 31, 2002 to ₪29.5 billion in year ended December 31, 2006, representing a CAGR of 52%. Net profit margin was 7% for the year ended December 31, 2006, compared to 6% in 2005 and was above the average net profit margin for the periods 2002 to 2006. Again, the growth in net profit for the year ended December 31, 2006 could be attributed to efficient claims management, which is aimed at weeding out spurious claims. A significant growth in other and investment income resulting from prudent investment also contributed to the 2006 profit

Balance Sheet

Fixed Assets

SIC's fixed assets comprise of leasehold properties, freehold land and buildings, computers, and machinery and equipment. Fixed assets grew from ₪166.2 billion in 2002 to ₪163.7 billion in 2006 at a compounded annual growth rate of -0.4%. The negative growth rate is reflected in the percentage composition of fixed assets to total assets, which declined from 47% in 2002 to 26% in 2006. This

was primarily due to the Company's disposal of land and buildings, which were no longer being used in the normal course of its business operations.

Long-Term Investments

Long-term investments grew at a CAGR of 29.9% from ₵57.6 billion in 2002 to ₵163.9 billion in 2006. The annual year over year growth in long-term investments has been cyclical over the period, in tandem with the ebbs and flows of the capital market. Long-term investments grew by 47% and 80% to ₵84.7 billion and ₵152.3 billion, respectively, in the stock market boom years of 2003 and 2004. Accordingly, in the stock market bust years of 2005 and 2006, long-term investments grew by a modest 3% and 5% to ₵156.4 billion and ₵163.9 billion respectively. This reflects SIC's investment philosophy of being quick to adjust its investment portfolio to accommodate changes in the financial markets.

Current Assets

SIC's current assets grew from ₵128.9 billion in 2002 to ₵313.3 billion in 2006, at a CAGR of 19.7%. Its current assets comprise mainly accounts receivables, short-term investments, inventories and cash and bank balances. Accounts receivables have been the major growth driver of total current assets. It grew at a CAGR of 30.9% from ₵58.2 billion in 2002 to ₵171.0 billion in 2006. In addition it forms the largest portion of current assets, with an average of 48% in the period 2002-2006. Short-term investments in Government of Ghana Treasury bills and bank time deposits constitute the second largest portion of current assets, averaging 36% of current assets over the period. They grew from ₵50.0 billion in 2002 to ₵99.2 billion in 2006, at a CAGR of 18.7%. SIC has an ample amount of cash and bank balances to support its short-term growth needs. Cash and bank balances grew at a CAGR of 19.7% from ₵19.6 billion in 2002 to ₵40.2 billion in 2006.

Total Assets

Total assets grew from ₵352.7 billion in 2002 to ₵640.9 billion in 2006 at a compounded annual growth rate of 16.1%. The growth in total assets has been principally fuelled by increases in current assets over the period and less so by fixed assets. The decrease in fixed assets is witnessed by a CAGR of negative 0.4% over the period. Current assets, on the other hand, grew at a CAGR of 24.9% in the same period.

Current Liabilities

Current liabilities grew at a CAGR of 19.5% from ₵149.9 billion in 2002 to ₵306.0 billion in 2006. The majority of current liabilities are made up of provisions for unearned premiums and accounts payables, which make up 20% and 15% respectively. Provision of unearned premium has been maintained at 52% of net premium over the years.

Long-term debt

SIC's long-term debt levels are relatively low and manageable. This is reflected in a debt to equity ratio, which has averaged 0.93 for the period 2002 to 2006. Thus SIC's assets are financed more by equity than debt.

Contingency Reserves

SIC has over the years adhered to the insurance law regarding the contingency reserve. Under the law, an insurance company is required to provide 3% of revenue or 20% of net profit for contingency reserve. SIC has consistently provided 3% of gross premium as contingency reserve.

6.5 UNAUDITED PROFIT AND LOSS ACCOUNTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	2007	2006
	¢'million	¢'million
Gross Premiums	251,991	154,849
Less: Reinsurance	96,931	45,057
Net Premiums	155,060	109,792
Increase/(Decrease) in Unexpired Risk Provision	(16,683)	13,272
Premiums Earned	138,377	123,064
Commissions	1,301	-1,927
Claims Net of Recoveries	(48,367)	-35,982
Management Expenses	(79,863)	(68,797)
	(126,929)	(106,706)
Underwriting Results	11,448	16,358
Investment Income	5,737	5,545
Other Income	1,656	556
Total	7,393	6,101
Net Profit Before Taxation	18,841	22,459
Taxation	(4,710)	(5,615)
National Reconstruction Levy	0	(876)
Net Profit After Transferred to Income Surplus	14,131	15,968

6.8 UNAUDITED BALANCE SHEET AS AT

	June 30, 2007	June 30, 2006
Non-Current Assets	¢'million	¢'million
Property, Plant & Equipment	163,707	169,080
Long-term Investment	164,036	156,431
	327,743	325,511
Current Assets		
Debtors and Prepayments	169,016	113,748
Short-term Investments	102,090	81,453
Non-Trading Stocks	2,866	2,847
Lease Deposit		2,950
Cash and Bank	46,527	28,711
	320,499	229,709
Total Assets	648,242	555,220
Current Liabilities		
Provision for Unearned Premium	133,883	140,944
Provision for Claims	54,755	35,710
Creditors	87,623	32,499
Taxation	11,281	11,223
Proposed Dividends	13,000	-
Obligation under Finance Lease	1,380	1,584
	301,922	221,960
Net Current Asset/(Liabilities)	18,577	7,749
Non-current Liabilities		
Obligations under Finance Lease	2,834	1,744
Deferred Tax	26,079	26,079
	28,913	27,823
Total Liabilities	330,835	249,783
Net Assets	317,407	305,437
Equity		
State Capital	25,000	25,000
Capital Surplus	207,199	207,199
Income Surplus Account	25,758	28,342
Contingent Reserve	59,450	44,896
Total Shareholders' Funds	317,407	305,437

CHAPTER 7

PLANS AND PROSPECTS

7.0 STRATEGIC FOCUS

Management, after the review of the Company's operations, has decided to continue to focus on the four priority areas of strategic importance. These areas are:

1. profitability;
2. excellent customer service;
3. improved information and communications technology; and
4. human resource development.

7.1.1 Profitability

Management has decided to focus more on profitability as the bottom-line. This would be achieved by pursuing and maintaining very prudent, underwriting and claims management regimes.

As part of the strategy, SIC's technical department would adopt strict policy screening procedures to avoid compromising profitability and exposure to unnecessary risks.

7.1.2 Excellent Customer Service

Management intends to improve on customer service delivery by responding promptly to enquiries and requests. Management also intends to reduce waiting times at all service points by improving on its existing information technology. The Company intends to segment its customers in order to provide special customer service to its big premium income contributors through its Valued Clients Unit. In addition, some incentive packages would be developed for big premium income contributors who have good claims records with the Company over a certain period of time.

7.1.3 *Information and Communication Technology*

The central focus of the Company's information policy is to improve on its existing information and communication technology. Consequently, the Company is making substantial investment in this area. This has culminated in the implementation of the new underwriting Premia Software for its operations and Orion for the finance and accounting function. These are to ensure efficient customer service delivery, as well as, effective management information reporting for decision-making. In addition, the Cross Road Software for customer relations purchased alongside the underwriting software is being implemented to enhance customer services delivery.

The Company's Wide Area Network (WAN), which involves linking all area offices to the head office, has virtually been completed allowing the extension of the Premia Software to all the area offices. The WAN concept is intended to facilitate the decentralization policy of management for quick data accessibility. Furthermore, the voice integration on the WAN covering Accra and Tema offices and dial-up links between the area and branch offices are in progress. In addition, a new

Human Resource System is being purchased to assist in the operations of the Human Resource Department.

7.2 Major Corporate Activities

During the planned period, SIC intends to carry out the following programmes;

7.2.1 Computerization Programme

- SIC plans to fast track its computerisation programme to ensure effective and efficient customer service delivery at all area and branch offices.
- To improve on the generation of technical and financial reports needed for fast decision making.

7.2.2 Provision of Logistics

- Expedite action on the renovation and refurbishment of some office buildings to provide an appropriate working environment for both clients and staff.
- Provision of all Area and Branch offices with the needed logistics that would enhance their competitiveness and customer service delivery, as well as facilitating Management's decentralisation programme.

7.2.3 Subsidiarization of some core Business Departments

- Plans are far advanced to subsidiarise the Estates Department and the Bob Freeman Clinic. The subsidiarization of these departments will allow SIC to concentrate on its core business of insurance, thereby cutting down on expenditure to improve profitability.

7.2.4 Target Markets

- SIC will continue to focus on a credible and profitable market group to ensure cost effectiveness. Apart from the government institutions and agencies, some target markets have been identified for effective business penetration. Business relations with some selected customers will be closely monitored and reviewed periodically to assess their performances.

7.2.5 Prospects

- There is an increasing awareness of the need for individuals and corporate bodies to take insurance cover for the various categories of risk that they face;
- The proposed law on maritime and freight movements offers opportunities in the Marine Business;
- The Company can explore the opportunity of using technology (e- business) to enhance its service delivery considering the investment being made in information technology.

CHAPTER 8

FINANCIAL FORECAST AND PROJECTIONS

8.0 REPORT OF THE ACCOUNTANTS

Pannell Kerr Forster

PKF

Accountants &
business advisers

23 October 2007

The Board of Directors
State Insurance Company of Ghana Limited
Nyemitei House
28/29 Ring Road East
Osu – Accra.

Our Ref. EST/CFA/G

Dear Sirs,

STATE INSURANCE COMPANY OF GHANA LIMITED
INDEPENDENT ACCOUNTANT'S REPORT ON THE
FORECAST AND PROJECTIONS FOR THE FIVE YEARS
PERIOD ENDED 31 DECEMBER 2011

We have examined the forecast and projections in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information.

Management is responsible for the forecast and projections including the assumptions set out in the notes on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast and projections.

Further, in our opinion the forecast and projections are properly prepared on the basis of assumptions and is presented in accordance with the Ghana National Accounting Standards.

Actual results are likely to be different from the forecast and projections since anticipated events frequently do not occur as expected and the variation may be material.

Yours faithfully,

Pannell Kerr Forster

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Offices in: Yerevan, Kyrgyzstan
Member Firm of PKF International Operating Worldwide in Europe, the Mediterranean, Middle East, Western and Southern Africa, the Caribbean,
Central and Southern America, Southern Asia, China and Far East, Australia and New Zealand

8.1 PLAN ASSUMPTIONS

The assumptions underlying the financial projections are tabulated as follows:

	2007	2008	2009	2010	2011
Gross Premium Growth Rate	32%	32%	32%	32%	32%
Claims Net of Recoveries	20%	20%	20%	20%	20%
Premium Debtors Level	20%	20%	20%	20%	20%
Management Expense Ratio	35%	32%	32%	32%	32%
Reinsurance Ratio					
Fire	55%	55%	55%	55%	55%
Marine	50%	50%	50%	50%	50%
Motor	20%	20%	20%	20%	20%
Accident	30%	30%	30%	30%	30%
Unexpired Risk					
Fire	45%	55%	55%	55%	55%
Marine	75%	75%	75%	75%	75%
Motor	45%	45%	45%	45%	45%
Accident	45%	45%	45%	45%	45%
Interest Rate	12%	10%	10%	10%	10%
Inflationary Rate	15%	10%	10%	10%	10%
Foreign Exchange Rate	\$1.00 = ₵9,500		\$1.00 = Gh₵1.00		

8.2 **PROJECTED PROFIT AND LOSS ACCOUNTS FOR THE YEARS ENDING
DECEMBER 31 2007 TO 2011**

	2007 ¢'million	2008 ¢'million	2009 ¢'million	2010 ¢'million	2011 ¢'million
Gross Premium	588,480	765,024	979,230	1,233,830	1,554,626
Reinsurances	(223,622)	(290,709)	(372,107)	(468,855)	(590,758)
Retained Premium	364,858	474,315	607,123	764,975	963,868
Opening Fund (Unexpired)	129,137	175,132	232,414	297,490	371,013
Net Commissions	4,355	5,661	7,246	9,130	11,504
Gross Total	498,350	655,108	846,783	1,071,595	1,346,385
Deductions:					
Claims less recoveries	100,878	139,212	187,937	242,438	307,896
Management expenses	192,122	234,793	296,317	370,856	452,848
Closing Fund (Unexpired)	175,132	232,414	297,490	371,013	462,657
Total Deductions	468,132	606,419	781,744	984,307	1,223,401
Underwriting Profit	30,218	48,689	65,039	87,288	122,984
Investment Income	20,470	24,942	30,720	38,006	47,185
Other Income	2,299	2,280	2,309	2,394	2,424
Profit before Tax	52,987	75,911	98,068	127,688	172,593
Company Tax	(15,508)	(21,583)	(27,563)	(35,523)	(47,449)
Deferred Tax	19,045	801	819	580	221
Profit to income surplus	56,524	55,129	71,324	92,745	125,365

PROJECTED INCOME SURPLUS ACCOUNT

	2007 ¢'million	2008 ¢'million	2009 ¢'million	2010 ¢'million	2011 ¢'million
Balance at 1 January	18,297	32,539	42,717	56,664	75,394
Profit for the year	56,524	55,129	71,324	92,745	125,365
	74,821	87,668	114,041	149,409	200,759
Less: Proposed Dividend	23,000	22,000	28,000	37,000	50,000
Transfer to Stated Capital	1,498	-	-	-	-
Tax on transfer	130	-	-	-	-
Contingency Reserve	17,654	22,951	29,377	37,015	46,639
Balance at 31 December	32,539	42,717	56,664	75,394	104,120

8.3 PROJECTED BALANCE SHEET AS DECEMBER 31,

	2007 ¢'million	2008 ¢'million	2009 ¢'million	2010 ¢'million	2011 ¢'million
Stated Capital	26,498	26,498	26,498	26,498	26,498
Capital Surplus	231,542	231,542	231,542	231,542	231,542
Income Surplus	32,539	42,717	56,664	75,394	104,120
Contingency Reserve	73,147	96,098	125,475	162,490	209,129
Shareholder funds	363,726	396,855	440,179	495,924	571,289
Property, Plant and Equipment	174,903	194,489	219,045	255,676	301,136
Investment Properties	25,902	25,902	25,902	25,902	25,902
Long Term Investment	187,302	210,181	240,381	278,704	328,227
Total Fixed Assets	388,107	430,572	485,328	560,282	655,265
Debtors and Prepayments	195,864	224,364	264,783	308,683	353,050
Short Term Investment	147,904	206,097	266,878	330,388	422,189
Non-Trading Stocks	3,366	3,866	4,366	4,866	5,366
Cash and Bank	11,388	13,192	14,450	18,768	21,572
Current Assets	358,522	447,519	550,477	662,705	802,177

	2007	2008	2009	2010	2011
	¢'million	¢'million	¢'million	¢'million	¢'million
Provision for Unearned Premium	175,132	232,414	297,490	371,013	462,657
Provision for claims	52,255	57,112	82,351	96,582	124,490
Creditors	120,095	156,571	172,837	207,387	231,076
Taxation	4,007	5,526	8,153	8,866	11,937
Proposed Dividend	23,000	22,000	28,000	37,000	50,000
Obligation under finance lease	1,380	1,380	1,380	1,380	1,380
	<hr/>				
Current Liabilities	375,869	475,003	590,211	722,228	881,540
	<hr/>				
Net Current Assets/(Liabilities)	(17,347)	(27,484)	(39,734)	(59,523)	(79,363)
	<hr/>				
Deferred Tax	(7,034)	(6,233)	(5,415)	(4,835)	(4,613)
	<hr/>				
Net Assets	363,726	396,855	440,179	495,924	571,289

8.4 PROJECTED CASH FLOWS FOR THE YEARS ENDING DECEMBER 31, 2007-2011

	<u>2007</u> ¢'million	<u>2008</u> ¢'million	<u>2009</u> ¢'million	<u>2010</u> ¢'million	<u>2011</u> ¢'million
Operating Profit/Loss	32,517	50,969	67,348	89,682	125,408
Depreciation Charge	9,045	10,422	12,184	14,405	17,204
Provision for Unexpired Risk	45,995	57,282	65,076	73,523	91,644
Increase in Debtors	(24,820)	(28,500)	(40,419)	(43,900)	(44,367)
Increase in Non-Trading Stocks	(500)	(500)	(500)	(500)	(500)
Increase in Creditors	11,504	36,476	16,266	34,550	23,689
Increase in Outstanding Claims	5,627	4,857	25,239	14,231	27,908
Net Cash Inflow from Operating Activities	79,368	131,006	145,194	181,991	240,986
Dividend received	1,842	2,245	2,765	3,421	4,247
Interest received	18,628	22,697	27,955	34,585	42,938
Dividend paid	(13,000)	(23,000)	(22,000)	(28,000)	(37,000)
Net Cash Inflow from Returns on Investments and Servicing of Finance	86,838	132,948	153,914	191,997	251,171
Tax Paid	(21,045)	(20,064)	(24,936)	(34,810)	(44,378)
Investing Activities					
Purchase of Long-term Investment	(23,356)	(22,879)	(30,200)	(38,325)	(49,521)
Acquisition of Fixed Assets	(22,499)	(30,008)	(36,740)	(51,036)	(62,664)
Net Cash Inflow	19,938	59,997	62,038	67,826	94,608
Balance at 1st January	139,354	159,292	219,289	281,327	349,153
Balance at 31st December	159,292	219,289	281,327	349,153	443,761

CHAPTER 9

RISK FACTORS

Investing in the shares of any company entails a certain degree of risk. Thus this Offer and an investment in SIC's ordinary shares involves some risk. You should carefully consider the following risk factors and all of the other information in this prospectus before making an investment decision. SIC's business, financial condition and results of operations could be negatively impacted if any of the following risks actually occur. In that case, the trading price of its ordinary shares could decline and you could lose all or part of your investment.

9.0 RISKS ASSOCIATED WITH REINSURANCE

SIC seeks to reduce its potential risk of loss through reinsurance arrangements. Coverage under reinsurance contracts with third parties may be inadequate to cover future liabilities. As a result, the Company may not be able to successfully alleviate risk through these arrangements, which could impact its financial condition and profitability.

Risk factors associated with the purchase of reinsurance can be categorized into factors relating to brokers and those relating to reinsurers.

Factors relating to brokers:

- The brokers' failure to transmit premiums paid to it by SIC to reinsurers;
- The brokers' failure to collect funds due SIC from reinsurers;
- The brokers' failure to pay funds collected from reinsurers to SIC;
- The brokers' inability to properly identify and define the reinsurance needs of SIC and designing the appropriate coverage;
- The brokers' failure to properly prepare the cover notes to reflect the needs on the ground;
- The brokers' inability to properly negotiate treaty terms that will **inure** to the benefit of SIC.

In the event of uncleared liabilities, winding up, takeovers and acquisitions of the brokerage companies that SIC transacts business with, the operations of SIC stand to be impacted.

Factors relating to Reinsurance companies

The Company faces major risks from arrangements with reinsurance companies. Attempts to limit risk of loss through reinsurance do not necessarily relieve SIC of the obligation to its policyholders. Accordingly, the Company is subject to credit risk with respect to reinsurance in the event that:

- It becomes insolvent leading possibly to liquidation;
- Winding up, mergers, takeovers and acquisition by other companies may affect their outstanding liabilities **to** SIC.

Premium writings and profitability can be affected by the availability and cost of reinsurance

SIC purchases reinsurance to help manage exposure to risk. Under reinsurance arrangements, another insurer assumes a specified portion of SIC's claims in exchange for a specified portion of policy premiums. Marked conditions determine the availability and cost of the reinsurance protection SIC purchases, which affects the level of business and profitability of the Company. If conditions in the market make it impossible for SIC to obtain sufficient reinsurance at a cost competitively acceptable, it may be unwilling to bear the increased risk and would reduce the level of underwriting commitments.

9.1 FINANCIAL RISK

The insurance business is primarily concerned with the management of financial assets and liabilities. As such SIC is exposed to financial risks in the form that its shareholders may suffer when they have to assume additional debt in addition to equity financing.

9.2 LIQUIDITY/MARKETABILITY RISK

There has been no previous public trading in SIC's ordinary shares, prior to the closing of this Offer. Subsequently, if a sustainable trading market does not develop upon the closing of this Offer, your investment may become less liquid and possibly the market price of the shares may decline below the initial public offer price. The price of the ordinary shares after the closing of this Offer may fluctuate widely.

9.3 EXCHANGE RATE RISK

SIC enters into reinsurance contracts from time to time to protect its business from losses due to concentration of risks. The majority of such reinsurance contracts are executed with reinsurance brokers outside Ghana and denominated in foreign currencies. Foreign currency exchange risk is the risk that SIC will incur in the event of losses on a cedi basis due to adverse changes in foreign currency movements. In the event that these currency movements should occur, unfavourably, it may result in SIC being unable to recover fully from reinsurance contracts, thereby affecting its ability to honour claims. Some of SIC's investments are denominated in foreign currencies and thereby could be adversely affected by adverse foreign currency movements against the cedi.

9.4 INTEREST RATE RISKS

SIC invests in interest rate sensitive securities, primarily fixed-income securities. The Insurance Act stipulates that 25% of premiums from general business should be invested in Government of Ghana Treasury bills. Additionally, 40% of the remainder of premiums, in line with the Company's investment objectives, is invested in fixed-deposits that are not classified under Government securities. In view of this, increases and decreases in prevailing interest rates could impair the fair values of the Company's fixed maturity investment portfolio.

9.5 INFLATIONARY RISK

SIC's profitability may be negatively impacted by inflation. The general increase in prices could affect claims costs, above what the Company previously might have estimated, as such it may not have adequate reserves to meet the increased liability. This could adversely affect the results of operations of the business.

9.6 COMPETITION

The general (non-life) insurance industry is highly competitive both as to rate and service. SIC competes with about twenty-one insurance companies who are continually evolving and broadening their businesses. Insurers compete on the basis of factors including products, price, services, and financial strength. SIC's ability to compete effectively on all fronts could prove challenging. However, with SIC's rank as the number one largest insurance company in Ghana, with a financial base much stronger than its competitors, its ability to compete is not readily compromised.

9.7 FRAUDULENT PRACTICES

Fraudulent practices by employees, brokers, agents and customers can adversely affect the operations of SIC. However, the Company has over the years developed robust systems to minimize potential fraudulent practices.

9.8 LITIGATION AND OTHER LEGAL PROCEEDINGS

The general insurance business is such that SIC is subject to litigations and other legal proceedings as part of the claims process in the ordinary course of its business. Even though the Company maintains adequate reserves as required by insurance regulations and cash balances for claims-related legal proceedings, an unfavourable outcome in one or more legal matters may create liabilities in excess of amounts reserved for such. If this should occur, SIC's financial condition could be affected.

9.9 INSURANCE REGULATIONS

The insurance industry in Ghana is subject to extensive regulations. For example, the Insurance Act, 2006 (Act) has taken away from SIC its monopoly in writing Government businesses. Rules under the NIC require that 25% of gross premiums underwritten to be invested in Government of Ghana Treasury bills. The remaining 75%, which insurers have discretionary investment mandate over may, in some cases require NIC approvals. These forms of restrictions, which are placed to protect policyholders rather than shareholders, can restrain SIC's flexibility to increase shareholders wealth adequately.

9.10 KEY PERSONNEL

SIC's performance is largely dependent on the efforts and abilities of key management and other employees. With the current wave of competition in the insurance industry, the Company's failure to attract and retain key personnel could reduce its sales and operational effectiveness.

9.11 SHAREHOLDING DILUTION

In the future, if SIC decides to raise additional equity capital through a rights issue, in which you do not fully participate, or it offers new shares that you are not allowed to participate in, your shareholdings in SIC could suffer dilution.

9.12 POLITICAL RISK

Political disturbances pose a serious risk to business. Even though Ghana is currently enjoying a continual peaceful transition in its nascent democracy since 1992, it could still, remotely, suffer a political upheaval, and if this occurs businesses could adversely be affected. However, with the support of the international community and a renewal of the country's democratic dispensation, the general consensus is that the current political stability will continue.

9.13 PRINCIPAL SHAREHOLDER CONTROL

Prior to this Offer, the selling shareholder owned 100% of SIC shares and elected the board of directors. Upon the completion of this Offer, the selling shareholder would hold approximately 40% of SIC's ordinary shares, which still gives it a substantial stake in SIC. With this significant interest, it still will be able to exert significant influence over SIC's policies and affairs. It will have the voting power to influence the election of the board of directors, appoint new managers and approve any action requiring shareholder votes, including amendments to SIC's regulations. The interests of the significant shareholder may differ from the interests of other shareholders.

9.14 FUTURE SALE OF SIC SHARES

The selling shareholder and possibly other large institutional investors after the Offer may hold approximately 55% of SIC's ordinary shares. SIC cannot predict as to the effect, if any, that future sales of shares by these large holders, or the availability of shares for future sale, will have on the prevailing market price of SIC's shares from time to time. Sales of significant amounts of SIC shares on the exchange by the large shareholders, or the possibility or perception that such sales could occur, could cause the prevailing market prices of SIC to decrease. If such sales reduce the share price, SIC's ability to raise additional capital in the capital market may be adversely affected.

CHAPTER 10

VALUATION ANALYSIS

10.0 BASIS OF SHARE PRICE VALUATION

The sponsoring brokers prepared a valuation opinion on SIC to serve as the basis for the pricing of the shares of SIC.

In order to arrive at an acceptable value for SIC, two broad separate valuation approaches were adopted. These were the corporate finance valuation approach and the actuarial valuation method:

10.1 CORPORATE FINANCE VALUATION METHODS

Under this approach, four different valuation techniques considered as the most appropriate for the Company, were modelled and applied, after a careful review of the Company's operations, to the data provided. The methods are:

- a) Discounted Cashflow Basis (DCF)
- b) Market Comparable Methods
 - i) Maintainable Earnings Basis (P/E)
 - ii) Price to Book Value Basis (P/BV)
- c) Net Assets/Book Value Basis (NAV)

10.1.1 Results of Valuation

The summary of the resultant valuation is as follows:

i) *Discounted Cashflow Analysis*

The discounted cash flow method (DCF) is a cash flow- based valuation method, which produces a stand-alone value of a company and is most able to reflect its long term, upside potential, relative to other valuation methodologies.

In applying the DCF method the after tax earnings of the business were forecasted over ten years, and a conversion of these earnings into cash flows by adjusting, amongst others, non-cash pre-tax transactions such as depreciation and amortisation write-offs. Other adjustments included taxation and capital redemptions.

The cash flows were then translated into present values by the application of a discount rate. This rate is a rate of return that the advisors believe an investor normally enjoys from investments of similar value and risk as that of SIC's shares.

Furthermore, a terminal value for the business was derived. It captures the continuing value of the business after the forecast period.

When SIC's free cash flows for 2007 to 2016 and the derived Terminal Value were discounted to the present value at a discount rate of **23.5%**, this resulted in a value of **¢566,450 million (GH¢56.65 million)** for the Company.

ii) ***Public Market Multiples***

Public Market Multiples method calculated the relative value by applying multiples of accepted valuation comparatives such as the Price Earnings Ratio (P/E), Price to EBITDA and Price to Book Value (P/B) ratios, based on the level of activity of similar publicly traded companies.

For the purpose of determining the value of SIC, the P/E and P/B multiples were used. The (P/E) ratio calculates how much investors are willing to pay for SIC's earning power. The P/B ratio measures how much investors are willing to pay for the Net Book value of SIC.

The use of this method also provides an additional tool for valuing companies from the perspective of equity investors and reflects the amount investors are willing to pay under the prevailing market conditions.

Maintainable Earnings Basis

The estimated earnings for 2007 was used as the basis for the maintainable earnings, and multiplied by the five-year time-weighted average market price-to-earnings ratios (P/Es) of the listed financial stocks on the GSE, including Enterprise Insurance Company Limited (EIC) – the most comparable company on the exchange.

The P/E ratio obtained was **11.83** which when multiplied by SIC's 2007 adjusted estimated earnings of **GH¢4.14 million (¢41,380 million)** resulted in a value of **GH¢48.96 million (¢489,561 million)** for the company.

Price to Book Value Basis

The net asset value as at December 31, 2006 was adjusted upwards from **GH¢30.56 million (¢305,602 million)** to **GH¢39.65 million (¢396,517 million)** as a result of revaluation of the fixed assets carried out by KOACONSULT and Valuation & Development Services Limited; and the

valuation of unlisted equities carried out by Glendale Consulting and AB Intel Limited. A weighted average price-to-book ratio was derived from the five-year time-weighted average price-to-book ratios (P/Bs) of the financial stocks listed on the GSE. This ratio was found to be **1.80** times and the resultant value for SIC was **GH¢71.24 million (¢712,366 million)**.

Net Assets Basis

The revised/adjusted balance sheet gave a net asset valuation of **GH¢39.65 million (¢396,517 million)** for SIC, that is, an increase in revaluation surplus of **GH¢9.10 million (¢90,952 million)**.

The consolidation of these various valuation results, weighted by their perceived relevance to SIC gives a fair market value of **GH¢58.60 million (¢585,958 million)** for the company as shown in the table below:

Methodology	Valuation (¢'million)	Weightings	Weighted Value (GH¢'million)	Weighted Value (¢'million)
Discounted Cash Flow (DCF)	566,450	35%	19.83	198,258
Maintainable Earnings (P/E) Basis	489,561	30%	14.69	146,868
Price to Book Value (P/B) Basis	712,366	25%	17.81	178,092
Net Asset - Book Value Basis	396,517	10%	3.96	39,652
Total		100%	56.29	562,869

10.2 ACTUARIAL VALUATION

The actuarial valuation concluded that the estimated economic value of SIC comprises of **GH¢ 31.0 million (¢311,000 million)** of adjusted networth and **GH¢ 30.1 million (¢301,000 million)** estimated value of ongoing operations. Thus, the estimated total economic value of SIC's general business insurance portfolio is **GH¢ 61.1 million (¢611,000 million)** which translates into a market-to-book value multiple of **1.97**.

10.3 CONCLUSION

The actuarial valuation carried out by The Rocky Hill Group gave an economic value of **GH¢61.1 million (¢611,000 million)** for SIC. Based on the weightings shown above, the corporate finance team is of the opinion that **GH¢56.29 million (¢562,869 million)** is a fair value for SIC based on corporate finance principles.

The two valuation results were combined (with equal weighting of 50% each) to arrive at a fair market value of **GH¢58.69 million (¢586,935 million)** for SIC as shown in the following table:

Valuation Methodologies	Value			Final Value	
	(GH¢million)	(¢million)	Weighting	(GH¢million)	(¢million)
Actuarial Valuation	61.10	611,000	50%	30.55	305,500
Corporate Financial Valuation	56.29	562,869	50%	28.14	281,435
Weighted Average Value			100%	58.69	586,935

With total outstanding shares of 195,645,000 the price per share was obtained as 30Gp (¢3,000).

CHAPTER 11

ADDITIONAL INFORMATION

11.0 MATERIAL CONTRACTS

All contracts the company has entered into are those related to the normal course of business.

11.1 LITIGATION AND LEGAL PROCEEDINGS

All litigation that the company is involved in will have no adverse impact on the conduct of the Company's business.

11.2 TAX AND SOCIAL SECURITY OBLIGATIONS

The company has performed all its obligations on corporate tax, social security contributions and PAYE tax on behalf of all employees.

11.3 LISTING OF THE SHARES ON THE GSE

Application has been made to the GSE for all of the shares described herein as per the proposed Offer to be admitted to the First Official List.

11.4 THE GHANA STOCK EXCHANGE

The Ghana Stock Exchange (GSE) was incorporated in July 1989 as a company limited by guarantee. It is a non-profit, non-governmental organisation governed by a thirteen (13)-member Council. Members of the GSE include sixteen (16) Licensed Dealing Members (brokerage firms) and thirty-two (32) Associate Members. The SEC regulates the Exchange under the Securities Industry Law (1993) as amended. There are currently 33 companies listed on the Exchange.

The Exchange operates a manual but centralized clearing and settlement system. Under the new Central Securities Depository Act, 2007 (Act 2007), listed companies may opt to issue dematerialized securities that may be centrally cleared through the Central Securities Depository.

11.5 CAPITAL GAINS TAX AND STAMP DUTY

Under Section 97(3) of the Internal Revenue Act 2000 (Act 592) securities listed on the GSE are exempted from Capital Gains Tax for the first fifteen (15) years from the date of commencement of operations by the Exchange i.e. November 12, 1990. This ended in November 2005, and has been extended for another five (5) years ending November 2010.

Under the Stamp Duty Act, 2005 (Act 689) transfers of shares in a company are exempt from stamp duty.

11.6 DIVIDEND WITHHOLDING TAX

There is a final withholding tax of 8% on all dividends received by shareholders.

11.7 CORPORATE TAX FOR LISTED COMPANIES

The corporate tax rate of both listed and unlisted companies is at 25%. Companies listed on the Exchange enjoy 3% tax rebate for the first three years after listing.

11.8 EXCHANGE CONTROL

The Foreign Exchange Act, 2006 (Act 723) allows foreigners to hold shares of a listed company without any restrictions. It also assures full and free foreign exchange remitability of original capital or principal amounts, any gains, dividends, interest payments and related earnings and refunds in respect of investments made by external residents in such securities.

11.9 INSPECTION

Copies of the following documents in respect of the business and affairs of SIC may be inspected at the registered office of SIC during normal business hours of any working day during the Offer period:

- Regulations of SIC
- SIC certificate of incorporation
- Certificate to commence business
- Audited financial statements for the period 2002 to 2006
- Tax clearance certificate
- Share valuation report
- Fixed asset revaluation report
- Share Offer prospectus
- Legal Due Diligence Report
- Financial Due Diligence Report
- Actuarial Valuation Report.

11.10 WORKING CAPITAL ADEQUACY

The Directors of SIC are of opinion that the Company will use internally generated funds to meet its working capital need.

11.11 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of SIC collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm having made all reasonable enquiries, and that to the best of their knowledge and belief, there are no facts or circumstances, the omission of which would make any statement contained herein misleading.

11.12 STATEMENT BY THE MANAGERS TO THE ISSUE

Merban Stockbrokers Limited (MSL), which is regulated by the Securities and Exchange Commission, is mandated to act as the Manager to the issue. In the preparation of this document, MSL has relied on information given to them by the Directors of the Company.

CHAPTER 12

TERMS AND CONDITIONS OF THE OFFER

Qualifying Offer Applicants

12.1 For the purposes of the share Offer a ‘Qualifying Offer Applicant’ means any person who

1. being a natural person is aged 18 years, or over and is:
 - i. resident in Ghana, or
 - ii. a citizen of some other state, or country provided always that offer to and acceptance by such applicant in terms of this Offer is not in contravention with the laws of either that state or country or of Ghana itself; or
2. being a corporation, or partnership, or other unincorporated association:
 - i. is incorporated, or has an established place of business in Ghana: or
 - ii. is incorporated, or has an established place of business in some other state or country provided always that offer to and acceptance by such applicant in terms of this Offer is not in contravention with the laws of either that state, or country, or of Ghana itself.

NB: This document does not constitute an offer or an invitation to purchase any of the shares in any jurisdiction in which such offer or invitation would be unlawful.

12.2 Terms and Conditions

12.2.1 Offer to Purchase Shares

You offer to purchase from SIC such number of shares as, when multiplied by the offer price, is nearest to but not more than, the amount indicated in your application form on these terms and conditions and subject to the Regulations of SIC.

12.2.2 Identification

You agree to provide a clear photocopy of a valid ID in support of your application to your receiving agent. For the purposes of this Share Offer a valid ID shall be a passport, drivers’ license or a voter’s ID card for individuals, and a clear photocopy of registration documents or other acceptable identification for institutions, clubs and other bodies.

If applying for a minor you must submit a clear photocopy of a valid ID for both the minor and yourself. A valid ID for a minor may be a passport or a birth or baptismal certificate. Where the application is for a person other than a minor, you agree to submit all required identification of yourself and the person on whose behalf you are applying for shares under this Offer on their behalf.

You agree that your Offer cannot be revoked prior to the revocation date stated in this prospectus or such later date as the Company and the Manager may agree, and promise that any cheque, bankers' draft or money/postal order accompanying your application will be honoured on first presentation and that this paragraph constitutes a collateral between you and SIC. It becomes binding when your application is posted to or, in the case of delivery by hand, received by, one of the Receiving Agents. All bank commissions and transfer and other charges must be paid by the applicant.

If your application form is not completed correctly or is amended, or if any accompanying cheque, bankers' draft or other remittance is found to be less than the amount stated on your application form, it may still be treated as valid. In these circumstances the Managers' decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not however, be treated as having offered to purchase a number of shares on offer which when multiplied by the offer price, is more than the amount of remittance accompanying the application form or validity remitted in respect of thereof.

Any application may be rejected in whole or in part at the discretion of the Manager for Applications, which are incomplete, illegible, or it is determined that the applicant is not eligible to participate in this Offer.

12.3 Acceptance of Your Offer

Acceptance of your offer will be made (if your application is received, valid, processed and not rejected) either:-

- By notifying acceptance to one of the Receiving Agents, provided always that if applicable, the Regulations of the Ghana Stock Exchange shall be adhered to.
- The acceptance of your application may be in whole or in part, and accordingly the number of shares you offer to purchase may be scaled down.
- If your offer to purchase is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the offer shares in respect of which your offer has been accepted and has not been terminated.

12.4 Payment for the Shares

Payment for shares shall be by cash, cheque, banker's draft, telegraphic transfer or other remittance.

You undertake to pay the purchase price for the shares in respect of which your offer is accepted. The cheque or banker's draft or other remittance accompanying your application may be presented for payment before acceptance of your offer marked "COMMISSION TO DRAWERS ACCOUNT", but this will not constitute acceptance of your offer, either in whole or in part. The proceeds of this presentation will be held pending acceptance and, if your offer is accepted, and the conditions in this Part are satisfied, will be applied in discharging the purchase price for the shares in respect of which our offer is accepted.

If your application is invalid, rejected or not accepted in full, or if the amount of the application divided by the offer price does not equal a whole number of shares or if the circumstances described above do not occur prior to the dates respectively specified therein, the proceeds of the cheque or other remittance accompanying your application or the unused balance of those proceeds (as the case may be) will be refunded to you without interest and any interest received on such proceeds will be retained by SIC.

If the remittance accompanying your application is not honoured on the first presentation then, at any time until one of the Receiving Banks has received in cleared funds the offer price in respect of a share on offer, the Manager, on behalf of SIC may terminate the agreement to purchase that share. The termination will be effected by notice being dispatched to you. In event of termination you will pay to the Manager on behalf of themselves and SIC on demand such amount as may be certified on their behalf as being necessary to compensate the Manager and SIC for losses, costs and expenses incurred or expected to be incurred as a result of the remittance not being honoured on first presentation and as a result of termination.

12.5 Warranties

You warrant that:

- i. You are qualified to apply.
- ii. In making your application you are not relying on any information or representation concerning the Company and/or the Offer or any of them not contained in this document. You agree that no person responsible for this document or any part of it will have liability for any such other information or representation.
- iii. If any person signing, or making a thumb print on the application form is not the applicant that person warrants that he or she has authority to do so on behalf of the applicant and that this authority is vested in him by virtue of any power of attorney which (or a copy of which certified by a solicitor) accompanies the application.
- iv. If the applicant is other than a natural person, the person signing the application form warrants that he has authority to do so on behalf of the applicant.

12.6 Supply and Disclosure of Information

SIC and its agents shall have full access to all information relating to, or deriving from, the cheque or bankers' draft or other remittance accompanying your application, and its processing. If the Company and its agents request any information about your application you must promptly disclose it to them.

12.7 Miscellaneous

The rights and remedies of the Company and Manager under these terms and conditions are in addition to any rights and remedies, which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

If you deliver your application form to a Receiving Agent, you authorise SIC to send any money returnable to you and a share certificate for the number of shares for which your application is accepted to the Receiving Agent to which you delivered your application form for collection by you from such Receiving Agent, and you agree to produce the completed receipt at the bottom of the application form and/or other appropriate evidence of your entitlement to the certificate and/or returned monies to such Receiving Agent upon collection thereon. If your application was sent by post, you authorise SIC to send a share certificate for the number of shares which your application is acceptable and/or a cheque for any money returnable by post to you at your address (or, in the case of joint applicants, the address of the first-named person) as set out in the application form.

All documents and monies sent or delivered to or by you will be sent or delivered at your own risk. Any cheque will be made payable to you (or the first person named in any joint application).

You agree to be bound by the Regulations of SIC once the shares you have agreed to purchase have been allotted to you.

Your application and acceptance of that application and the contract resulting there from will be governed by, and construed in accordance with, the laws of Ghana. For the exclusive benefit of the parties mentioned in the introduction in these terms and conditions you irrevocably submit to the jurisdiction of the Ghanaian courts in respect of these matters. This does not prevent an action being taken against you in any other jurisdiction.

Words defined in the Prospectus and not defined in these terms and conditions have the same meanings in these terms and conditions and in your application form and in the guide to the application form as in the Prospectus. In the case of a joint application, references to an applicant in these terms and conditions are to each of the joint applicants and their liability is joint and several.

CHAPTER 13

APPLICATION FORMS AND INSTRUCTIONS

GENERAL INSTRUCTIONS FOR COMPLETING APPLICATION FORMS

Please read all instructions carefully before completing an application form

Multiple applications are not permitted

Please ensure your application form is fully completed and all supporting documentation (photocopy of valid ID, (see section 12.2.2) and duly executed power(s) of attorney where applicable) attached before submission to a receiving agent.

The application form must be completed in block letters, and together with payments covering the number of shares subscribed for, submitted to a receiving agent by 5pm on December 21, 2007.

Only persons above 18 years of age can buy shares in their own name. Shares may be bought for a child by a parent, grandparent or guardian of the child who may complete an application to buy shares in his / her name

Power(s) of attorney must be enclosed if anyone is signing on behalf of an applicant other than a minor.

Photocopies of application forms will be accepted only if they are clear and legible.

GUIDE TO COMPLETING THE APPLICATION FORM FOR INDIVIDUALS

1. Personal Details

Insert in Box 1 your Surname (i.e. family name), all your Forenames (i.e. first/ other names) and the title by which you are addressed. A photocopy of a valid ID must also be submitted with your application. If applying on behalf of a minor, photocopies of the parents/ guardian's ID as well as the minor's must be attached.

Applications for persons other than minors must have attached to the form, a valid ID and a power of attorney for the beneficiary.

1. Applicants Signature/ Thumbprint

By signing or thumb printing in box 2 of the application form, you will be applying for the Offer under the terms and conditions set out in the prospectus and in this form. Proceedings may be instituted against anyone knowingly make a false a declaration. This applies whether an application is made solely or jointly with other persons.

2. Number and Cost of shares applied for

Complete Box 3 with the number of shares (minimum is 300) and the amount payable in cedis that you are applying for. Please use figures. Your payment must be in a form which will realise cleared funds for the full amount payable by 5pm on December 21, 2007.

Cheques, Money /Postal orders and Bankers Draft Should be payable to MSL/SIC SHARE OFFER and endorsed 'COMMISSION TO DRAWER'S ACCOUNT'. All bank commission and transfer charges must be paid by the applicant.

3. Address of Applicant

Insert in Box 4 your full residential (if applicable) and postal address. The address must be current and reliable and in case of any change in address you should immediately inform your broker or the registrar, whichever is the case.

4. Dividend Payment Details

This section should be completed only by applicants who want their dividend paid directly into their bank account.

Please provide information on your bank. Applicants who leave this blank will have their dividend payments warrant mailed to them at their stated address.

5. E mail Address, Telephone ,Nationality and Status of Residency

Include your email or telephone number to facilitate us contacting you quickly. Also state your citizenship and whether or not you are resident in Ghana

6. Declaration

Multiple applications are not permitted. Please read the declaration carefully before you sign (or, if unable to sign make your thumb print) in Box 2 above.

7. Joint applications

You may apply jointly with up to three people, provided each applicant is an adult over 18 years of age. Each applicant should complete his/her name and sign the appropriate place by their names.

Power(s) of Attorney must be enclosed if anyone is signing on behalf of any joint applicant(s).

GUIDE TO COMPLETING THE APPLICATION FORM FOR COMPANIES/ ORGANISATIONS

Insert in box 1 the company or organisation's name and registration number as quoted on its certificate of incorporation or of commencement of business if applicable. Applications from corporations and partnerships must bear the institutions common seal/ stamp if applicable and be completed under the hand of a duly authorised official who should also state his /her designation/ title.

Instructions for boxes 3 to 7 are the same as the guide to completing the application form for individuals.

The company should then complete the remainder of the application form in accordance with the instructions for individuals set out above.

SIC INSURANCE COMPANY LIMITED SHARE OFFER APPLICATION FORM
PLEASE USE BLOCK LETTERS

Form Number:		Broker/Bank Signature & Stamp		<div style="border: 1px solid black; padding: 2px; display: inline-block;">2</div> Applicant's Signature/Thumbprint	
Receiving Agent/Branch Code:					
Date:					
1	Surname/Company Name:		First Name:		
Other Name(s)			Title:	3	Number & Cost of Shares Applied For
Identification of Applicant (please attach photocopy of relevant ID to form)				Number of Shares:	
Type:		Number:			
4	For Application in Trust for a Minor/Another Adult			Amount Payable (GH¢)	
Title & Surname of Minor/Another Adult:					
First & Other Names of Minor/Another Adult					
Applicant's Permanent Address Details:			5	Dividend Payment Details	
Residential Address:			Bank Name:		
Postal Address:			Branch Name:		
Town/City:			Account Name:		
Region/Country:			Account Number:		
6	Email:			Nationality:	
	Telephone:			Country of Residence:	
7	Declaration:				
I/We hereby apply for offer shares on the terms and conditions set out in the prospectus. I/We declare that I/We am/are a qualifying applicant(s) and that to my/our knowledge, there is no other application being made for my/our benefit (or that of any person for whose benefit I/We am/are applying for SIC shares for which I/We have applied on this form.					
8	Joint Applicant(s): I/We hereby join in the application and give the declaration above				
Other Applicants		2 ND Joint Applicant		3 rd Joint Applicant	
Title:					
Surname:					
First Name & Other Names:					
Applicant Signature or Thumbprint					
Please cut here.....					
9	To be completed by receiving Broker/Bank and then signed and retained by Applicant as evidence of payment				
SIC Insurance Company Ltd. APPLICATION COUNTERFOIL					
Surname/Organisation:			Applicant's Signature/Thumbprint		Brokers/Banks Signature & Stamp
First Name:					
Residential Address:					
Postal Address:					
Town/City					
Region:		Country:	Amount (GH¢)		Agent Code:

