

NIGERIA

UNIVERSAL INSURANCE COMPANY'S SHARP PERFORMANCE CAN TAKE SECTOR TO THE NEXT LEVEL

After a successful private placement boosted assets and raised its profile, Universal is planning local, regional and international expansion and is open to global partnerships

Among the remarkable success stories in Nigeria's recapitalized insurance industry, that of the Universal Insurance Company (Universal) stands out. Observing it skillfully positioning to take advantage of the sector's structural changes and opportunities, it is hard to imagine that just five years ago the company was virtually dormant.

In February, it completed a highly successful private placement that saw it raise over \$50 million and list on the Nigerian Stock Exchange. Since then, it has become one of the most in-demand stocks on the NSE. Today, it is poised to forge international alliances to help it to move beyond the Nigerian market and go international.

"We are already a significant part of the Nigerian insurance sector," says Group Managing Director Cyril Ajagu, "but we are going to the global village, and we are open to partnerships that can help us achieve our goals."

Overtures have already been made by companies in the U.S., Europe and South Africa, and talks held with U.K.-based financial institutions with a view to their investment.

Established 47 years ago by the then regional Eastern Nigerian government, the company's operations were suspended during the Nigerian civil war, known as the Biafran War, which lasted until 1970. After the war, the company's fortunes dwindled, and by 2003 it had a capitalization of just 16 million naira (\$128,000).

It began its renaissance under Ajagu's leadership, recapitalizing to 400 million naira (\$3.45 million). "While we were doing this, the government started its reform process, but we were already ahead of the curve," he notes.

The next move was growth by acquisition. By last summer, Universal had acquired the United Trust Assurance



The continuous price appreciation of Universal's shares is due to the firm's commitment to ensuring huge returns for its shareholders from a wide spectrum of activities.



Cyril Ajagu
Group Managing Director and Executive Vice-Chairman of Universal Insurance Company

Company, the Oriental Insurance Company and the African Safety Insurance Company.

An oversubscribed private placement to strengthen its share capital in the final quarter of last year raised 12 billion naira (around \$100 million). After completion of its listing on the Nigerian Stock Exchange in February, 2008, the company increased its stake in the life insurance sector through a 100 percent takeover of African Alliance Insurance. The post-listing market capitalization of the company was in excess of 16 billion naira.

A projected gross premium income of three billion naira (\$25.4 million) for 2008 is looking decidedly conservative, and forecasts for pre-tax profit are being revised upwards: to 735 million naira (\$6.3 million) for this year, 1.02 billion naira (\$8.8 million) in 2009 and 1.4 billion naira (\$12 million) in 2010.

Of the company's astronomical growth, Ajagu says, "This is not a coincidence; it is the result of strategic planning and

implementation." He has a good deal of multi-national experience to draw on, having worked for 18 years at companies such as Shell, Mobil and Schlumberger. "Multi-national companies have scenarios for the future mapped out," he points out. "That mindset is what I have brought to Universal."

Today, Universal provides all aspects of insurance, from industrial and motor insurance to aviation and general cover. It is also beginning to invest in the marine sector. The company is expanding its

branch network, both in Nigeria and in other countries in the West African region, and its ultimate goal is to take its services to the world.

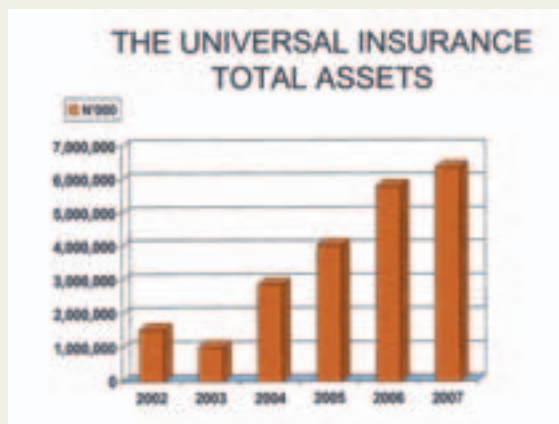
"The market in Nigeria is quite huge and we are positioning the brand to take full advantage of emerging opportunities," says Ajagu. "Our branch expansion strategy is driven by exhaustive market research that ensures we don't just expand for the sake of expanding or keeping up with competition. We place high premium on what kind of value our presence in any market will add for our clients."

More ambitiously, Universal is part of a consortium of underwriters that is handling 10 percent of the insurance for Nigerian National Petroleum Corporation. It also sees potential markets in the as yet untapped mining and aviation industries. The premium potential for aviation in Nigeria alone is more than \$300 million.

But while the company stresses its competitive edge in claims settlement technology and high caliber of human resources, it is not satisfied to rest on its laurels, and welcomes the opportunity to further sharpen its performance through partnerships.

"We have engaged human capital, ICT and asset management consultants to enhance our operations," says Ajagu. "Companies that are already participating on a global scale could add value in terms of claims management, strategic management and other areas."

"We are bringing a new approach to the insurance industry that will make insurance a way of life for all Nigerians. In less than five years we will be international," the group managing director affirms. ■



NIGERIA

'WE ARE NOT JUST LOOKING AT NIGERIA OR AFRICA, BUT AT THE GLOBAL VILLAGE'

Cyril Ajagu, Group Managing Director and Executive Vice Chairman of Universal Insurance Company, looks ahead to continued growth, striking new deals and a burgeoning sector set to flourish

Is the government's focus on the private sector the right one to achieve Vision 2020?

Vision 2020 is achievable, but the variables must be put right. Energy reform, power reform, financial reform and improvements in social infrastructure must all take place. The world over, government's role is to create an enabling environment; its role should be to regulate private business. Fortunately, this realization is part of the reforms, as the government is privatizing many businesses. The government is reforming the sector through new regulatory policies. I strongly believe that we are getting there. A lot of reforms are being brought about by bringing in people with skills that bring us up to the international standard.

Is awareness of the insurance industry finally beginning to grow here?

Awareness is on the upswing, and is gradually spreading. As our name sug-

gests, Universal is interested in bringing about a paradigm shift in which everyone understands that they need to be covered. We, as individuals, need security, which is why the insurance industry exists in the first place.

What distinguishes Universal from other players in Nigeria's insurance sector?

In terms of claims, we have the least number. Our payment is prompt, and our total exposure is now less than N50 million (\$430,000). So we have a large asset base, and little or no claims outstanding, including from the companies that we acquired one year ago. We are very robust, in terms of assets, investments and shareholder interest, and we are looking for partners who can genuinely add value to our business.

What are you looking for from potential partners?

We need to partner up with companies that have been in the insurance industry at a high level, which is why we are actively discussing options with foreign partners who can add value. We are not just looking at Nigeria or Africa, but at the global village. Companies that are already participating on this global scale could add value in terms of claims management, strategic management, and other areas. If the price is right, we will strike a deal. ■

STRENGTH LIES IN A DIVERSE PORTFOLIO

Part of Universal's strength lies in its diversity. Within its portfolio is a range of companies engaged in activities from construction to hospitality and transportation.

"Insurance is also a business that can invest in other businesses, which means we can spread our risk," explains Group Managing Director Cyril Ajagu. "Universal has interests in different sectors. We have basically insured ourselves using our other businesses, so we are very robust."

Conau is an award-winning general contractor and construction management company. Specializing in civil, electrical and mechanical engineering, it has been involved with public/private partnership real estate development with the federal Ministry of Housing and Urban Development.

Universal also owns the Molit Hotels chain, with hotels in Port Harcourt, Enugu, Lagos and Abuja. Catering to business as well as leisure travelers, the chain offers conference facilities and recently hosted a six-day training and empowerment workshop for the Rivers State Action Committee on AIDS.

Other interests include the transportation operator Tecu, which provides marine services to the oil and gas industry using a fleet of modern tugs, barges and offshore support vessels.

Money from Universal's recent successful private placement has already been invested to strengthen its other

interests. "Most of the money has already been deployed," says Ajagu. Investments include a stake in cellular telco MTN Nigeria, the banking sector, and other blue chip companies as well as real estate in Abuja, Lagos, Enugu and Port Harcourt. "We are also developing hotels," says Ajagu.

"We allow our assets to sweat for us," he adds. "Nigeria is ready to explode in so many areas. The market is here, and there are over 100 million people who want to do business with us."

"We don't believe in putting money in something just for the sake of putting it there," remarks Ajagu. "At Universal Insurance we aim at over 40 percent return on investment within a year and Nigeria is one of the few places where this is actually possible."

For further information contact:
SUMMIT COMMUNICATIONS

1040 First Avenue, Suite 395,
New York, NY 10022-2902

Tel: 1 (212) 286-0034,

Fax: 1 (212) 286-8376,

E-mail: info@summitreports.com

Project Management:
Leo Brenner, Megha Joshi
and Lorraine O'Hagan

An online version is available at
www.summitreports.com

You're in Good Hands

relax

Universal Insurance offers an extensive range of insurance and financial services products to commercial, institutional and individual customers throughout Nigeria. As a leader in an industry with very high potential, Universal Insurance is raising the bar in terms of quality, coverage and customer service. Since you have worked hard to build up your financial legacy, you should choose only the best to ensure it.



Universal Insurance Plc

Plot 1204, Amodu Ojikutu Street, off Bishop Oluwole Street, Victoria Island, Lagos, Tel.: +234 1471 6243, www.universalinsuranceplc.com

