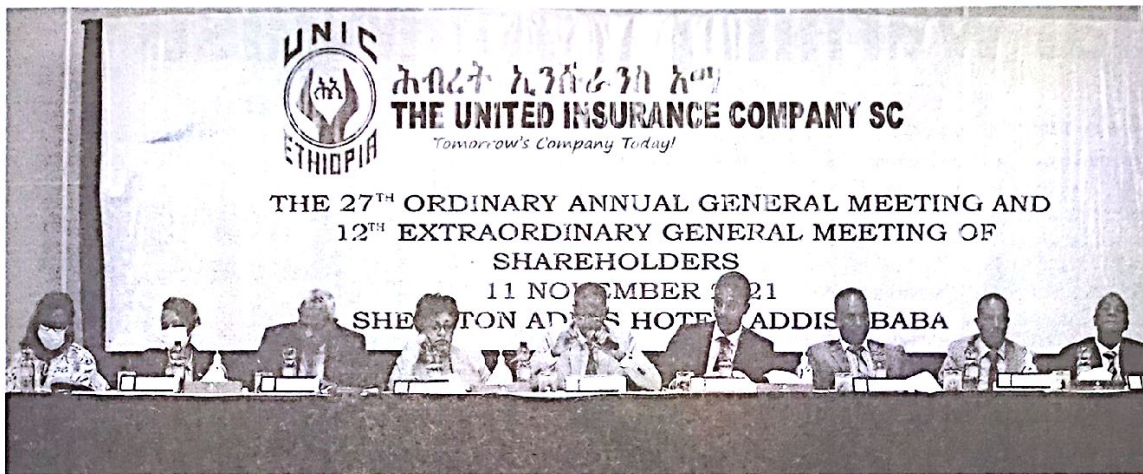


UNIC in peak performance



By our staff reporter

United Insurance Company (UNIC Ethiopia) earning per share (EPS) spikes as the firm looks forward to double its capital. UNIC one of the pioneer insurers in its 27th general assembly and 12th extraordinary meeting has decided to postpone the proposal of its capital doubling to a billion birr for another period.

On the annual assembly that was held on Thursday November 11 at Sheraton Addis, UNIC Ethiopia disclosed that in the 2020/21 financial year that ended on June 30 2021, it had registered a remarkable success in every aspect of its operation and investment that is also recognized by shareholders.

According to the annual report of the insurer in the stated period the EPS has increased by 5.5 percent compared with the preceding year. Experts stated that this condition is uncommon when a company engages on capital increment.

“Even though the paid up capital of the company grew by about 8.5 percent to reach 473.4 million birr in the year, the EPS showed a modest growth,” UNIC Ethiopia Board of Directors report stated.

As per the report the EPS grew from 29.9 percent of the preceding year that ended on June 30, 2020 to 31.5 percent in the

June 2021 ended financial year.

For the year, the total gross written premium, which combined the life and general businesses, expanded to 731.4 million birr from 597.4 million birr a year ago.

Similar to prior years of the insurance business in Ethiopia, the general or non life insurance gross written premium took the lion's share by generating 660 million birr and the remaining 71.3 million birr fell to the contribution of the life sector of insurance business.

The general insurance premium earnings expanded by 20 percent compared with the preceding year, while all classes of business recorded growth except accident/ health class.

From the non life premium earnings, motor class of business as usual took the huge chunk of the pie with 59 percent followed by fire and general accident classes.

With regards to the premium for the life sector, the company has registered massive achievements. The life insurance premium has risen by 56 percent and the loss ratio was 44 percent which is far below from the industry average of 58 percent.

During the reporting year, the net claim has shown an increment of 20 percent and reached 288 million birr which was 241 million a year ago.

“As a result the corporate loss ratio increased to about 60 percent as compared to 55 percent in 2019/20 financial year,” the report stated.

For the year the combined underwriting profit from life and non life business grew to 212.3 million birr in the stated period from 210 million birr a year ago.

The report claimed that the increase in claims ratio is due to the ever-escalating cost of goods and services in general and the price hike of spare parts in particular. Moreover, the continual unfair price war in the sector has contributed to the same.

For the year UNIC Ethiopia's profit before tax increased by 15 percent and was 170 million birr, while the profit after tax has expanded by 17 percent to reach 145 million birr.

Regarding investment, UNIC Ethiopia has four buildings including one in Bahir Dar and shares in different companies. Under the reporting year, the company has earned 40.3 million birr from rent of its buildings that grew by 17.5 percent compared with the preceding year.

“Income from dividend has shown a significant growth of about 29 percent and reached 29 million birr from 22.6 million birr a year ago,” the report explained.

The dividend earnings were secured from United Bank and Ethiopian Reinsurance

Company, while from its investment at Habesha Cement the company is yet to secure its profits to which shareholders recommended at the general assembly the leadership of the firm to investigate the situation at the cement factory.

Currently UNIC Ethiopia has a total asset of 1.8 billion birr.

In its extra ordinary meeting held on the same day, the Board of Directors proposed that the company capital to grow to one billion birr from the current 500 million birr.

According to the Board of Directors proposal, the reason for capital increment is to expand UNIC's investment and profitability, accelerate its competitiveness and for other economic reasons.

However the general assembly proposed that the capital increment be postponed for the coming year since shareholders need time to fully conclude their arrears to be paid for the 500 million birr capital increment.

It is recalled that in 2018 the general assembly of UNIC decided to double its capital from 250 million birr to 500 million birr in five years, and the paid up capital has now reached 473.4 million birr.

Shareholders recommended that those who are expected to pay their part shall get time to pay to reach at half a billion birr within one year time and proposed further capital increment for the coming year or, alternatively in the middle of this financial year should the board decide to call an extraordinary meeting.