الوطنية للتأمين على الحياة والعام
NATIONAL LIFE & GENERAL INSURANCE
Ominvest Group
مجموعة اومينفست

Industry Leading Profits of RO **15 M**

ANNUAL REPORT

OMAN | DUBAI | ABU DHABI | KUWAIT
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HIS MAJESTY

SULTAN QABOOS BIN SAID

HIS MAJESTY

SULTAN HAITHAM BIN TARIK

Contents

Vision, Mission & Values	06
Board of Directors	07
Directors' Report	08
Auditors Report in Corporate Governance Report	12
Corporate Governance Report 2020	14
Management Discussion & Analysis Report	26
Financial Statements & Auditors Report For The Year Ended 2020	32

YEARS
OF SUCCESS
25

VISION&, MISSION & VALUES

OUR VISION
To help prepare and support people for the unexpected events in life.

OUR MISSION
To consistently provide the right insurance solutions with exceptional customer service

OUR PURPOSE
To make our customers feel protected.

VALUES

TRUST
We work to build trust with our stakeholders by maintaining our integrity and capability to the highest standards.

INNOVATE
We shall find new ways and model of business to create value for all our stakeholders.

Customer Centricity
We put our customers at the heart of everything we do.

Collaborate
We encourage openness, mutual trust and teamwork throughout the value chain.

Board of Directors

Khalid Muhammad AlZubair
Chairman

Abdul Aziz Mohammed Ahmed Al Balushi
Vice Chairman

Anwar Hilal Hamdoon Al Jabri
Director

Al Sayyid Zaki Hilal Saud Al Busaidi
Director

Ghassan Khamis Ali Al Hashar
Director

Mohammed Taqi Ibrahim
Director

Neelmani Bhardwaj
Director

DIRECTORS' REPORT

For the Year ended 31 December 2020

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the company's Annual Report for the period ended 31 December 2020, including the Financial Statements, Auditor's Report, the Management Discussion & Analysis Report and the Corporate Governance Report.

NLGIC delivered strong results amid challenging circumstances during the 2020. Net profit after tax climbed to RO 15.0 million as compared to RO 10.2 million in 2019. The Board of Directors is pleased to propose a Cash Dividend of 35% of the Share Capital (35 baizas per share) amounting to a total dividend of RO 9.275 million. The proposed dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting to be held on 28 March 2021.

In the following paragraphs, I would like to highlight NLGIC's operating environment, 2020 financial and business performance, key achievements, and its future strategic direction.

Operating Environment in Key Markets:

With the emergence of COVID-19, we witnessed unprecedented challenges globally in the year 2020. For the Middle east region, the economic consequences of the pandemic were further compounded by the dramatic fall in oil prices during first half of 2020. Oman and UAE are the primary markets of the Company which were both affected by these crises.

Oman: As per IMF, Oman GDP is expected to have shrunk by 6.4% in 2020. The deficit for 2020 reached RO 4.2 billion which is 68% more than the budget deficit of RO 2.5 billion and is around 17% of the GDP. Global credit rating agencies downgraded of Oman's sovereign credit rating during 2020. Oman Government has taken a number of steps to stimulate and support the economy such as reforming subsidies, introducing VAT, and privatizing certain government companies – aiming to cut the budget deficit. Oman Government has set out Vision 2040 to diversify the economy making non-oil sectors core contributors of the GDP. The diversification strategy focuses on shifting Oman economy towards five critical sectors: tourism, logistics, manufacturing, fisheries and mining. We expect to see the benefits of the strategy in the coming years as the government rolls out implementation plans through its five-year plans. Reflecting the contraction in the economy during 2020, the Insurance market in Oman has also shrunk by 1.6%.

UAE: The UAE's economy is estimated to have contracted by 6.6% in 2020 (as per IMF estimates) with a fiscal deficit of 9.9% of GDP due to the combined impact of low oil prices and the COVID-19 outbreak. As per the latest available data for FY 2019, UAE's insurance market remained steady at RO 4.6 billion. The impact of the adverse economic conditions of 2020 on the insurance sector of UAE would be known once the 2020 data is published by UAE Insurance Authority.

Company performance:

Being in the insurance sector, along with the other difficulties that companies in various sectors faced, the company also had to bear the consequences of insurance risk that the pandemic brought with the regulators in Oman and Dubai mandating insurance companies to pay certain portion of claims on account of Covid-19 although pandemics are an exclusion under the medical policy cover. The Company also experienced positive impact of the lockdowns in terms of shifting customer preferences from paper-based transactions to electronic mode of transactions by adoption of digital technologies as well as reduced claims reporting during the months of lockdown in medical and motor portfolios.

The Company's Gross written premiums (GWP) declined by 10% to RO 134 million in 2020 vs RO 146 million in 2019. However, the positive impacts of the lockdown brought down the net loss ratio of the Company to 70% in 2020 vs 75% in 2019 resulting in a 32% increase in the Net underwriting results (NUR) to RO 26.5 million in 2020 vs RO 20.1 million in 2019. Furthermore, the Company's Investment income rose by 10% to RO 4.6 million in 2020 from RO 4.2 million in 2019. The combined contribution of NUR and investment income brought about an extraordinary 47% growth in Profit after Tax from RO 10.2 million in 2019 to RO 15 million in 2020. The increase in profitability of the Company is a cumulative result of the strategies followed by the Company in its insurance operations as well as investments and the Company's digital readiness to provide seamless customer service through online platforms during the lockdown in 2020.

Amid the general business challenges witnessed in the market during the year, the Company paid RO 6.6 million in dividends to shareholders in April 2020 and also delivered 24% return on average equity for the year 2020. Consistent performance of the Company enabled it to receive the 'Best Performing Company in Large Cap Segment in Oman' award by AIWA (Alam al-Iktisaad Wal A'mal) Awards for the third year in a row with its CEO being honored with the 'Best CEO of the Year in Oman' award. NLGIC continues to maintain its leadership position as the top insurer in Oman in terms of Gross written premiums and Net Profit after Tax during 2020. Similarly, in UAE, NLGIC has retained its market share of 4% in the Health insurance segment as per the latest data available for 2019.

Future Outlook

Maintaining leadership position in Oman in the medical and motor business is at the core of NLGIC's plans along with establishing itself as one of the top medical insurance companies in the UAE. The Company' strategy is to seek growth opportunities through both organic and inorganic avenues. As a part of its organic growth strategy, the company plans to open new branches in Oman during 2021 and has applied for license for branch operations in Qatar. The company continues to explore new markets and opportunities arising from digital innovation for inorganic growth. Digital transformation, protecting the company from possible disruptions arising from technological advancements, simplifying customer journeys and touching lives through Corporate Social Responsibility initiatives are at the core of the Company's strategy.

Changing Regulatory environment

Regulatory environment of the Oman insurance industry is undergoing many changes. Capital Market Authority is bringing in progressive laws and regulations with a view to better regulate the industry. Some of the key regulations introduced by CMA during 2020 are 'Regulations for Investing Assets of Insurance and Takaful Companies' and 'Regulation for Carrying out Health Insurance Third Party Administration Business'. Further regulations expected include implementation of 'Mandatory Medical insurance' and 'Regulations on Risk Based Solvency Framework'.

Introduction of Value Added Tax in April 2021 by the Tax Authority of Oman is another major change which will impact the insurance industry. On the accounting front, IFRS 17 which is applicable from 1st January 2023, will change the way insurance companies maintain its records, accounting, financial reporting and disclosure. The Company is taking steps in order to be prepared for all the above changes.

Corporate Social Responsibility

NLGIC remains committed to touching lives through its Corporate Social Responsibility (CSR) initiatives. The company undertakes various CSR activities in the areas of education, environment, culture and health in collaboration with various Government bodies and organizations as well as undertaking various projects independently. The year 2020 was a significantly challenging year where the community was impacted by the pandemic COVID-19. The Company has donated RO 175,000 to the endowment fund set up by the Government in Oman to support the initiatives of the Government in the fight against COVID-19.

The pandemic has affected the education system of the nation putting strain on the lower income segment and the differently abled children of the community to access education through online options. The Company has partnered with the Ministry of Education and donated 200 tabs to various students in Oman for empowering the students digitally and promoting education. It has also arranged for speech therapy instruments for Al Amal School Oman to help the children with hearing impairments to develop speech skills. The Company continues to support Dar Al Atta by providing free medical insurance coverage to its staff.

Developing Human Capital

The company continues its endeavor to synergize human capital through systematic talent acquisition, talent management and talent development initiatives. In the year 2020, the company focused on employee engagement through digital platform in day to day operational activities and e-learning initiatives. A robust succession planning initiative is institutionalized for critical positions so as to ensure business continuity. While nationalization mandates are being adhered to with Omanization percentage of 76.1% in 2020 (75% in 2019), the Company actively promotes local talent development initiative through fast-track career development program.

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Khalid Muhammad AlZubair
Chairman

25 YEARS OF SUCCESS

Acknowledgements

On behalf of the company and the Board of Directors, I express my sincere gratitude to and appreciation for His Majesty Sultan Haitham bin Tarik for his dynamic and progressive leadership to lead the Sultanate on the path of development, peace and prosperity. We continue to stand committed in our efforts to support His Majesty's vision for the Sultanate.

We are thankful to all the Regulators, the Government Bodies and Ministries in Oman, UAE and Kuwait for their support.

We are especially grateful to the leadership at CMA, MSM and MOCIIP in Oman, UAE Insurance Authority, and MOCI in Kuwait for their guidance and support for our business initiatives in these key markets. I also especially thank the management team and all our employees for their performance, hard work and commitment and dedication to overcome the adversities faced in 2020 and to maintain consistency in delivering exceptional results for the stake-holders and for adhering to the highest professional standards. I sincerely thank our customers, and partners for their patronage, confidence and commitment to our company.

Khalid Muhammad AlZubair
Chairman

NLGIC - GCC Network

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Head Office

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Location
Building No: 115, Plot No: 330, Block No: 146, Way No: 4202
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Private and confidential
The Board of Directors
National Life and General Insurance Company SAOG
P.O. Box 798, Postal Code 117
Wadi Kabir
Sultanate of Oman

Our ref: Aud/rp/hh/746/21

25 February 2021

Dear Sirs

Agreed upon procedures on Code of Corporate Governance (the "Code") to assist in compliance of requirements prescribed in the Capital Market Authority ("CMA") Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code")

We have performed the procedures agreed with you, and enumerated below, in respect of the submission of Corporate Governance report ("the Report") of National Life and General Insurance Company SAOG ("the Company") as at 31 December 2020 of National Life and General Insurance Company SAOG (the "Company") in connection with assisting you to comply with requirements prescribed in the Capital Market Authority ("CMA") Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code"). This Report is the responsibility of the Company's management. Management is also responsible for the sufficiency (nature, timing and extent) of the agreed-upon procedures for its purpose. Our responsibility is to issue a report on the attached Corporate Governance report based on agreed-upon procedures.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in submission of the Report. The procedures carried out are summarised as follows:

1. We checked that the corporate governance report issued by the Board of Directors included as a minimum, all items suggested by CMA to be covered in the report as detailed in the Annexure 3 of the Governance Code by comparing the report with such suggested content in the Annexure 3; and

2. We obtained the details regarding areas of non-compliance with the Governance Code identified by the Company's Board of Directors for the year ended 31 December 2020.

   With respect to procedure 2 above, we inquired from and obtain written representation from management and those charged with governance on completeness of information related to non-compliances with the Governance Code for the year ended 31 December 2020.

We report our findings below:

As a result of performing the above procedures, we have no exceptions to report.

The above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements respectively and consequently, we do not express any assurance on the Report. Had we performed additional procedures, or had we performed an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the use and benefit of the Company and is not to be used, quoted or referred to, in whole or in part, for any other purpose or to be made available to any other party without our prior written consent. We consent to the provision of our report to CMA on condition that it is made clear that our duties are owed solely to you and we do not accept responsibility and we expressly disclaim liability for loss occasioned to any other party acting or refraining from acting as a result of our report. This report relates only to the balances and items specified above and does not extend to any financial statements of the Company, taken as a whole.

Yours faithfully

KPMG

KPMG LLC

KPMG LLC
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Sultanate of Oman
CR.No: 1358131

Corporate Governance Report – 2020

01 Company Philosophy

Corporate Governance is the system by which business corporations are directed and managed. The Corporate Governance structure specifies the roles of different participants in the corporation, such as the Board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the entity's objectives are set, measured and monitored.

The Board and Management of National Life and General Insurance Co, SAOG ("the Company" or "NLGIC") believe that corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed including, but not limited to, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an integral part of corporate governance. This improves public understanding of the activities and policies of the Company.

The Board and management of the Company are committed to adopt the best practices of corporate governance that promotes values and ethical business conduct. This report details how the Company adheres to the principles and provisions of Code of Corporate Governance for Insurance Companies as set out in the Capital Market Authority (CMA)'s circular 7/I/2005 dated August 1 2005 and amendments thereof during 2016 as well as the principles set out in the CMA's Code of Corporate Governance for Public Listed Companies ("the Code").

02 Board of Directors :

At the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long term interests of all the stakeholders of the Company. The Board monitors the Company's strategy, Company's performance against strategic and business plans, policies and the control systems to develop and incorporate best practices and maintain highest standards in governance.

Nomination of the Board

The Articles of Association of the Company provides for seven (7) directors. The Board of Directors are elected in the General Meeting from amongst the shareholders or non-shareholders, provided that in case of shareholders, each shareholder owns at least 200,000 shares in the Company. Nomination, Remuneration and Executive Committee assists the General Meeting in the nomination of proficient directors in order to enable the Shareholders to elect the most fit candidates. Election of a Director is subject to approval by the regulatory authorities based on nomination form filed by the candidate who meets the minimum qualification requirements as per CMA guidelines.

The Company follows the process of nomination and election of the Board of Directors as governed by the provisions contained in the Articles of Association, Commercial Company's Law and as per the regulations of CMA. The Board of Directors is elected by the shareholders of the Company at an Annual/Ordinary General Meeting. The Board is elected for a three year term. Last election for the Board of Directors was held at the Annual General Meeting(AGM) held on 28th March 2018 for a term of three years. Next election of Board members is due to be held at the AGM on 28th March 2021.

Key Duties and Responsibilities of the Board include:

• Identifying a strategic vision of the Company based on its mission, purpose and objects, and set viable performance indicators within a reasonable time frame that can be measured objectively and updated periodically.

• Adopting business and financial policies pertinent to the performance of the Company's business, meeting its objectives and reviewing them periodically to ensure sustenance of their efficiency.

• Adopting internal regulations and bylaws pertinent to steering and management of the affairs of the Company and ensuring the efficacy of systems and polices of the Company.

• Ensure the quality of Directors' performance and the accomplishment of its objectives by devising accountability measures vis-à-vis Directors to ensure their attendance of meetings, effective participation and performance of their roles.

• Identifying necessary competences and authority required for the executive management, appointing key executive officers and monitoring the work of the executive management to ensure the business is properly managed according to the Company's objective and ensuring compliance with the laws and regulations.

• Forming specialized committees including names of committee members, their duties, rights and obligations and

evaluating, at least annually, the performance of specialized committees emanating from the Board.
• Approving quarterly and annual financial statements and reviewing related-party transactions.
• The functions of the Board of Directors also include policy formulation, approving Corporate Business Plan, establishing Risk Assessment and Management Strategy, approving Underwriting and Pricing Policy, approving Reinsurance Management Strategy, approving Investment Management Policy, establishing Management Structure and Responsibilities, establishing Standards of Customer Service and Fair Dealings, approving Information Technology Systems, overseeing policy and strategy implementation and operational performance, establishing systems for internal controls, establishing Internal Audit Function, establishing Code of Corporate Ethics, approving and implementing the Disclosure Policy and ensuring compliance.

Composition of the Board

The composition and independence of the Board is in accordance with Article 3 of the Code of Corporate Governance for Public Listed Companies. The Board members hold various experiences and collectively exercise independent and objective judgment. Further the Board is supported by Board sub-committees namely the Audit and Controls Committee (ACC), Nomination, Remuneration and Executive Committee (NREC) and the Investment Committee (IC).

Details of membership of Board and Board Sub-Committees during the year 2020 is as follows:

(i) All directors including the chairman are non-executive. Three out of the seven directors are independent, which is in compliance with the existing regulations.
(ii) Two out of the seven directors were elected to represent institutional shareholders, while five directors were elected by the shareholders in their individual capacities.

Sl No	Name	Date of Appointment / election	Membership Duration appointed for	Position	Independent	Membership of other committees	Board Meetings Attended	Whether attended last AGM
1.	Khalid Muhammad AlZubair	28/3/2018	3 years	Chairman	No	NREC	5	Yes
2.	Abdul Aziz Mohammed Ahmed Al Balushi			Deputy Chairman	No	NREC	5	
3.	Al Sayyid Zaki Hilal Saud Al Busaidi			Member	Yes	NREC, IC	4	
4.	Anwar Hilal Hamdoon Al Jabri				No	IC	5	
5.	Mohammed Taqi Ibrahim				Yes	ACC	5	
6.	Ghassan Khamis Ali Al Hashar				Yes	ACC, IC	4	
7.	Neelmani Bhardwaj				No	ACC	5	

The Company held an Extraordinary General Meeting on 30 June 2020 to approve the amended Articles of Association of the Company in compliance with the new Commercial Companies Law issued by Royal Decree No. 18 of 2019, which was attended by all the directors of the Company.

No Director is a member of the Board of more than four public joint stock companies whose principle place of business is in the Sultanate of Oman, or is a chairman of more than two such companies. Particulars of directorships of other joint stock companies and memberships of other Board Committees is set out in Appendix I of this Report. None of the directors is a member of the board of directors of a joint stock company which has similar objectives to the Company and whose principal place of business is in the Sultanate of Oman.

Details of Meetings:

During the 12 months period ended 31 December 2020, the Board met five times the details of which are as follows:

Month	Date of Meeting
February-20	25-Feb-20
May-20	12-May-20
July-20	28-Jul-20
October-20	27-Oct-20
December-20	17-Dec-20

The maximum interval between any two meetings was 91 days. This is in compliance with "the Code" which requires meetings to be held within a maximum time gap of four months. Of the five meetings, four meetings were held through video conferencing in accordance with Article 191 of the Commercial Companies Law.

Board Procedure

The annual calendar of the Board Meetings is agreed upon at the beginning of the year. The Agenda is circulated well in advance to the Board to take appropriate decisions. The items in the Agenda are backed by the comprehensive background information to enable the Board to take appropriate decisions. The Board is always kept informed of major events/items and approvals taken wherever necessary. The Chief Executive Officer of the Company attends the Board Meetings and keeps the Board appraised of the overall performance of the Company.

Board Evaluation

As required under the Code, the shareholders of the Company appointed consultants "KPMG" to impartially and independently appraise the performance of the Board of Directors (including its Sub-committees) and also approved the benchmark and standards i.e. the evaluation criteria for the appraisal of their performance in the Annual General Meeting held on 28th March 2018. The Consultants have completed the evaluation and details of the evaluation were placed to the shareholders in the Annual General Meeting held on 27th March 2019. As advised by CMA, the appointment of an independent entity for the evaluation of Board and approval of criteria for evaluation should be conducted once during the term of the board. As the term of the current Board is upto March 2021, the next Board evaluation is required to be carried out thereafter.

03 Sub-Committees of the Board

The Board sub-committees namely - the Audit and Controls Committee (ACC), Nomination, Remuneration and Executive Committee (NREC) and the Investment Committee (IC), assist the Board to carry out it's duties and responsibilities effectively.

Sub Committee Evaluation

As per the Code, Board is required to evaluate the performance of the Specialized Board Sub-committees on an annual basis. Towards this, board has appointed consultants "Protiviti" to independently evaluate the performance of the Specialized Board Sub-committees for the year 2020. They have completed the exercise and evaluation results have been provided to the Board.

Details of the roles and responsibilities of each of the Board Sub-Committees, their memberships, meetings held during the year and the attendance of members is as given below:

Audit and Controls Committee (ACC)

The Audit and Controls Committee's main function is to assist the BOD in fulfilling its oversight responsibilities in ensuring the Executive Management has in place a robust internal controls system for risk management aimed to safeguard shareholders interest and Company assets.

The ACC comprises of three non-executive directors who are knowledgeable in investments, finance, industry laws and regulations for SAOG companies. Two of the directors (including the Chairman of the ACC) are independent while one director is not independent. All three members of the ACC - Mohammed Taqi Ibrahim, Ghassan Khamis Ali Al Hashar and Neelmani Bhardwaj have finance and accounting expertise. During the year 2020, the ACC has met five times. Of the five meetings, four meetings were held through video conferencing. The attendance details and the membership details of the ACC are as below:

Sl No	Name	Position	1 ACC 24-Feb-2020	2 ACC 10-May-2020	3 ACC 27-Jul-2020	4 ACC 26-Oct-2020	5 ACC 16-Dec-2020
1	Mohammed Taqi Ibrahim	Chairman	Yes				
2	Ghassan Khamis Ali Al Hashar	Member	Yes				
3	Neelmani Bhardwaj	Member	Yes				

The Committee receives reports on the findings of internal and external audits and on actions taken by the management in response to these. The Committee reviews the scope, findings and cost effectiveness of the Company's statutory audit and the independence and objectivity of the external auditors. It reviews changes to the accounting policies and reviews the audited annual and unaudited quarterly financial statements, related party transactions and recommends for Board approval. It also reviews the returns and solvency margin computation required to be submitted to the CMA and UAE Insurance Authority prepared in accordance with the Insurance Companies Law and its regulations issued by CMA and Regulations for Insurance Companies issued by UAE Insurance Authority. In addition, the Committee periodically reviews and reports to the Board on the effectiveness of the Company's system of internal control, internal audit function and risk management process.

Nomination, Remuneration and Executive Committee (NREC)

The Nomination, Remuneration and Executive Committee comprises of three directors and it's primary role is to assist the General Meetings in the nomination of proficient directors and the election of the directors most fit for the purpose and to assist the board in selecting the appropriate and necessary executives for the executive management. NREC's responsibilities include developing Succession planning policy, Remuneration policy, Human Resources Policy, Organisation Chart, appointment of employees at senior management level, compensation structure for employees, Omanisation or localization and working hours for employees. Moreover, the committee aims to assist the Board to discharge certain responsibilities which are delegated by the Board to the committee in order to achieve its corporate objectives. Towards this, the NREC undertakes review long term business strategy, review of budget and review of new products for recommendation to the Board and approves any other micro matters of business that are beyond the powers of the management.

During the year 2020, the committee met seven times. Of the seven meetings, four meetings were held through video conferencing. The attendance details and the membership details of the Committee are as below:

Sl No	Name	Position	1 NREC 28-Jan-2020	2 NREC 9-Feb-2020	3 NREC 25-Feb-2020	4 NREC 7-May-2020	5 NREC 26-Jul-2020	6 NREC 25-Oct-2020	7 NREC 15-Dec-2020
1	Khalid Muhammad AlZubair	Chairman	Yes						
	Abdul Aziz Mohammed Ahmed Al Balushi	Member	Yes						
3	Al Sayyid Zaki Hilal Saud Al Busaidi	Member	Yes						

Management Remuneration

At 31 December 2020, the Company employed 493 employees including the Chief Executive Officer. The Gross remuneration accrued to 8 key management personnel (salaries, incentives and allowances and other statutory payments) during 2020 is RO 1,125,522/- (2019: RO 1,042,727/- to 10 key management personnel). Above remuneration is disclosed in Note 32 of the financial statements.

The performance incentive pool is approved by the NREC based on Company's performance and is distributed amongst employees based on their individual performances. This is in accordance with the Board approved policies of the Company. Actual travel and incidental expenses relating to Company's business for the key management personnel during the year was RO 11,773/- (2019: RO 53,992/-) and are borne by the Company.

Investment Committee (IC):

The Investment Committee comprises of three board members and it's main function is to assist the Board of directors to discharge certain responsibilities such as establishing the investment strategy, investment policy, investment guidelines, reviewing / monitoring the Investment Portfolio, review strategic investment initiatives, review of compliance with investment related regulations and the adequacy and efficiency of the investment policies, procedures, practices and controls.

During the year, the IC met five times. Of the five meetings, four meetings were held through video conferencing. The attendance details and the membership details of the Committee are as below:

Sl No	Name	Position	1IC 17-Mar-2020	2IC 14-Apr-2020	3IC 22-Jul-2020	4IC 22-Oct-2020	5IC 14-Dec-2020
1	Anwar Hilal Hamdoon Al Jabri	Chairman	Yes				
2	Al Sayyid Zaki Hilal Saud Al Busaidi	Member	Yes				
3	Ghassan Khamis Ali Al Hashar	Member	Yes				

04 Remuneration of Directors :

The Directors were paid remuneration of RO 181,400/- for 2019 as approved by the shareholders in the AGM held on 13th May 2020.

During the year 2020, Board members were paid sitting fees of RO 300/- per Board meeting attended and RO 200/- per Board sub-committee totaling to RO 20,100/-.

In addition to the sitting fees of RO 20,100/-, director's remuneration proposed for 2020 is RO 179,900/-. This is subject to shareholders' approval at the AGM scheduled to be held on 28th March 2021.

Actual travel and incidental expenses relating to Company's business for Board members during the year was Nil for the year 2020 (2019 RO 279/-). Remuneration for 2019 paid in 2020 and the sitting fees for 2020 paid to the Board members during the 12 months period ended 31 December 2020 is detailed below:

Name of Director	Sitting fees for 2019				Total Sitting fees for 2020	Remuneration for 2019
	Board	ACC	NREC	IC		
Khalid Muhammad AlZubair	1,500		1,400		2,900	32,390
Abdul Aziz Mohammed Ahmed Al Balushi	1,500		1,400	1,000	2,900	24,835
Al Sayyid Zaki Hilal Saud Al Busaidi	1,200		1,400	1,000	3,600	24,835
Anwar Hilal Hamdoon Al Jabri	1,500				2,500	24,835
Mohammed Taqi Ibrahim	1,500	1,000		1,000	2,500	24,835
Ghassan Khamis Ali Al Hashar	1,200	1,000			3,200	24,835
Neelmani Bhardwaj	1,500	1,000			2,500	24,835
Total	9,900	3,000	4,200	3,000	20,100	181,400

There was no other remuneration paid by the Company to the Directors in their capacity as Board members.

05 Internal Control Review :

The Code requires that the directors should, at least annually, review the effectiveness of the Company's system of internal controls and report to the shareholders that they have done so. The Board attaches great importance to maintaining a strong control environment and confirms that its review has covered the financial statements, all controls, including financial, operational, compliance and risk management.

The Board ensures this, by implementing internal control policies and procedures and other forms of analytical reviews, reconciliations and automatic controls in the IT systems.

The internal control process is mainly followed up by the Audit and Controls Committee and the Internal Audit function with clearly defined Audit and Controls Committee Annual Plan and Internal Audit Risk Assessment and Annual Internal Audit Plan.

In addition to this, the Company also has a Quality & Internal Control Department which reviews the Company's internal controls. The Board is satisfied that appropriate procedures are in place to implement the Code's requirement.

As required under Article 24 of the CMA Decision No: 10/2018, the company is required to conduct a comprehensive external review of the works of the internal audit unit at least once every 4 years. Accordingly, audit firm, 'Mazars' was appointed by the Company's Board of Directors to carry out External Independent Quality Assurance Assessment of NLGIC Internal audit units for the year 2019. Mazar have completed the agreed upon procedures, in accordance with International Professional Practices Framework (IPPF), issued a Quality Review Report and presented it to Audit and Controls Committee and Board of Directors.

06 Management :

Management Discussion and Analysis

A copy of the Management Discussion and Analysis is included in the annual report.

Key Management

Following is the brief profile of the key management team:

S. Venkatachalam, Chief Executive Officer

Joined NLGIC in July 2003 as General Manager, he is a Fellow Member of the Institute of Chartered Accountants of India. In addition he is a Cost Accountant from The Institute of Cost Accountants of India. He was promoted to the position of Chief Executive Officer in 2009.

He has experience of over 36 years and has previously held senior management positions in Oman National Investment Corporation Holding SAOG, Arab Insurance Group BSC and Alliance Insurance. He has been awarded the 'Best CEO of the Year in Oman' awards for three consecutive years at the prestigious AIWA (Alam al-Iktisaad Wal A'mal) Awards for the Years 2017, 2018 and 2019. He has also been awarded the 'Global Indian of the year' at the Asiaone Awards 2020.

G. Gopinath, General Manager, Operations

Joined NLGIC in January 2004, he is an Associate Member of the Institute of Chartered Accountants of India and of the Insurance Institute of India. Additionally, he has a degree in Cost accountancy from The Institute of Cost Accountants of India and a Certified Internal Auditor degree from Institute of Internal Auditors, USA. He was promoted as General Manager – Operations in 2019 and heads the entire insurance operations of the Company including Life, Health and General Insurance.

He has experience of 21 years and he has varied industry experience with prestigious organizations such as Price Waterhouse and Oil and Natural Gas Corporation Ltd and his experience includes 17 years of Insurance Industry experience with NLGIC.

Ravi Iyer, Chief Financial Officer

Joined NLGIC in January 2014, he is Associate member of The Institute of Cost Accountants of India, the Institute of Company Secretaries of India and the Chartered Institute of Management Accountants, UK. He is Affiliate member of the Association of Chartered Certified Accountants also has a Post Graduate Diploma in Financial Strategy from University of Oxford. He was promoted as Chief Financial Officer of the Company in 2018.

He has over 22 years of experience in Finance of which 16 years of experience is in Insurance Industry. His insurance industry experience includes insurance organizations such as Prudential offices of UK, Singapore and India.

Badar Salim Mubarak Al Marzuqi, Assistant General Manager – Business Development

Joined NLGIC in March 2017 as Assistant General Manager – Business Development, he has a MBA from Bedfordshire, UK & Higher National Diploma in Business Studies (Marketing) from University of Luton, UK through Majan College and an Insurance Diploma from Technical Industrial College. He heads the entire retail marketing team for all channels in Oman.

He has more than 26 years of experience in the field of insurance and banking sectors. He has held senior position in Vision Insurance and prior to that worked with NLGIC in a senior sales manager role for 12 years.

Sameer C Nair, Assistant General Manager – Health & Life Underwriting

Joined NLGIC in November 2003, he is Bachelor of Engineering in Electronics & Communication and also holds a Fellowship Diploma by Insurance institute of India. He was promoted as Assistant General Manager – Health & Life Underwriting in 2017 and heads the Underwriting function for Life and Health divisions of the Company.
He has more than 19 years of experience of which 18 years of experience is in the Insurance Industry with NLGIC. Previously he was associated with ICICI Bank, India.

Ammar Hassan Dawood Al Lawati, Assistant General Manager - General Insurance Operations

Joined NLGIC in March 2019 as Assistant General Manager - General Insurance Operations, he is a Bachelors in Business Administration (BBA) from Majan College, Master in Business Administration from Bedfordshire University, Advanced Diploma in Insurance Studies from Bahrain Institute of Banking & Finance. He is responsible for the entire General insurance operations of the Company.
He has 16 years of experience in Underwriting, Claims Processing, Marketing, and Product & Service Development from Insurance Industry and has held various positions in Vision Insurance & Al Ahlia Insurance Company.

Tariq Mahmood, Chief Internal Auditor

Joined NLGIC in October 2017 as Chief Internal Auditor, he is a Bachelor in Commerce (B. Com) from University of Punjab, an associate member of The Institute of Charted Accountant England and Wales (ICAEW), associate member of the Association of Chartered Certified Accountants (ACCA) - UK, affiliates of the Institute of Chartered Accountant of Pakistan (ICAP) and member of Pakistan Institute of Public Finance Accountants (PIPFA).
He has more than 19 years of experience in the field of audit and insurance with positions held in KPMG Dublin, KPMG Bermuda, KPMG Bahrain and AXA Insurance Gulf Region.

Uma Venkatesan, Head of Quality & Internal Control

Joined NLGIC in January 2006, she is Associate member of The Institute of Cost Accountants of India, Associate of Insurance Institute of India, has Post Graduate Diploma in Business Administration and been trained on ERP solutions and also on quality standards (IS 9001:2008). She is the Head of Quality and Internal Control and is in charge of the risk functions of the Company since 2012.
Has overall 30 years of experience that consist of 15 years of varied industry experience with Private and Public sector companies and software firms in ERP field and over 15 years of experience in Insurance Industry with NLGIC.

Employment Contract

Employment contracts to staff are for a period of one year, which is subject to auto renewal at the time of expiry based on terms and conditions agreed between the parties. Notice period is one month for all positions or salary in lieu thereof.

07 Details of Penalties and Non-Compliance by the Company:

During 2020, there have been no instances of non-compliance on any matter relating to CMA's Code of Corporate Governance for Insurance Companies and CMA's Code of Corporate Governance for Public Companies. The Company also follows the Commercial Companies Law No. 184/2019, the MSM listing agreements for Oman and other applicable CMA regulations. Similarly, for its overseas operations the Company follows Federal Law 6 of 2007, Financial Regulations for Insurance Companies in the UAE, The Insurance Law no. 125 of 2019 on Insurance Companies and other Insurance Professionals & Intermediaries in Kuwait and other applicable overseas regulations.

During 2020, the Company has paid penalties of AED 90,040 for non-compliance with Dubai Health Authority (DHA) Circulars on claim approval related processes and delay in settling claims as per new circular no 5/2020 issued by DHA.

During 2019, the Company did not pay any fines / penalties.

During 2018, the Company has paid fines / penalties to Health Authority of Abu Dhabi (HAAD) totaling to AED 100,000 (approx. RO 10,500) for various items related to non-conformity with circulars on certificate of continuity, calculation of penalties collectable from members, dispute on validity of member enrolment with client and for dealing with a provider which is not licensed by HAAD by the Third Party Claim's Administrators.

08 Shareholders :

Distribution of shareholding

The following is the list of shareholder distribution as at 31st December 2020.

Number of Shares	% Held	Number of shareholders	Total Shares	% of Share Capital
Above 26,500,000	Above 10%	1	194,637,357	73.45%
Between 13,250,000 and 26,499,999	5% - 10%	1	17,061,581	6.44%
Between 2,650,000 and 13,249,999	1% - 5%	5	36,916,626	13.93%
Below 2,650,000	Below 1%	126	16,384,436	6.18%
GRAND TOTAL		133	265,000,000	100%

Means of Communication

The notice and agenda for the AGM, annual audited accounts and Chairman's report are dispatched to all the shareholders by mail. Further the Company has been communicating regularly on all material matters to Capital Market Authority. The Company also uses additional means of communication such as disclosures on the MSM website, publishing of extracts of financial statements in Arabic and English newspaper, making available financial statements in Arabic and English at the Company's offices during the Company's business hours and posting of the quarterly and annual financial statements and press releases on the Company's website - www.nlg.om

09 Statutory Auditors:

The shareholders of the Company have appointed KPMG LLC as the statutory auditors for the year ended 31 December 2020. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. KPMG operates in 147 countries and territories and have more than 219,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such. The KPMG member firm in the UAE, along with the Oman member firm (KPMG LLC), form KPMG Lower Gulf. Established in 1973, KPMG Lower Gulf consists of 1,300+ staff members, including approximately 100 partners and directors, across three offices. KPMG Lower

Gulf provides audit, tax and advisory services to a broad range of domestic and international clients across all sectors of business and the economy.

For FY 2020, Statutory Audit fees for KPMG of RO 64,065/- (2019: RO 63,819/- for Ernst and Young) has been provided for by the Parent Company. In addition to this, KPMG has provided the Company with other non-audit advisory services such as VAT implementation advisory services during the year. The Company has provided for expense of RO 20,000/- (2019: RO 6,540/- for taxation and related advisory services from Ernst and Young) towards professional fees for these services.

10 Market Price Data

The performance of the Company's share price (total returns) in 2020 versus MSM-30 Index and details of the Company's high, low and closing share prices for the period 01 January 2020 to 31 December 2020 is shown below:

Performance for the month		NLGIC				MSM 30 index			
		High	Low	Close	% age movement	High	Low	Close	% age movement
Dec	2019	0.310	0.290	0.308	-2.5%	4,078	3,866	3,981	-2.0%
Jan	2020	0.308	0.300	0.306	-0.6%	4,095	3,943	079	2.5%
Feb		0.308	0.308	0.308	0.7%	4,201	4,081	4,131	1.3%
Mar		0.316	0.308	0.316	2.6%	4,131	3,448	3,448	-16.5%
Apr		0.320	0.290	0.320	1.3%	3,608	3,367	3,539	2.6%
May		0.320	0.320	0.320	0.0%	3,549	3,386	3,545	0.1%
Jun		0.320	0.300	0.316	-1.3%	3,551	3,510	3,516	-0.8%
Jul		0.324	0.314	0.320	1.3%	3,570	3,445	3,568	1.5%
Aug		0.332	0.320	0.326	1.9%	3,782	3,551	3,772	5.7%
Sep		0.330	0.324	0.324	-0.6%	3,782	3,608	3,615	-4.2%
Oct		0.360	0.336	0.354	9.3%	3,617	3,551	3,558	-1.6%
Nov		0.366	0.328	0.364	2.8%	3,654	3,535	3,644	2.4%
Dec		0.360	0.340	0.344	-5.5%	3,676	3,587	3,659	0.4%
Annual Performance		0.366	0.290	0.344	14.7%	4,201	3,367	3,659	-8.1%

During the period 01 January 2020 to 31 December 2020 a volume of 4,488,196 shares of the Company have been traded at MSM.

As at 31 December 2020, there are no outstanding securities or any convertible instruments which are likely to have an impact on equity.

11 Acknowledgement

The Board of Directors acknowledges confirmation of:

-Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.

-Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations.

-There are no material matters that affect the continuation of the Company and its ability to continue its operations during the next financial year.

Khalid Muhammad AlZubair
Chairman

Appendix I

Particulars of Directorships of other Public Joint Stock Companies and memberships of their Committees as of 31 December 2020

OTHER DIRECTORSHIPS				
Director	**Company**	**Position**	**Committee**	**Position**
Khalid Muhammad AlZubair	OMINVEST SAOG	Chairman	Nomination, Remuneration & Executive Committee	Chairman
Abdul Aziz Mohammed Ahmed Al Balushi	Oman Arab Bank SAOG	Director	Compliance & Risk Committee	Member
			Selection & Remuneration Committee	Member
			Credit Committee	Member
	National Finance Company SAOG	Director	Nomination, Remuneration & Executive Committee	Member
			Risk Committee	Chairman
Al Sayyid Zaki Hilal Saud Al Busaidi	Al Sayyid Zaki Hilal Saud Al Busaidi-Oman Telecommunications Co SAOG	Director	Audit and Tender Committee	Member
Anwar Hilal Hamdoon Al Jabri	Ahli Bank SAOG	First / Deputy / Chairman	Executive Risk Committee	Member
Mohammed Taqi Ibrahim	Galfar SAOG	Director	Audit Committee	Vice Chairman
Ghassan Khamis Ali Al Hashar	National Bank of Oman SAOG	Director	Executive & Nomination / Committee	Member
			Risk Committee	Member
Neelmani Bhardwaj	Nil	Director	NA	NA

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOG MANAGEMENT DISCUSSION & ANALYSIS REPORT

Company Overview and Business

National Life and General Insurance Company SAOG (the Company) is engaged in the business of insurance within the Sultanate of Oman, United Arab Emirates (UAE) and Kuwait. The company does life, health and general insurance business in Oman & Kuwait. The Company has 21 branches in Oman while its operations in UAE comprise of 2 branches (Dubai and Abu Dhabi) which offer life and health insurance business. The Company is in the process of opening 4 more branches in Oman in FY 2021 and has applied for branch license operations in the State of Qatar.

Industry Overview

Oman Industry Data 2019 vs 2020

As per unaudited data updated by insurance companies in the Capital Market Authority portal (after excluding NLG overseas premiums), the Oman insurance industry has reported a degrowth of 2% in FY 2020 compared to FY 2019 mainly due to reduction in motor insurance premiums. Motor premiums contribution has reduced by 13% due to fall in premium rates being charged to customers and change in customer preference from Comprehensive cover polices to Third Party cover policies. With premiums of RO 62 million in FY 2019 (excluding overseas premiums), NLGIC has market share of 16% of the Oman insurance market.

As per CMA published data for FY 2019, the company is ranked first not only in gross written premiums but also in terms of Net Profit After Tax among the 19 market players in the Oman insurance industry. The Company is market leader in Oman in Health and Motor Third Party segments.

RO in millions			
Insurance Type	Oman Market 2019	Oman Market 2020	Change %
Life	59	52	-11%
Motor	129	112	-13%
Non-Motor	129	147	14%
Health	87	86	%-1
Total	**404**	**398**	**%-2**

UAE Industry data 2018 vs 2019

As per the recently published industry data by the UAE Insurance Authority for FY 2019 vs FY 2018, the UAE insurance market shows an minor increase on overall insurance premiums as well as in Health insurance market. NLGIC operates mainly in the medical market in the UAE where the Company has grown by 8% as compared to market growth of 2%. With medical premiums of RO 82 million in FY 2019, NLGIC has market share of around 4% in the UAE medical market. FY 2020 industry data is not yet published by the UAE Insurance Authority.

RO in millions			
Insurance Type	2018	2019	% Change
Life	1,002	956	-5%
Motor	708	640	-10%
Non-Motor	887	1,002	13%
Health	2,011	2,042	2%
Total	**4,608**	**4,640**	**1%**

Financial Overview

The Company's financial highlights for the year 2020 with past 3 years data is as given below:

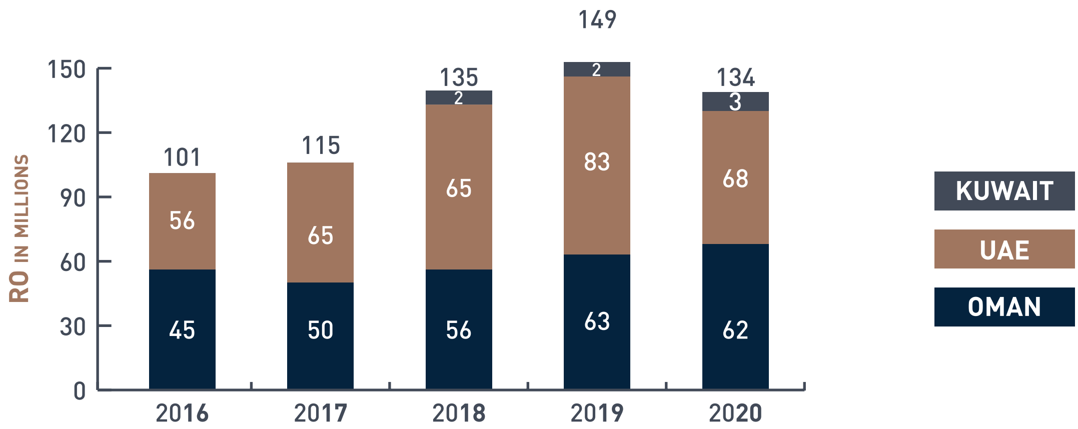
RO in millions				
Particulars	**2017**	**2018**	**2019**	**2020**
Gross Written Premium	114.6	134.6	148.6	134.0
Net Underwriting Results (NUR)	16.5	19.2	20.1	26.5
Investment Income - Net	2.6	2.6	4.2	4.6
Profit after Tax	8.4	9.3	10.2	15.0
EPS in baizas (restated @ RO 0.100 per share)	0.032	0.035	0.038	0.057
Total Assets	142.0	168.2	188.2	175.8
Share Capital	26.5	26.5	26.5	26.5
Total Equity	49.5	53.7	58.9	67.4
Net Assets per share in baizas / (restated @ RO 0.100 per share)	0.187	0.202	0.222	0.254
Return on Weighted Average Equity (%age)	18%	18%	18%	24%

Although, there has been a 10% reduction in Gross written premium (GWP) during FY 2020 from RO 148.6 million in 2019 to RO 134 million in 2020, the Company's profits have soared in FY 2020 with a 47% growth in Profit after Tax from RO 10.2 million in 2019 to RO 15 million in 2020. The increase in profits are from the combined contribution of improved underwriting results and investment income.

NLG has had unprecedented challenges in FY 2020 due to the pandemic lockdown but the Company has converted this challenge into an opportunity by promoting its digital capabilities and capturing additional market share in Motor portfolio while maintaining its' market share in Medical portfolio in Oman. On Investments front, we have converted fixed deposits with lower yields into high yield bonds by taking advantage of low bond market prices in Mar-Apr 2020. NLG has delivered its' highest profits to date in FY 2020 surpassing all of its own achievements in past years. Continued commitment and resilience via creative solutions and successful implementation of the initiatives has been one of key drivers of success for the year 2020 for NLG.

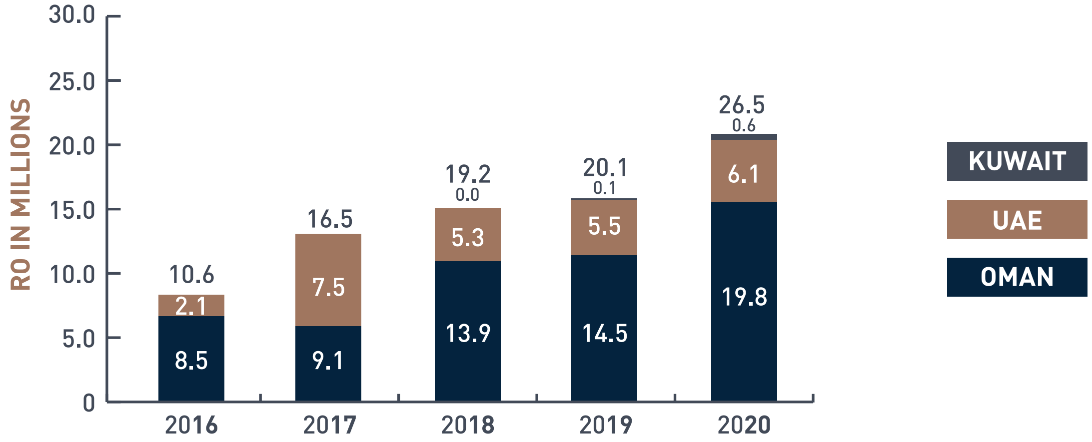
The key parameters of the company's profitability are discussed below:

Gross Written Premium (GWP)



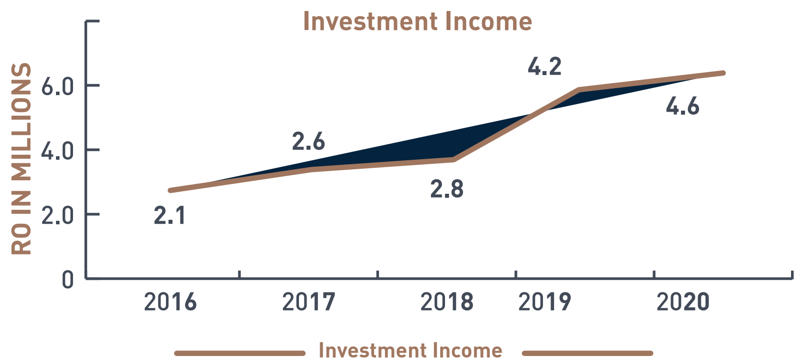
The reduced GWP of RO 14.6 million is mainly on account of lower GWP in it's UAE operations. The Company has managed to maintain it's GWP in Oman despite the challenging circumstances during FY 2020.
The Company has maintained it's market share in Oman in FY 2020 and grown the company's motor portfolio by 4% against market degrowth of 13%.

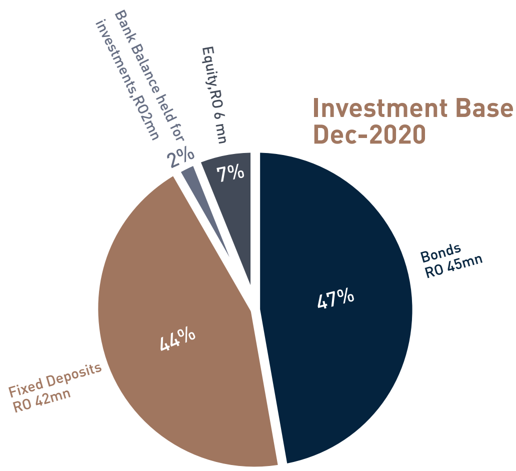
Net Underwriting Results (NUR)



Net underwriting results for FY 2020 has grown by 32% from RO 20.1 million in FY 2019 to RO 26.5 million in FY 2020. The growth in NUR of RO 6.4 million is contributed mainly by Health and General insurance portfolios in Oman and overseas. The enhanced profitability is a result of strategies followed by the Company in its' underwriting, claim controls, retention, investments and its' digital readiness and ability to service customer needs during the pandemic related lockdown in FY 2020.

Investment Income



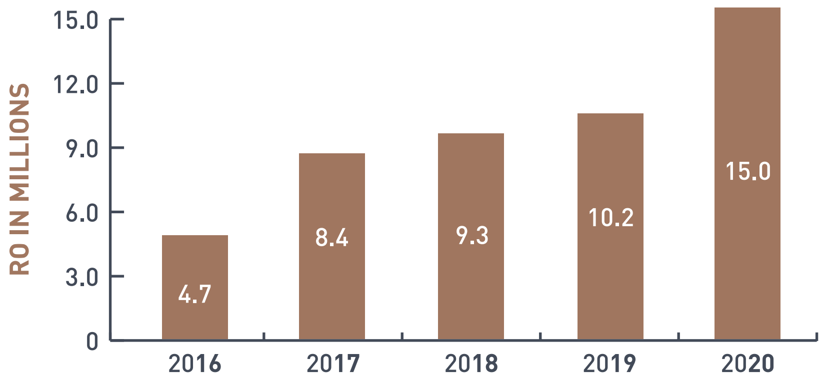


* Investment Base for FY 2020 includes RO 1.5mn of Bank balances held for investments (FY 2019: RO 9.2mn)

During FY 2020, There was a major increase in the investment base of the company from RO 81 million in FY 2019 to RO 94.6 million i.e. an increase RO 13.5 million after dividend payout of RO 6.6 million. The Investment income for FY 2020 has increased by 9% from RO 4.2 million in FY 2019 to RO 4.6 million in FY 2020. The enhanced investment income is from its' fixed income investments due to the Company's strategy to increase investments in bonds and reducing dependence on fixed deposits.

Profitability

The company has achieved a Profit After Tax (PAT) of RO 15 million in 2020 as compared to a profit of RO 10.2 million in 2019 (47% higher).



The increase in profitability is from the combined contribution of improved underwriting results and investment income. On the insurance operations front, the 32% increase in NUR is a result of improved loss ratios. The overall net loss ratio for the Company was 70% for FY 2020 as compared to 75% in the previous year. On the investment front, along with a significant increase in the investment base, the Company has continued to earn high investment returns. The average investment return of the Company during FY 2020 was 5.2% resulting in Investment income of Ro 4.6 million in FY 2020 vs Ro 4.2 million in FY 2019.

Information Technology (IT) developments

The Company's vision for IT is to build and enhance business value by deploying state of the art technology practices of international standards to serve the Company's target markets and be valued as a trusted partner by our stakeholders. Its mission is to provide high quality innovative technology solutions and services proactively, that are highly available, robust and secure which will enable the Company to consistently provide the right insurance solutions with exceptional customer service.

On the Information Technology front, during 2020, the company has implemented major projects such as Unified mobile application by merging Oman and Kuwait Mobile apps, introducing AI Chatbot, implementing E-card for medical insurance customers and various cyber security initiatives. The major achievement of IT during FY 2020 was the successful implementation of Business Continuity during the pandemic lockdown by providing work from home arrangements and technical support to all users. Online solutions such as E-card, online registration of claims, Click2Pay, Click2Renew, Click2Buy enabled the Company to provide customer service during the pandemic. The Company was awarded Best Insurance Company - Digital Transformation award at the Global Banking & Finance Awards 2020.

Internal Controls

The Board attaches significant importance for the internal control of the company, with the aim of safeguarding the company's assets and thus the interests of the shareholders. Through sound internal control, the Board ensures the reliability of the Company's reporting and its compliance with legislation, regulations, applicable accounting policies and the company's business policies.

The Company implements an Internal Control System which is commensurate with the size, scale and complexity of its operations. These controls seek to ensure that transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. Controls are in place in all areas of the organization in order to prevent, identify and adjust errors or deviations.

The internal control process is mainly followed up by the Audit and Controls Committee which reviews the company's internal controls and reports to the Board on its effectiveness based on the audits conducted by external auditor as well as the audits conducted by the Internal Audit department as per Board approved Internal Audit Plan. The scope of the internal audits include, among other factors, review of operational efficiency, compliance with regulations and guidelines, and the review of financial reporting policies and processes. In addition to this, the Company also has a Quality & Internal Control Department which reviews the Company's internal controls.

Enterprise Risk Management Framework

Enterprise risk management framework (ERMF) is embedded across the organization to provide a holistic and coordinated process for the management of risks.

ERM framework has been institutionalized to inform better decision making throughout the organization. The company follows a comprehensive risk management Policy to address risks inherent to strategies, operations, finance and compliance, and their resulting impact.

The Policy has been designed to outline the mechanism for identification, assessment, treatment, monitoring and reporting of risks including the emerging risks.

This enables the company to improve its business performance by optimizing growth opportunities, remain innovative, establish competitive advantage, anticipate, and communicate uncertainties, reduce operational losses, surprises and protect the company's reputation and brand. Consistent and disciplined consideration and treatment of risk is part of NLG's day-to-day operations.

Risk Management also include IT Security governance (both preventive and corrective) review that assess the preparedness and precautions taken against various cyber threats including but not limited to hacking, malware, warfare, phishing, downtime and data leakage or unauthorized exposure.

This is being carried out by way of assessments of threats and risks associated with Information Technology Assets, to determine the necessity of safeguarding, implementing counter measures and controls. The continuous monitoring for any change in the threat environment helps to make necessary adjustments to maintain acceptable level of risks.

The Company manages its risks through three lines of defense - the Business / Process owners, the Risk Management Department and the Board of Directors. Company's ERM process with oversight of Risk activities and assessing its effectiveness by ACC and Board ensures organization performance & operational excellence.

Acknowledgements

On behalf of the company and all the staff of the Company, I express our sincere gratitude and appreciation to His Majesty Sultan Haitham bin Tarik as he leads the Sultanate on the path of peace, development and prosperity.

I thank the Capital Market Authority, Government bodies and Ministry Departments in The Sultanate of Oman, United Arab Emirates and The State of Kuwait for their guidance and support.

I also thank all our investors, the Board of Directors, customers, business partners, reinsurers and staff of the company for their support.

S. Venkatachalam
Chief Executive Officer

صحتهم
Sahatuhum

GROUP MEDICAL INSURANCE

- Ideal health insurance for SME
- Designed for companies with 1-50 members
- Wide network of hospitals and clinics

National Life and General Insurance Company SAOG and its subsidiaries

Separate and Consolidated Financial Statement
For the year ended 31 December 2020

Principal place of business:
Building No: 115, Plot No: 133
Block No: 146, Way No: 4202
Greater Muttrah, Muscat
Sultanate of Oman

Registered address:
P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

Contents

Independent Auditors Report 2020	34
Separate and Consolidated Statement of Financial Position	40
Separate and consolidated statement of profit or loss and other comprehensive income	43
Separate and consolidated statement of changes in equity	44
Separate and consolidated statement of cash flows	45
Notes to the separate and consolidated financial statements	47

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Independent Auditors' Report

To the Shareholders of National Life and General Insurance Company SAOG

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of National Life and General Insurance Company SAOG ("the Company") and its subsidiaries ("the Group") set out on pages 7 to 77, which comprise the separate and consolidated statement of financial position as at 31 December 2020, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the Group as at 31 December 2020, and its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants *International* Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***

1. Valuation of insurance contract liabilities

Refer to notes 4.1, 4.2, 4.3, 19 and 20 to the separate and consolidated financial statements

Valuation of these liabilities involves significant judgement, and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ("IBNR") to the Group. IBNR is calculated by an independent qualified external actuary for the Group.

Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on consolidated profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business.

The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.

Our response: Our audit procedures supported by our actuarial specialists included:

- evaluating and testing of key controls around the claims handling and case reserve setting processes of the Company. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and consider if the amount recorded in the separate and consolidated financial statements is valued appropriately;
- obtaining an understanding of and assessing the methodology and key assumptions applied by the management. Independently re-projecting the liabilities balance for certain classes of business;
- assessing the experience and competence of the Company's actuary and degree of challenge applied through the reserving process;
- checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and
- assessing the Company's disclosure in relation to these liabilities including claims development table is appropriate.

Key Audit Matters (continued)

Key audit matter	***How our audit addressed the key audit matter***

2. Recoverability of insurance and reinsurance receivables

Refer to notes 4.4 and 8 to the separate and consolidated financial statements

The Company has significant insurance and reinsurance receivables against written premium policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.

Our response: Our procedure on the recoverability of insurance and reinsurance receivables included:

- evaluating and testing key controls over the processes designed to record and monitor insurance and reinsurance receivables:
- testing the ageing of insurance and reinsurance receivables to assess if these have been accurately determined. Testing samples of long outstanding insurance and reinsurance receivables where no impairment allowance is made with the management's evidences to support the recoverability of these balances;
- obtaining balance confirmations from a sample of counterparties such as policyholders, insurance companies and brokers;
- verifying payments received from such counterparties post year-end;
- considering the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on period overdue, existence of any disputes over the balance outstanding, history of settlement of receivables, liabilities with the same counterparties; and
- discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance.

Other matter

The separate and consolidated financial statements of the Company and Group as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified audit opinion on those separate and consolidated financial statements for the year ended 31 December 2019 on 26 February 2020.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of the auditors' report, and the remaining sections of the Group's 2020 Annual Report are expected to be made available to us after the date.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS and their preparation in compliance with the relevant disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that separate financial statements of the Company as at and for the year ended 31 December 2020, comply, in all material respects, with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

25 February 2021

KPMG
Ravikanth Petluri

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of financial position
as at 31 December 2020

Assets	Notes	Group		Parent Company	
		2020	2019	2020	2019
		RO			
Cash and bank balances	5	**10,233,957**	19,004,230	**9,721,522**	18,521,185
Bank Deposits	6	**41,596,096**	37,348,696	**41,596,096**	37,348,696
Investments carried at amortised cost	7.1	**14,204,940**	2,569,435	**14,204,940**	2,569,435
Investments carried at fair value through other comprehensive in-come	8.4	**37,034,234**	31,709,063	**37,034,234**	31,709,063
Investment in subsidiaries	7.3	**-**	-	**861,521**	782,255
Insurance and reinsurance receiva-bles	8	**43,155,850**	63,519,337	**43,155,850**	63,519,337
Reinsurance share of outstanding claims and IBNR reserve	19	**5,867,158**	6,020,113	**5,867,158**	6,020,113
Reinsurance share of actuarial / mathematical and unexpired risk reserve	20	**10,307,915**	13,544,875	**10,307,915**	13,544,875
Other receivables and prepayments	9	**5,698,261**	5,490,233	**5,327,977**	5,091,880
Loans to policyholders	10	**113,873**	129,435	**113,873**	129,435
Property and equipment	12	**6,943,707**	6,811,564	**6,791,099**	6,613,945
Deferred tax asset	30	**197,262**	221,007	**186,453**	218,013
Intangible Assets (including Goodwill)	13	**472,647**	496,243	**472,647**	496,243
Total assets		**175,825,900**	**186,864,231**	**175,641,285**	**186,564,475**
Equity and liabilities					
Share capital	14	**26,500,000**	26,500,000	**26,500,000**	26,500,000
Legal reserve	15	**8,261,717**	6,761,121	**8,261,717**	6,761,121
Contingency reserve	16	**12,970,009**	11,185,599	**12,970,009**	11,185,599
Revaluation reserve	17	**447,420**	447,420	**447,420**	447,420
Fair value reserve		**438,638**	165,048	**438,638**	165,048
Foreign exchange fluctuation re-serve		**(23,710)**	(21,957)	**(23,710)**	(21,957)
Retained earnings		**18,826,386**	13,865,365	**18,826,386**	13,865,365
Total equity		**175,825,900**	**186,864,231**	**67,420,460**	**58,902,596**

Liabilities					
Gross outstanding claims and IBNR reserve	19	**23,171,076**	21,704,590	**23,171,076**	21,704,590
Gross actuarial / mathematical and unexpired risk reserve	20	**51,541,513**	58,403,181	**51,541,513**	58,403,181
Due to reinsurers	21	**8,088,029**	8,837,559	**8,088,029**	8,837,559
Other liabilities	22	**23,039,850**	35,380,030	**22,855,235**	35,080,274
Short term loan	5	**-**	2,000,000	**-**	2,000,000
Income tax payable	30	**2,564,972**	1,636,275	**2,564,972**	1,636,275
Total liabilities		**108,405,440**	127,961,635	**108,220,825**	127,661,879
Total equity and liabilities		**175,825,900**	186,864,231	**175,641,285**	186,564,475
Net assets per share	**24**	**0.254**	**0.222**	**0.254**	**0.222**

The consolidated financial statements were authorised for issue in accordance with a resolution of the board of directors on 25 February 2021.

Director

Chief Executive Officer

The attached notes from 1 to 37 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1-6.

National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Notes	Group		Parent Company	
		2020	2019	2020	2019
		RO			
Statement of profit or loss					
Gross written premium	25.1	**134,027,845**	148,599,116	**134,027,845**	148,599,116
Gross premium earned	25.1	**140,889,5139**	143,158,549	**140,889,513**	143,158,549
Reinsurance share of ceded premium Earned	25.1	**(27,087,738)**	(37,173,422)	**(27,087,738)**	(37,173,422)
Net premium earned		**113,801,775**	105,985,127	**113,801,775**	105,985,127
Commission income	25.2	**2,707,917**	4,612,241	**2,707,917**	4,612,241
Income from policy fees		**928,549**	1,305,666	**928,549**	1,305,666
Gross claims expense	19	**(104,777,917)**	(113,342,713)	**(104,777,917)**	(113,342,713)
Reinsurance share of gross claims expense	19، 25.2	**24,700,432**	33,420,979	**24,700,432**	33,420,979
Commission expense		**(10,875,954)**	(11,869,716)	**(10,875,954)**	(11,869,716)
Net underwriting income		**26,484,802**	20,111,584	**26,484,802**	20,111,584
Investment income - net	27	**4,601,541**	4,231,667	**4,682,560**	4,294,575
Expected credit losses on financial assets		**(85,832)**	21,494	**(85,832)**	21,494
Other operating income – net	28	**14,239**	147,477	**26,881**	147,477
Third party administration fees		**(964,535)**	(1,323,586)	**(2,017,259)**	(2,242,643)
General and administrative expenses	29	**(12,387,849)**	(11,442,950)	**(11,444,029)**	(10,600,117)
Finance cost		**(108,223)**	(44,764)	**(108,223)**	(44,764)
Amortisation of intangible assets	13	**(23,596)**	(23,596)	**(23,596)**	(23,596)
Profit before tax		**17,530,547**	11,677,326	**17,515,304**	11,664,010
Income tax expense	**30**	**(2,524,586)**	(1,475,021)	**(2,509,343)**	(1,461,705)
Profit for the year		**15,005,961**	10,202,305	**15,005,961**	10,202,305

Other comprehensive income (Items that are or may be reclassified subsequently to profit or loss):					
Exchange differences on translation of foreign operations		**(1,753)**	(20,675)	**(1,753)**	(20,675)
Changes in fair value of debt instruments at fair value through other comprehensive income – net		**350,162**	462,719	**350,162**	462,719
(Items that will not be reclassified to profit or loss):					
Changes in fair value of equity in-struments at fair value through other compre-hensive income – net		**(211,506)**	(100,225)	**(211,506)**	(100,225)
Other comprehensive income		**136,903**	341,819	**136,903**	341,819
Total comprehensive income for the year		**15,142,864**	10,544,124	**15,142,864**	10,544,124
Earnings per share - basic and di-luted	31	**0.057**	0.038	**0.057**	0.038

Items in other comprehensive income above are disclosed net of tax. The tax relating to components of other comprehensive income is disclosed in note 30.

The attached notes from 1 to 37 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1-6.

National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of changes in equity for the year ended 31 December 2020

Group and Parent Company	Notes	Share Capital	Legal reserve	Contingency reserve	Revalua-tion reserve	Fair value reserve	Foreign exchange fluctuation reserve	Retained earnings	Total equity
					RO				
At 1 January 2019		**26,500,000**	5,740,890	**9,354,092**	447,420	**(1,064,317)**	(1,282)	**12,681,669**	53,658,472
Profit for the year		-	-	-	-	-	-	**10,202,305**	10,202,305
Change in value of investments carried at FVOCI		-	-	-	-	**362,494**	-	-	362,494
Change in foreign exchange fluctuation reserve		-	-	-	-	-	(20,675)	-	(20,675)
Total comprehensive income for the year		-	-	-	-	**362,494**	(20,675)	**10,202,305**	10,544,124
Transfer on sale of FVOCI		-	-	-	-	**866,871**	-	**(866,871)**	-
Transfer to legal reserve	15	-	1,020,231	-	-	-	-	**(1,020,231)**	-
Transfer to contingency reserve	16	-	-	**1,831,507**	-	-	-	**(1,831,507)**	-
Dividends declared and paid	18	-	-	-	-	-	-	**(5,300,000)**	(5,300,000)
At 31 December 2019		**26,500,000**	6,761,121	**11,185,599**	447,420	**165,048**	(21,957)	**13,865,365**	58,902,596
At 1 January 2020		**26,500,000**	6,761,121	**11,185,599**	447,420	**165,048**	(21,957)	**13,865,365**	58,902,596
Profit for the year		-	-	-	-	-	-	**15,005,961**	15,005,961
Change in value of investments carried at FVOCI		-	-	-	-	**138,656**	-	-	138,656
Change in foreign exchange fluctuation reserve		-	-	-	-	-	(1,753)	-	(1,753)
Total comprehensive income for the year						**138,656**	(1,753)	**15,005,961**	15,142,864
Transfer on sale of FVOCI		-	-	-	-	**134,934**	-	**(134,934)**	-
Transfer to legal reserve	15	-	1,500,596	-	-	-	-	**(1,500,596)**	-
Transfer to contingency reserve	16	-	-	**1,784,410**	-	-	-	**(1,784,410)**	-
Dividends declared and paid	**18**	-	-	-	-	-	-	**(6,625,000)**	(6,625,000)
At 31 December 2020		**26,500,000**	8,261,717	**12,970,009**	447,420	**438,638**	(23,71v0)	**18,826,386**	67,420,460

The attached notes from 1 to 37 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1-6.

National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of cash flows
for the year ended 31 December 2020

	Notes	Group		Parent Company	
		2020	2019	**2020**	2019
		RO			
Cash flows from operating activities					
Profit before tax		**17,530,547**	11,677,326	**17,515,304**	11,664,010
Adjustments for:					
Realised gain on investments at FVTPL, FVOCI, Amortised cost – net	27	**-**	(744,763)	**-**	(744,763)
Share of profits of investment in subsidiaries	27	**-**	-	**(81,019)**	(62,908)
Provision for / (reversal of) expected credit loss of financial assets		**85,832**	(21,494)	**85,832**	(21,494)
Allowance for impaired debts	29	**642,156**	648,412	**642,156**	648,412
Provision for employees' end of service benefits	29	**172,364**	155,578	**158,840**	143,623
Interest income net of amortization	27	**(4,309,612)**	(3,147,674)	**(4,309,612)**	(3,147,674)
Finance cost		**108,223**	44,764	**108,223**	44,764
Dividend income	27	**(360,827)**	(413,181)	**(360,827)**	(413,181)
Depreciation	12	**952,821**	896,699	**873,553**	840,076
Amortisation of intangible assets	13	**23,596**	23,596	**23,596**	23,596
Loss / (profit) on disposal of property and equipment	28	**6,849**	(9,994)	**6,849**	(9,994)
Operating cash flows before move-ment in working capital		**14,851,949**	**9,109,269**	**14,662,895**	**8,964,467**
Changes in:					
Insurance and reinsurance receivables		**19,753,253**	(13,490,028)	**19,753,253**	(13,490,028)
Other receivables and prepayments		**518,697**	(577,041)	**431,940**	(564,389)
Reinsurance share of outstanding claims and IBNR reserve		**152,955**	3,700,438	**152,955**	3,700,438
Reinsurance share of actuarial / mathematical and unexpired risk re-serve		**3,236,960**	4,863,092	**3,236,960**	4,863,092
Gross outstanding claims and IBNR reserve		**1,466,486**	(3,343,418)	**1,466,486**	(3,343,418)
Gross actuarial / mathematical and unexpired risk reserve		**(6,861,668)**	5,440,567	**(6,861,668)**	5,440,567

Due to reinsurers		**(749,530)**	6,283,255	**(749,530)**	6,283,255
Other liabilities		**(12,525,649)**	2,874,507	**(12,339,184)**	2,678,621
		19,843,453	14,860,641	**19,754,107**	14,532,605
Employees' end of service benefits paid	**22.1**	**(45,585)**	(25,836)	**(44,697)**	(24,795)
Income tax paid	**30**	**(1,669,570)**	(1,544,712)	**(1,646,512)**	(1,527,896)
Net cash from operating activities		**18,128,298**	**13,290,093**	**18,062,898**	**12,979,914**
Cash flows from investing activities					
Movement in bank deposits		**(4,273,635)**	(2,462,426)	**(4,273,635)**	(2,462,426)
Purchase of property and equipment	**12**	**(1,135,437)**	(2,079,123)	**(1,058,910)**	(1,948,751)
Purchase of investment securities		**(20,181,287)**	(23,303,759)	**(20,181,287)**	(23,303,759)
Proceeds from disposal of investment securities		**3,455,028**	15,398,185	**3,455,028**	15,398,185
Proceeds from disposal of property and equip-ment		**43,624**	27,502	**1,354**	9,999
Interest income received from bank deposits, bonds and securities		**3,564,020**	3,165,329	**3,564,020**	3,165,329
Dividends received		**360,827**	429,960	**360,827**	429,960
Net movement in loans to policyholders		**15,594**	88,993	**15,594**	88,993
Net cash used in investing activities		**(18,151,266)**	**(8,735,339)**	**(18,117,009)**	**(8,622,470)**
Cash flows from financing activities					
Finance cost paid		**(108,223)**	(44,764)	**(108,223)**	(44,764)
Dividends paid	**18**	**(6,625,000)**	(5,300,000)	**(6,625,000)**	(5,300,000)
(Repayment of) / proceeds from short term loan		**2,000,000**	2,000,000	**(2,000,000)**	2,000,000
Net cash used in financing activities		**(8,733,223)**	**(3,344,764)**	**(8,733,223)**	**(3,344,764)**
Net (decrease) / increase in cash and cash equivalents		**(8,756,191)**	**1,209,990**	**(8,787,334)**	**1,012,680**
Currency translation adjustment		**(1,753)**	(20,675)	**-**	-
Cash and cash equivalents at 1 January	**5**	**19,025,565**	17,836,250	**18,542,520**	17,529,840
Cash and cash equivalents at 31 December	5	**10,267,621**	19,025,565	**9,755,186**	18,542,520

The attached notes from 1 to 37 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1-6.

Notes to the separate and consolidated financial statements for the year ended 31 December 2020

1 Legal status and principal activities

National Life and General Insurance Company SAOG ("the Company" or "the Parent Company") is a public joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman, United Arab Emirates (UAE) and Kuwait. It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Company has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Parent Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015 onwards. During October 2017, the Company has obtained licence for branch operations in Kuwait and has commenced life and general business from January 2018.

In accordance with the Royal Decree 39/2014 dated 17 August 2014 (the "RD"), all insurance companies registered under Commercial Companies Law should be a Public Joint Stock Company with a minimum paid up capital of RO 10 million within 3 years from the date of the RD. Accordingly, the Company's completed the IPO process transforming itself from a closed joint stock company to a Public Oman Joint Stock Company (SAOG) and listed the Company's shares for trading on the MSM from 6 December 2017 onwards.

The Parent Company is a subsidiary of Oman International Development and Investment Company SAOG (OMINVEST), a public joint stock company incorporated in the Sultanate of Oman.

The Parent Company has two fully controlled subsidiaries "NLGIC Support Services Private Limited' in India and "Inayah TPA LLC" in UAE (refer note 7.3) due to which consolidated financial statements for the year ended 31 December 2020 comprise of the Parent Company and its subsidiaries (together referred to as the Group). The separate financial statements represent the financial statements of the Parent Company on a stand-alone basis. The separate and consolidated financial statements are collectively referred to as "the separate and consolidated financial statements".

2 Basis of preparation

2.1 Statement of compliance

These separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of the Commercial Companies Law of 2019, Insurance Companies Law, as amended and relevant requirements of the Capital Market Authority of the Sultanate of Oman.

2.2 Basis of measurement

These separate and consolidated financial statements have been prepared on the historical cost basis except for the investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are measured at fair value.

2.3 Functional and presentation currency

These separate and consolidated financial statements are presented in Rial Omani, which is the Parent Company and Group's functional and presentation currency. The functional currencies of the Group's operations are as follows:

- Sultanate of Oman: Rial Omani.
- United Arab Emirates: UAE Dirham.
- Kuwait: Kuwaiti Dinar.
- India: Indian Rupees.

2.4 Use of estimates and judgments

The preparation of these separate and consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the separate and consolidated financial statements are described in note 4.

Impact of COVID-19

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain or delay the spread of the virus.

On 27th March 2020, the IASB issued a guidance note, advising that both the assessment of Significant Increase in Credit risk ("SICR") and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort.

Information about impacts of COVID-19 on the assumptions that the Group has made about future and other sources of uncertainty are included in respective notes to the separate and consolidated financial statements.

2.5 Standards and interpretations adopted for accounting period beginning on 1 January 2020

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2020.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Definition of a business (Amendments to IFRS 3).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

These changes did not have a material impact on the separate and consolidated financial statements.

2.5 Standards and interpretations adopted for accounting period beginning on 1 January 2020

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2020.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Definition of a business (Amendments to IFRS 3).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

These changes did not have a material impact on the separate and consolidated financial statements.

3. Summary of significant accounting policies

3.1 Basis of consolidation and accounting in separate financial statements

(a) Basis of consolidation

The consolidated financial statements comprise those of the Parent Company and each of its subsidiaries as at 31 December each year. Subsidiaries are all entities (including special purpose entities) over which the Group exercise control. Control is achieved when the Parent Company.

- has power over the investee.
- is exposed, or has rights, to variable returns from is involvement with the investee.
- has the ability to use its power to affect the Investee's returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the particle ability to relevant facts and circumstance in assessing whether or not the Parent Company's voting rights in an investee are to give it power including:

- The size of the Parent Company's holding of the voting rights relative to the size and dispersion of holding of the other vote holders.
- Potential voting rights held by the parent company, other holders or other parties.
- Rights arising from other contractual arrangements.
- Any facts and circumstances that indicates that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time the decision need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owner of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statement of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

When necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amount of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interest in subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received directly is equity and attributed to the owners of the Parent Company.

Non-controlling interests in subsidiaries are identified separately from Group's equity therein. The interests of non-controlling interest's shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity and impairment of intangible assets. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of consideration received and the fair value of any retained interest.
- The carrying amount of assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to subsidiary are accounted for as if the Group has directly disposed of the assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment as associate or joint venture.

In the Parent Company's separate financial statements, the Company has adopted equity method of accounting for its investment in subsidiaries.

Under the equity method adopted in the separate financial statements of the Parent Company, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the share of net assets of the subsidiary since the acquisition date in the separate financial statements of the Parent Company. The statement of profit or loss and other comprehensive income in the Parent Company's separate financial statements reflects the share of the results of operations of the subsidiary.

Any change in other comprehensive income of those investees is presented as part of the Parent Company's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the subsidiary.

the Parent Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Parent Company and the subsidiary are eliminated to the extent of the interest in the subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiary in its separate financial statements. At each reporting date, the Parent Company determines whether there is objective evidence that the investment in the subsidiary is impaired.

If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, then recognises the loss as 'share of results of subsidiary' in profit or loss.

3.2 Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI are included in other comprehensive income.

As at the reporting date, the assets and liabilities of the foreign subsidiary entity is translated into the functional currency of the consolidated financial statements (the Rial Omani) at the rate of exchange ruling at the reporting date and its profit or loss is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a foreign currency translation reserve in other comprehensive income. On disposal of foreign operations, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognized in the statement of profit or loss.

3.3 Insurance contracts

(a) Classification

The Group issues contracts that transfer either insurance risk or both insurance and financial risks. Such contracts may also transfer financial risk.
The Group classifies investment contracts as those contracts that transfer financial risk with no significant insurance risk.
The Group issues certain insurance contracts which contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits.
- whose amount or timing is contractually at the discretion of the Group.
- that are contractually based on the surplus generated on a specified pool of contracts.

There are no local statutory regulations which set out the bases for the determination of the amounts on which the additional discretionary benefits are based, the amounts payable being determined by the Company's board of directors on an annual basis.

(b) Recognition and measurement

Life and medical insurance contracts are classified into five main categories which are described below. In addition, the Group writes short term individual medical and personal accident policies.

(i) Individual life policies

These consist of the following types of policies:

a) With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration.

Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premium receivables of policies which have not lapsed.

Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonuses are declared by the Group from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.

The actuarial / mathematical reserve for such policies is determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and discounting and an adjustment to recognise acquisition costs. For paid up policies, a provision for expenses required to maintain policies is also made. The Group also performs a liability adequacy test to ensure that the reserve set aside is not less than the liability determined as the sum of the expected discounted value of the benefit payments, commissions payable and the future administration expenses that are directly related to the contract, less the expected discounted value of premiums that are receivable (making realistic assumptions as to mortality, persistency and maintenance expenses and using a discount rate inherent in the pricing of fixed income securities held by the Group).

b) Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a predecided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premiums receivables of policies which have not lapsed. These are without profit policies.

For single premium policies, the actuarial / mathematical reserve is determined as the discounted value of expected future claims as well as expenses which are expected to be incurred in administering the policies. For regular premium policies, the actuarial / mathematical reserve is determined on a net premium basis along the same lines as conventional with profits policies.

(ii) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institution for their outstanding loan from the customer. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect on the ability of the customer to repay his outstanding loan. These are without profit policies.

These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Claims are charged to statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported.

(iii) Group life policies

common employer. These contracts protect the Group's customers (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the customer. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are disclosed before deduction of commission and excluding taxes levied on premiums.

Claims are charged to statement of profit or loss as incurred based on the estimated liability for compensation owed to policyholders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above, an unexpired risk reserve is set up at the valuation date for premiums which are deemed to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

(iv) Group medical policies

These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Group's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Group to healthcare providers. There are no maturity or surrender benefits for these policies.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are shown before deduction of commission and excluding taxes levied on premiums.

Claims are charged to statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above an unexpired risk reserve is set up at the valuation date for premiums which will deem to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

(v) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Group's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans. These are without profit policies.

These contracts are issued on two basis:

• For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up.

• Short term contracts covering the risk for a year at a time, with premiums being determined and paid month-ly on outstanding balances.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Monthly premiums are recognised upon declaration by financial institutions of the amount payable. As such, pre-miums are usually recognised once they have been fully earned and no unearned premium reserve is determined to be necessary. The Group does, however, at the end of the year, evaluate the profitability of the portfolio to deter-mine if any premium deficiency reserve is required.

Claims are charged to statement of profit or loss as incurred based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for in-curred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

Liability adequacy test

The Group carries out a liability adequacy test to ensure the adequacy of contract liabilities as set out in the financial statements. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. The results of the tests indicate that the liability recognised is adequate.

General insurance contracts

For general insurance contracts, premiums are taken into income over the terms of the policies. Unexpired risk reserve represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is recognised in the statement of profit or loss in order that revenue is recognised over the period of risk.

Unexpired risk reserve is calculated based on 1/365 method for all classes of business. Acquisition costs and reinsurance commissions are recognised as expenses or income over the period of the policy by deferring it using 1/365 method.

Estimates have to be made for both the expected ultimate costs of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of individual case estimates. In addition, a provision based on the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date. Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the accounting year in which the change in provision or settlement is made.

Allowances in claims liability

Some insurance contracts permit the Group to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of excess, depreciation, salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in outstanding claims when the liability is accrued. The allowance for salvage is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

Reinsurance contracts held

In order to protect itself against adverse experience, the Group has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Group. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily reinsurance premiums payable for reinsurance contracts and are recognised as an expense when incurred and continues to be part of the reinsurance liabilities until they are settled as per the terms of the reinsurance contract.
The Group assesses its reinsurance assets for impairment on an annual basis.

3.4 Insurance receivable

Insurance receivable are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest method less impairment losses, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3.5 Loans to policyholders

Loans to policyholders are stated at cost, less any amounts written off and allowance for impairment, if any.

3.6Financial assets

3.6.1 Classification

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The classification of financial assets are:

(a) Financial assets carried at amortised cost.

(b) Financial assets carried at fair value through other comprehensive income (FVOCI).

(c) Financial assets carried at fair value through profit or loss (FVTPL).

(a) Financial assets at amortised cost:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
(i) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

(i) Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(b) Financial assets at fair value through other comprehensive income (FVOCI):

(i) Debt instruments at FVOCI

The Group applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognised in statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from equity to profit or loss.

This category only includes debt instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its debt instruments at FVOCI. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

(ii) Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the statement of profit or loss.

For debt instruments measured at amortised cost, FVTPL and FVOCI, the interest income, foreign currency gains or losses and impairment gains or losses are recognised in profit and loss. For debt instruments classified as FVTPL, unrealized and realised fair value changes are recognised in profit and loss. For debt instruments measured at FVOCI, the fair value gains or losses are recognised in other comprehensive income until derecognition, when the cumulative gains or losses recognized in Other comprehensive income are reclassified to profit or loss.

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in the statement of profit or loss. The unrealised and realised fair value gains and losses on equity investments that are held for trading are recognized in profit or loss. Where the Group has made an irrevocable election at initial recognition to classify the equity investments through other comprehensive income, the changes in fair value are recognized in other comprehensive income. For all equity investments at FVOCI, there is no subsequent recycling of fair value gains and losses to profit or loss at derecognition.

3.6.3 Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except in the following cases, for which the amount recognised is 12-month expected credit losses:

- Debt securities that are determined to have low credit risk at the reporting date.
- Other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses and are measured as follows:

- For financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.
- For financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed in profit or loss.
Presentation of loss allowances in the statement of financial position.
Loss allowances for expected credit losses are presented as follows:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets.
- Debt investments measured at FVOCI: the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

(a) Deferred acquisition costs (DAC)

Direct and indirect costs incurred during the financial period arising from the writing of long term life insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums and are amortised on a straight line basis over the tenor of the insurance contract.

Direct and indirect costs incurred for writing short term life and medical insurance contracts are deferred and this is built into the 'unexpired risk reserve' shown in the statement of financial position.

Acquisition costs for writing of general insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the period of the policy (generally one year) using 1/365 method and are built into the 'unexpired risk reserve' shown in the statement of financial position.

Amortisation is recorded in the statement of profit or loss. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and is treated as a change in an accounting estimate.

(b) Deferred reinsurance commission incomes (DCI)

Commission incomes attributable to the unexpired reinsurance ceded premiums for short time life and medical are deferred and it is built into "reinsurers' share of unexpired risk reserve" in the statement of financial position.

Commission incomes attributable to the unexpired reinsurance ceded premiums for general insurance are deferred to the extent that these are recoverable out of future ceded premiums. Subsequent to initial recognition, these incomes are amortised over the period of the policy (generally one year) using 1/365 method and are built into "reinsurers' share of unexpired risk reserve" in the statement of financial position.

3.8 Property and equipment

Property and equipment including land and building is stated at cost less accumulated depreciation and accumulated impairment losses, if any for below class of assets.
Depreciation is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of the assets as follows:

Building	Motor vehicles	Furniture and equipment	Computer equipment
19 - 45 Years	4 Years	4 - 5 Years	4 Years

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in statement of profit or loss as the expense is incurred.

Any fixed assets costing less than RO 100 are charged to statement of profit or loss in the year of purchase.
The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.
Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts, are recognised within 'other operating (loss) / income' and are taken into account in determining operating results for the year.

3.9 Intangible assets (including Goodwill)

Goodwill arising on acquisition of subsidiary is measured at cost less accumulated impairment losses.
Intangible asset acquired in a business combination is identified and recognised separately from goodwill where it satisfies the definition of an intangible asset and fair value can be measured reliably. The cost of such intangible asset is its fair value at the acquisition date.
Subsequent to initial recognition, intangible asset acquired is recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately. The Group does impairment testing of goodwill for which the Group estimates the value in use of the cash-generating units to which the goodwill is allocated. The Group makes an estimate of the expected future cash flows from the cash-generating unit and also chooses a suitable discount rate in order to calculate the present value of those cash flows.
The Group does amortization of intangible assets recognized from the purchase price allocation on acquisition of it's subsidiary. The Group has estimated the useful life of 10 to 20 years for these intangible assets and amortizes them over the period estimated.

3.10 Impairment

Non-financial assets

At each reporting date, the Group assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Group estimates the recoverable amount of the asset and recognises an impairment loss in the statement of profit or loss. The Group also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Offsetting

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with a maturity of three months or less from the date of placement net of outstanding bank overdrafts.

3.13 Provisions

A provision is recognised in the statement of financial position when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of provision can be estimated reliably.

3.14 Employees' end of service benefits

Employees' end of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law and its amendments, U.A.E. Labour Law - Federal Law No. (8) of 1980 and its amendments, Private Sector Kuwait Labor Law i.e. Law No. 6 of the year 2010 and the requirements of IAS-19 'Employee benefits'.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law of 1991, for Emirati employees under the The UAE Federal Law No. 7 of 1999 for Pension and Social Security (as amended by Federal Law No. 7 of 2007) and for Kuwaiti employees under the Kuwait-Social Security Law No. 61 of 1976 are recognised as an expense in the statement of profit or loss as incurred.

3.15 Other liabilities

Other liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Group. Other liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

3.16 Income recognition

(a) Life business

Taken into income over the terms of the policies to which they relate. Unearned premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. For short term policies, premiums are pro-rated by reference to the unexpired term of cover.

An appropriate actuarial reserve is determined by the appointed independent actuary following their annual investigation of the life fund and is calculated initially on a statutory basis to comply with the reporting requirements under the Insurance Companies Law, as amended.
In addition, provision is made where necessary for any further loss expected to arise on unexpired risks after taking into account future investment income on related insurance funds, to cover anticipated liabilities arising from existing contracts.

(b) General business

Premiums are taken into income over the terms of the policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

(c) Insurance policy fees

Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. Insurance policy fees are recognized as revenue over the period of service which is generally the period of the policy.

(d) Investment income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive dividend is established. For listed securities, this is the date the security is listed as ex dividend.

3.17 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority and are charged to as expense in statement of profit or loss.

3.18 Taxation

Income tax is calculated as per the income tax regulations applicable in the Sultanate of Oman. The foreign operations are incorporated in United Arab Emirates, which is a tax free jurisdiction and in Kuwait where the Kuwait branch has zakat registration. Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.20 Leases

The Group identifies a contract as a lease contract, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group determines the lease term as the non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the Group is a lessee, at the commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost at commencement date. After the commencement date, the Group shall measure the right-of-use asset using the cost model. To apply the cost model, the right-of-use asset shall be measured at cost less any accumulated depreciation and any impairment losses and shall be adjusted for any remeasurement of lease liability. Depreciation shall be charged to the right-of-use asset in accordance with policy for depreciation of property and equipment. The Group determines whether the right-of-use asset is impaired and accounts for any impairment loss identified. For contracts with lease term greater than 12 months, the lease liability is measured at the present value of the lease payments that are not paid as at the reporting date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. When the Group is a lessor, rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group has elected avail exemption benefits under IFRS 16 for short term expected effective lease periods (lease term of 12 months or less) and leases for which the underlying assets have low value. In such cases, the Group recognises the lease payments as an expense on either a straight line basis over the lease term or another systematic basis.

3.21 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

3.22 Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are approved.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

3.23 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however the Group has not early applied the following new or amended standards in preparing these separate and consolidated financial statements.

For those new standards and amendments to standards that are expected to have an effect on the separate and consolidated financial statements of the Group in future financial periods, the Group is assessing the transition options and the potential impact on its separate and consolidated financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

(i) IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2023.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is not practical, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Management anticipates that IFRS 17 will be adopted in the Group's separate and consolidated financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have a significant impact on amounts reported and disclosures made in the Group's separate and consolidated financial statements in respect of its insurance contracts. However, it is not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

(ii) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the separate and consolidated financial statements:

- COVID-19 Related Concessions (Amendments to IFRS 16).
- Onerous Contracts - Cost of fulfilling a contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

4. Critical accounting judgment and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 3, management has made judgements that have the most significant effect on the amounts recognised in the financial statements and applied certain assumptions, and other key sources of estimation uncertainty at the reporting date as discussed below:

Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

4.1 The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a key estimate made in measuring liabilities under insurance contracts and especially under group medical, group life and group credit life contracts. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

For individual life, Individual Credit Life and Group Credit Life incurred but not reported (IBNR) claims have been calculated as two months expected or estimated claims. For IBNR of group life and group medical claims, the claim projection methods used are Development factor method for reported losses, Development factor method for paid losses, Initial Expected Burning Cost or Initial Expected Loss Ratio method and Bornhuetter-Ferguson methods for paid or reported losses.

After reviewing calendar-year and accident-year diagnostics, actual versus expected calendar year development, qualitative information and the general characteristics of each class of business, actuarial methods have been selected to project ultimate loss by accident or report year. Loss development factors have been selected using historical loss and claim development experience which form the basis for loss payment and reporting and claims development patterns used to project future emergence of losses for the development projection methods.

Initial and ultimate selected losses are based on the results of the projection methods by claim cohort month, and are based on judgement reflecting the range of estimates produced by the methods and the strengths and weaknesses of each method.

The projections are applied to losses evaluated as of 31 December 2020. Gross unpaid amounts are obtained by reducing the selected ultimate losses by the gross amounts paid as at 31 December 2020. Net unpaid claims estimates are arrived at after deducting the ceded case reserves and ceded IBNR estimates. The ceded IBNR estimates are derived based on a review of ceded case ratios and paid claims ratios.

2020	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	0.9%	1.2%	1.08%	3.51%
UAE	1.8%	0.5%	-	-
Kuwait	6.0%	3.2%	7.37%	3.64%

2019	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	% 1.4	% 1.2	% 1.58	% 1.14
UAE	% 2.1	% 0.3	-	-
Kuwait	% 10.0	% 2.0	% 2.98	% 0.40

4.2 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets

Where the unearned premium reserves are estimated to be insufficient to meet the expected cost of future claims, an additional unexpired risk reserve (AURR) or Premium Deficiency Reserve (PDR) is provided for. The AURR or PDR calculation is based on projected ultimate loss ratio estimate of the current year which is projected onto the next year with adjustments. The required reserve for the unexpired business is estimated by multiplying this loss ratio by the premium that is expected to be earned in that next year.

4.3 Estimate of future benefit payments and premiums arising from long-term insurance contracts, and related deferred acquisition costs and other intangible assets

The determination of the liabilities under long-term insurance contracts (which basically consist of individual life policies and credit life policies issued for the whole loan period on a single premium basis) is dependent on a number of estimates made by the Group with respect to:

- Mortality and Disability.
- Investment Returns / Discount Rate .
- Expenses.
- Surrender.

Mortality and disability

The mortality rates are derived from mortality table Permanent Assurances, combined – AMC00 and AMF00 Ultimate table for males and females respectively. 146% of the AMC00 & AMF00 table has been used as best estimate mortality for the insured population in Oman which includes a margin of prudence of 25%. The best estimate derived has been applied based on a mortality experience study of the portfolio on an amount and life basis. For long term group and individual credit life contracts, reinsurance risk premium rates are used for both mortality and disability.

Were the numbers of deaths in future years to differ by 10% from management's estimate, the liability would increase by RO 195,241 (2.0%) or decrease by RO 195,177 (2.0%) [2019: RO 195,576 (2.0%) or decrease by RO 195,499 (2.0%)].

Investment returns / discount rate

Under the net premium valuation method used by the Group for valuing most policies in the individual life portfolio, the valuation rate of interest serves as both the estimate of investment income and the discount rate. The valuation interest rate used for conventional guaranteed business should reflect a conservative long-term interest rate. This rate is used to discount the future benefits and future premiums to arrive at the liability figure. A valuation interest rate of 5% per annum (31 December 2019: 5% per annum) for non-profit polices and 4.5% per annum (31 December 2019: 4.5% per annum) for with-profit polices was used for the purpose of the valuation of the basic reserves for individual life portfolio. The same valuation discount rate has been used for valuing bonuses as well. The Group's running yield or actual income for the year for the individual life portfolio is around 7.2% per annum (31 December 2019: 6.8% per annum). However, valuation rate of interest has been considered based on returns on the assets held at the valuation date plus the assumed reinvestment returns on reinvested free cash less default allowance, investment expenses, tax, prudence margins and discretionary regular bonus loadings where appropriate. An earning in excess of the interest rate are usually a source of surplus for with profits policyholders.

Uncertainty relating to interest rate assumptions lies in the investment of net future cash flows; reinvestment risk of coupon payments received on fixed income contracts; and the uncertainty surrounding both returns from and the value of equity investments.

Were the interest rate assumptions to vary by 50 basis point from management's estimate for 2020, the gross liability would increase by RO 65,944 (1.5%) or decrease by RO 63,961 (1.4%) [2019: RO 74,957 (1.6%) or decrease by RO 72,655 (1.5%)].

Expenses

An implicit assumption relating to expenses is made for the statutory valuation in that there is a margin between the net premiums determined as a part of the net premium valuation and the gross premiums charged by the Group. As a part of the process the margin is kept at a minimum of 10% of the gross premium. A separate provision for RO 30 per policy per annum is made for single premium (excluding NBO Housing) and paid up policies for which no future premiums are expected, for NBO Housing portfolio an implicit expense margin of RO 10 is assumed.

For short term life products indirect expenses have been deferred at 4 to 5% of the gross premiums. For group medical product, indirect expenses have been deferred at 6% (for group medical-Oman), 6.5% (for group medical-UAE and Kuwait), 5% (for individual medical-Oman and Kuwait) and 6.5% (for individual medical-UAE) of the gross premiums for costs relating to the unexpired risk period by the management based on expense analysis done for the year 2020.

Surrender

The mathematical reserve for the single premium loan protection contracts in the individual credit life portfolio and the group credit life portfolio is calculated as the 85% to 70% of the unexpired risk reserve and 15% to 30% of the current surrender value. This assumes that 15% to 30% of the business lapses and increases the reserves to allow for refunds exceeding the unexpired risk. The reinsurance asset is calculated as 85% to 70% of the unexpired risk reserve plus 15% to 30% of the current reinsurance surrender value.

4.4 Impairment of insurance and reinsurance receivables

An estimate of the collectible amount of insurance and reinsurance receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

5. Cash and bank balances

	Group		Parent Company	
	2020	2019	**2020**	2019
	RO			
Balances with banks	**10,246,154**	19,012,920	**9,733,898**	18,530,063
Cash in hand	**21,467**	12,645	**21,288**	12,457
Cash and cash equivalents	**10,267,621**	19,025,565	**9,755,186**	18,542,520
Less: ECL on cash and bank balances (note 5.2)	**(33,664)**	(21,335)	**(33,664)**	(21,335)
Cash and cash equivalents – net of ECL	**10,233,957**	19,004,230	**9,721,522**	18,521,185

5.1 Included in balances with banks are balances of RO 8,346,026 (2019: RO 15,609,271) with commercial banks in Oman, India and GCC Countries, which are denominated in US Dollars, Indian Rupees and various GCC currencies, and do not carry interest.

5.2 The ECL amounted to RO 33,664 (2019: RO 21,335) as at 31 December 2020 resulting in ECL charge on cash and bank balances of RO 12,329 (2019: RO 3,931) for the year ended 31 December 2020.

Short term loan:

During 2019, the Group availed short term loans from commercial banks in Oman. As at 31 December 2020, there are no short term loans which are outstanding (2019: RO 2,000,000 for a period of 60 days). Rate of interest as at 31 December 2020 is Nil (2019: 4% per annum).

6. Bank deposits

	Group & Parent Company	
	2020	2019
	RO	
Deposits (note 6.1)	**41,678,130**	37,404,495
Less: ECL on bank deposits (note 6.2)	**(82,034)**	(55,799)
	41,596,096	37,348,696

6.1 Deposits are held with commercial banks in the Sultanate of Oman, Kuwait and United Arab Emirates, denominated in Rial Omani of RO 25,425,000 (2019: RO 21,925,000), Kuwaiti dinar of RO 2,197,650 (2019: RO 1,879,150) and denominated in UAE Dirhams of RO 14,055,480 (2019: RO 13,600,345) and carry effective annual interest rates ranging between 1.375% to 5.40% per annum (2019: ranging between 2.25% to 5% per annum).

6.2 The ECL amounted to RO 82,034 (2019: RO 55,799) as at 31 December 2020 resulting in ECL charge on bank deposits balances of RO 26,235 (2019: RO 10,150) for the year ended 31 December 2020.

6.3 The maturities of deposits at the reporting date are as follows:

	Group & Parent Company	
	Deposits	
	2020	2019
	RO	
One year or more from the date of placement	**41,596,096**	37,348,696
	41,596,096	**37,348,696**

7. Investment securities

	Group		Parent Company	
	2020	2019	2020	2019
	RO			
Investments carried at amortised cost	**14,204,940**	2,569,435	**14,204,940**	2,569,435
Investment carried at FVOCI	**37,034,234**	31,709,063	**37,034,234**	31,709,063
Investment in subsidiaries	**-**	-	**861,521**	782,255
	51,239,174	34,278,498	**52,100,695**	35,060,753

7.1 Investments carried at amortised cost

	Interest rate	Group & Parent Company	
		2020	2019
		RO	
Bonds - over one year from the date of inception		**14,238,969**	2,570,577
Less: Expected credit losses on Investments carried at amortised cost	**(.to 6.75%p.a 4% :2020)** **(.to 5.25%p.a 4% :2019)**	**(34,029)**	(1,142)
		14,204,940	2,569,435

Movement in investments carried at amortised cost:

	Group & Parent Company	
	2020	2019
	RO	
At 1 January	**2,569,435**	2,871,739
Additions during the year	**11,673,001**	8,559,355
Matured / sold during the year	**-**	(9,622,473)
Amortisation during the year	**(4,609)**	45,450
Realised gain on disposal (note 27)	**-**	704,562
Movement in Expected credit losses	**(32,887)**	10,802
At 31 December	**14,204,940**	**2,569,435**

The ECL amounted to RO 34,029 (2019: RO 1,142) as at 31 December 2020 resulting in ECL charge on investments carried at amortised cost of RO 32,887 (2019 – release of RO 10,802) for the year ended 31 December 2020.

7.2 Investments carried at FVOCI

	Group & Parent Company			
	2020		2019	
	Market value	Cost	Market value	Cost
	RO			
Local				
Quoted	**29,964,227**	29,254,886	**24,398,250**	23,674,780
	29,964,227	29,254,886	**24,398,250**	23,674,780
Foreign				
Unquoted	**119,579**	853,449	**119,579**	853,449
Quoted	**6,950,428**	6,497,116	**7,191,234**	7,110,416
	7,070,007	7,350,565	**7,310,813**	7,963,865
Local and Foreign	**37,034,234**	36,605,451	**31,709,063**	31,638,645

Movement in investments carried at FVOCI:

	Group & Parent Company	
	2020	2019
	RO	
At 1 January	**31,709,063**	21,153,006
Additions during the year	**8,508,2 86**	14,736,391
Disposals during the year	**(3,514,122)**	(4,817,789)
Fair value change and amortisation	**331,007**	637,455
At 31 December	**37,034,234**	**31,709,063**

The Group does not hold any investment in which its holdings exceed 10% of the market value of its investment portfolio at 31 December 2020 and 31 December 2019.

The ECL amounted to RO 35,197 (2019: RO 22,545) as at 31 December 2020 resulting in ECL charge on investments carried at FVOCI of RO 12,652 (2019: release of RO 28,312) for the year ended 31 December 2020. Out of the quoted investments, RO 30,685,628 (2019: RO 25,128,341) pertains to debt securities and RO 6,348,606 (2019: RO 6,461,143) pertains to equity securities.

Fair Value changes above are disclosed net of tax in the other comprehensive income as Change in value of debt investments carried at FVOCI - gain of RO 350,162 (2019 – gain of RO 462,719) and Change in value of investments carried at FVOCI – loss of RO 211,506 (2019 – loss of RO 100,225).

In accordance with IFRS 9, upon disposal of debt investments carried at FVOCI, the resulting realized gain or loss since inception will be reclassified to profit or loss whereas upon disposal of equity investments carried at FVOCI the resulting realized gain or loss since inception will not be reclassified to profit or loss and will be transferred to retained earnings.

7.3 Investments in subsidiaries

		Parent Company			
		2020		2019	
		Holding	Carrying value	Holding	Carrying value
	Incorporation	%	RO	%	RO
NLGIC support services Pvt. Ltd. (NSSPL) (i)	**India**	**100**	270,387	**100**	216,390
Inayah TPA LLC (ii)	**UAE**	**100**	591,134	**100**	565,865
At 31 December			861,521		782,255

Movement in investments in subsidiaries:

	Parent Company	
	2020	2019
	RO	
At 1 January	**782,255**	740,022
Share of profits of subsidiaries	**81,019**	62,908
Exchange differences on translation of foreign operations	**(1,753)**	(20,675)
At 31 December	**861,521**	782,255

(i) The Parent Company has a fully owned subsidiary in India since 2016. NSSPL is engaged in the business of services and undertake activities relating to back office and support services for transaction processing for the Group.

(ii) In 2017 the Parent Company initially acquired a 49% shareholding in Inayah TPA LLC, a third party administration company in UAE and accounted it as an associate. The parent company acquired control over Inayah TPA LLC by entering into an arrangement to gain beneficial ownership of the balance 51% shareholding of the company. Management has concluded that the Parent Company controls Inayah TPA LLC even though it holds less than half of the voting rights of the subsidiary based on beneficial ownership arrangement entered. The Group controls an entity when its exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

8. Insurance and reinsurance receivables

	Group & Parent Company					
	2020			2019		
	Life	General	Total	Life	General	Total
	RO					
Insurance receivables	**34,337,865**	4,045,882	**38,383,747**	42,816,304	**4,150,449**	46,966,753
Reinsurance receivables	**6,493,981**	496,926	**6,990,907**	18,037,630	**123,524**	18,161,154
	40,831,846	4,542,808	**45,374,654**	60,853,934	**4,273,973**	65,127,907
Allowance for expected credit losses	**(1,368,477)**	(850,327)	**(2,218,804)**	(902,761)	**(705,809)**	(1,608,570)
	39,463,369	3,692,481	**43,155,850**	59,951,173	**3,568,164**	63,519,337
Movement in allowance for expected credit losses:						
At 1 January	**902,761**	705,809	**1,608,570**	735,001	**320,530**	1,055,531
Provided during the year (note 29)	**465,716**	144,518	**610,234**	230,674	**379,354**	610,028
Written off during the year	**-**	-	**-**	(62,914)	**5,925**	(56,989)
At 31 December	**1,368,477**	850,327	**2,218,804**	902,761	**705,809**	1,608,570

9. Other receivables and prepayments

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
Receivable from other insurance companies and individuals	**1,468,181**	1,190,444	**1,468,181**	1,190,444
Other receivables	**3,041,915**	3,712,829	**2,671,631**	3,314,476
Accrued interest	**1,545,083**	902,457	**1,545,083**	902,457
Deferred acquisition costs (note 9.1)	**-**	7,739	**-**	7,739
	6,055,179	5,813,469	**5,684,895**	5,415,116
Provision for doubtful debts (note 9.2)	**(349,513)**	(317,591)	**(349,513)**	(317,591)
Expected credit losses of other receiva-bles	**(7,405)**	(5,645)	**(7,405)**	(5,645)
	5,698,261	5,490,233	**5,327,977**	5,091,880

9.1 Movement in deferred acquisition costs

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
At 1 January	**7,739**	12,508	**7,739**	12,508
Costs incurred during the year	**3,822**	3,175	**3,822**	3,175
Amortised during the year	**(11,561)**	(7,944)	**(11,561)**	(7,944)
At 31 December	**-**	7,739	**-**	7,739

9.2 Movement in provision for doubtful debts

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
At 1 January	**317,591**	279,207	**317,591**	279,207
Provided during the year (note 29)	**31,922**	38,384	**31,922**	38,384
At 31 December	**349,513**	317,591	**349,513**	317,591

10. Loans to policyholders

Loans to policyholders are generally advanced at 90% (2019: 90%) of the cash value of their respective policies and carry an annual effective rate of interest of 9.5% per annum (2019: 9.5% per annum). The loans are secured against the cash values of the respective policies, and do not have specific repayment terms.

11. Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the consolidated statement of financial position at a total value of RO 46,781,499 (2019: RO 42,256,223). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority. The Group has provided bank guarantee of RO 50,000 (2019: RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, and Kuwait the Group has identified to the Insurance Authority, Abu Dhabi – UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits of RO 1,007,975 (2019: RO 991,142) and RO 2,197,650 (2019: RO 1,879,150) respectively which are included in the consolidated statement of financial position. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

The Group has credit facility of RO 5,000,000 (2019: RO 1,900,000) with Ahli Bank SAOG for which the Group has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders. In UAE, the Group has credit facility of RO 3,689,000 (31 December 2019 - Nil) with local bank which are secured by way of 110% of amount held under fixed deposit with the bank.

12. Property and equipment

2020

Group

	Land and Building	Motor Vehicles	Furniture and equipment	Computer equipment	Total
Cost			RO		
At 1 January 2020	**5,138,265**	305,693	**1,388,242**	2,818,527	**9,650,727**
Additions	**-**	-	**482,667**	652,770	**1,135,437**
Disposals and write offs	**-**	-	**(116,758)**	(11,685)	**(128,443)**
At 31 December 2020	**5,138,265**	305,693	**1,754,151**	3,459,612	**10,657,721**
Accumulated depreciation					
At 1 January 2020	**119,123**	198,478	**758,864**	1,762,698	**2,839,163**
Charge for the year (note 29)	**123,482**	42,540	**286,168**	500,631	**952,821**
Disposals and write offs	**-**	-	**(76,647)**	(1,323)	**(77,970)**
At 31 December 2020	**242,605**	241,018	**968,385**	2,262,006	**3,714,014**
Net book value At 31 December 2020	**4,895,660**	64,675	**785,766**	1,197,606	**6,943,707**

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Group

	Land and Building	Motor Vehicles	Furniture and equipment	Computer equipment	Total
			RO		
Cost					
At 1 January 2020	**3,910,112**	315,574	**1,096,922**	2,352,411	**7,675,019**
Additions	**1,228,153**	47,569	**320,533**	482,868	**2,079,123**
Disposals and write offs	**-**	(57,450)	**(29,213)**	(16,752)	**(103,415)**
At 31 December 2020	**5,138,265**	305,693	**1,388,242**	2,818,527	**9,650,727**
Accumulated depreciation					
At 1 January 2020	**12,687**	209,287	**546,386**	1,260,011	**2,028,371**
Charge for the year (note 29)	**106,436**	46,636	**233,257**	510,370	**896,699**
Disposals and write offs	**-**	(57,445)	**(20,779)**	(7,683)	**(85,907)**
At 31 December 2020	**119,123**	198,478	**785,766**	1,762,698	**2,839,163**
Net book value **At 31 December 2020**	**5,019,142**	107,215	**629,378**	1,055,829	**6,811,564**

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Parent Company

	Land and Building	Motor Vehicles	Furniture and Equipment	Computer equipment	Total
			RO		
Cost					
At 1 January 2019	**5,138,265**	305,693	**1,288,294**	2,565,429	**9,297,681**
Additions	**-**	-	**430,278**	628,632	**1,058,910**
Disposals and write offs	**-**	-	**(68,462)**	-	**(68,462)**
At 31 December 2019	**5,138,265**	305,693	**1,650,110**	3,194,061	**10,288,129**
Accumulated depreciation					
At 1 January 2019	**119,123**	198,478	**746,570**	1,619,565	**2,683,736**
Charge for the year (note 29)	**123,482**	42,540	**244,961**	462,570	**873,553**
Disposals and write offs	**-**	-	**(60,259)**	-	**(60,259)**
At 31 December 2019	**242,605**	241,018	**931,272**	2,082,135	**3,497,030**
Net book value Net book value	**4,895,660**	64,675	**718,838**	1,111,926	**6,791,099**

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Parent Company					
	Land and Building	Motor Vehicles	**Furniture and Equipment**	Computer equipment	**Total**
			RO		
Cost					
At 1 January 2019	**3,910,112**	315,574	**1,022,811**	2,157,883	**7,406,380**
Additions	**1,228,153**	47,569	**265,483**	407,546	**1,948,751**
Disposals and write offs	**-**	(57,450)	**-**	-	**(57,450)**
At 31 December 2019	**5,138,265**	305,693	**1,288,294**	2,565,429	**9,297,681**
Accumulated depreciation					
At 1 January 2019	**12,687**	209,287	**525,390**	1,153,741	**1,901,105**
Charge for the year (note 29)	**106,436**	46,636	**221,180**	465,824	**840,076**
Disposals and write offs	**-**	(57,445)	**-**	-	**(57,445)**
At 31 December 2019	**119,123**	198,478	**746,570**	1,619,565	**2,683,736**
Net book value					
At 31 December 2019	**5,019,142**	107,215	**541,724**	945,864	**6,613,945**

13. Intangible assets (including Goodwill)

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
At 1 January	**496,243**	519,839	**496,243**	519,839
Amortisation of intangible assets	**(23,596)**	(23,596)	**(23,596)**	(23,596)
At 31 December	**472,647**	496,243	**472,647**	496,243

The Group performs goodwill impairment testing on intangible assets at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment loss on goodwill is recognised immediately as an expense and is not subsequently reversed.

Goodwill was recorded on life business obtained from Al Ahlia Insurance Company SAOC amounting to RO 146,490. At the end of the reporting period, the Group assessed the recoverable amount of goodwill, on business obtained from Al Ahlia Insurance Company SAOC and determined that goodwill was not impaired. The impairment test, amongst others, is significantly dependent on the cost of capital and achievement of projected results.

Upon completion of purchase price allocation for the acquisition of Inayah TPA LLC, intangible assets amounting to RO 373,349 have been recognized by the Group. The useful life of the intangible assets arising from acquisition of Inayah TPA LLC were assessed by the Group and based on the assessment, the Group has amortised the intangible assets by RO 23,596 (2019: RO 23,596) which has been accounted during the year.

14. Share capital

	2020	2019	2020	2019
	Number of shares		RO	
Authorised - shares of RO 0.100 each (2019: RO 0.100 each)	**500,000,000**	50,000,000	**500,000,000**	50,000,000
Issued and fully paid - shares of RO 0.100 each (2019: RO 0.100 each)	**265,000,000**	265,000,000	**26,500,000**	26,500,000

Major shareholders

Shareholders of the Company who own 10% or more of the Company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

	2020	2019
Oman International Development and Investment Company SAOG (73.448%)	**194,637,357**	194,637,357

15. Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of the profit for the year is transferred to a legal reserve until such legal reserve amounts to, at least, one third of the company's share capital. The reserve is not available for distribution.

16. Contingency reserve

In accordance with article 10 (bis) (2)(c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business amounting to RO 640,380 (2019: RO 530,712) and 1% of the life assurance premiums for the year in case of life insurance business amounting to RO 1,144,030 (2019: RO 1,300,795) at the reporting date is transferred from retained earnings to a contingency reserve.

The Parent Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any year until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

17. Revaluation reserve

The revaluation reserve relates to revaluation of the building classified under property and equipment.

18. Dividends paid and proposed

Shareholders in annual general meeting dated 13 May 2020 (2019: annual general meeting dated 27 March 2019) approved cash dividend of RO 6,625,000 (2019: cash dividend of RO 5,300,000) which was paid in 2020 and 2019 respectively.

The Board of Directors proposed a cash dividend of 35% of share capital of RO 26,500,000 amounting to RO 9,275,000 (0.035 baizas per share) in meeting held on 25 February 2021 to be approved at the forthcoming Annual General Meeting.

These separate and consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year of approval.

19 Claims

Life business

The provision for outstanding claims and IBNR reserve, and the related reinsurers' share is as follows:

	Group & Parent Company					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RO					
At 1 January						
Outstanding claims	**8,992,534**	(2,980,933)	**6,011,601**	12,146,967	**(5,389,459)**	6,757,508
Incurred but not reported	**5,840,149**	(1,474,398)	**4,365,751**	7,338,507	**(3,252,963)**	4,085,544
	14,832,683	(4,455,331)	**10,377,352**	19,485,474	**(8,642,422)**	10,843,052
Add: Claims provided during the year	**94,795,312**	(23,230,772)	**71,564,540**	103,100,493	**(32,512,004)**	70,588,489
Less: Insurance claims paid during the year	**(95,022,136)**	23,980,339	**(71,041,797)**	(107,753,284)	**36,699,095**	(71,054,189)
At 31 December	**14,605,859**	(3,705,764)	**10,900,095**	14,832,683	**(4,455,331)**	10,377,352
Analysis of outstanding claims at 31 December						
Outstanding claims	**8,413,119**	(2,272,882)	**6,140,237**	8,992,534	**(2,980,933)**	6,011,601
Incurred but not reported	**6,192,740**	(1,432,882)	**4,759,858**	5,840,149	**(1,474,398)**	4,365,751
	14,605,859	(3,705,764)	**10,900,095**	14,832,683	**(4,455,331)**	10,377,352

General business

	Group & Parent Company					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RO					
At 1 January						
Outstanding claims	**6,102,639**	(1,447,052)	**4,655,587**	4,857,206	**(954,023)**	3,903,183
Incurred but not reported	**769,268**	(117,730)	**651,538**	705,328	**(124,106)**	581,222
	6,871,907	(1,564,782)	**5,307,125**	5,562,534	**(1,078,129)**	4,484,405
Add: Claims provided during the year	**9,982,605**	(1,469,660)	**8,512,945**	10,242,220	**(908,975)**	9,333,245
Less: Insurance claims paid during the year	**(8,289,295)**	873,048	**(7,416,247)**	(8,932,847)	**422,322**	(8,510,525)
At 31 December	**8,565,217**	(2,161,394)	**6,403,823**	6,871,907	**(1,564,782)**	5,307,125
Analysis of outstanding claims at 31 December						
Outstanding claims	**7,384,958**	(1,846,249)	**5,538,709**	6,102,639	**(1,447,052)**	4,655,587
Incurred but not reported	**1,180,259**	(315,145)	**865,114**	769,268	**(117,730)**	651,538
	8,565,217	(2,161,394)	**6,403,823**	6,871,907	**(1,564,782)**	5,307,125

Life and General

	Group & Parent Company					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RO					
At 1 January						
Outstanding claims	**15,095,173**	(4,427,985)	**10,667,188**	17,004,173	**(6,343,482)**	10,660,691
Incurred but not reported	**6,609,417**	(1,592,128)	**5,017,289**	8,043,835	**(3,377,069)**	4,666,766
	21,704,590	(6,020,113)	**15,684,477**	25,048,008	**(9,720,551)**	15,327,457
Add: Claims provided during year	**104,777,917**	(24,700,432)	**80,077,485**	113,342,713	**(33,420,979)**	79,921,734
Less: Insurance claims paid during the year	**(103,311,431)**	24,853,387	**(78,458,044)**	(116,686,131)	**37,121,417**	(79,564,714)
At 31 December	**23,171,076**	(5,867,158)	**17,303,918**	21,704,590	**(6,020,113)**	15,684,477
Analysis of outstanding claims at 31 December						
Outstanding claims	**15,798,077**	(4,119,131)	**11,678,946**	15,095,173	**(4,427,985)**	10,667,188
Incurred but not reported	**7,372,999**	(1,748,027)	**5,624,972**	6,609,417	**(1,592,128)**	5,017,289
	23,171,076	(5,867,158)	**17,303,918**	21,704,590	**(6,020,113)**	15,684,477

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. Incurred but not reported (IBNR) estimates for the life and general business are based on an independent actuary's report. Claims requiring court or arbitration decisions are estimated individually.

20 Gross actuarial / mathematical and unexpired risk reserve

	Group & Parent Company	
	2020	2019
	RO	
Actuarial / mathematical and unexpired risk reserve - life assurance		
Gross	**43,372,671**	50,293,461
Reinsurance share	**(10,138,094)**	(13,292,219)
	33,234,577	37,001,242
Unexpired risk reserve – general insurance		
Gross	**8,168,842**	8,109,720
Reinsurance share	**(169,821)**	(252,656)
	7,999,021	7,857,064
Actuarial / mathematical and unexpired risk reserve – total		
Gross	**51,541,513**	58,403,181
Reinsurance share	**(10,307,915)**	(13,544,875)
	41,233,598	44,858,306

Movement during the year:

Actuarial / mathematical and unexpired risk reserve – life assurance		
At 1 January	**37,001,242**	27,506,438
Net movement in the separate and consolidated statement of profit or loss and other comprehensive income	**(3,766,665)**	9,494,804
At 31 December	**33,234,577**	37,001,242
Unexpired risk reserve – general insurance (net)		
At 1 January	**7,857,064**	7,048,209
Net movement in the separate and consolidated statement of profit or loss and other comprehensive income	**141,957**	808,855
At 31 December	**7,999,021**	7,857,064

21 Due to reinsurers

	Group & Parent Company	
	2020	2019
	RO	
Reinsurance balances payable – life insurance	**7,074,604**	8,278,692
Reinsurance balances payable – general insurance	**1,013,425**	558,867
	8,088,029	8,837,559

Reinsurance balance relates to premium ceded to reinsurers net of commission and claim recovery.

22 Other liabilities

	Group		Parent Company	
	2020	2019	2020	2019
	RO			
Accounts payable	**7,723,515**	18,228,396	**7,723,515**	18,487,436
Accrued expenses	**4,431,544**	4,061,379	**4,084,221**	3,545,239
Commission Payable	**5,307,564**	7,269,151	**5,307,564**	7,269,151
Other payables	**4,680,260**	5,050,916	**4,881,519**	5,034,175
Employees' end of service benefits (note 22.1)	**896,967**	770,188	**858,416**	744,273
	23,039,850	35,380,030	**22,855,235**	35,080,274

22.1 Movement in the liability for Employees' end of service benefits is as follows:

	Group		Parent Company	
	2020	2019	2020	2019
	RO			
At 1 January	**770,188**	640,446	**744,273**	625,445
Charge for the year (note 29)	**172,364**	155,578	**158,840**	143,623
Paid during the year	**(45,585)**	(25,836)	**(44,697)**	(24,795)
At 31 December	**896,967**	770,188	**858,416**	744,273

23 Contingent liabilities

23.1 Contingencies

At 31 December 2020, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 683,663 (2019: RO 324,193) given in the normal course of business from which it is anticipated that no material liabilities will arise.

23.2 Legal claims

The Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its separate and consolidated income or financial position.

24 Net assets per share

Net assets per share are calculated by dividing the net assets attributable to equity holders of the Parent Company at the year-end by the number of shares outstanding at the year end as follows:

	Group & Parent Company	
	2020	2019
	RO	
(Net assets (RO	**67,420,460**	58,902,596
Number of shares outstanding at 31 December	**265,000,000**	265,000,000
(Net assets per share (RO	**0.254**	0.222

The Group has invested in fully controlled subsidiaries. Since the subsidiaries are fully controlled by the Group, thus, there is no non-controlling interest and net assets of the Group are equivalent to net assets attributable to equity holders of the Parent Company.

25 Insurance premiums earned and reinsurance impact

25.1 Insurance premiums earned

	Group & Parent Company					
	2020			2019		
	Life	General	Total	Life	General	Total
	RO					
Gross written premium	**114,402,951**	19,624,894	**134,027,845**	130,079,523	**18,519,593**	148,599,116
Movement in unearned	**6,920,790**	(59,122)	**6,861,668**	(4,894,156)	**(546,411)**	(5,440,567)
Gross premium earned	**121,323,741**	**19,565,772**	**140,889,513**	**125,185,367**	**17,973,182**	**143,158,549**
Reinsurance premiums ceded	**(22,443,501)**	(1,407,277)	**(23,850,778)**	(31,015,360)	**(1,294,970)**	(32,310,330)
Movement in unearned Premiums	**(3,154,125)**	(82,835)	**(3,236,960)**	(4,600,648)	**(262,444)**	(4,863,092)
Premium ceded to Reinsurance	**(25,597,626)**	(1,490,112)	**(27,087,738)**	(35,616,008)	**(1,557,414)**	(37,173,422)
Net premium earned	**95,726,115**	18,075,660	**113,801,775**	89,569,359	**16,415,768**	105,985,127

25.2 Reinsurance impact

	Group & Parent Company					
	2020			2019		
	Life	General	Total	Life	General	Total
	RO					
Premium ceded to rein-surance	**(25,597,626)**	(1,490,112)	**(27,087,738)**	(35,616,008)	**(1,557,414)**	(37,173,422)
Commission income	**2,661,559**	46,358	**2,707,917**	4,254,599	**357,642**	4,612,241
Reinsurance share of gross claims expense	**23,230,772**	1,469,660	**24,700,432**	32,512,004	**908,975**	33,420,979
Net reinsurance impact	**294,705**	25,906	**320,611**	1,150,595	**(290,797)**	859,798

26 Underwriting results

Net premium and the underwriting results before reinsurance recoveries are analysed as follows:

	Group & Parent Company			
	2020		2019	
	Net premium	Underwrit-ing results before re-insurance recoveries	Net premium	Underwriting results before reinsurance recoveries
	RO			
Life				
Bank borrowers' business	**745,241**	(583,659)	1,810,433	**1,208,398**
Group life business	**2,977,560**	(940,160)	2,798,593	**117,445**
Individual business	**1,060,021**	242,372	1,052,310	**81,295**
Group medical business	**87,176,628**	19,582,158	93,402,827	**11,882,377**
	91,959,450	18,300,711	99,064,163	**13,289,515**
General				
Motor business	**18,037,279**	7,134,716	16,953,108	**6,162,617**
Non motor business	**180,338**	728,764	271,515	**(200,346)**
	18,217,617	7,863,480	17,224,623	**5,962,271**

Net premium is calculated as gross written premiums less reinsurance premiums ceded while underwriting results before reinsurance recoveries are calculated as gross premium earned, including policy fees less gross claims provided during the year and acquisition costs.
The net claims ratios for major portfolios are as follows:

	Group & Parent Company	
	2020	2019
Group life business	**99%**	68%
Group medical business	**74%**	80%
Individual business	**26%**	19%
Motor business	**48%**	55%

The net claims ratio is calculated by dividing the net claims (gross claims less reinsurance and other recoveries) by the net premiums (gross premiums less premiums ceded to reinsurance).

27 Investment income - net

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
Interest income on bank deposits and other investments	**1,551,326**	1,458,442	**1,551,326**	1,458,442
Interest income on bonds, net of amortisation charge	**2,744,634**	1,671,193	**2,744,634**	1,671,193
Interest income on loans to policy holders	**13,652**	18,039	**13,652**	18,039
Dividend income	**360,827**	413,181	**360,827**	413,181
Net realised loss on investment carried at FVTPL	**-**	(164,209)	**-**	(164,209)
Net realised gain on investment carried at FVOCI – debt instruments	**-**	204,410	**-**	204,410
Net realised gain on investment carried at amortised cost (note 7.1)	**-**	704,562	**-**	704,562
Share of profits of subsidiaries (note 7.3)	**-**	-	**81,019**	62,908
	4,670,439	4,305,618	**4,751,458**	4,368,526
Investment acquisition cost and portfolio management fees	**(68,898)**	(73,951)	**(68,898)**	(73,951)
	4,601,541	4,231,667	**4,682,560**	4,294,575

28 Other operating income – net

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
Miscellaneous income	**51,983**	109,546	**51,983**	109,546
Rental income	**6,000**	6,000	**18,642**	6,000
(Loss) / profit on disposal of property and equipment	**(6,849)**	9,994	**(6,849)**	9,994
Exchange (loss) /gain	**(36,895)**	21,937	**(36,895)**	21,937
At 31 December	**14,239**	147,477	**26,881**	147,477

29 General and administrative expenses

	Group		Parent Company	
	2020	2019	**2020**	2019
	RO			
Wages, salaries and other benefits	**7,479,457**	6,575,237	**6,890,048**	6,097,092
Rent and utility expenses	**685,470**	674,790	**611,488**	587,954
Depreciation (note 12)	**952,821**	896,699	**873,553**	840,076
Director's remuneration and sitting fees	**203,891**	201,890	**200,000**	200,000
Allowance for impaired debts (note 8 and 9)	**642,156**	648,412	**642,156**	648,412
Professional and consultants fees	**453,695**	468,808	**438,911**	424,041
Computer expenses	**452,730**	313,277	**423,109**	288,077
Company registration & membership costs	**65,647**	270,224	**65,647**	270,224
Social security benefits	**270,065**	244,365	**270,065**	244,365
Employees' end of service benefits (note 22.1)	**172,364**	155,578	**158,840**	143,623
Advertisement and publicity	**70,590**	72,412	**70,590**	72,412
Recruitment and training expenses	**32,287**	53,435	**32,287**	53,435
Other expenses and fees	**906,676**	867,823	**767,335**	730,406
	12,387,849	11,442,950	**11,444,029**	10,600,117

30 Income tax

	Group		Parent Company	
	2020	2019	**2020**	2019
	RO			
Statement of comprehensive income:				
Current tax				
- For the year	**2,575,788**	1,665,990	**2,552,730**	1,649,680
- For prior years	**22,479**	(98,566)	**22,479**	(98,566)
Deferred tax	**(73,681)**	(92,403)	**(65,866)**	(89,409)
	2,524,586	1,475,021	**2,509,343**	1,461,705

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
Current liability				
Income tax payable	**2,564,972**	1,636,275	**2,564,972**	1,636,275
Non-current asset				
Deferred tax asset	**197,262**	221,007	**186,453**	218,013

Movement for income tax payable is as follows:

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
At 1 January	**1,636,275**	1,613,057	**1,636,275**	1,613,057
Charge for the year	**2,598,267**	1,567,930	**2,575,209**	1,551,114
Paid during the year	**(1,669,570)**	(1,544,712)	**(1,646,512)**	(1,527,896)
At 31 December	**2,564,972**	1,636,275	**2,564,972**	1,636,275

Reconciliation of income tax expenses

The tax rate applicable to the Parent Company is 15% (2019: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The subsidiary of the group is incorporated in India and the tax impact on its operations is not material for the Group.

The following is the reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	Group		Parent Company	
	2020	2019	**2020**	2019
		RO		
Profit before income tax	**17,530,547**	**11,677,326**	**17,515,304**	**11,664,010**
Income tax as per rates mentioned above	**2,653,348**	1,765,912	**2,627,296**	1,749,602
Non-deductible expenses	**8,874**	8,979	**8,874**	8,979
Tax exempt revenue	**(154,388)**	(118,175)	**(154,388)**	(118,175)
Provision relating to prior years	**22,479**	(85,161)	**22,479**	(85,161)
Others	**(5,727)**	(96,534)	**5,082**	(93,540)
Tax expense for the year	**2,524,586**	**1,475,021**	**2,509,343**	**1,461,705**

Status of tax assessment

The Parent Company's tax assessments up to tax year 2018 have been completed by the tax authorities. The management believes that tax assessed, if any, in respect of the unassessed tax years would not be material to the separate and consolidated financial position of the Group as at 31 December 2020.

Deferred tax

2020						
	Group			Parent Company		
	At1 January 2020	Movement during the year	At31 December 2020	At 1 January 2020	Movement during the year	At 31 December 2020
	RO					
Amortisation of goodwill	**(21,974)**	(24,941)	**(46,915)**	(21,974)	**(24,941)**	(46,915)
Provision for doubtful debts	**304,906**	109,198	**414,104**	304,906	**109,198**	414,104
Depreciation of property and equipment	**(25,898)**	(10,576)	**(36,474)**	(28,892)	**(18,391)**	(47,283)
Revaluation reserve	**(67,113)**	-	**(67,113)**	(67,113)	**-**	(67,113)
	189,921	73,681	**263,602**	186,927	**65,866**	252,793
Fair value through other comprehensive income re-serve	**31,086**	(97,426)	**(66,340)**	31,086	**(97,426)**	(66,340)
Net deferred tax asset	**221,007**	(23,745)	**197,262**	218,013	**(31,560)**	186,453

2019						
	Group			Parent Company		
	At 1 January 2019	Movement during the year	At31 December 2019	At 1 January 2019	Movement during the year	At 31 December 2019
	RO					
Amortisation of goodwill	**(21,974)**	-	**(21,974)**	(21,974)	**-**	(21,974)
Provision for doubtful debts	**219,416**	85,490	**304,906**	219,416	**85,490**	304,906
Depreciation of property and equipment	**(33,317)**	7,419	**(25,898)**	(32,811)	**3,919**	(28,892)
Revaluation reserve	**(67,113)**	-	**(67,113)**	(67,113)	**-**	(67,113)
	97,012	92,909	**189,921**	97,518	**89,409**	186,927
Fair value through other comprehensive income re-serve	**193,116**	(162,030)	**31,086**	193,116	**(162,030)**	31,086
Net deferred tax asset	**290,128**	(69,121)	**221,007**	290,634	**(72,621)**	218,013

Deferred tax asset / liability has been computed at the tax rate of 15% (2019: 15%).

31 Earnings per share - basic and diluted

Earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	Group & Parent Company	
	2020	2019
Profit for the year (RO)	**15,005,961**	10.202.305
Weighted average number of shares outstanding during the year	**265,000,000**	265,000,000
Basic earnings per share (RO)	**0.057**	0.038

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

32 Related party transactions

These represent transactions with related parties defined in IAS 24- 'Related Party Disclosures'.

The Company is controlled by Oman International Development and Investment Company SAOG (OMINVEST), which owns 73.448% (2019: 73.448%) of the Company's shares.

2020							
	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Key Senior Executives	Key man-agement personnel of major shareholder	Other related parties
Separate and consolidated statement of profit or loss and other comprehensive income:				RO			
Gross premium income	3,064,097	122,766	-	2,503,214	-	-	438,118
Claims expense	2,024,843	60,934	-	1,466,630	-	-	497,280
Interest income on depos-its	523,252	-	-	523,252	-	-	-
Bonds Interest & Divi-dend Income	466,984	217,206	-	249,778	-	-	-
Reinsurance share of claims Paid	1,548	-	-	1,548	-	-	-
Commission expense	576,529	-	-	244,477	-	-	332,052
Other expenses	259,225	-	-	202,089	-	-	57,136
Director sitting fees (of Parent Company)	20,100	-	20,100	-	1,576	-	-
Director sitting fees (of Subsidiary Company)	2,364	-	788	-	-	-	-
Directors' remuneration	179,900	-	179,900	-	-	-	-
Other Transactions:							
Short Term Loan	2,000,000	-	-	2,000,000	-	-	-
Investment in Bonds	495,000	495,000	-	-	-	-	-
Placement of Fixed De-posit	4,500,000	-	-	4,500,000	-	-	-
Maturity / liquidation of fixed deposit	4,000,000	-	-	4,000,000	-	-	-
Increase in bank balances	73,627	-	-	73,627	-	-	-
Decrease in bank balances	5,602,746	-	-	5,602,746	-	-	-
Separate and consolidated statement of financial position:							
Payable to Directors	180,606	-	-	-	-	-	
Claims payable to related Parties	654,267	4,468	-	560,370	-	-	89,430
Commission payable	339,005	-	-	19,444	-	-	319,561
Payable to related parties	7,610	-	-	7,610	-	-	-
Receivable from related Parties	19,695	-	-	9,712	9,983	-	-
Bank balances	1,735,023	-	-	1,735,023	-	-	-
Fixed deposits balances	13,175,000	-	-	13,175,000	-	-	-
Insurance premium receivable from related parties	1,411,250	5,575	-	1,242,797	-	-	162,878
Investment in Bonds	4,045,000	2,795,000	-	1,250,000	-	-	-
Reinsurance balance re-ceivable	13,292	-	-	13,292	-	-	-
Accrued interest receiva-ble	228,525	-	-	228,525	-	-	-

During the year ended 31 December 2020, subsidiary in India (NSSPL) has charged the parent company service fees of RO 522,055. The Parent Company accounted share of profit from subsidiary of RO 55,749. Carrying value of investment is RO 270,387 and due to NSSPL is RO 57,083 as at 31 December 2020.

In 2020, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 530,669 and paid rental to the parent company of RO 12,642. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 25,270. Carrying value of investment is RO 591,134, it’s related intangibles are RO 326,157 and due to Inayah TPA LLC is RO 159,937 as at 31 December 2020.

2 0 1 9							
	Total	**Major shareholders**	**Directors**	**Subsidiaries & associates of major shareholder**	**Key Senior Executives**	**Key man-agement personnel of major shareholder**	**Other related parties**
Separate and consolidated statement of profit or loss and other comprehensive income:				RO			
Gross premium income	3,666,876	104,801	1,075	3,184,220	-	-	376,781
Claims expense	2,014,343	52,287	-	1,505,022	-	-	457,035
Interest income on depos-its	482,043	-	-	482,043	-	-	-
Bonds Interest & Divi-dend Income	421,119	178,250	-	242,869	-	-	-
Reinsurance share of claims Paid	12,284	-	-	12,284	-	-	-
Commission expense	424,088	-	-	190,915	-	-	233,173
Other expenses	194,608	-	-	159,990	-	-	34,618
Director sitting fees (of Parent Company)	18,600	-	18,600	-	-	-	-
Director sitting fees (of Subsidiary Company)	1,890	-	135	-	1,080	-	675
Directors' remuneration	181,400	-	18,400	-	-	-	-
Other Transactions:							
Short Term Loan	2,000,000	-	-	2,000,000	-	-	-
Placement of Fixed De-posit	2,650,000	-	-	2,650,000	-	-	-
Maturity of Fixed Deposit	150,000	-	-	150,000	-	-	-
Increase in bank balances	6,490,075	-	-	6,490,075	-	-	-
Decrease in bank balances	3,150,434	-	-	3,150,434	-	-	-
Separate and consolidated statement of financial position:							
Payable to Directors	181,400	-	181,400	-	-	-	-
Claims payable to related Parties	522,239	3,047	-	455,413	-	-	63,425
Commission payable	303,827	-	-	17,539	-	-	286,288
Payable to related parties	2,004,315	-	-	2,004,315	-	-	-
Receivable from related Parties	21,984	-	-	11,962	-	-	-
Bank balances	7,264,142	-	-	7,264,142	10,122	-	-
Fixed deposits balances	12,675,000	-	-	12,675,000	-	-	-
Insurance premium receivable from related parties	1,039,378	3,330	-	877,463	-	-	158,232
Investment in Bonds	3,550,000	2,300,000	-	1,250,000	-	-	-
Reinsurance balance re-ceivable	11,744		-	11,744	-	-	-
Accrued interest receiva-ble	136,603			136,603	-	-	-

In 2019, subsidiary in India (NSSPL) has charged the parent company service fees of RO 487,868. The Parent Company accounted share of profit from subsidiary of RO 42,375. Carrying value of investment is RO 216,390 and due to NSSPL is RO 16,668 as at 31 December 2019.

In 2019, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 431,189. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 20,533. Carrying value of investment is RO 565,865, it's related intangibles are RO 349,753 and due to Inayah TPA LLC is RO 259,040 as at 31 December 2019.

32.2 Compensation of key management personnel

The remuneration of members of key management during the year (salaries, incentives, fees, allowances and other statutory payments) was as follows:

	Group & Parent Company	
	2020	2019
	RO	
Short-term benefits	**1,012,452**	968,319
Employees' end of service benefits & leave salary accrual	**113,069**	74,408
	1,125,522	1,042,727
Number of key management personnel	**8**	10

Outstanding balances at the year end arise in the normal course of business.

No significant amounts of provision has been made during years 2020 and 2019 in respect of amounts due from related parties.

33 Segmental information

33.1 Primary reporting format - business segments

The Group's operating businesses are organised and managed separately according to the nature of the activities and services provided, with each segment representing a strategic business unit that offers different services.

The following table presents premium and profit information and asset and liability information regarding business segments for the year ended 31 December 2020 and 2019.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

2020				
	Life	General	Adjustments and elimina-tions	Total
		RO		
Gross premium written	114,402,951	19,624,894	-	134,027,845
Movement in unearned premiums	6,920,790	(59,122)	-	6,861,668
Gross premiums earned	121,323,741	19,565,772	-	140,889,513
Reinsurance premiums ceded	(22,443,501)	(1,407,277)	-	(23,850,778)
Movement in unearned premiums	(3,154,125)	(82,835)	-	(3,236,960)
Premium ceded to reinsurance earned	(25,597,626)	(1,490,112)	-	(27,087,738)
Net premiums	95,726,115	18,075,660	-	113,801,775

2020				
	Life	General	Adjustments and eliminations	Total
		RO		
Gross claims expense	(94,795,312)	(9,982,605)	-	(104,777,917)
Reinsurance share of gross claims expenses	23,230,772	1,469,660	-	24,700,432
Net claims expenses	(71,564,540)	(8,512,945)	-	(80,077,485)
Income from policy fees	125,594	802,955	-	928,549
Commission income	2,661,559	46,358	-	928,549
Commission expense	(8,353,312)	(2,522,642)	-	2,707,917
Net underwriting income	18,595,416	7,889,386	-	(10,875,954)
Investment income – net of expected credit losses	3,142,929	1,453,799	(81,019)	26,484,802
Other operating income	20,334	6,547	(12,642)	4,515,709
Third party administration fees	(964,535)	-	-	14,239
General and administrative expenses	(9,079,729)	(3,320,762)	12,642	(964,535)
Finance cost	(108,223)	-	-	(12,387,849)
Amortisation of intangible asset	(23,596)	-	-	(108,223)
Income tax	(1,660,000)	(864,586)	-	(23,596)
Profit for the year	9,922,596	5,164,384	(81,019)	(2,524,586)
Segment assets	136,950,626	39,953,815	(1,078,541)	175,825,900
Segment liabilities	86,012,529	22,609,931	(217,020)	108,405,440

2019				
	Life	General	Adjustments and eliminations	Total
		RO		
Gross premium written	130,079,523	18,519,593	-	148,599,116
Movement in unearned premiums	(4,894,156)	(546,411)	-	(5,440,567)
Gross premiums earned	125,185,367	17,973,182	-	143,158,549
Reinsurance premiums ceded	(31,015,360)	(1,294,970)	-	(32,310,330)
Movement in unearned premiums	(4,600,648)	(262,444)	-	(4,863,092)
Premium ceded to reinsurance earned	(35,616,008)	(1,557,414)	-	(37,173,422)
Net premiums	89,569,359	16,415,768	-	105,985,127
Gross claims expense	(103,100,493)	(10,242,220)	-	(113,342,713)
Reinsurance share of gross claims expenses	32,512,004	908,975	-	33,420,979
Net claims expenses	(70,588,489)	(9,333,245)	-	(79,921,734)
Income from policy fees	808,873	496,793	-	1,305,666
Commission income	4,254,599	357,642	-	4,612,241
Commission expense	(9,604,232)	(2,265,484)	-	(11,869,716)
Net underwriting income	14,440,110	5,671,474	-	20,111,584
Investment income – net of expected credit losses	2,638,575	1,677,494	(62,908)	4,253,161
Other operating income	145,196	2,281	-	147,477
Third party administration fees	(1,323,586)	-	-	(1,323,586)
General and administrative expenses	(8,161,390)	(3,281,560)	-	(11,442,950)
Finance cost	(44,764)	-	-	(44,764)
Amortisation of intangible asset	(23,596)	-	-	(23,596)
Income tax	(965,018)	(510,003)	-	(1,475,021)
Profit for the year	6,705,527	3,559,686	(62,908)	10,202,305
Segment assets	152,632,823	35,289,371	(1,057,963)	186,864,231
Segment liabilities	99,162,018	29,075,325	(275,708)	127,961,635

Geographic Information

The Group has operations in four geographic locations – insurance operations in Oman, UAE and Kuwait and has fully controlled subsidiaries to provide support services and third party administration services. The businesses are organised and managed separately, with each segment representing a strategic business unit.

The following table presents premium and profit information and asset and liability information regarding business segments for the year ended 31 December 2020 and 2019.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

2020						
	Oman	UAE	Kuwait	Subsidiaries	Adjustments and eliminations	Total
			RO			
Gross premium written	62,203,031	68,459,882	3,364,932	-	-	134,027,845
Movement in unearned Premiums	643,271	6,810,598	(592,201)	-	-	6,861,668
Gross premiums earned	62,846,302	75,270,480	2,772,731	-	-	140,889,513
Reinsurance premiums ceded	(3,202,143)	(20,576,810)	(71,825)	-	-	(23,850,778)
Movement in unearned Premiums	(311,211)	(2,660,321)	(265,428)	-	-	(3,236,960)
Premium ceded to reinsurance earned	(3,513,354)	(23,237,131)	(337,253)	-	-	(27,087,738)
Net premiums	59,332,948	52,033,349	2,435,478	-	-	113,801,775
Gross claims expense	(41,358,009)	(61,897,453)	(1,522,455)	-	-	(104,777,917)
Reinsurance share of gross claims expenses	5,161,239	19,298,417	240,776	-	-	24,700,432
Net claims expenses	(36,196,770)	(42,599,036)	(1,281,679)	-	-	(80,077,485)
Income from policy fees	888,395	23,109	17,045	-	-	928,549
Commission income	76,875	2,628,448	2,594	-	-	2,707,917
Commission expense	(4,328,504)	(5,979,559)	(567,891)	-	-	(10,875,954)

2020						
	Oman	UAE	Kuwait	Subsidiaries	Adjustments and elimina-tions	Total
				RO		
Net underwriting in-come	19,772,944	6,106,311	605,547	-	-	26,484,802
Investment income – net of expected credit losses	3,785,473	752,466	58,789	-	(81,019)	4,515,709
Other operating income	(25,993)	46,452	6,422		(12,642)	14,239
Third party administra-tion fees	(45,845)	(1,882,579)	(88,835)	1,052,724	-	(964,535)
General and administra-tive expenses	(7,779,484)	(3,101,044)	(563,501)	(956,462)	12,642	(12,387,849)
Finance cost	(104,054)	(4,169)	-	-	-	(108,223)
Amortisation of intangi-ble asset	(23,596)	-	-	-	-	(23,596)
Income tax	(2,508,701)	-	(642)	(15,243)	-	(2,524,586)
Profit for the year	13,070,744	1,917,437	17,780	81,019	(81,019)	15,005,961
Segment assets	107,461,187	62,688,585	5,491,513	1,263,156	(1,078,541)	175,825,900
Segment liabilities	59,619,749	45,421,612	3,179,464	401,635	(217,020)	108,405,440

34 Risk management

34.1 Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Further, a company policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The Board of Directors approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the Company have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors.

34.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and may make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Capital management framework

Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholder and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group within the Sultanate of Oman are subject to regulatory requirements of the Sultanate of Oman. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions such as solvency requirements and assignment of deposits to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

In accordance with the Insurance Companies Law of the Sultanate of Oman, the Company is required to maintain a minimum solvency margin at the reporting date in compliance with the solvency requirements. The Company's policy is to deal only with reputed and highly rated reinsurers. The Company has met these requirements for the financial year 2020.

Insurance Authority for United Arab Emirates has also issued financial regulations during 2015 which prescribe requirements for accounting, reporting, investments and solvency requirements. These regulations are to be implemented over a time frame of one to three years. The Group has met these requirements for the financial year 2020.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of funds such as reinsurance.

The capital requirements are routinely forecast on a periodic basis, and assessed against both the forecast available capital and the expected internal rate of return including risk and sensitivity analyses.

The Company has a surplus over the required solvency margin as per the Insurance Company Law:

34.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, other than those relating to reinsurance contracts as described in reinsurance risk, the maximum credit risk exposure to the Group is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- **The Group only enters into insurance and reinsurance contracts with recognised, credit worthy third parties.**
- **The Group's investments carried at amortised cost and debt securities carried at FVOCI are managed by the investment officer in accordance with the investment policy established by the Board of Directors.**
- **The Group's loan to policy holders is secured against the cash values of the respective policies.**
- **The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers or intermediaries and monitoring outstanding receivables. Insurance receivables comprise a large number of customers in Oman and UAE. Three major parties account for 16% of the receivables as of 31 December 2020 (2019: 19%).**
- **The Group's bank balances are maintained with a range of international and local banks which are approved by the Board of Directors.**

The table below provides information regarding the credit risk exposure of the Group by classifying various assets.

Exposure to credit risk

2020				
Group and Parent Company				
	Not past due and consid-ered good	Past due but not im-paired	Impaired	Total
		RO		
Bank balances	10,212,490	-	-	10,212,490
Bank deposits	41,596,096	-	-	41,596,096
Insurance and reinsurance receivables	30,077,373	13,078,477	2,218,804	45,374,654
Reinsurance share of actuarial / mathematical	10,307,915	-	-	10,307,915
reserve and unexpired risk reserve	5,867,158	-	-	5,867,158
Other receivables (excluding prepayments)	4,028,737	1,228,098	356,918	5,613,753
Investments carried at amortised cost	14,204,940	-	-	14,204,940
Debt instruments carried at FVOCI	30,685,628	-	-	30,685,628
Loans to policyholders	113,873	-	-	113,873
Total	147,094,210	14,306,575	2,575,722	163,976,507

2019				
	Group and Parent Company			
	Not past due and consid-ered good	Past due but not im-paired	Impaired	Total
			RO	
Bank balances	18,991,585	-	-	18,991,585
Bank deposits	37,348,696	-	-	37,348,696
Insurance and reinsurance receivables	46,924,170	16,595,167	1,608,570	65,127,907
Reinsurance share of actuarial / mathematical	13,544,875	-	-	13,544,875
reserve and unexpired risk reserve	6,020,113	-	-	6,020,113
Other receivables (excluding prepayments)	4,101,291	982,283	323,236	5,406,810
Investments carried at amortised cost	2,569,435	-	-	2,569,435
Debt instruments carried at FVOCI	25,128,341	-	-	25,128,341
Loans to policyholders	129,435	-	-	129,435
Total	154,757,941	17,577,450	1,931,806	174,267,197

The Group has made adequate provision towards its impaired receivable balances.

The following table provides an age analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

Past due but not impaired								
Year	Less than 1 month	1 to 4 months	4 to 7 months	7 to 9 months	9 to 13 months	> 13 months	> 13 months	Total
				RO				
2020	5,495,448	2,516,258	1,682,918	512,297	481,881	2,389,675	2,389,675	13,078,477
2019	3,619,165	4,688,281	2,838,783	1,803,224	899,041	2,746,673	2,746,673	16,595,167

Assets classified as 'past due and impaired' are contractual payments which are invoiced for more than 365 days and an im-pairment adjustment is recorded in the consolidated statement of profit or loss and other comprehensive income. When the credit exposure is adequately secured, arrears more than 365 days might still be classified as "past due but not impaired", with no impairment adjustment recorded.

Debt securities and Bank Deposits

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating from recognized credit rating agencies.

The Group monitors changes in credit risk by tracking published external credit ratings to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings. The Group supplements this by reviewing changes in bond yields together with available press and regulatory information about issuers.
12-month and lifetime probabilities of default are based on historical data supplied by Rating Agency Moody's for each credit rating. Loss given default (LGD) parameters are described in detail in note 4 - Key sources of estimation uncertainty.

Balances at bank and bank deposits

The Group held balances at bank and bank deposits with banks and financial institution counterparties, which are rated A1 to Baa3, based on Moody's ratings.
The Company has used both simplified and generalized approach. For Bank Deposits and debt securities, the generalized approach has been used and for the other portfolios, the simplified approach was used. Under the generalized approach the counterparties are required to be classified in stages based on the significant increase in credit risk however, under the simplified approach, no staging is done and lifetime expected credit losses are calculated for all the counterparties.

	2020			
	Stage 1	Stage 2	Assets/ ECL un-der simpli-fied ap-proach	Total
			RO	
Exposure (carrying value) subject to ECL at 1 January 2020				
Due from banks and deposits	37,404,495	-	18,530,063	55,934,558
Financial investments – Debt	13,269,904	-	129,507	13,399,411
Other receivables	-	-	4,948,290	4,948,290
Movement in the exposure (carrying value) subject to ECL during the year				
Due from banks and deposits	4,273,635	-	(8,796,165)	(4,522,530)
Financial investments – Debt	16,679,574	-	(15,594)	16,663,980
Other receivables	-	-	224,034	224,034
Exposure (carrying value) subject to ECL at 31 December 2020				
Due from banks and deposits	41,678,130	-	9,733,898	51,412,028
Financial investments – Debt	29,949,478	-	113,913	30,063,391
Other receivables	-	-	5,172,324	5,172,324

2020				
	Stage 1	Stage 2	Assets/ ECL un-der simpli-fied ap-proach	Total
			RO	
Opening balance of ECL as at 1 January 2020				
Due from banks and deposits	55,799	-	21,335	77,134
Financial investments – Debt	23,686	-	72	23,758
Other receivables	-	-	5,645	5,645
ECL as at 1 January 2020	79,485	-	27,052	106,537
Charge for the year (net)				
Due from banks and deposits	26,235	-	12,329	38,564
Financial investments – Debt	45,540	-	(32)	45,508
Other receivables	-	-	1,760	1,760
ECL charge for the year (net)	71,775	-	14,057	85,832
Closing balance of ECL as at 31 December 2020				
Due from banks and deposits	82,034	-	33,664	115,698
Financial investments – Debt	69,226	-	40	69,266
Other receivables	-	-	7,405	7,405
ECL as at 31 December 2020	151,260	-	41,109	192,369

2019				
	Stage 1	Stage 2	Assets/ ECL un-der simpli-fied ap-proach	Total
		RO		
Exposure (carrying value) subject to ECL at 1 January 2019				
Due from banks and deposits	34,942,069	-	17,514,763	52,456,832
Financial investments – Debt	2,385,516	4,088,474	218,500	6,692,490
Other receivables	-	-	2,022,727	2,022,727
Movement in the exposure (carrying value) subject to ECL during the year				
Due from banks and deposits	2,462,426	-	1,015,300	3,477,726
Financial investments – Debt	10,884,388	(4,088,474)	(88,993)	6,706,921
Other receivables	-	-	2,925,563	2,925,563
Exposure (carrying value) subject to ECL at 31 December 2019				
Due from banks and deposits	37,404,495	-	18,530,063	55,934,558
Financial investments – Debt	13,269,904	-	129,507	13,399,411
Other receivables	-	-	4,948,290	4,948,290
Opening balance of ECL as at 1 January 2019				
Due from banks and deposits	45,649	-	17,404	63,053
Financial investments – Debt	41,585	21,216	126	62,927
Other receivables	-	-	2,051	2,051
ECL as at 1 January 2019	87,234	21,216	19,581	128,031
Charge for the year (net)				
Due from banks and deposits	10,150	-	3,931	14,081
Financial investments – Debt	(17,899)	(21,216)	(54)	(39,169)
Other receivables	-	-	3,594	3,594
ECL (release) charge for the year (net)	(7,749)	(21,216)	7,471	(21,494)

2019				
	Stage 1	Stage 2	Assets/ ECL under simpli-fied ap-proach	Total
			RO	
Closing balance of ECL as at 31 December 2019				
Due from banks and deposits	**55,799**	**-**	**21,335**	**77,134**
Financial investments – Debt	**23,686**	**-**	**72**	**23,758**
Other receivables	**-**	**-**	**5,645**	**5,645**
ECL as at 31 December 2019	**79,485**	**-**	**27,052**	**106,537**

34.4 Reinsurance risk

Consistent with other insurance companies, in order to minimise financial exposure arising from large claims, the Group, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers. The Group only deals with reinsurers as mandated under the board approved Reinsurance Management strategy manual. The Group places business only with reinsurers having a minimum rating of "BBB" from Standard & Poor's or "B+" from A. M. Best except regional reinsurers.

The Group reviews the rating of its major reinsurers on an annual basis and their financial strength ratings as per the latest review done in December 2020 are tabled below:

Reinsurer	Rating	Date	Outlook	Rating Agency
Swiss Re	A+ (Superior)	31-Dec-20	Stable	A.M.Best
SCOR	A+ (Superior)	31-Dec-20	Stable	A.M.Best
CCR	A (Excellent)	31-Dec-20	Stable	A.M.Best
Partner Re	A+ (Superior)	31-Dec-20	Stable	A.M.Best
Hannover Re	A+ (Superior)	31-Dec-20	Stable	A.M.Best
GIC Re	B++ (Good)	31-Dec-20	Stable	A.M.Best
Gen Re	A++ (Superior)	31-Dec-20	Stable	A.M.Best
Reinsurance Group of America-RGA	A+ (Superior)	31-Dec-20	Stable	A.M.Best
Malaysian Re (MNRB Holdings Berhad)	A- (Excellent)	31-Dec-20	Stable	A.M.Best
Singapore Re	A- (Excellent)	31-Dec-20	Negative	A.M.Best
Barents Re	A (Excellent)	31-Dec-20	Negative	A.M.Best
Saudi re	A3	7-Oct-20	Stable	Moody's
Lloyd's	A (Excellent)	31-Dec-20	Stable	A.M.Best
Emirates Insurance Company P.S.C.	A- (Excellent)	31-Dec-20	Stable	A.M.Best
MAPFRE	A (Excellent)	31-Dec-20	Stable	A.M.Best
Munich Re	A+ (Superior)	31-Dec-20	Stable	A.M.Best
New India Assurance	B++ (Good)	31-Dec-20	Negative	A.M.Best

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured and for all reinsurance share of future liabilities as at reporting date for all reinsured polices to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The Group's maximum theoretical exposure in this connection is RO 16,175,073 (2019: RO 19,564,988).

Impact of COVID-19 on the Group

The Group's reinsurance is placed with reinsurance companies approved by the management, which are generally international reputed companies with high credit ratings. As of 31 December 2020, no reinsurance companies has expressly disassociated with the Group nor has any reinsurance companies communicated its non-willingness to accept COVID-19 related claims.

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The Group considers their liquidity position to be satisfactory and also has committed overdraft and short term loan facilities of RO 17,939,000 as at 31 December 2020 (2019: RO 5,900,000) as well as the Group is in a position to generate cash by way of selling quoted investments or liquidating bank deposits in case of urgent cash requirements.

The Group maintains sufficient cash and cash equivalents to cater its day to day working capital needs.

The table below summarises the maturities of the principal position of the Group's financial assets and financial liabilities at the reporting date, based on contractual payment dates.

2020				
		Group		
	Less than one year	More than one year	No fixed term	Total
Financial liabilities				
Gross outstanding claims	**23,171,076**	-	-	23,171,076
Actuarial / mathematical reserve	**34,109,264**	-	**9,263,407**	43,372,671
Unexpired risk reserve	**8,168,842**	-	-	8,168,842
Due to reinsurers	**8,088,029**	-	-	8,088,029
Other liabilities (excluding contractual staff benefits)	**19,679,772**	1,664,162	-	21,343,934
Total financial liabilities	**93,216,983**	**1,664,162**	**9,263,407**	**104,144,552**

Group				
	Less than one year	More than one year	No fixed term	Total
Financial assets				
Cash and bank balances	**10,233,957**	-	-	10,233,957
Bank deposits	**41,596,096***	-	-	41,596,096
Insurance and reinsurance receivables	**43,155,850**	-	-	43,155,850
Reinsurance share of outstanding claims	**5,867,158**	-	-	5,867,158
Reinsurance share of actuarial / mathemati-cal reserve	**7,383,527**	-	**2,754,567**	10,138,094
Reinsurance share of unexpired risk reserve	**169,821**	-	-	169,821
Other receivables (excluding prepayments)	**5,256,835**	-	-	5,256,835
Investments carried at amortised cost	-	14,204,940	-	14,204,940
Investment carried at FVOCI	-	-	**37,034,234**	37,034,234
Loans to policyholders	-	-	**113,873**	113,873
Total financial assets	**113,663,244**	14,204,940	**39,902,674**	**167,770,858**

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Group				
	Less than one year	More than one year	No fixed term	Total
Financial liabilities				
Gross outstanding claims	**21,704,590**	-	-	21,704,590
Actuarial / mathematical reserve	**40,899,548**	-	**9,393,913**	50,293,461
Unexpired risk reserve	**8,109,720**	-	-	8,109,720
Due to reinsurers	**8,837,559**	-	-	8,837,559
Other liabilities (excluding contractual staff benefits)	**2,000,000**	-	-	2,000,000
Total financial liabilities	**32,645,389**	1,396,301	-	34,041,690
Total financial liabilities	**114,196,806**	1,396,301	**9,393,913**	124,987,020

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	Group			
	Less than one year	More than one year	No fixed term	Total
Financial assets				
Cash and bank balances	**19,004,230**	-	-	19,004,230
Bank deposits	**37,348,696***	-	-	37,348,696
Insurance and reinsurance receivables	**63,519,337**	-	-	63,519,337
Reinsurance share of outstanding claims	**6,020,113**	-	-	6,020,113
Reinsurance share of actuarial / mathemati-cal reserve	**10,651,747**	-	**2,640,472**	13,292,219
Reinsurance share of unexpired risk reserve	**252,656**	-	-	252,656
Other receivables (excluding prepayments)	**5,079,012**	4,562	-	5,083,574
Investments carried at amortised cost	-	2,569,435	-	2,569,435
Investment carried at FVOCI	-	-	**31,709,063**	31,709,063
Loans to policyholders	-	-	**129,435**	129,435
Total financial assets	**141,875,791**	2,573,997	**34,478,970**	**178,928,758**

* Bank deposits of RO 41,596,096 (2019: RO 37,348,696) also include bank deposits which have maturity date of more than one year amounting to RO 29,297,289 (2019: RO 31,515,270) as these are highly liquid in nature and can liquidated on demand whenever required.

Impact of COVID-19 on liquidity risk:

In response to the COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are pre-sented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress.

As at the reporting date the liquidity position of the Group remain strong and is well placed to absorb and manage the impacts of this disruption.

34.6 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Group is exposed to market risk with respect to its investments. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees. Market risk comprises three types of risk: market interest rates (interest rate risk), market prices (equity price risk) and foreign exchange rates (currency risk).

Interest rate risk

The Group invests in securities and has deposits that are subject to interest rate risk. The Group's bank deposits of RO 41,596,096 (2019: RO 37,348,696) carry fixed rate of interest and therefore, are not exposed to interest rate risk. The Group holds subordinated interest bearing investments at FVOCI with face value of RO 14,760,881 (2019: RO 14,267,572) which are subject to interest rate reset as per below table.

Years	2020			2019		
	Face Value	Rate Change	Impact	Face Value	Rate Change	Impact
	RO	%	RO	RO	%	RO
Year 2020	-	-	-	2,542,320	1%	25,423
Year 2023	9,593,895	1%	95,939	9,099,418	1%	90,994
Year 2024	1,400,000	1%	14,000	1,400,000	1%	14,000
Year 2025	3,766,986	1%	37,670	1,225,834	1%	12,258

The Group avails short term loans which are on floating interest risk and is thereby exposed to interest rate risk. Change of interest rate on loans availed is not expected to have a material impact on the Group's results.

Financial Instruments price risk

Financial Instruments price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to market risk with respect to its investments. The Group limits financial instruments price risk by maintaining a diversified portfolio and by continuous monitoring of the market. In addition, the Group monitors actively the key factors that affect stock market movements.

82% (2019: 72%) of the Group's investments at the reporting date are within the Sultanate of Oman.

The following table demonstrates the sensitivity of the investment income to reasonably possible changes in equity prices, with all other variables held constant. The effect of 20% decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Effect on equity		Effect on profit	
	2020	2019	2020	2019
	RO			
Financial instruments at FVOCI	7,406,847	6,341,813	-	-

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group enters into major agreements in Rial Omani, UAE Dirhams, Kuwaiti Dinars and US Dollars. As the Rial Omani is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.
47% (2019: 55%) of the Group's deposits and cash and bank balances are denominated in foreign currencies, mainly US Dollars, Kuwaiti Dinars and UAE Dirhams. The Group's investments carried at FVOCI amounting to RO 21,744,253 (2019: RO 16,620,402) are denominated in currencies other than Rial Omani.

35. Insurance risk and financial risk

35.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.
The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. In addition the Group has entered into reinsurance contracts in order to mitigate the impact that large individual claims may have on its net results.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. Given that the Group's portfolio is small, large individual claims may also significantly impact the gross loss ratio.
At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts with Discretionary Participation Features (DPF), the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.
The Group also manages mortality and disability risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group currently has a retention limit of RO 10,000 on any single life insured, the excess over this amount being reinsured. Medically impaired lives are reinsured at lower levels.

The Group's exposure to mortality risk in terms of total gross of reinsurance sums at risk are as follows as at
31 December 2020 for the long term individual business.

2020			
Total sum at risk at reporting date			
	Number of lives	Before reinsurance	After reinsurance
		RO	
Individual life - long term	**22,633**	133,081,710	103,382,924
Individual and group credit life - long term	**29,717**	397,467,229	133,165,786

The Group's exposure to mortality risk in terms of total sums at risk are as follows as at 31 December 2019:

2019			
Total sum at risk at reporting date			
	Number of lives	Before reinsurance	After reinsurance
		RO	
Individual life - long term	**19,721**	121,541,754	89,737,897
Individual and group credit life - long term	**29,584**	383,552,976	130,773,029

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior especially with respect to continued payment of premiums. The Group uses international mortality tables or reinsurance risk premium rates as estimates of mortality, given the absence of any published tables for insured lives in Oman.

In carrying out the liability adequacy test the Group uses estimates of the pattern of discontinuance of policies based on its experience in the past. The Group regularly measures and monitors the pattern of lapses and persistency.

(c) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2020.

(d) Change in assumptions

The Group did not change its assumptions in the current year which would have a material impact on it's profitability.

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to below mentioned movement in the assumptions used in the estimation of insurance liabilities.

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2020.

	Change in variable	Change in liability	
		2020	2019
		RO	
Change of mortality and / or morbidity rates for risk policies	10% increase in mortality	195,177	195,499
	10% decrease in mortality	(195,241)	(195,576)
Change in investment returns	50 basis point increase in invest-ment	(63,961)	(72,655)
	50 basis point decrease in invest-ment	65,944	74,957

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values; and change in lapses and future mortality.

These contracts are mainly issued to:

- Employers, providing cover against death, disability or (in the case of group medical policies) health of their employees.
- Financial institutions, providing cover against death of their borrowers.

In the case of group life contracts issued to employers, the risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

For short term group life and group credit life contracts the Group guarantees the premium rate for a period of one year and has a right to change these rates thereafter. In such contracts it therefore minimises its exposure to mortality risk. Mortality risk includes risk of death due to epidemics such as Covid-19.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. Historical data indicates that recession and unemployment in an industry will increase the number of claims for disability benefits as well as reducing the rate of recovery from disability.

The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Group also mitigates the risk by entering into reinsurance contracts under which the Group cedes risks such as death, accidental death benefit and permanent total disability above RO 10,000.

For its group medical business the risk is mitigated by entering into reinsurance contracts under which the Group reinsures 30% of its UAE and 0% of its Oman medical portfolio on quota share treaty (in 2019 it was reinsured 32.5% of its UAE and 0% of its Oman medical portfolio on quota share).

The following table reports the year-end aggregated insured benefits for the in-force short-duration group life insurance contracts:

2020		
	Total sum at risk at reporting date	
	Before reinsurance	After reinsurance
	RO	
Group life – short term	3,469,990,434	1,947,810,738
Group medical – short term	11,937,131,802	8,431,667,672

2019		
Total sum at risk at reporting date		
	Before reinsurance	**After reinsurance**
	RO	
Group life – short term	3,058,315,151	1,436,159,959
Group medical – short term	16,132,099,21	11,574,173,393

(b) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the reporting date, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(c) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2020.

(d) Changes in assumptions

The Group did not change its assumptions in the current year which would have a material impact on it's profitability.

Short-duration general insurance contracts

For its general insurance business, the Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Group mitigates risks by entering into reinsurance treaty arrangements. Retention for entire casualty business is reinsured on excess of loss arrangements with retention of RO 50,000 per event (in 2019 it was RO 50,000 per event).

For other lines of general business the retention is limited to 10% to 20% (2019: 10% to 20%), which is further protected by excess of loss arrangements with retention of RO 25,000 (2019: RO 25,000) per event.

The Group did not change its assumptions in the current year which would have a material impact on it's profitability.

Claims development table

The following tables show the comparison of actual and estimates of incurred claims, including both claims notified and adjustments for claims notified in the previous years for each successive event year at each reporting year.

Claims development table of past five years for life business

Reported during Event year					
	2016	2017	2018	2019	2020
			RO		
prior &2009	(42,984)	132,577	9,536	58,199	-
2010	3,096	4,818	-	3,448	-
2011	(5,130)	(2,636)	3,200	(6,100)	-
2012	(10,429)	22,873	18,413	(8,434)	-
2013	(73,302)	3,506	6,997	(4,138)	-
2014	(1,683,071)	(22,800)	885	(1,296)	-
2015	7,714,661	(286,087)	(60,630)	54,834	-
2016	72,142,865	5,553,935	(498,947)	(28,173)	81
2017	-	76,484,787	4,913,530	(115,415)	43,746
2018	-	-	87,178,166	6,359,519	287,063
2019	-	-	-	98,286,406	6,343,505
2020	-	-	-	-	87,768,326
	78,045,706	81,890,973	91,571,150	104,598,850	94,442,721

Comparison between actual and estimated claims for life business

Reported during Event year					
	2016	2017	2018	2019	2020
			RO		
Actual claims notified and adjustments for claims notified in the previous years	5,902,840	5,406,186	4,392,983	6,312,446	6,674,395
Estimate of claims maintained as IBNR in previous year	5,788,559	8,031,794	6,912,066	7,338,507	5,840,149
(Deficit) / surplus	(114,281)	2,625,608	2,519,083	1,026,063	(834,246)

Reported during Event year					
	2016	2017	2018	2019	2020
			RO		
2009 & prior	(40,268)	(7,411)	(32,590)	(50)	(416)
2010	(52,564)	4,815	(17,429)	550	1,352
2011	(41,904)	(62,418)	(46,067)	273	(593)
2012	8,661	(74,605)	(60,636)	(7,216)	727
2013	(38,569)	(71,467)	(10,133)	(21,005)	5,110
2014	(41,301)	(90,990)	36,224	(7,004)	6,293
2015	(277,456)	39,897	(26,215)	(38,447)	(1,852)
2016	4,227,287	(53,949)	(110,753)	31,157	(266)
2017	-	9,277,989	(106,531)	(293,605)	237,850
2018	-	-	9,415,310	46,416	40,101
2019	-	-	-	10,467,211	1,410,589
2020	-	-	-	-	7,872,719
	3,743,886	8,961,861	9,041,180	10,178,280	9,571,614

Comparison between actual and estimated claims for general business

Reported during Event year					
	2016	2017	2018	2019	2020
			RO		
Actual claims notified and adjustments for claims noti-fied in the previous years	(483,401)	(316,128)	(374,129)	(288,931)	1,698,895
Estimate of claims main-tained as IBNR in previous year	309,565	343,989	587,515	705,328	769,268
Surplus / (deficit)	792,966	660,117	961,644	994,259	(929,627)

The movement between the claims development table and incurred claim and gross claims expense in the separate and consolidated statement of profit or loss and other comprehensive income is as follows:

	2020			2019		
	Life	General	Total	Life	General	Total
	RO			RO		
Incurred claim as per claims development table	94,442,721	9,571,614	104,014,335	104,598,850	10,178,280	114,777,130
Movement in IBNR	352,591	410,991	763,582	(1,498,357)	63,940	(1,434,417)
Gross claims expense (note 19)	94,795,312	9,982,605	104,777,917	103,100,493	10,242,220	113,342,713

Impact of COVID-19 on insurance risk

In its underwriting segment, the Company is primarily exposed to medical and business interruption policies. The Capital Market Authorities in Oman and Dubai Health Authority in UAE have instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Company continues to monitor the impact of medical claims due to COVID-19.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has valuated all business interruption policies inforce for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company and specific policy exclusions.

Furthermore, the Company has been able to retain major customers during the year ended 31 December 2020 and has generally witnessed renewals and new business across major lines of businesses.

35.2 Financial risk

The Group is exposed to a range of financial risks through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

The most important components of this financial risk are interest rate risk, equity price risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The framework essentially consists of an investment strategy which provides for investment of funds representing a particular category of insurance liabilities in line with the nature of those liabilities.

The Group periodically produces reports showing the extent of compliance with the investment strategy which is reviewed by management and corrective action taken where necessary to rebalance the portfolio.

The following tables reconcile the statement of financial position to the classes and portfolios used in the Group's ALM framework (the table including assets and liabilities relating to non-life contracts as well):

The Group's current investment strategy is as follows:

Asset allocation to different line of business									
Investment asset	Individual Life			Individual / Group Credit Life			Group life, Medical and General		
	Min	Max	Average	Min	Max	Average	Min	Max	Average
Policy loan	0%	10%	5%	0%	0%	0%	0%	0%	0%
Bonds and notes	60%	100%	80%	30%	60%	45%	20%	70%	45%
Short term/Liquid fixed deposit & Bank Balances	0%	20%	10%	40%	60%	50%	40%	60%	50%
Equity local / foreign	0%	10%	5%	0%	10%	5%	0%	10%	5%

2020						
	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other financial assets and liabilities	Other assets and liabilities
			RO			
Long term contracts (reinsurance)						
- Individual life without profits	440,225	440,224	-	1	-	-
- Individual life with profits	9,343	-	9,343	-	-	-
- Group credit life without profits	2,305,006	2,305,006	-	-	-	-
	2,754,574	2,745,230	9,343	1	-	-
Short term contracts (reinsurance)						
- Group life	624,516	-	-	624,516	-	-
- Medical	6,759,004	-	-	6,759,004	-	-
- Non-life	169,821	-	-	169,821	-	-
	7,553,341	-	-	7,553,341	-	-
Debt securities:						
- Listed securities	14,204,940	-	3,505,371	10,699,569	-	-
Equity securities: At FVOCI:						
Listed securities	36,914,655	-	-	-	36,914,655	
Unlisted securities	119,579	-	-	-	119,579	-
Loans and receivables:						
Insurance and reinsurance receivables	43,155,850	-	-	43,155,850	-	-
Reinsurance assets	5,867,158	-	-	5,867,158	-	-
Fixed deposits	41,596,096	2,889,593	-	11,568,853	27,137,650	-
Loans to policyholders	113,873	-	113,873	-	-	-
Cash and bank balances	10,233,957	-	-	-	10,233,957	-
Other assets	13,311,877	-	-	-	5,256,835	8,055,042
Total assets	175,825,900	5,634,823	3,628,587	78,844,772	79,662,676	8,055,042

2019						
	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other finan-cial assets and liabilities (Corporate)	Other assets and liabili-ties (Corporate)
				RO		
Long term contracts (rein-surance)						
Individual life without profits	505,929	471,417	-	34,512	-	-
Individual life with profits	10,208	-	10,208	-	-	-
Group credit life without profits	2,158,851	2,158,851	-	-	-	-
	2,674,988	2,630,268	10,208	34,512	-	-
Short term contracts (re-insurance)						
Group life	474,960	-	-	474,960	-	-
Medical	10,142,271	-	-	10,142,271	-	-
Non-life	252,656	-	-	252,656	-	-
Other liabilities and equity	10,869,887	-	-	10,869,887	-	-
Debt securities: Held to maturity:						
- Listed securities	2,569,435	-	2,569,435	-	-	-
Equity securities:						
At FVOCI:	31,589,484	-	-	-	31,589,484	-
- Listed securities	119,579	-	-	-	119,579	-
-Unlisted securities						
Insurance and reinsurance receivables	63,519,337	-	-	63,519,337	-	-
Reinsurance assets	6,020,113	-	-	6,020,113	-	-
Fixed deposits	37,348,696	2,916,072	1,138,500	6,376,714	26,917,410	-
Loans to policyholders	129,435	-	129,435	-		-
Cash and bank balances	19,004,230	-	-	-	19,004,230	-
Other assets	13,019,047	-	-	-	5,083,574	7,935,473
Total assets	186,864,231	5,546,340	3,847,578	86,820,563	82,714,277	7,935,473

2020						
	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short-term insurance contracts	Other fi-nancial assets and liabilities (Corporate)	Other as-sets and liabilities (Corporate)
				RO		
Long term contracts						
Individual life without profits	1,228,936	855,719	-	373,217	-	-
Individual life with profits	3,628,587		3,628,587	-	-	-
Group credit life without profits	4,779,104	4,779,104	-	-	-	-
	9,636,627	5,634,823	3,628,587	373,217	-	-
Short term contracts						
Life and medical	1,522,353	-	-	1,522,353	-	-
Non-life	32,213,691	-	-	32,213,691	-	-
Reinsurance liability	8,168,842	-	-	8,168,842	-	-
Other liabilities and equity	41,904,886	-	-	41,904,886	-	-
Outstanding claims						
Life and medical	14,605,859	-	-	14,605,859	-	-
Non-life	8,565,217	-	-	8,565,217	-	-
Reinsurance liability	8,088,029	-	-	8,088,029	-	-
Other liabilities and equity	93,025,282	-	-	5,307,564	15,997,821	71,719,897
	175,825,900	5,634,823	3,628,587	78,844,772	15,997,821	71,719,897

	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short-term insurance contracts	Other fi-nancial assets and liabilities (Corporate)	Other as-sets and liabilities (Corporate)
2019						
				RO		
Long term contracts						
Individual life without profits	1,236,366	905,145	-	331,221	-	-
Individual life with profits	3,847,578	-	3,847,578	-	-	-
Group credit life without profits	4,641,195	4,641,195	-	-	-	-
	9,725,139	5,546,340	3,847,578	331,221	-	-
Short term contracts						
Group life	1,207,881	-	-	1,207,881	-	-
Medical	39,360,441	-	-	39,360,441	-	-
Non-life	8,109,720	-	-	8,109,720	-	-
	48,678,042	-	-	48,678,042	-	-
Outstanding claims	14,832,683	-	-	14,832,683	-	-
Life and medical	6,871,907	-	-	6,871,907	-	-
Non-life	8,837,559	-	-	8,837,559	-	-
Reinsurance liability Short Term Loan	2,000,000	-	-	-	2,000,000	-
Other liabilities and equity	95,918,901	-	-	7,269,151	26,746,625	61,903,125
	186,864,231	5,546,340	3,847,578	86,820,563	28,746,625	61,903,125

For long term fixed and guaranteed insurance contracts and long term insurance contracts with a DPF (i.e., where the amount of benefits are pre-determined at the inception of the contract for maturities), the process followed by the Group to manage financial risk (in particular risks associated with the mis-match of assets and liabilities, including uncertainty arising from options such as guaranteed surrender values) is to invest the substantial portion of funds in assets which should be described. Estimated cash flows relating to such contracts are as follows:

2020		
	Liability as of 31 December 2020	Undiscounted cashflows as at 31 December 2020
	RO	
Fixed and guaranteed	878,410	988,562
Contracts with a DPF	3,628,587	4,329,198
Total	**4,506,997**	**5,317,760**

2019		
	Liability as of 31 December 2019	Undiscounted cashflows as at 31 December 2019
	RO	
Fixed and guaranteed	905,145	1,068,531
Contracts with a DPF	3,847,578	4,658,043
Total	**4,752,723**	**5,726,575**

36. Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, the Group grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments recorded at fair value

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined in whole part or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

2020				
	Level 1	Level 2	Level 3	Total
	RO			
Investments carried at fair value through other comprehensive income	36,914,655	119,579	-	37,034,234

2019				
	Level 1	Level 2	Level 3	Total
	RO			
Investments carried at fair value through other comprehensive income	31,589,484	119,579	-	31,709,063

There were no transfers between any levels mentioned above.

37 Prior year adjustments

The Group has reclassified the following for the comparative figures of year ended 31 December 2019:
A subsidiary of the Group has reclassified the other receivables and other liabilities as at 31 December 2019 which is incorporated in the consolidated group figures for 31 December 2019 are also reclassified.

The above reclassification has resulted in changes as presented below for the comparative figures of year ended 31 December 2019 to maintain consistency. Such reclassifications have not resulted in change in last year's reported profit and equity.

	31 December 2019 (as previously reported)	Reclassification	31 December 2019 (as reported)
		RO	
Other receivables and prepayments	**6,843,580**	**(1,353,347)**	5,490,233
Other liabilities	**(36,733,377)**	**1,353,347**	(35,380,030)

Surviving Through Challenging Times

S. Venkatachalam, CEO of the National Life & General Insurance Company (NLGIC), reveals how the company has been able to grow in 2020 while supporting the continued efforts of Oman.

This year has been one of the most challenging in recent history, with the outbreak of COVID-19 and dwindling oil prices having a significant impact on business, not only at NLGIC but across the world.

When Oman went into lockdown to prevent the spread of the pandemic, we had to find new ways to take care of the safety of our employees, customers and business partners, and ensure the smooth functioning of all business operations. As a major employer and insurance provider, we have some moral responsibilities towards the people of Oman, so we contributed $455,000 to the endowment fund supporting government initiatives to overcome the threat of COVID 19 and implement various digital initiatives to spread awareness and keep people safe.

In the first quarter of 2020 we saw dwindling financial performance, but we overcame the situation and salvaged the situation by the end of half year. Being in the insurance industry, it was also a challenge to provide insurance cover without break to our customers, renew their policies timely, handle after sales services and claims at the same time keeping in line with the directives given by the government authorities to keep the nation and its people safe.

Along with our business continuity plan measures, we were well equipped digitally to provide insurance to our customers through a convenient user-friendly online platform. Our entire technology infrastructure, systems and resources were ready to serve our customers and business partners through our digital capabilities, which was a result of the digital transformation we went through a few years ago.

With all these measures in place, we recorded impressive business performance by the end of June. Though our gross written premium fell by 2%, our net underwriting results grew by 58% and investment income by 39% over first half of last year. Our profit after tax registered 111% growth over the same period (profit reported for the first half this year is $28 million).

Our medical and motor insurance portfolios also did well in the retail segment. In the medical insurance sector, we continue to maintain our leadership position in the industry, and we are one of the top players in motor insurance. We optimized our reinsurance strategy and improved our underwriting process as well as having a prudent investment management, which gave us good financial gains.

We believe in living up to challenges and providing our products and services in the best possible way thanks to our dedicated team of insurance professionals, who came together to make this happen during such demanding times.

Going forward, we will continue to invest in enhancing our digital capabilities, which enable us to reach our customers and business partners with reduced operational costs and better efficiency. Also, as part of our growth strategy, we are looking to expand into other countries in the region and other potential markets outside.

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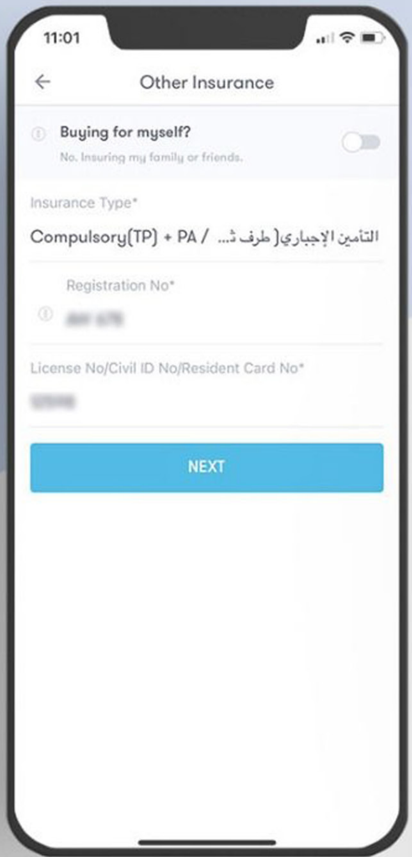

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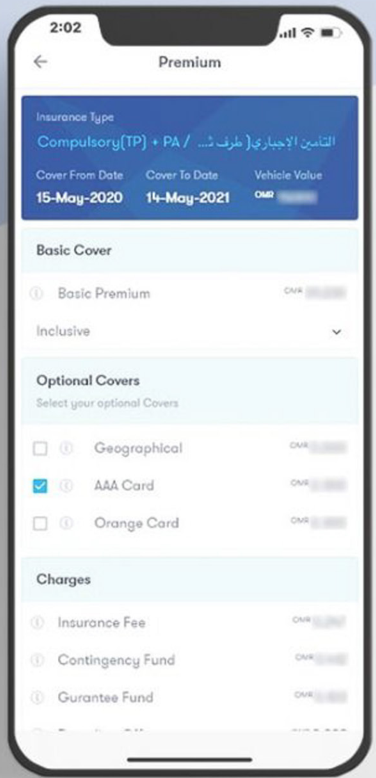

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