ANNUAL REPORT

2021

الوطنية للتأمين على الحياة والعام

NATIONAL LIFE & GENERAL INSURANCE

Ominvest Group

مجموعة اومينفست

Oman - Dubai - Abu Dhabi - Kuwait

nlg.om   NLICGulf

HIS MAJESTY
SULTAN HAITHAM BIN TARIK

Content

THE FOUNDATION OF OUR STRATEGY

OUR VISION

To make our customers feel protected

OUR MISSION

To consistently provide the right insurance solutions with exceptional customer service

OUR PURPOSE

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

OUR VALUES

- Trust
- Customer Centricity
- Collaborate
- Innovation

Our escalating growth is driven by the alignment of our strategic goals with these founding principles

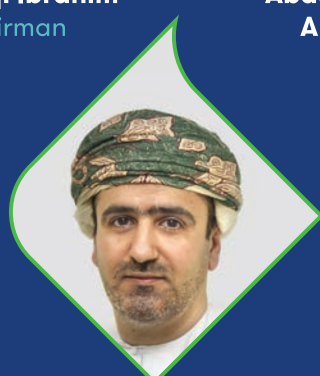
We have been a consistent market leader in Oman Health Insurance.
We are continuing our market leadership in Oman Motor Insurance as well.

Directors

Khalid Muhammad AlZubair
Chairman

Mohammed Taqi Ibrahim
Deputy Chairman

Abdul Aziz Mohammed Ahmed Al Balushi
Member



Al Sayyid Zaki Hilal Saud Al Busaidi
Member

Anwar Hilal Hamdoon Al Jabri
Member

Mohammed Ali Said Al Qassabi
Member

Sanjay Kawatra
Member

Directors' Report

For the Year ended 31 December 2021

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the year ended 31 December 2021, including the Financial Statements, Auditor's Report, the Management Discussion & Analysis Report and the Corporate Governance Report.

During 2021, the Company had major achievements on business and operational front such as increase in Gross Written Premiums by 9% as compared to previous year and technological milestone achievements. At the same time, the profitability of the Company was affected due to several external factors such as increased death claims in life insurance portfolio on account of the Covid-19 pandemic and increase in medical and motor claims during the year.

NLGIC achieved Net profit after tax of RO 7.5 million for the year 2021as compared to RO 15.0 million in 2020. The previous year 2020 was an exceptional year with emergence of Covid-19 and the ensuing lockdowns and restrictions on hospital visits. While it caused operational challenges to the company, it resulted in low claims being reported; making it the most profitable year to date for NLGIC.

I would like to highlight NLGIC's operating environment during 2021, the Company's performance, key achievements, and its future strategic direction in the following sections.

Economic Environment in Operating Markets:

2021 has been a challenging year as the world and Oman adapts to life with Covid. For Insurance companies, in terms of income from insurance underwriting operations (especially the companies with larger presence in the medical and motor insurance market), the year 2021 has not been favourable as benefits of low claims in 2020 have reversed its trend in 2021. On the positive side, equity markets have recovered in GCC which has helped boost investment income in the Insurance industry.

Oman: As per Fitch Ratings, Oman's crude oil pro duction is projected to rise 9.8 percent to 1.1 million barrels per day in 2022 which coupled with the increasing oil prices will help narrow the country's current account deficit to 0.2 percent of the GDP for the year. Oil industry is expected to be the main driver for the continued widening of the surplus in the trade in goods balance in 2022. IMF too has projected strong recovery of 7.4% in 2022 for Oman amidst benefits of structural reforms and diversification.

UAE: UAE consumer confidence index is hitting a 10 year high as firms continued to enjoy increased economic activity driven by Expo 2020. The government has announced an array of policies in recent weeks, including an easing of visa rules in Dubai, labour market reforms and new funds to support SMEs. Growth prospects appear to improve with a high vaccination rate and the relaxation of Covid 19 curbs.

Both Oman and UAE's economic outlook remains positive for the coming year and the rising oil prices during initial months of 2022 further strengthens the outlook for both the economies.

Company's financial performance:

Oman and UAE are the Company's key markets with minor contribution from Kuwait branch. In terms of gross written premiums, the motor market in Oman has experienced degrowth of 10% in 2021 while medical market in Oman has stagnated as compared to the previous year. In UAE too, as per latest data available for the year 2020, the medical market shows degrowth of 2%. There are positive indicators for the industry for 2022 which can boost the market such as introduction of mandatory medical insurance in Oman, positive shift in the pricing trend in the Oman motor and higher levels of economic activities in both UAE and Oman.

During 2021, NLGIC has increased its market share in both motor and medical segments in Oman and retained its number one ranking in Oman market in terms of overall Gross written premium and its leadership in the motor and medical segments in Oman. Capitalizing on the strong broker and customer relationships and its enhanced digital capability, the Company has achieved 9% growth in Gross written premiums in 2021, i.e. RO 146.5 million in 2021 as compared to RO 134 million in 2020. Overseas premiums have increased by 13% from RO 71.8 million in 2020 to RO 81.4 million in 2021. Oman premiums have also risen by 5% from RO 62.2 million in 2020 to RO 65.1 million in 2021. The growth is mainly from the medical portfolios in Oman and abroad.

Due to high claims in motor, medical and death claims in life portfolios, the Company's net underwriting result (NUR) was impacted and the Company was able to achieve NUR of RO 16.4 million which is 38% lower as compared to RO 26.5 million in 2020. This was partially offset by the growth in Investment income which rose by 26% to RO 5.8 million in 2021 from RO 4.6 million in 2020. This coupled with controlled management expenses, have resulted in the Company achieving Net profit after tax of RO 7.5 million for FY 2021 as compared to RO 15.0 million in FY 2020.

Significant Achievements

Business Initiatives – Opened four new branches in Oman (Falaj Al Qabail, Halban, Jalan Bani Bu Ali and Yanqul) and the launch of new products in Individual medical in the UAE.

Successful implementation of major projects such as medical system in Oman, VAT implementation in Oman, Oracle cloud application for Human Resource and Oracle Fusion implementation for finance and procurement modules.

Implementation of Information Technology initiatives by making available motor insurance through Omantel kiosks, self-service portal and broker portal for medical, developing cyber and data security layer and cloud infrastructure related implementations.

Slew of awards and recognitions received in 2021 including the prestigious "The Best Performing Company in Large Cap segment Oman" awarded by AIWA (Alam al-Iktisaad Wal A'mal), consecutively for the fourth year.

Developing Human Capital

The Company continues to endeavor in its pursuit of excellence through best practices to acquire, develop and retain Human Capital. All developmental initiatives are being done with an aim to ensure versatile talent is available for Company's futuristic growth. This is done through capitalizing digital initiatives for learning & development, employee engagement as well as talent development. The

Company has also made conscientious effort in ensuring precautionary measures on Covid-19 pandemic to keep the workplace safe for its employees. The Company has received two awards for the best practices in this area i.e. “Best employer award, Oman 2021” (for promoting health in the work place) and “Dream employer award, 2021” by World HRD congress. The Company actively supports and nurtures nationalization mandates with Omanization percentage of 79% and achievement of mandated points in Emiratization for the year 2021.

Supporting our communities

The Company has always demonstrated high level of commitment towards the society and contributed to causes that were challenging the nation. In 2021, the nation was hit by Cyclone Shaheen which impacted the nation and especially the people of North Batinah region. Continuing in its values of touching lives through its community initiatives, the Company contributed RO 150,000 to Oman Charitable Organisation for this cause. The Company also contributed toward supporting trips to Expo 2020 Dubai for 150 youths from low income families of Oman. The Company continues to support charitable works during the Ramadhan and Dar Al Atta by providing free medical insurance coverage to their staff.

Future Outlook of the Company

The Company aims to maintain its leadership position in Oman in the medical and motor business along with establishing itself as one of the top medical insurance companies in the UAE. The Company' seeks growth avenues to enter other markets and emerge as a leading insurance brand through both organic and inorganic opportunities. Digital transformation and innovation remains at the core of the Company's strategy which includes protecting the Company from possible disruptions arising from technological advancements, simplifying customer journeys and digitalisation of insurance processes. With the increase in oil prices and the positive outlook of the economies of Oman and UAE, we expect it to give an impetus to the Insurance Industry as a whole and the Company in the coming year.

The Company is a market leader in Oman and continues to explore suitable growth opportunities in other markets. The strategic direction is to transform NLGIC into a robust regional insurance player from Oman. Accordingly, the Board has proposed to retain profits within the Company to achieve its growth plan and enhance shareholders' value

Acknowledgements

On behalf of the Company and the Board of Directors, I take this opportunity to express our gratitude to His Majesty Sultan Haitham bin Tarik for his dynamic and progressive leadership. Under His Majesty's visionary leadership, we pray for the steady growth, stability, and enduring prosperity of our great country.

I thank all the Regulators, the Government Bodies and Ministries in Oman, UAE and Kuwait for their support. I thank the management team and all our employees for their performance, hard work and commitment. I also thank our customers, and partners for their patronage, confidence and commitment to our company.

Khalid Muhammad AlZubair

Chairman

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for more information about the claims process and supporting documents required.

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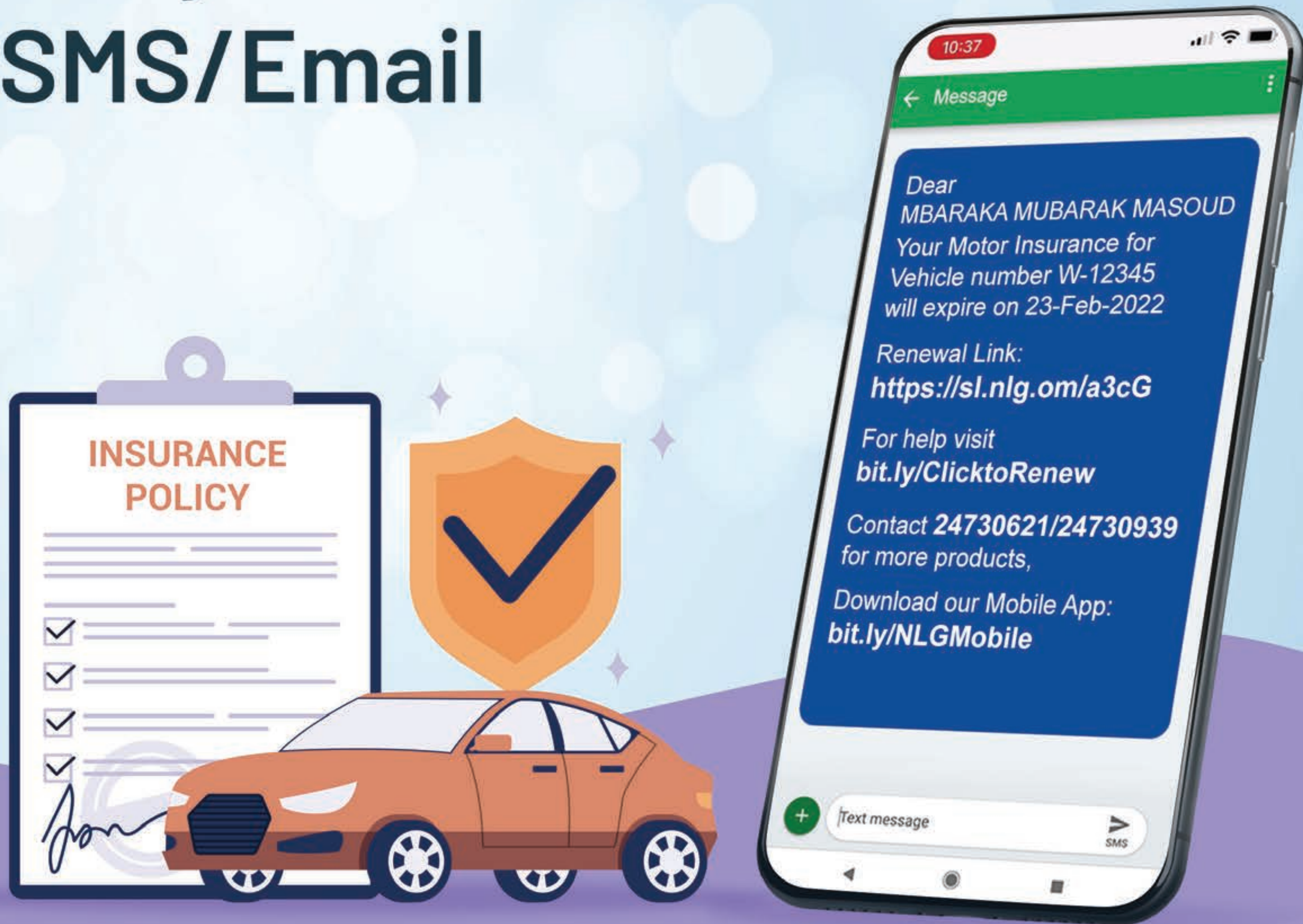

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Private and confidential
Our ref: aud/rp/hh/ma/4872/22

Agreed upon procedures on Code of Corporate Governance ("the Code") of National Life and General Insurance Company SAOG

To the Board of Directors of National Life and General Insurance Company SAOG

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting the National Life and General Insurance Company SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Capital Market Authority ("CMA") to assist in compliance of requirements prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the National Life and General Insurance Company SAOG

National Life and General Insurance Company SAOG has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

National Life and General Insurance Company SAOG (also the Responsible Party) are responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with National Life and General Insurance Company SAOG, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

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Corporate Governance Report – 2021

1. 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 7/1/2005 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").

2. 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 2021 for a term of three years. Next election of Board members is due to be held at the AGM in March 2024.

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-[illegible]-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). On 28th March 2021, the NREC and IC were merged together to form the Nomination, Remuneration, Investment and Executive Committee (NRIEC).

Details of membership of Board and Board Sub-Committees during the year 2021 is as follows:

Directorship prior to the AGM held on 28 March 2021:

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.
iii. All seven directors are non-shareholders.

Sl No	Name	Date of Appointment / election	Term C ompleted on / Resigned on	Position	Independent	Membership of other committees	Whether attended last AGM
1.	**Khalid Muhammad AlZubair**	28.03.2018	28.03.2021	Chairman	No	NREC	Yes
2.	**Abdul Aziz Mohammed Ahmed Al Balushi**	28.03.2018	28.03.2021	Deputy Chairman	No	NREC	Yes
3.	**Al Sayyid Zaki Hilal Saud Al Busaidi**	28.03.2018	28.03.2021	Member	Yes	NREC, IC	Yes
4.	**Anwar Hilal Hamdoon Al Jabri**	28.03.2018	28.03.2021	Member	No	IC	Yes
5.	**Mohammed Taqi Ibrahim**	28.03.2018	28.03.2021	Member	Yes	ACC	Yes
6.	**Ghassan Khamis Ali Al Hashar**	28.03.2018	28.03.2021	Member	Yes	ACC, IC	Yes
7.	**Neelmani Bhardwaj**	28.03.2018	04.03.2021	Member	No	ACC	No

Notes:
i. Mr. Ghassan Khamis Ali Al Hashar completed his term of Board membership and was director of the company till the AGM held on 28.03.2021. He attended one Board meeting during the period Jan-Mar 2021.
ii. Mr. Neelmani Bhardwaj resigned from the Board on 04th March 2021 and the seat was vacant till Board elections on 28.03.2021. He did not attend any Board meetings in 2021.
iii. All the other five members were re-elected during the Board elections held in the AGM on 28.03.2021.

Details of memberships after the election on 28 March 2021 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. All seven directors were elected by the shareholders in their individual capacities and do not represent institutional investors.
iii. All seven directors are non-shareholders.

Sl No	Name	Date of Appointment / election	Membership Duration appointed for	Position	Independent	Membership of other committees*	Board Meetings Attended
1.	Khalid Muhammad AlZubair	28.03.2021	3 years	Chairman	No	NRIEC	6
2.	Mohammed Taqi Ibrahim	28.03.2021	3 years	Deputy Chairman	Yes	ACC	6
3.	Abdul Aziz Mohammed Ahmed Al Balushi	28.03.2021	3 years	Member	No	NRIEC	6
4.	Al Sayyid Zaki Hilal Saud Al Busaidi	28.03.2021	3 years	Member	Yes	NRIEC	5
5.	Anwar Hilal Hamdoon Al Jabri	28.03.2021	3 years	Member	No	ACC	6
6.	Mohammed Ali Said Al Qassabi	28.03.2021	3 years	Member	Yes	ACC	5
7.	Sanjay Kawatra	28.03.2021	3 years	Member	No	NRIEC	5

*There are changes in membership of sub-committees w.e.f. 20.12.2021 which are detailed on Page 5 and Page 7

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 2021, the Board met six times the details of which are as follows:

Month	Date of Meeting
February-21	25-Feb-21
March-21	28-Mar-21
April-21	26-Apr-21
July-21	29-Jul-21
October-21	28-Oct-21
December-21	20-Dec-21

The maximum interval between any two meetings was 94 days. This is in compliance with “the Code” which requires meetings to be held within a maximum time gap of four months. Of the six meetings, one meeting has held with physical attendance and five 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 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. For the previous Board term, 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 new Board was elected during AGM held on March 2021, the next Board evaluation is planned to be carried out during 2022 by appointing consultant in the forthcoming AGM to be held on 30th March 2022.

3. Sub-Committees of the Board

The Board sub-committees namely - the Audit and Controls Committee (ACC), Nomination, Remuneration and Executive Committee (NREC), the Investment Committee (IC) and the new merged sub-committee, the Nomination, Remuneration and Executive Committee (NRIEC), 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 2021. 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) were independent while one director was not independent. All three members of the ACC have finance and accounting expertise. Prior to the election of the new Board on 28th March 2021, the ACC has met one time through video conferencing. After the reconstitution of the ACC on 28th March 2021, the sub-committee has met five times through video conferencing.

The attendance details and the membership details of the ACC are as below:

Sl No	Name	Position	ACC Membership duration	1ACC	2ACC	3ACC	4ACC	5ACC	6ACC
				24-Feb-2021	25-Apr-2021	26-Jul-2021	25-Aug-2021	26-Oct-2021	13-Dec-2021
1	Mohammed Taqi Ibrahim	Chairman	01.01.21 to 31.12.21	Yes	Yes	Yes	Yes	Yes	Yes
2	Anwar Hilal Hamdoon Al Jabri	Member	28.03.21 to 19.12.21	Not applicable	No	Yes	No	Yes	Yes
3	Mohammed Ali Said Al Qassabi	Member	28.03.21 to 31.12.21		Yes	Yes	Yes	Yes	Yes
4	Ghassan Khamis Ali Al Hashar	Member	01.01.21 to 27.03.21	Yes	Not applicable				
5	Neelmani Bhardwaj	Member	01.01.21 to 04.03.21	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.

In Board meeting held on 20 December 2021, the Board decided to revise the membership of the Audit and Controls Committee and the members of the ACC w.e.f. 20 December 2021 are

1. Mr. Mohammed Taqi Ibrahim, Chairman,
2. Mr. Mohammed Ali Said Al Qassabi, Member and
3. Mr. Sanjay Kawatra, Member

Nomination, Remuneration and Executive Committee (NREC)

Prior to the election of the new Board in 28 March 2021, the Nomination, Remuneration and Executive Committee comprised 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.

Prior to the election of the new Board in 28 March 2021, the committee met three times through video conferencing. The attendance details and the membership details of the Committee are as below:

Sl No	Name	Position	1NREC 24-Jan-2021	2NREC 21-Feb-2021	3NREC 24-Mar-2021
1	**Khalid Muhammad AlZubair**	Chairman	Yes	Yes	Yes
2	**Abdul Aziz Mohammed Ahmed Al Balushi**	Member	Yes	Yes	Yes
3	**Al Sayyid Zaki Hilal Saud Al Busaidi**	Member	Yes	Yes	Yes

Investment Committee (IC)

Prior to the election of the new Board in 28 March 2021, the Investment Committee comprised 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.

Prior to the election of the new Board in 28 March 2021, the IC met once through video conferencing. The attendance details and the membership details of the Committee are as below:

Sl No	Name	Position	1IC 25-Mar-2021
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

On 28 March 2021, post election of Board, the Board reconstituted its sub-committees consequent to which, the Nomination, Remuneration and Executive Committee (NREC) was merged with the Investment Committee (IC) forming the Nomination, Remuneration, Investment and Executive Committee (NRIEC). Membership, functions and meeting details of the NRIEC are detailed in the next section.

Nomination, Remuneration, Investment and Executive Committee (NRIEC)

The Nomination, Remuneration, Investment and Executive Committee was formed on 28 March 2021 and comprises of four directors. Its functions include all the functions of the NREC and IC detailed in the prior sections. In addition to the above roles and responsibilities, the NRIEC is also responsible to look for and nominate qualified persons to assume senior executive positions, as required or directed by the Board. On investment related matters, the NRIEC also has to monitor investment policy risks, submit performance report of investment portfolio to the Board, ensuring the assets are diversified and adequately distributed with no high concentration risks in the Company's investments, ensure that net cash from investment activities of the company are in the currency in circulation and shall be sufficient to meet the future obligations when they fall due and ensure compliance with investment limits stated in the regulations.

The committee met five times since its formation of which one meeting was a physically attended meeting while four were held through video conferencing. The attendance details and the membership details of the Committee are as below:

Sl No	Name	Position	1NRIEC 22-Apr-2021	2NRIEC 24-May-2021	3NRIEC 28-Jul-2021	4NRIEC 27-Oct-2021	5NRIEC 16-Dec-2021
1	Khalid Muhammad AlZubair	Chairman	Yes	Yes	Yes	Yes	Yes
2	Abdul Aziz Mohammed Ahmed Al Balushi	Member	Yes	Yes	Yes	Yes	Yes
3	Al Sayyid Zaki Hilal Saud Al Busaidi	Member	Yes	Yes	Yes	Yes	Yes
4	Sanjay Kawatra	Member	Yes	Yes	Yes	Yes	Yes

In Board meeting held on 20th December 2021, the Board decided to split the NRIEC into two separate Committees as given below:

i. Nomination, Remuneration and Executive Committee (NREC) comprising of four members with same membership as the NRIEC

ii. Investment Committee (IC) comprising of three members Al Sayyid Zaki Hilal Saud Al Busaidi, Mr. Abdul Aziz Mohammed Ahmed Al Balushi and Mr. Anwar Hilal Hamdoon Al Jabri. After this restructuring, during the first Investment Committee meeting held in January 2022, Al Sayyid Zaki Hilal Saud Al Busaidi has been elected as Chairman of the Investment Committee by the IC members.

4. Remuneration of Directors

The Directors were paid remuneration of RO 179,900/- for 2020 as approved by the shareholders in the AGM held on 28 March 2021.

During the year 2021, Board members were paid sitting fees of RO 300/- per Board meeting attended and RO 200/- per Board sub-committee totaling to RO 21,600/-. In addition to the sitting fees of RO 21,600/-, director's remuneration proposed for 2021 is RO 150,000/-. This is subject to shareholders' approval at the AGM scheduled to be held on 30 March 2022.

Actual travel and incidental expenses relating to Company's business for Board members during the year was Nil for the year 2021 (2020 - Nil). Remuneration for 2020 paid in 2021 and the sitting fees for 2021 paid to the Board members during the 12 month period ended 31 December 2021 is detailed below:

RO

	Sitting fees for 2021					Total Sitting fees for 2021	Remuneration for 2020
Name of Director	**Board**	**ACC**	**NREC**	**IC**	**NRIEC**		
Khalid Muhammad AlZubair	1,800	-	600	-	1,000	3,400	32,126
Mohammed Taqi Ibrahim	1,800	1,200	-	-	-	3,000	24,629
Abdul Aziz Mohammed Ahmed Al Balushi	1,800	-	600	-	1,000	3,400	24,629
Al Sayyid Zaki Hilal Saud Al Busaidi	1,500	-	600	200	1,000	3,300	24,629
Anwar Hilal Hamdoon Al Jabri	1,800	600	-	200	-	2,600	24,629
Mohammed Ali Said Al Qassabi	1,500	1,000	-	-	-	2,500	-
Sanjay Kawatra	1,500	-	-	-	1,000	2,500	-
Ghassan Khamis Ali Al Hashar	300	200	-	200	-	700	24,629
Neelmani Bhardwaj	-	200	-	-	-	200	24,629
Total	**12,000**	**3,200**	**1,800**	**600**	**4,000**	**21,600**	**179,900**

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

5. 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 173 of Regulation for Public Joint Stock Companies, 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.

6. Management

Management Discussion and Analysis

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

Management Remuneration

At 31 December 2021, the Company employed 509 employees including the Chief Executive Officer. The Gross remuneration accrued to 8 key management personnel (salaries, incentives and allowances and other statutory payments) during 2021 is RO 1,111,454/- (2020: RO 1,125,522/- to 8 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 13,622/- (2020: RO 11,773/-) and are borne by the Company.

Key Management as at 31 December 2021

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 38 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 four consecutive years at the prestigious AIWA (Alam al-Iktisaad Wal A'mal) Awards for the Years 2017 to 2020. 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.

Badar Salim Mubarak Al Marzuqi, Deputy 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 was promoted as Deputy General Manager – Business Development in 2021. He heads the entire retail marketing team for all channels in Oman.

He has more than 27 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, Deputy 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 Deputy General Manager – Health & Life Underwriting in 2021 and heads the Underwriting function for Life and Health divisions of the Company.

He has more than 20 years of experience of which 19 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 17 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.

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 23 years of experience in Finance of which 17 years of experience is in Insurance Industry. His insurance industry experience includes insurance organizations such as Prudential offices of UK, Singapore and India.

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 20 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 – Risk, 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 31 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 16 years of experience in Insurance Industry with NLGIC.

Addition to Key Management in January 2022

Dr. Dhafir Awadhh Al-Shanfari - Chief Operating Officer

Joined the company during first week of January 2022, Dr. Dhafir has experience in several leadership roles and a well-rounded academic background. He holds an MBA Degree from Duquesne University, Pittsburgh, USA and a PhD from Deakin University, Melbourne, Australia. He has a tenured experience in the academic sector (teaching, research and consultation with Sultan Qaboos University). He has served in leadership roles with several organizations (Acting CEO of Competition and Monopoly Prevention Centre, CEO of Omani Authority of Partnership for Development and CEO of the Public Authority for Privatization and Partnership). Dr. Dhafir will oversee the support functions such as Finance, Administration, Human Resources, Compliance, Investments, Information Technology and will work closely with the senior management on strategic initiatives.

Employment Contract

Employment contracts are for unlimited period for nationals after the first year of service while it is for a period of two years for expats 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.

7. Details of Penalties and Non-Compliance by the Company

During 2021, 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 2021, the Company did not pay any fines / penalties.

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.

8. Shareholders

Distribution of shareholding

The following is the list of shareholder distribution as at 31st December 2021.

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	16,347,581	6.17%
Between 2,650,000 and 13,249,999	1% - 5%	6	40,765,656	15.38%
Below 2,650,000	Below 1%	128	13,249,406	5.00%
GRAND TOTAL		**136**	**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 as per regulatory guidelines. 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.nlicgulf.com.

9. Statutory Auditors

The shareholders of the Company appointed KPMG as its auditors for 2021. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 150 people, amongst whom are five partners and seven directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 145 countries and territories and have 236,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

For FY 2021, Statutory audit fees for KPMG of RO 68,000/- (2020: RO 64,065/-) has been provided for by the Parent Company. In addition to this, the company has also made provision of RO 15,283/- (2020: Nil) for new audit requirements introduced by regulator for FY2021.

KPMG has also provided the Company with other non-audit advisory services such as VAT implementation advisory services and additional certifications for UAE operations for regulatory submissions during the year. The Company has provided for expense of RO 21,608/- (2020: RO 20,000/-) towards professional fees for these services.

10. Market Price Data

The performance of the Company's share price (total returns) in 2021 versus MSM-30 Index and details of the Company's high, low and closing share prices for the period 01 January 2021 to 31 December 2021 is shown below:

	NLGIC				MSM 30 index			
	High	Low	Close	%age movement	High	Low	Close	%age movement
Performance for the month								
Dec-20	0.360	0.340	0.344	-5.49%	3,676	3,587	3,659	0.42%
Jan-21	0.360	0.348	0.352	2.33%	3,756	3,634	3,660	0.04%
Feb-21	0.390	0.342	0.390	10.80%	3,667	3,548	3,612	-1.31%
Mar-21	0.398	0.390	0.394	1.03%	3,754	3,613	3,709	2.67%
Apr-21	0.400	0.370	0.394	0.00%	3,761	3,652	3,761	1.41%
May-21	0.400	0.380	0.400	1.52%	3,873	3,761	3,853	2.44%
Jun-21	0.408	0.390	0.398	-0.50%	4,081	3,854	4,063	5.47%
Jul-21	0.398	0.390	0.390	-2.01%	4,136	4,004	4,030	-0.81%
Aug-21	0.380	0.370	0.370	-5.13%	4,058	3,950	3,967	-1.58%
Sep-21	0.370	0.358	0.358	-3.24%	4,156	3,912	3,943	-0.61%
Oct-21	0.342	0.340	0.340	-5.03%	4,078	3,940	4,075	3.36%
Nov-21	0.334	0.334	0.340	0.00%	4,124	4,000	4,000	-1.83%
Dec-21	0.338	0.338	0.340	0.00%	4,156	3,967	4,130	3.23%
Annual Performance	0.408	0.334	0.340	-5.56%	4,156	3,548	4,130	12.83%

During the period 01 January 2021 to 31 December 2021 a volume of 8,128,579 shares of the Company have been traded at MSM.

As at 31 December 2021, 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 2021

	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	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	Oman Telecommunications Co SAOG	Director	Human Resources Committee Strategy and Investment Committe	Member
Anwar Hilal Hamdoon Al Jabri	Ahli Bank SAOG	First Deputy Chairman	Executive Risk Committee	Member
Mohammed Taqi Ibrahim Al Jamalani	Galfar SAOG	Director	Audit Committee	Vice Chairman
Mohammed Ali Said Al Qassabi	Nil	NA	NA	NA
Sanjay Kawatra	National Finance Company	Director	NA	NA

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 25 branches in Oman while its operations in UAE comprise of 2 branches (Dubai and Abu Dhabi) which offer life and health insurance business.

Industry Overview

Oman Industry Data 2021* vs 2020

RO in millions

Insurance Type	Oman Market 2020	Oman Market 2021	% Change
Life	52	56	8%
Motor	112	100	-10%
Non-Motor	147	163	11%
Health	86	85	-1%
Total	398	405	2%

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 growth of 2% in FY 2021 compared to FY 2020. The growth is from non-motor insurance premiums. Motor premiums contribution has reduced by 10% due to fall in premium rates being charged to customers. With premiums of RO 65 million in FY 2021 (excluding overseas premiums), NLGIC has market share of 16% of the Oman insurance market.

As per CMA published data for FY 2020, 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. In 2021, the Company continues its number one ranking in Gross Written Premiums as well as its market leadership in Oman in Health and Motor segments.

UAE Industry data 2020 vs 2019

RO in millions

Insurance Type	2019	2020	% Change
Life	956	842	-12%
Motor	640	555	-13%
Non-Motor	1,002	1,071	7%
Health	2,042	2,011	-2%
Total	4,640	4,479	-3%

As per the recently published industry data by the UAE Insurance Authority for FY 2020 vs FY 2019, the UAE insurance market shows degrowth of on overall insurance premiums (of 3%) as well as in Health insurance market (of 2%). NLGIC operates mainly in the health market in the UAE. With medical premiums of RO 68 million in FY 2020, NLGIC has market share of around 3% in the UAE medical market. FY 2021 industry data is not yet published by the UAE Insurance Authority.

Financial Overview

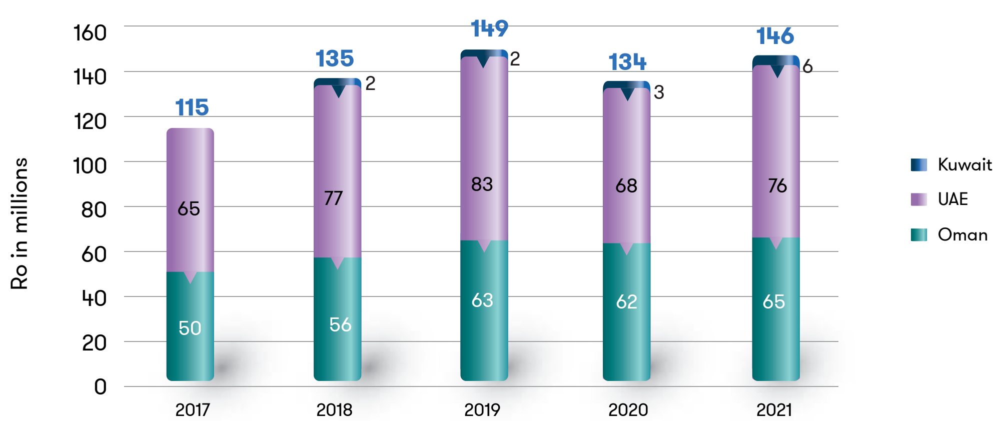
The Company's financial highlights for the year 2021 with past 3 year data is as given below:

RO in millions

Particulars	2018	2019	2020	2021
Gross Written Premium	134.6	148.6	134.0	146.5
Net Underwriting Results (NUR)	19.2	20.1	26.5	16.4
Investment Income - Net	2.6	4.2	4.6	5.8
Profit after Tax	9.3	10.2	15.0	7.5
EPS in baizas (restated @ RO 0.100 per share)	0.035	0.038	0.057	0.028
Total Assets	168.2	188.2	175.8	195.4
Share Capital	26.5	26.5	26.5	26.5
Total Equity	53.7	58.9	67.4	66.4
Net Assets per share in baizas (restated @ RO 0.100 per share)	0.202	0.222	0.254	0.251
Return on Weighted Average Equity (%age)	18%	18%	24%	11%

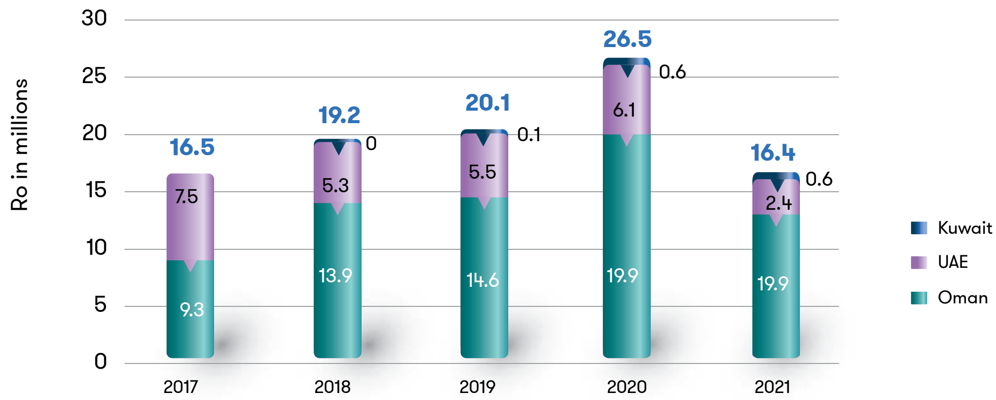
The key parameters of the company's profitability are discussed below:

Gross Written Premium (GWP)



The increase in GWP of RO 12.4 million is mainly on account of overseas premiums which have increased by RO 9.5mn while the balance growth of RO 2.9mn is contributed by Oman. Motor premiums in Oman have reduced by 6.5% although the company has increased its market share in Oman from 15% to 16%. The growth in premiums is contributed mainly by the medical portfolios both in Oman and overseas.

Net Underwriting (NUR)



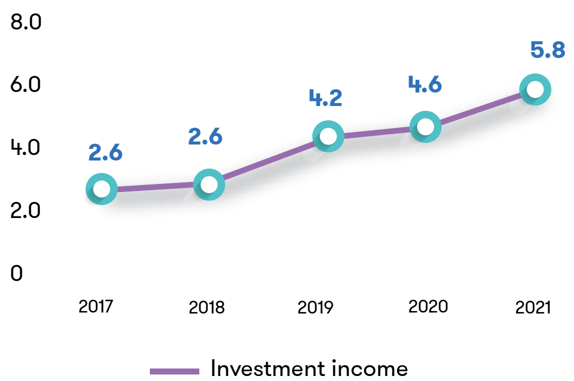
Major challenges faced by the Company during FY 2021 which affected the NUR and the profitability of the Company are:

- The high death claims in Life portfolio due to the pandemic (net claims impact of RO 1.3mn): Upto Aug-21, NLGIC saw high number of death claims being reported due to COVID. After the vaccination levels in UAE and Oman improved there was a marked decrease in the death claims reported.
- Increase in claims ratio in Motor portfolio: NLGIC and the whole Oman motor market has experienced high Motor claims ratio which is the combined effect of reducing premium rates and increase in claims reported, higher court judgements and strengthening of the Incurred but not reported reserves (IBNR). This has brought down the profitability of the motor portfolio.
- Increase in Medical claims ratio (including IBNR reserves) both in Oman and UAE as people became comfortable visiting hospitals and availing elective inpatients treatments which had been postponed in 2020.
- Claims reported on account of Cyclone Shaheen in the Company's Motor and Non-Motor portfolio had an impact of RO 1.1mn on the Gross claims. However, due to prudent reinsurance arrangements, the net claims impact of Shaheen claims was limited to RO 175K.

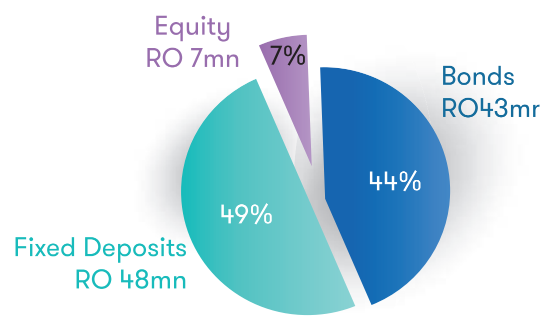
Some of the steps taken by Management to mitigate the impact of above developments and improve profitability are given below.

- Increased reinsurance in it's life insurance portfolio to mitigate the impact of death claims due to Covid.
- Increase in pricing in Group Life portfolio to address the increase in risk post the pandemic
- Enhance motor profitability with a range of actions such as pricing changes and increasing customer retention ratio through loyalty schemes.
- Introduce new products and offer add on covers to customers.

Investment Income

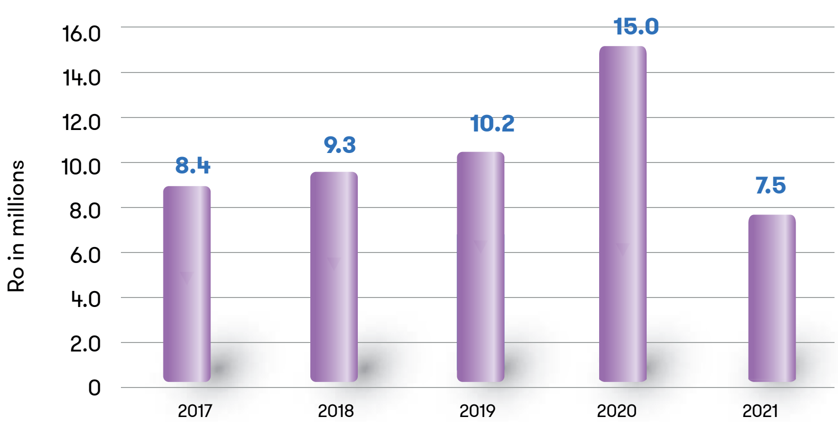


Investment Base Dec 2021



The Investment income for FY 2021 has increased by 26% from RO 4.6 million in FY 2020 to RO 5.8 million in FY 2021. The increase in investment income of RO 1.2 million comprises of a one-off gain on sale of bonds of RO 0.8mn, increase in fixed income by RO 0.3 million and market movement in equity of RO 0.1 million. The enhanced investment income is a result of the Company's strategy in the past years to increase investments in bonds and reducing dependence on fixed deposits. The Company has also invested in overseas equity markets to improve its portfolio diversity and income. In addition to the Investment income of RO 5.8mn in the Profit and Loss account, the Company has also accounted gain of RO 0.9mn due to favourable market movement in its equity and bonds held under the other Comprehensive Income category, taking the overall investment income of the company to RO 6.7mn for FY 2021.

Profitability



Although the company achieved 9% increase in Gross written premiums (RO 146.5mn in FY 2021 as compared to RO 134mn in FY 2020), the Net Underwriting Result (NUR) of the Company was impacted by increased claims in motor, medical and death claims in life portfolios. Due to this Company was able to achieve NUR of RO 16.4mn which is 38% lower as compared to RO 26.5mn in 2020. Investment income of the Company grew by 26% to RO 5.8 million in 2021 as compared to RO 4.6 million in 2020 while the management expenses remained steady at RO 13.5mn for FY 2021. The combined result of the reduced NUR and improved Investment income resulted in achievement of Net profit after tax of RO 7.5mn for FY 2021 as compared to RO 15.0mn in FY 2020.

Digital Transformation

Digital transformation is at the core of the Company's strategy and initiatives to protect the company from possible technological disruptions, simplify customer journeys and digitalize insurance processes. Over the past few years the Company has made major advancements, few of which are:

- Unified Mobile application for motor and medical insurance services
- Robotic Process Automation (RPA)
- Artificial Intelligence Chatbots
- E-card for medical insurance customers
- Sale of polices through Omantel kiosks, self-service portal and broker portal for medical
- Advanced cyber and data security infrastructure developments

Application upgrades for Medical system and Oracle cloud application for human resources and Oracle Fusion implementation for finance and procurement modules

Future plans for further digitalization of insurance processes are underway and one of the major plans for the coming year is the implementation of IFRS 17 requirements which will transform the way insurance accounting is structured and reported.

Awards and recognitions

The Company won numerous awards in 2021 at both national and international levels. Key awards won by the Company are:

- "The Best Performing Company in Large Cap segment Oman" award by AIWA (Alam al-Iktisaad Wal A'mal), consecutively for the fourth year.
- "Excellence in Insurance Award" at the Oman Banking & Finance Awards 2021.
- Ranked among Top 10 insurance brands in Middle East - "Most Valuable Brands- Middle East 2021".
- "Best Social Media Award" awarded by Comex arranged by Arabian Research Bureau.
- "Dream Employer of the Year" and "Best Company to promote Health in workplace" awarded by Oman Best Employer Brand Awards 2021.
- "Most trusted insurance brand in Oman" in the Global Brands Insurance & Takaful Awards 2021.
- "Best customer centric Life & General Insurance Company" in the Annual Global Economics Awards program 2021.

Internal Controls

The Board attaches significant importance to a robust internal control environment, with the aim of safeguarding the company's assets and thus the interests of the shareholders. The Company implements an Internal Control System which is commensurate with the size, scale and complexity of its operations. Controls are in place in all areas of the organization in order to prevent, identify and adjust errors or deviations. The Board is assisted by the Audit and Controls Committee (ACC) in this task. The ACC 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. 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. 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. Risk Management also include IT Security governance (both preventive and corrective) review that assess the preparedness and precautions taken against various cyber threats.

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

CERTIFICATE

Arabian Research Bureau - ARB/OITE in co-ordination with the supporting government entities is pleased to present this certificate to

National Life & General Insurance Company SAOG

winner of award category - Social Media

COMEX AI - NATIONWIDE AWARDS FOR COMPANIES

14 June 2021, Muscat, Sultante of Oman

Amr Abdullah Baabood

CEO - Arabian Research Bureau (OITE / ARB)

Content
(Consolidated Statement)

National Life and General Insurance Company SAOG and its subsidiaries

Separate and Consolidated Financial Statement
For the year ended 31 December 2021

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

KPMG

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

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"), which comprise the separate and consolidated statement of financial position as at 31 December 2021, 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 2021, 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 9and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of insurance contract liabilities

See Note 4.1, 4.2, 4.3, 19 and 20 to the separate and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
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.

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National Life and General Insurance Company SAOG and its subsidiaries
Independent Auditors' Report
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Key Audit Matters *(continued)*

Recoverability of insurance and reinsurance receivables	
See Note 4.4 and 8 to the separate and consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
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 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 2021 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 2021 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.

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National Life and General Insurance Company SAOG and its subsidiaries
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Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements *(continued)*

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.

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.

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National Life and General Insurance Company SAOG and its subsidiaries
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Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements *(continued)*

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 2021, 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.

Ravikanth Petluri
24 February 2022

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National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of financial position

as at 31 December 2021

		Group		Parent Company	
		2021	2020	2021	2020
	Notes	RO	RO	RO	RO
Assets					
Cash and bank balances	5	**14,431,408**	10,233,957	**13,222,586**	9,721,522
Bank deposits	6	**47,393,330**	41,596,096	**47,393,330**	41,596,096
Investments carried at fair value through profit or loss	7.1	**1,363,031**	-	**1,363,031**	-
Investments carried at amortised cost	7.2	**11,197,834**	14,204,940	**11,197,834**	14,204,940
Investments carried at fair value through other comprehensive income	7.3	**38,110,950**	37,034,234	**38,110,950**	37,034,234
Investment in subsidiaries	7.4	**-**	-	**949,759**	861,521
Insurance and reinsurance receivables	8	**49,382,592**	43,155,850	**49,382,592**	43,155,850
Reinsurance share of outstanding claims and IBNR reserve	19	**6,284,674**	5,867,158	**6,284,674**	5,867,158
Reinsurance share of actuarial / mathematical and unexpired risk reserve	20	**11,230,415**	10,307,915	**11,230,415**	10,307,915
Other receivables and prepayments	9	**8,623,931**	5,698,261	**8,230,823**	5,327,977
Loans to policyholders	10	**70,204**	113,873	**70,204**	113,873
Property and equipment	12	**6,619,588**	6,943,707	**6,498,056**	6,791,099
Deferred tax asset	30	**259,592**	197,262	**240,122**	186,453
Intangible assets (including goodwill)	13	**449,051**	472,647	**449,051**	472,647
Total assets		**195,416,600**	175,825,900	**194,623,427**	175,641,285
Equity and liabilities					
Equity					
Share capital	14	**26,500,000**	26,500,000	**26,500,000**	26,500,000
Legal reserve	15	**8,833,333**	8,261,717	**8,833,333**	8,261,717
Contingency reserve	16	**15,147,024**	12,970,009	**15,147,024**	12,970,009
Revaluation reserve	17	**352,345**	447,420	**352,345**	447,420
Fair value reserve		**259,524**	438,638	**259,524**	438,638
Foreign exchange fluctuation reserve		**(21,976)**	(23,710)	**(21,976)**	(23,710)
Retained earnings		**15,357,050**	18,826,386	**15,357,050**	18,826,386
Total equity		**66,427,300**	67,420,460	**66,427,300**	67,420,460
Liabilities					
Gross outstanding claims and	19	**28,717,762**	23,171,076	**28,717,762**	
IBNR reserve					23,171,076
Gross actuarial / mathematical and	20	**57,250,770**	51,541,513	**57,250,770**	51,541,513
unexpired risk reserve					
Due to reinsurers	21	**8,277,998**	8,088,029	**8,277,998**	8,088,029
Other liabilities	22	**25,969,292**	23,039,850	**25,176,119**	22,855,235
Short term loan	5	**7,500,000**	-	**7,500,000**	-
Income tax payable	30	**1,273,478**	2,564,972	**1,273,478**	2,564,972
Total liabilities		**128,989,300**	108,405,440	**128,196,127**	108,220,825
Total equity and liabilities		**195,416,600**	175,825,900	**194,623,427**	175,641,285
Net assets per share	24	**0.251**	0.254	**0.251**	0.254

The consolidated financial statements were authorised for issue in accordance with a resolution of the board of directors on 24 February 2022.

Chairman	**Deputy Chairman**	Chief Executive Officer

The attached notes from 1 to 36 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1 to 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 2021

	Notes	Group		Parent Company	
		2021	**2020**	**2021**	**2020**
		RO	RO	**RO**	RO
Statement of profit or loss					
Gross written premium	25.1	**146,458,990**	134,027,845	**146,458,990**	134,027,845
Gross premium earned	25.1	**140,749,733**	140,889,513	**140,749,733**	140,889,513
Reinsurance share of ceded premium Earned	25.1	**(23,372,284)**	(27,087,738)	**(23,372,284)**	(27,087,738)
Net premium earned		**117,377,449**	113,801,775	**117,377,449**	113,801,775
Commission income	25.2	**2,699,046**	2,707,917	**2,699,046**	2,707,917
Income from policy fees		**1,117,558**	928,549	**1,117,558**	928,549
Gross claims expense	19	**(116,929,034)**	(104,777,917)	**(116,929,034)**	(104,777,917)
Reinsurance share of gross claims expense	25.2	**24,312,425**	24,700,432	**24,312,425**	24,700,432
Commission expense		**(12,214,986)**	(10,875,954)	**(12,214,986)**	(10,875,954)
Net underwriting income		**16,362,458**	26,484,802	**16,362,458**	26,484,802
Investment income - net	27	**5,791,613**	4,601,541	**5,878,117**	4,682,560
Expected credit losses on financial assets		**(25,693)**	(85,832)	**(25,693)**	(85,832)
Other operating income – net	28	**51,068**	14,239	**76,352**	26,881
Third party administration fees		**(1,033,280)**	(964,535)	**(2,323,730)**	(2,017,259)
General and administrative expenses	29	**(12,399,641)**	(12,387,849)	**(11,240,580)**	(11,444,029)
Finance cost		**(76,855)**	(108,223)	**(76,855)**	(108,223)
Amortisation of intangible assets	13	**(23,596)**	(23,596)	**(23,596)**	(23,596)
Profit before tax		**8,646,074**	17,530,547	**8,626,473**	17,515,304
Income tax expense	30	**(1,172,512)**	(2,524,586)	**(1,152,911)**	(2,509,343)
Profit for the year		**7,473,562**	15,005,961	**7,473,562**	15,005,961
Other comprehensive income					
(Items that are or may be reclassified subsequently to profit or loss):					
Exchange differences on translation of foreign operations	7.4	**1,734**	(1,753)	**1,734**	(1,753)
Changes in fair value of debt instruments at fair value through other comprehensive income – net		**(397,351)**	350,162	**(397,351)**	350,162
(Items that will not be reclassified to profit or loss):					
Changes in fair value of equity instruments at fair value through other comprehensive income – net		**1,298,970**	(211,506)	**1,298,970**	(211,506)
Other comprehensive income		**903,353**	136,903	**903,353**	136,903
Total comprehensive income for the year		**8,376,915**	15,142,864	**8,376,915**	15,142,864
Earnings per share - basic and diluted	31	**0.028**	0.057	**0.028**	0.057

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 36 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1 to 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 2021

Group and Parent Company	Notes	Share Capital	Legal reserve	Contin-gency reserve	Reval-uation reserve	Fair value reserve	Foreign exchange fluctuation reserve	Retained earnings	Total equity
		RO	RO	RO	RO	RO	RO	RO	RO
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	(23,710)	18,826,386	67,420,460
At 1 January 2021		**26,500,000**	**8,261,717**	**12,970,009**	**447,420**	**438,638**	**(23,710)**	**18,826,386**	**67,420,460**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**7,473,562**	**7,473,562**
Change in value of investments carried at FVOCI		**-**	**-**	**-**	**-**	**901,619**	**-**	**-**	**901,619**
Change in foreign exchange fluctuation reserve		**-**	**-**	**-**	**-**	**-**	**1,734**	**-**	**1,734**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**901,619**	**1,734**	**7,473,562**	**8,376,915**
Transfer on sale of FVOCI		**-**	**-**	**-**	**-**	**(1,080,733)**	**-**	**1,080,733**	**-**
Transfer to legal reserve	15	**-**	**571,616**	**-**	**-**	**-**	**-**	**(571,616)**	**-**
Transfer to contingency reserve	16	**-**	**-**	**2,177,015**	**-**	**-**	**-**	**(2,177,015)**	**-**
Revaluation of asset	17	**-**	**-**	**-**	**(95,075)**	**-**	**-**	**-**	**(95,075)**
Dividends declared and paid	18	**-**	**-**	**-**	**-**	**-**	**-**	**(9,275,000)**	**(9,275,000)**
At 31 December 2021		**26,500,000**	**8,833,333**	**15,147,024**	**352,345**	**259,524**	**(21,976)**	**15,357,050**	**66,427,300**

The attached notes from 1 to 36 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1 to 6.

National Life and General Insurance Company SAOG and its subsidiaries

Separate and consolidated statement of cash flows

for the year ended 31 December 2021

		Group		Parent Company	
		2021	2020	2021	2020
	Notes	RO	RO	RO	RO
Cash flows from operating activities					
Profit before tax		**8,646,074**	17,530,547	**8,626,473**	17,515,304
Adjustments for:					
Realised / unrealised gain on investments at FVTPL, FVOCI, Amortised cost – net	27	**(917,794)**	-	**(917,794)**	-
Share of profits of investment in subsidiaries	27	**-**	-	**(86,504)**	(81,019)
Provision for expected credit loss of financial assets		**25,693**	85,832	**25,693**	85,832
Allowance for impaired debts	29	**523,872**	642,156	**523,872**	642,156
Provision for employees' end of service Benefits	29	**166,242**	172,364	**172,595**	158,840
Interest income net of amortization	27	**(4,628,144)**	(4,309,612)	**(4,628,144)**	(4,309,612)
Finance cost		**76,855**	108,223	**76,855**	108,223
Dividend income	27	**(295,506)**	(360,827)	**(295,506)**	(360,827)
Depreciation	12	**979,988**	952,821	**919,835**	873,553
Amortisation of intangible assets	13	**23,596**	23,596	**23,596**	23,596
(Profit) / loss on disposal of property and equipment	28	**(4,808)**	6,849	**(4,808)**	6,849
Operating cash flows before movement in working capital		**4,596,068**	14,851,949	**4,436,163**	14,662,895
Changes in:					
Insurance and reinsurance receivables		**(6,710,932)**	19,753,253	**(6,710,932)**	19,753,253
Other receivables and prepayments		**(3,042,798)**	518,697	**(2,921,693)**	431,940
Reinsurance share of outstanding claims and IBNR reserve		**(417,516)**	152,955	**(417,516)**	152,955
Reinsurance share of actuarial / mathematical and unexpired risk reserve		**(922,500)**	3,236,960	**(922,500)**	3,236,960
Gross outstanding claims and IBNR reserve		**5,546,686**	1,466,486	**5,546,686**	1,466,486
Gross actuarial / mathematical and unexpired risk reserve		**5,709,257**	(6,861,668)	**5,709,257**	(6,861,668)
Due to reinsurers		**189,969**	(749,530)	**189,969**	(749,530)
Other liabilities		**2,732,404**	(12,525,649)	**2,011,730**	(12,339,184)
		7,680,638	19,843,453	**6,921,164**	19,754,107
Employees' end of service benefits paid	22.1	**(48,123)**	(45,585)	**(40,643)**	(44,697)
Income tax paid	30	**(2,574,844)**	(1,669,570)	**(2,546,582)**	(1,646,512)
Net cash from operating activities		**5,057,671**	18,128,298	**4,333,939**	18,062,898

The attached notes from 1 to 36 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1 to 6.

National Life and General Insurance Company SAOG and its subsidiaries

for the year ended 31 December 2021

		Group		Parent Company	
		2021	2020	2021	2020
	Notes	RO	RO	RO	RO
Cash flows from investing activities					
Movement in bank deposits		**(5,822,005)**	(4,273,635)	**(5,822,005)**	(4,273,635)
Purchase of property and equipment	12	**(749,681)**	(1,135,437)	**(720,602)**	(1,058,910)
Tax impact on revaluation of property & equipment		**(1,166)**	-	**(1,166)**	-
Purchase of investment securities		**(13,083,451)**	(20,181,287)	**(13,083,451)**	(20,181,287)
Proceeds from disposal of investment securities		**15,902,218**	3,455,028	**15,902,218**	3,455,028
Proceeds from disposal of property and equipment		**4,710**	43,624	**4,710**	1,354
Interest income received from bank deposits, bonds and securities		**4,404,217**	3,564,020	**4,404,217**	3,564,020
Dividends received		**295,506**	360,827	**295,506**	360,827
Net movement in loans to policyholders		**43,680**	15,594	**43,680**	15,594
Net cash from/ (used in) investing activities		**994,028**	(18,151,266)	**1,023,107**	(18,117,009)
Cash flows from financing activities					
Finance cost paid		**(76,855)**	(108,223)	**(76,855)**	(108,223)
Dividends paid	18	**(9,275,000)**	(6,625,000)	**(9,275,000)**	(6,625,000)
Proceeds / (repayment of) from short term loan		**7,500,000**	(2,000,000)	**7,500,000**	(2,000,000)
Net cash used in financing activities		**(1,851,855)**	(8,733,223)	**(1,851,855)**	(8,733,223)
Net increase / (decrease) in cash and cash Equivalents		**4,199,844**	(8,756,191)	**3,505,191**	(8,787,334)
Currency translation adjustment		**1,734**	(1,753)	**-**	-
Cash and cash equivalents at 1 January	5	**10,267,621**	19,025,565	**9,755,186**	18,542,520
Cash and cash equivalents at 31 December	5	**14,469,199**	10,267,621	**13,260,377**	9,755,186

The attached notes from 1 to 36 form part of these separate and consolidated financial statements. The independent auditors' report is set out on pages 1 to 6.

Notes to the separate and consolidated financial statements
for the year ended 31 December 2021

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 license 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 7.4) due to which consolidated financial statements for the year ended 31 December 2021 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, as amended, 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 2021

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 2021.

- Interest Rate Benchmark Reform – Phase 2 (Amendment to IFRS 9, IAS 39, IFRS 7 and IFRS 16).

- COVID 19-Related Rent Concessions (Amendment to IFRS 16).

The above change 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; and
- 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; and
- 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.

(b) Accounting in separate financial statements

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; and
- 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.

(b) 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).

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

These are short term life 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 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 monthly 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, premiums 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 determine 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 incurred 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.

3.6 Financial 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); and
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, unrealised 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; and
- 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; and
- 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; and
- 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.

3.7 Deferred acquisition costs and commission income

(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:

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

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

The Group does amortization of intangible assets recognized from the purchase price allocation on acquisition of its 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 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

Premiums are 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.

(c) 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 2021 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:

- Annual Improvements to IFRS Standards 2018-2020.
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

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 2021. Gross unpaid amounts are obtained by reducing the selected ultimate losses by the gross amounts paid as at 31 December 2021. 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.

For general insurance claims, IBNR has been arrived at by using a combination of the chain ladder method, Expected Loss Ratio Method and the Bornhuetter-Ferguson Method. These methods have been used to determine the pattern of reporting claims which has then been modified to determine IBNR reserves.

Unallocated Loss Adjustment Expenses (ULAE) has been added to the IBNR reserves for Group Life, Group Medical and General Insurance business. Following assumptions have been taken for ULAE:

2021	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	0.6%	1.0%	0.8%	2.6%
UAE	1.5%	0.5%	-	-
Kuwait	2.8%	1.9%	6.8%	5.0%

2020	Group Life	Group Medical	Motor	Non-Motor
As Percentage of Outstanding claims and IBNR	%	%	%	%
Oman	0.9%	1.2%	1.1%	3.5%
UAE	1.8%	0.5%	-	-
Kuwait	6.0%	3.2%	7.4%	3.6%

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.

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 107,871 (1.2%) or decrease by RO 107,797 (1.2%) [2020: RO 195,241 (2.0%) or decrease by RO 195,177 (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 2020: 5% per annum) for non-profit polices and 4.5% per annum (31 December 2020: 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 2020: 7.2% 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 2021, the gross liability would increase by RO 55,581 (1.3%) or decrease by RO 54,009 (1.3%) [2020: RO 65,944 (1.5%) or decrease by RO 63,961 (1.4%)].

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% (31 December 2020: 4% to 5%) of the gross premiums. For group medical product, indirect expenses have been deferred at 7.5% (31 December 2020: 6%) for group medical-Oman, 6.5% (31 December 2020: 6.5%) for group medical-UAE and Kuwait, 5% (31 December 2020: 5%) for individual medical-Oman and Kuwait and 6.5% (31 December 2020: 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 2021.

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	
	2021	2020	2021	2020
	RO	RO	RO	RO
Balances with banks	**14,448,802**	10,246,154	**13,240,099**	9,733,898
Cash in hand	**20,397**	21,467	**20,278**	21,288
Cash and cash equivalents	**14,469,199**	10,267,621	**13,260,377**	9,755,186
Less: ECL on cash and bank balances (note 5.2)	**(37,791)**	(33,664)	**(37,791)**	(33,664)
Cash and cash equivalents – net of ECL	**14,431,408**	10,233,957	**13,222,586**	9,721,522

Included in balances with banks are balances of RO 13,102,309 (2020: RO 8,346,026) 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.

The ECL amounted to RO 37,791 (2020: RO 33,664) as at 31 December 2021 resulting in ECL charge on cash and bank balances of RO 4,127 (2020: RO 12,329) for the year ended 31 December 2021.

Short term loan:

During the year, the Group availed short term loans from commercial banks in Oman amounting to RO 7,500,000 (2020 – Nil) for a short term which are outstanding (2020 – RO Nil). Rate of interest as at 31 December 2020 is 3.50% to 4.25% to per annum (2020 – Nil).

6. Bank deposits

	Group & Parent Company	
	2021	2020
	RO	RO
Deposits (note 6.1)	**47,500,135**	41,678,130
Less: ECL on bank deposits (note 6.2)	**(106,805)**	(82,034)
	47,393,330	41,596,096

Deposits are held with commercial banks in the Sultanate of Oman, Kuwait and United Arab Emirates, denominated in Rial Omani of RO 30,475,000 (2020: RO 25,425,000), Kuwaiti dinar of RO 3,216,850 (2020: RO 2,197,650) and denominated in UAE Dirhams of RO 13,808,285 (2020: RO 14,055,480) and carry effective annual interest rates ranging between 1.25% to 5.40% per annum (2020: ranging between 1.375% to 5.40% per annum).

The ECL amounted to RO 106,805 (2020: RO 82,034) as at 31 December 2021 resulting in ECL charge on bank deposits balances of RO 24,771 (2020: RO 26,235) for the year ended 31 December 2021.

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

	Group & Parent Company	
	Deposits	
	2021	2020
	RO	RO
One year or more from the date of placement	**47,500,135**	41,678,130
	47,500,135	41,678,130

7. Investment securities

	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
	RO	**RO**	**RO**	**RO**
Investments carried at FVTPL	**1,363,031**	-	**1,363,031**	-
Investments carried at amortised cost	**11,197,834**	14,204,940	**11,197,834**	14,204,940
Investment carried at FVOCI	**38,110,950**	37,034,234	**38,110,950**	37,034,234
Investment in subsidiaries	**-**	-	**949,759**	861,521
	50,671,815	51,239,174	**51,621,574**	52,100,695

7.1 Investments carried at FVTPL

	Group & Parent Company			
	2021		2020	
	Market value	**Cost**	**Market value**	**Cost**
	RO	**RO**	**RO**	**RO**
Foreign				
Quoted	**1,363,031**	1,273,695	-	-
	1,363,031	1,273,695	-	-

(i) Movement in investments carried at FVTPL:

	Group & Parent Company	
	2021	**2020**
	RO	**RO**
At 1 January	**-**	-
Additions during the year	**1,273,695**	-
Fair value changes (note 27)	**89,336**	-
At 31 December	**1,363,031**	-

7.2 Investments carried at amortised cost

	Interest rate	Group & Parent Company 2021 RO	2020 RO
Bonds - over one year from the date of inception	(2021: 4% to 6.75%p.a.) (2020: 4% to 6.75%p.a.)	**11,226,661**	14,238,969
Less: Expected credit losses on Investments carried at amortised cost		**(28,827)**	(34,029)
		11,197,834	14,204,940

Movement in investments carried at amortised cost:

	Group & Parent Company 2021 RO	2020 RO
At 1 January	**14,204,940**	2,569,435
Additions during the year	**-**	11,673,001
Matured / sold during the year	**(3,330,248)**	-
Amortisation during the year	**(11,176)**	(4,609)
Realised gain on disposal (note 27)	**329,116**	-
Movement in Expected credit losses	**5,202**	(32,887)
At 31 December	**11,197,834**	14,204,940

The ECL amounted to RO 28,827 (2020: RO 34,029) as at 31 December 2021 resulting in ECL release on investments carried at amortised cost of RO 5,202 (2020 – charge on RO 32,887) for the year ended 31 December 2021.

7.3 Investments carried at FVOCI

	Group & Parent Company			
	2021		2020	
	Market value	Cost	Market value	Cost
	RO	RO	RO	RO
Local				
Quoted	**29,895,152**	**29,872,971**	29,964,227	29,254,886
	29,895,152	**29,872,971**	29,964,227	29,254,886
Foreign				
Unquoted	**81,382**	**722,179**	119,579	853,449
Quoted	**8,134,416**	**7,209,040**	6,950,428	6,497,116
	8,215,798	**7,931,219**	7,070,007	7,350,565
Local and Foreign	**38,110,950**	**37,804,190**	37,034,234	36,605,451

Movement in investments carried at FVOCI:

	Group & Parent Company	
	2021	2020
	RO	RO
At 1 January	**37,034,234**	31,709,063
Additions during the year	**11,986,973**	8,508,286
Disposals during the year	**(12,375,573)**	(3,514,122)
Realised gain on disposal (note 27)	**499,342**	-
Fair value change and amortisation	**965,974**	331,007
At 31 December	**38,110,950**	37,034,234

The Group does not hold any investment in which its holdings exceed 10% of the market value of its investment portfolio at 31 December 2021 and 31 December 2020.

The ECL amounted to RO 26,615 (2020: RO 35,197) as at 31 December 2021 resulting in ECL release on investments carried at FVOCI of RO 8,582 (2020: charge on RO 12,652) for the year ended 31 December 2021. Out of the quoted investments, RO 32,719,139 (2020: RO 30,685,628) pertains to debt securities and RO 5,310,429 (2020: RO 6,229,027) 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 - loss of RO 397,351 (2020 – gain of RO 350,162) and change in value of investments carried at FVOCI – gain of RO 1,307,552 (2020 – loss of RO 211,506). In accordance with IFRS 9, upon disposal of debt investments carried at FVOCI, the resulting realised gain or loss since inception will be reclassified to profit or loss whereas upon disposal of equity investments carried at FVOCI the resulting realised gain or loss since inception will not be reclassified to profit or loss and will be transferred to retained earnings.

7.4 Investments in subsidiaries

		Parent Company			
	Country of		**2021**		2020
	Incorporation	**Holding**	**Carrying value**	Holding	Carrying Value
		%	**RO**	%	RO
NLGIC support services Pvt. Ltd. (NSSPL) (i)	**India**	**100**	**328,206**	100	270,387
Inayah TPA LLC (ii)	**UAE**	**100**	**621,553**	100	591,134
At 31 December			**949,759**		861,521

Movement in investments in subsidiaries:

	Parent Company	
	2021	2020
	RO	RO
At 1 January	**861,521**	782,255
Share of profits of subsidiaries (note 27)	**86,504**	81,019
Exchange differences on translation of foreign operations	**1,734**	(1,753)
At 31 December	**949,759**	861,521

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.

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					
	2021			**2020**		
	Life	**General**	**Total**	**Life**	**General**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**
Insurance receivables	**44,809,079**	**4,547,647**	**49,356,726**	34,337,865	4,045,882	38,383,747
Reinsurance receivables	**1,713,537**	**871,234**	**2,584,771**	6,493,981	496,926	6,990,907
	46,522,616	**5,418,881**	**51,941,497**	40,831,846	4,542,808	45,374,654
Allowance for doubtful debts	**(1,728,178)**	**(830,727)**	**(2,558,905)**	(1,368,477)	(850,327)	(2,218,804)
	44,794,438	**4,588,154**	**49,382,592**	39,463,369	3,692,481	43,155,850

Movement in allowance for doubtful debts:

	Group & Parent Company					
	2021			2020		
	Life	**General**	**Total**	Life	General	Total
	RO	**RO**	**RO**	RO	RO	RO
At 1 January	**1,368,477**	**850,327**	**2,218,804**	902,761	705,809	1,608,570
Provided during the year (note 29)	**458,268**	**25,922**	**484,190**	465,716	144,518	610,234
Written off during the year	**(98,567)**	**(45,522)**	**(144,089)**	-	-	-
At 31 December	**1,728,178**	**830,727**	**2,558,905**	1,368,477	850,327	2,218,804

9. Other receivables and prepayments

	Group		Parent Company	
	2021	2020	2021	2020
	RO	RO	RO	RO
Receivable from other insurance companies and individuals	**2,513,645**	1,468,181	**2,513,645**	1,468,181
Other receivables	**4,744,571**	3,041,915	**4,351,463**	2,671,631
Accrued interest	**1,772,906**	1,545,083	**1,772,906**	1,545,083
	9,031,122	6,055,179	**8,638,014**	5,684,895
Allowance for doubtful debts (note 9.1)	**(389,195)**	(349,513)	**(389,195)**	(349,513)
Expected credit losses of other receivables	**(17,996)**	(7,405)	**(17,996)**	(7,405)
	8,623,931	5,698,261	**8,230,823**	5,327,977

9.1 Movement in allowance for doubtful debts

	Group		Parent Company	
	2021	2020	2021	2020
	RO	RO	RO	RO
At 1 January	**349,513**	317,591	**349,513**	317,591
Provided during the year (note 29)	**39,682**	31,922	**39,682**	31,922
At 31 December	**389,195**	349,513	**389,195**	349,513

10. Loans to policyholders

Loans to policyholders are generally advanced at 90%% (2020: 90%) of the cash value of their respective policies and carry an annual effective rate of interest of 9.5% per annum (2020: 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 52,921,238 (2020: RO 46,781,499). 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 (2020: 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 1,014,663 (2020: RO 1,007,975) and RO 3,216,850 (2020: RO 2,197,650) 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 (2020: RO 5,000,000) 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 3,256,860 (2020: RO 3,689,000) with local bank which are secured by way of 110% of amount held under fixed deposit with the bank.

12. Property and equipment

	Group				
	Land and Building	Motor Vehicles	Furniture and equipment	Computer equipment	Total
	RO	RO	RO	RO	RO
Cost					
At 1 January 2021	**5,138,265**	**305,693**	**1,754,151**	**3,459,612**	**10,657,721**
Additions	**-**	**-**	**75,996**	**673,685**	**749,681**
Revaluation decrease	**(110,937)**	**-**	**-**	**-**	**(110,937)**
Disposals and write offs	**-**	**(35,996)**	**(392)**	**-**	**(36,388)**
At 31 December 2021	**5,027,328**	**269,697**	**1,829,755**	**4,133,297**	**11,260,077**
Accumulated depreciation					
At 1 January 2021	**242,605**	**241,018**	**968,385**	**2,262,006**	**3,714,014**
Charge for the year (note 29)	**122,751**	**34,622**	**259,201**	**563,414**	**979,988**
Eliminated on revaluation	**(17,029)**	**-**	**-**	**-**	**(17,029)**
Disposals and write offs	**-**	**(35,996)**	**(427)**	**(61)**	**(36,484)**
At 31 December 2021	**348,327**	**239,644**	**1,227,159**	**2,825,359**	**4,640,489**
Net book value					
At 31 December 2021	**4,679,001**	**30,053**	**602,596**	**1,307,938**	**6,619,588**

	Group				
	Land and Building	Motor Vehicles	Furniture and Equipment	Computer equipment	Total
	RO	RO	RO	RO	RO
Cost					
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

	Parent Company				
	Land and Building	**Motor vehicles**	**Furniture and Equipment**	**Computer equipment**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**
Cost					
At 1 January 2021	**5,138,265**	**305,693**	**1,650,110**	**3,194,061**	**10,288,129**
Additions	**-**	**-**	**75,224**	**645,378**	**720,602**
Revaluation decrease	**(110,937)**	**-**	**-**	**-**	**(110,937)**
Disposals and write offs	**-**	**(35,996)**	**(390)**	**-**	**(36,386)**
At 31 December 2021	**5,027,328**	**269,697**	**1,724,944**	**3,839,439**	**10,861,408**
Accumulated depreciation					
At 1 January 2021	**242,605**	**241,018**	**931,272**	**2,082,135**	**3,497,030**
Charge for the year (note 29)	**122,751**	**34,622**	**236,811**	**525,651**	**919,835**
Eliminated on revaluation	**(17,029)**	**-**	**-**	**-**	**(17,029)**
Disposals and write offs	**-**	**(35,996)**	**(427)**	**(61)**	**(36,484)**
At 31 December 2021	**348,327**	**239,644**	**1,167,656**	**2,607,725**	**4,363,352**
Net book value					
At 31 December 2021	**4,679,001**	**30,053**	**557,288**	**1,231,714**	**6,498,056**

	Parent Company				
	Land and Building	Motor Vehicles	Furniture and Equipment	Computer equipment	Total
	RO	RO	RO	RO	RO
Cost					
At 1 January 2020	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 2020	5,138,265	305,693	1,650,110	3,194,061	10,288,129
Accumulated depreciation					
At 1 January 2020	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 2020	242,605	241,018	931,272	2,082,135	3,497,030
Net book value					
At 31 December 2020	4,895,660	64,675	718,838	1,111,926	6,791,099

During 2021, the Company's has revalued its land and building. The valuation was performed by Cavendish Maxwell as at 31 December 2021. Cavendish Maxwell is an industry specialist in valuing these types of properties. Valuations are generally performed once in three years. The decrease in value of the property arising from the revaluation conducted in 2021 has been recorded in the revaluation reserve as it is a reversal of increase in valuation recorded in prior years.

13. Intangible assets (including Goodwill)

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**472,647**	496,243	**472,647**	496,243
Amortisation of intangible assets	**(23,596)**	(23,596)	**(23,)**	(23,596)
At 31 December	**449,051**	472,647	**449,051**	472,647

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 (2020: RO 23,596) which has been accounted during the year.

14. Share capital

	2021	2020	**2021**	2020
	Number of shares	Number of shares	**RO**	RO
Authorised - shares of RO 0.100 each (2020: RO 0.100 each)	**500,000,000**	500,000,000	**50,000,000**	50,000,000
Issued and fully paid - shares of RO 0.100 each (2020: 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:

	2021	2020
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 has to be 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. During 2021, the legal reserve has reached the limit of one third of the company's share capital and hence the transfer to legal reserve has been discontinued during the year.

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 906,017 (2020: RO 640,380) and 1% of the life assurance premiums for the year in case of life insurance business amounting to RO 1,270,998 (2020: RO 1,144,030) 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.

Movement in value of revaluation reserve

	Group & Parent Company	
	2021	2020
	RO	RO
At 1 January	**447,420**	447,420
Decrease in value of land and building upon revaluation	**(95,075)**	-
At 31 December	**352,345**	447,420

18. Dividends paid and proposed

Shareholders in annual general meeting dated 28 March 2021 (2020: annual general meeting dated 13 May 2020) approved cash dividend of RO 9,275,000 (2020: cash dividend of RO 6,625,000) which was paid in 2021 and 2020 respectively.

The Board of Directors proposed to retain profits to strengthen the Company's capital position in a meeting held on 24 February 2022. This has to be approved at the forthcoming Annual General Meeting.

19. Claims

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

Life business	Group & Parent Company					
	2021			2020		
	Gross RO	**Reinsurance RO**	**Net RO**	Gross RO	Reinsurance RO	Net RO
At 1 January						
- 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
Add: Claims provided during the year	**101,933,718**	**(22,581,754)**	**79,351,964**	94,795,312	(23,230,772)	71,564,540
Less: Insurance claims paid during the year	**(99,654,818)**	**22,775,681**	**(76,879,137)**	(95,022,136)	23,980,339	(71,041,797)
At 31 December	**16,884,759**	**(3,511,837)**	**13,372,922**	14,605,859	(3,705,764)	10,900,095
Analysis of outstanding claims at 31 December						
- Outstanding claims	**10,048,644**	**(2,152,363)**	**7,896,281**	8,413,119	(2,272,882)	6,140,237
- Incurred but not reported	**6,836,115**	**(1,359,474)**	**5,476,641**	6,192,740	(1,432,882)	4,759,858
	16,884,759	**(3,511,837)**	**13,372,922**	14,605,859	(3,705,764)	10,900,095

General business	Group & Parent Company					
	2021			**2020**		
	Gross RO	**Reinsurance RO**	**Net RO**	Gross RO	Reinsurance RO	Net RO
At 1 January						
- 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
Add: Claims provided during the year	**14,995,316**	**(1,730,671)**	**13,264,645**	9,982,605	(1,469,660)	8,512,945
Less: Insurance claims paid during the year	**(11,727,530)**	**1,119,228**	**(10,608,302)**	(8,289,295)	873,048	(7,416,247)
At 31 December	**11,833,003**	**(2,772,837)**	**9,060,166**	8,565,217	(2,161,394)	6,403,823
Analysis of outstanding claims at 31 December						
- Outstanding claims	**9,658,934**	**(2,040,528)**	**7,618,406**	7,384,958	(1,846,249)	5,538,709
- Incurred but not reported	**2,174,069**	**(732,309)**	**1,441,760**	1,180,259	(315,145)	865,114
	11,833,003	**(2,772,837)**	**9,060,166**	8,565,217	(2,161,394)	6,403,823

Life and General	Group & Parent Company					
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RO	RO	RO	RO	RO	RO
At 1 January						
- 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
Add: Claims provided during year	**116,929,034**	**(24,312,425)**	**92,616,609**	104,777,917	(24,700,432)	80,077,485
Less: Insurance claims paid during the year	**(111,382,348)**	**23,894,909**	**(87,487,439)**	(103,311,431)	24,853,387	(78,458,044)
At 31 December	**28,717,762**	**(6,284,674)**	**22,433,088**	23,171,076	(5,867,158)	17,303,918
Analysis of outstanding claims at 31 December						
- Outstanding claims	**19,707,578**	**(4,192,891)**	**15,514,687**	15,798,077	(4,119,131)	11,678,946
- Incurred but not reported	**9,010,184**	**(2,091,783)**	**6,918,401**	7,372,999	(1,748,027)	5,624,972
	28,717,762	**(6,284,674)**	**22,433,088**	23,171,076	(5,867,158)	17,303,918

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	
	2021	2020
	RO	RO
Actuarial / mathematical and unexpired risk reserve - life assurance		
Gross	**49,472,746**	43,372,671
Reinsurance share	**(10,983,411)**	(10,138,094)
	38,489,335	33,234,577
Unexpired risk reserve – general insurance		
Gross	**7,778,024**	8,168,842
Reinsurance share	**(247,004)**	(169,821)
	7,531,020	7,999,021
Actuarial / mathematical and unexpired risk reserve – total		
Gross	**57,250,770**	51,541,513
Reinsurance share	**(11,230,415)**	(10,307,915)
	46,020,355	41,233,598

Movement during the year:

Actuarial / mathematical and unexpired risk reserve – life assurance (net)		
At 1 January	**33,234,577**	37,001,242
Net movement in the separate and consolidated statement of profit or loss and other comprehensive income	**5,254,758**	(3,766,665)
At 31 December	**38,489,335**	33,234,577
Unexpired risk reserve – general insurance (net)		
At 1 January	**7,999,021**	7,857,064
Net movement in the separate and consolidated statement of profit or loss and other comprehensive income	**(468,001)**	141,957
At 31 December	**7,531,020**	7,999,021

21. Due to reinsurers

	Group & Parent Company	
	2021	2020
	RO	RO
Reinsurance balances payable – life insurance	**7,042,631**	7,074,604
Reinsurance balances payable – general insurance	**1,235,367**	1,013,425
	8,277,998	8,088,029

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

22. Other liabilities

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Accounts payable	**8,801,255**	7,723,515	**8,801,255**	7,723,515
Accrued expenses	**4,143,290**	4,431,544	**4,123,929**	4,084,221
Commission Payable	**6,429,312**	5,307,564	**6,429,312**	5,307,564
Other payables	**5,580,349**	4,680,260	**4,831,255**	4,881,519
Employees' end of service benefits (note 22.1)	**1,015,086**	896,967	**990,368**	858,416
	25,969,292	23,039,850	**25,176,119**	22,855,235

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

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**896,967**	770,188	**858,416**	744,273
Charge for the year (note 29)	**166,242**	172,364	**172,595**	158,840
Paid during the year	**(48,123)**	(45,585)	**(40,643)**	(44,697)
At 31 December	**1,015,086**	896,967	**990,368**	858,416

23. Contingent liabilities

23.1 Contingencies

At 31 December 2021, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 293,273 (2020: RO 683,663) 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	
	2021	2020
Net assets (RO)	**66,427,300**	67,420,460
Number of shares outstanding at 31 December	**265,000,000**	265,000,000
Net assets per share (RO)	**0.251**	0.254

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					
	2021			2020		
	RO			RO		
	Life	**General**	**Total**	**Life**	**General**	**Total**
Gross written premium	**127,099,795**	**19,359,195**	**146,458,990**	114,402,951	19,624,894	134,027,845
Movement in unearned premiums	**(6,100,075)**	**390,818**	**(5,709,257)**	6,920,790	(59,122)	6,861,668
Gross premium earned	**120,999,720**	**19,750,013**	**140,749,733**	121,323,741	19,565,772	140,889,513
Reinsurance premiums ceded	**(22,640,890)**	**(1,653,894)**	**(24,294,784)**	(22,443,501)	(1,407,277)	(23,850,778)
Movement in unearned Premiums	**845,317**	**77,183**	**922,500**	(3,154,125)	(82,835)	(3,236,960)
Premium ceded to Reinsurance	**(21,795,573)**	**(1,576,711)**	**(23,372,284)**	(25,597,626)	(1,490,112)	(27,087,738)
Net premium earned	**99,204,147**	**18,173,302**	**117,377,449**	95,726,115	18,075,660	113,801,775

25.2 Reinsurance impact

	Group & Parent Company					
	2021			2020		
	RO			RO		
	Life	**General**	**Total**	**Life**	**General**	**Total**
Premium ceded to reinsurance	**(21,795,573)**	**(1,576,711)**	**(23,372,284)**	(25,597,626)	(1,490,112)	(27,087,738)
Commission income	**2,468,514**	**230,532**	**2,699,046**	2,661,559	46,358	2,707,917
Reinsurance share of gross claims expense	**22,581,754**	**1,730,671**	**24,312,425**	23,230,772	1,469,660	24,700,432
Net reinsurance impact	**3,254,695**	**384,492**	**3,639,187**	**294,705**	**25,906**	**320,611**

26. Underwriting results

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

	Group & Parent Company			
	2021		2020	
	Net premium	**Underwriting results before reinsurance recoveries**	Net premium	Underwriting results before reinsurance recoveries
	RO	**RO**	RO	RO
Life				
Bank borrowers' business	**548,418**	**(583,274)**	745,241	(583,659)
Group life business	**2,440,204**	**(1,233,264)**	2,977,560	(940,160)
Individual business	**1,948,163**	**(26,730)**	1,060,021	242,372
Group medical business	**99,522,120**	**11,657,413**	87,176,628	19,582,158
	104,458,905	**9,814,145**	91,959,450	18,300,711
General				
Motor business	**17,496,174**	**2,249,804**	18,037,279	7,134,716
Non motor business	**209,127**	**659,322**	180,338	728,764
	17,705,301	**2,909,126**	18,217,617	7,863,480

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	
	2021	2020
Group life business	**88%**	99%
Group medical business	**80%**	74%
Individual business	**40%**	26%
Motor business	**74%**	48%

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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Interest income on bank deposits and other investments	**1,995,490**	1,551,326	**1,995,490**	1,551,326
Interest income on bonds, net of amortisation charge	**2,622,446**	2,744,634	**2,622,446**	2,744,634
Interest income on loans to policy holders	**10,208**	13,652	**10,208**	13,652
Dividend income	**295,506**	360,827	**295,506**	360,827
Net unrealised gain on investment carried at FVTPL (note 7.1)	**89,336**	-	**89,336**	-
Net realised gain on investment carried at FVOCI – debt instruments (note 7.3)	**499,342**	-	**499,342**	-
Net realised gain on investment carried at amortised cost (note 7.2)	**329,116**	-	**329,116**	-
Share of profits of subsidiaries (note 7.4)	**-**	-	**86,504**	81,019
	5,841,444	4,670,439	**5,927,948**	4,751,458
Investment acquisition cost and portfolio management fees	**(49,831)**	(68,898)	**(49,831)**	(68,898)
	5,791,613	4,601,541	**5,878,117**	4,682,560

28. Other operating income – net

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Miscellaneous income	**73,262**	51,983	**73,262**	51,983
Rental income	**4,600**	6,000	**29,884**	18,642
Profit /(loss) on disposal of property and equipment	**4,808**	(6,849)	**4,808**	(6,849)
Exchange loss	**(31,602)**	(36,895)	**(31,602)**	(36,895)
At 31 December	**51,068**	14,239	**76,352**	26,881

29. General and administrative expenses

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Wages, salaries and other benefits	**7,177,982**	7,479,457	**6,435,274**	6,890,048
Rent and utility expenses	**691,501**	685,470	**622,190**	611,488
Depreciation (note 12)	**979,988**	952,821	**919,835**	873,553
Director's remuneration and sitting fees	**175,498**	203,891	**171,600**	200,000
Allowance for doubtful debts (note 8 and 9)	**523,872**	642,156	**523,872**	642,156
Professional and consultants fees	**516,212**	453,695	**481,340**	438,911
Computer expenses	**636,480**	452,730	**584,702**	423,109
Company registration & membership costs	**96,580**	65,647	**96,580**	65,647
Social security benefits	**313,522**	270,065	**313,522**	270,065
Employees' end of service benefits (note 22.1)	**166,242**	172,364	**172,595**	158,840
Advertisement and publicity	**49,527**	70,590	**49,527**	70,590
Recruitment and training expenses	**10,352**	32,287	**10,352**	32,287
Other expenses and fees	**1,061,885**	906,676	**859,191**	767,335
	12,399,641	12,387,849	**11,240,580**	11,444,029

30 Income tax

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Statement of comprehensive income:				
Current tax				
- For the year	**1,289,234**	2,578,782	**1,260,972**	2,552,730
- For prior years	**(5,884)**	22,479	**(5,884)**	22,479
Deferred tax	**(110,839)**	(76,675)	**(102,177)**	(65,866)
	1,172,512	2,524,586	**1,152,911**	2,509,343

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Current liability				
Income tax payable	**1,273,478**	2,564,972	**1,273,478**	2,564,972
Non-current asset				
Deferred tax asset	**259,592**	197,262	**240,122**	186,453

Movement for income tax payable is as follows:

	Group		Parent Company	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**2,564,972**	1,636,275	**2,564,972**	1,636,275
Charge for the year	**1,283,350**	2,598,267	**1,255,088**	2,575,209
Paid during the year	**(2,574,844)**	(1,669,570)	**(2,546,582)**	(1,646,512)
At 31 December	**1,273,478**	2,564,972	**1,273,478**	2,564,972

Reconciliation of income tax expenses

The tax rate applicable to the Parent Company is 15% (2020: 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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Profit before income tax	**8,646,074**	17,530,547	**8,626,473**	17,515,304
Income tax as per rates mentioned above	**1,333,043**	2,653,348	**1,293,971**	2,627,296
Non-deductible expenses	**2,500**	8,874	**2,500**	8,874
Tax exempt revenue	**(156,808)**	(154,388)	**(156,808)**	(154,388)
Provision relating to prior years	**(5,884)**	22,479	**(5,884)**	22,479
Others	**(339)**	(5,727)	**19,132**	5,082
Tax expense for the year	**1,172,512**	2,524,586	**1,152,911**	2,509,343

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 2021.

Deferred tax

	Group			Parent Company		
	At 1 January 2021 RO	Movement during the year RO	At 31 Dec mber 2021 RO	At 1 January 2021 RO	Movement during the year RO	At 31 December 2021 RO
Amortisation of goodwill	**(46,915)**	**1,805**	**(45,111)**	**(46,915)**	**1,805**	**(45,111)**
Provision for doubtful debts	**414,104**	**82,435**	**496,539**	**414,104**	**82,435**	**496,539**
Depreciation and revaluation of property and equipment	**(36,474)**	**21,665**	**(14,809)**	**(47,283)**	**13,004**	**(34,279)**
Revaluation reserve	**(67,113)**	**4,934**	**(62,179)**	**(67,113)**	**4,934**	**(62,179)**
	263,602	**110,839**	**374,440**	**252,793**	**102,178**	**354,970**
Fair value through other comprehensive income reserve	**(66,340)**	**(48,508)**	**(114,848)**	**(66,340)**	**(48,508)**	**(114,848)**
Net deferred tax asset	**197,262**	**62,331**	**259,592**	**186,453**	**53,670**	**240,122**

	Group			Parent Company		
	At 1 January 2020 RO	Movement during the year RO	At 31 December 2020 RO	At 1 January 2020 RO	Movement during the year RO	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 reserve	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

Deferred tax asset / liability has been computed at the tax rate of 15% (2020: 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	
	2021	2020
Profit for the year (RO)	**7,473,562**	15,005,961
Weighted average number of shares outstanding during the year	**265,000,000**	265,000,000
Basic earnings per share (RO)	**0.028**	0.057

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% (2020: 73.448%) of the Company's shares.

Transactions with related parties of the Parent Company or holders of 10% or more of the Parent company's shares or their family members included in the separate and consolidated statements of profit or loss and other comprehensive income and separate and consolidated statement of financial position are as follows:

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Key Senior Executives	Key management personnel of major shareholder	Other related parties
2021	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Separate and consolidated statement of profit or loss and other comprehensive income:							
Gross premium income	3,861,662	120,109	-	3,235,982	-	-	505,571
Claims expense	2,753,989	72,267	-	2,122,280	-	-	559,442
Interest income on deposits	770,728	-	-	770,728	-	-	-
Bonds Interest & Dividend Income	482,703	243,812	-	238,891	-	-	-
Reinsurance share of claims Paid	932	-	-	932	-	-	-
Commission expense	448,674	-	-	180,764	-	-	267,910
Other expenses	293,290	-	-	194,093	-	-	99,197
Director sitting fees (of Parent Company)	21,600	-	21,600	-	-	-	-
Director sitting fees (of Subsidiary Company)	6,634	-	1,687	-	4,947	-	-
Directors' remuneration	150,000	-	150,000	-	-	-	-
Other Transactions:							
Short Term Loan (Net of repayments)	3,000,000	-	-	3,000,000	-	-	-
Investment in Bonds	4,900,180	2,450,000	-	2,450,180	-	-	-
Placement of Fixed Deposit	7,310,000	-		7,310,000	-	-	-
Maturity / liquidation of fixed deposit	3,360,000	-	-	3,360,000	-	-	-
Increase in bank balances	75,088	-	-	75,088	-	-	-
Decrease in bank balances	736,609	-	-	7,36,609	-	-	-
Separate and consolidated statement of financial position:							
Payable to Directors	155,069	-	153,500	1,042	527	-	-
Claims payable to related Parties	660,301	5,381	-	534,708	-	-	120,212
Commission payable	303,469	-	-	17,882	-	-	285,587
Short Term Loan payable	3,000,000			3,000,000			
Payable to related parties	177,217	-	-	177,217	-	-	-
Receivable from related Parties	7,768	-	-	-	7,768	-	-

Bank balances	**1,073,502**	-	-	**1,073,502**	-	-	-
Fixed deposits balances	**17,125,000**	-	-	**17,125,000**	-	-	-
Insurance premium receivable from related parties	**538,011**	**14,601**	-	**219,188**	-	-	**304,222**
Investment in Bonds	**8,945,180**	**5,245,000**	-	**3,700,180**	-	-	-
Reinsurance balance receivable	**14,224**	-	-	**14,224**	-	-	-
Accrued interest receivable	**346,035**	-	-	**346,035**	-	-	-

During January to December 2021, subsidiary in India (NSSPL) has charged the parent company service fees of RO 651,642. The Parent Company has accounted NSSPL Share of Profit from subsidiary of RO 56,085. Carrying value of investment as on 31.12.2021 is RO 328,206 and due to NSSPL as at 31.12.2021 is RO 30,157.

During January to December 2021, subsidiary - Inayah TPA LLC in UAE has charged the parent company service fees of RO 638,808 and paid rental of RO 25,284. The Parent Company has accounted Inayah Share of Profit from subsidiary of RO 30,419. Carrying value of investment as on 31.12.2021 is RO 621,553, it's related intangibles are RO 302,561 and due to Inayah TPA LLC as at 31 December 2021 is RO 285,144.

32.1 Transactions with related parties of the Parent Company or holders of 10% or more of the Parent company's shares or their family members included in the consolidated statements of profit or loss and other comprehensive income and consolidated statement of financial position are as follows

2020	Total	Major share-holders	Directors	Subsid-iaries & associates of major shareholder	Key Senior Executives	Key man-agement personnel of major shareholder	Other relat-ed parties
	RO	RO	RO	RO	RO	RO	RO
Separate and consolidated statement of profit or loss and other comprehensive income:							
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 deposits	523,252	-	-	523,252	-	-	-
Bonds Interest & Dividend 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	-	-	-	-
Director sitting fees (of Subsidiary Company)	2,364	-	788	-	1,576	-	-
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 Deposit	4,500,000	-	-	4,500,000	-	-	-
Maturity / liquidation of fixed deposit	4,000,000	-	-	4,000,000	-	-	-

2020	Total RO	Major share-holders RO	Directors RO	Subsid-iaries & associates of major shareholder RO	Key Senior Executives RO	Key man-agement personnel of major shareholder RO	Other relat-ed parties RO
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	-	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 receivables 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 receivable	13,292	-	-	13,292	-	-	-
Accrued interest receivable	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.

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	
	2021	2020
	RO	RO
Short-term benefits	**1,034,958**	1,012,452
Employees' end of service benefits & leave salary accrual	**76,496**	113,069
	1,111,454	1,125,522
Number of key management personnel	**8**	8

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

No significant amounts of provision has been made during years 2021 and 2020 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 2021 and 2020.

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

2021	Life	General	Adjustments and eliminations	Total
	RO	RO	RO	RO
Gross premium written	127,099,795	19,359,195	-	146,458,990
Movement in unearned premiums	(6,100,075)	390,818	-	(5,709,257)
Gross premiums earned	120,999,720	19,750,013	-	140,749,733
Reinsurance premiums ceded	(22,640,890)	(1,653,894)	-	(24,294,784)
Movement in unearned premiums	845,317	77,183	-	922,500
Premium ceded to reinsurance earned	(21,795,573)	(1,576,711)		(23,372,284)
Net premiums	99,204,147	18,173,302	-	117,377,449
Gross claims expense	(101,933,718)	(14,995,316)	-	(116,929,034)
Reinsurance share of gross claims expenses	22,581,754	1,730,671	-	24,312,425
Net claims expenses	(79,351,964)	(13,264,645)	-	(92,616,609)
Income from policy fees	111,768	1,005,790	-	1,117,558
Commission income	2,468,514	230,532	-	2,699,046
Commission expense	(9,363,625)	(2,851,361)	-	(12,214,986)
Net underwriting income	13,068,840	3,293,618	-	16,362,458
Investment income – net of expected credit losses	4,301,577	1,550,847	(86,504)	5,765,920
Other operating income	67,755	8,597	(25,284)	51,068
Third party administration fees	(1,033,280)	-	-	(1,033,280)
General and administrative expenses	(9,351,431)	(3,073,494)	25,284	(12,399,641)
Finance cost	(76,855)	-	-	(76,855)
Amortisation of intangible asset	(23,596)	-	-	(23,596)
Income tax	(939,286)	(233,226)	-	(1,172,512)
Profit for the year	6,013,724	1,546,342	(86,504)	7,473,562
Segment assets	152,680,345	44,001,315	(1,265,060)	195,416,600
Segment liabilities	103,992,510	25,312,091	(315,301)	128,989,300

2020	Life RO	General RO	Adjustments and eliminations RO	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
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	-	2,707,917
Commission expense	(8,353,312)	(2,522,642)	-	(10,875,954)
Net underwriting income	18,595,416	7,889,386	-	26,484,802
Investment income – net of expected credit losses	3,142,929	1,453,799	(81,019)	4,515,709
Other operating income	20,334	6,547	(12,642)	14,239
Third party administration fees	(964,535)	-	-	(964,535)
General and administrative expenses	(9,079,729)	(3,320,762)	12,642	(12,387,849)
Finance cost	(108,223)	-	-	(108,223)
Amortisation of intangible asset	(23,596)	-	-	(23,596)
Income tax	(1,660,000)	(864,586)	-	(2,524,586)
Profit for the year	9,922,596	5,164,384	(81,019)	15,005,961
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

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 2021 and 2020.

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

2021	Oman	UAE	Kuwait	Subsidiaries	Adjustments and eliminations	Total
	RO	RO	RO	RO	RO	RO
Gross premium written	65,103,075	75,849,388	5,506,527	-	-	146,458,990
Movement in unearned Premiums	196,662	(4,944,914)	(961,005)	-	-	(5,709,257)
Gross premiums earned	65,299,737	70,904,474	4,545,522	-	-	140,749,733
Reinsurance premiums ceded	(4,496,848)	(19,696,944)	(100,992)	-	-	(24,294,784)
Movement in unearned Premiums	623,006	297,825	1,669	-	-	922,500
Premium ceded to reinsurance earned	(3,873,842)	(19,399,119)	(99,323)	-	-	(23,372,284)
Net premiums	61,425,895	51,505,355	4,446,199	-	-	117,377,449
Gross claims expense	(50,541,633)	(63,474,895)	(2,912,506)	-	-	(116,929,034)
Reinsurance share of gross claims expenses	5,818,925	18,462,469	31,031	-	-	24,312,425
Net claims expenses	(44,722,708)	(45,012,426)	(2,881,475)	-	-	(92,616,609)
Income from policy fees	1,003,074	88,258	26,226	-	-	1,117,558
Commission income	240,873	2,457,787	386	-	-	2,699,046
Commission expense	(4,611,572)	(6,644,682)	(958,732)	-	-	(12,214,986)
Net underwriting income	13,335,562	2,394,292	632,604	-	-	16,362,458
Investment income – net of expected credit losses	4,922,486	793,596	136,342	-	(86,504)	5,765,920
Other operating (loss) / income	(8,133)	84,440	45	-	(25,284)	51,068
Third party administration fees	(137,642)	(1,995,371)	(190,717)	1,290,450	-	(1,033,280)
General and administrative expenses	(7,659,523)	(3,015,327)	(565,730)	(1,184,345)	25,284	(12,399,641)
Finance cost	(76,805)	(50)	-	-	-	(76,855)
Amortisation of intangible asset	(23,596)	-	-	-	-	(23,596)
Income tax	(1,152,215)	-	(696)	(19,601)	-	(1,172,512)
Profit or (loss) for the year	9,200,134	(1,738,420)	11,848	86,504	(86,504)	7,473,562
Segment assets	115,832,156	68,128,438	10,662,833	2,058,233	(1,265,060)	195,416,600
Segment liabilities	71,122,700	52,203,491	4,869,936	1,108,474	(315,301)	128,989,300

2020	Oman	UAE	Kuwait	Subsidiaries	Adjustments and eliminations	Total
	RO	RO	RO	RO	RO	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 reinsurers, 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)
Net underwriting income	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 (loss) / income	(25,993)	46,452	6,422		(12,642)	14,239
Third party administration fees	(45,845)	(1,882,579)	(88,835)	1,052,724	-	(964,535)
General and administrative 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 intangible asset	(23,596)	-	-	-	-	(23,596)
Income tax	(2,508,701)	-	(642)	(15,243)	-	(2,524,586)
Profit / (loss) 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 2021.

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

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 23% of the receivables as of 31 December 2021 (2020: 16%).
- 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

	Group and Parent Company			
2021	**Not past due and considered good**	**Past due but not impaired**	**Impaired**	**Total**
	RO	**RO**	**RO**	**RO**
Bank balances	**14,411,011**	**-**	**-**	**14,411,011**
Bank deposits	**47,393,330**	**-**	**-**	**47,393,330**
Insurance and reinsurance receivables	**40,488,585**	**8,894,007**	**2,558,905**	**51,941,497**
Reinsurance share of actuarial / mathematical reserve and unexpired risk reserve	**11,230,415**	**-**	**-**	**11,230,415**
Reinsurance share of outstanding claims	**6,284,674**	**-**	**-**	**6,284,674**
Other receivables (excluding prepayments)	**5,831,737**	**2,233,880**	**407,191**	**8,472,808**
Investments carried at amortised cost	**11,197,834**	**-**	**-**	**11,197,834**
Debt instruments carried at FVOCI	**32,719,139**	**-**	**-**	**32,719,139**
Loans to policyholders	**70,204**	**-**	**-**	**70,204**
Total	**169,626,929**	**11,127,887**	**2,966,096**	**183,720,912**

	Group and Parent Company			
2020	Not past due and considered good	Past due but not impaired	Impaired	Total
	RO	RO	RO	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 reserve and unexpired risk reserve	10,307,915	-	-	10,307,915
Reinsurance share of outstanding claims	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

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						
	Less than 1 month	1 to 4 months	4 to 7 months	7 to 9 months	9 to 13 months	> 13 months	Total
	RO	RO	RO	RO	RO	RO	RO
2021	**2,085,697**	**1,783,291**	**1,148,924**	**591,684**	**757,239**	**2,527,172**	**8,894,007**
2020	5,495,448	2,516,258	1,682,918	512,297	481,881	2,389,675	13,078,477

Assets classified as 'past due and impaired' are contractual payments which are invoiced for more than 365 days and an impairment 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.

2021	Stage 1	Stage 2	Assets/ ECL under simplified approach	Total
	RO	RO	RO	RO
Exposure (carrying value) subject to ECL at 1 January 2021				
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
Movement in the exposure (carrying value) subject to ECL during the year				
Due from banks and deposits	5,822,005	-	3,506,201	9,328,206
Financial investments – Debt	(6,727,502)	-	(43,678)	(6,771,180)
Other receivables	-	-	2,765,746	2,765,746
Exposure (carrying value) subject to ECL at 31 December 2021				
Due from banks and deposits	47,500,135	-	13,240,099	60,740,234
Financial investments – Debt	23,221,976	-	70,235	23,292,211
Other receivables	-	-	7,938,070	7,938,070
Opening balance of ECL as at 1 January 2021				
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 1 January 2021	151,260	-	41,109	192,369
Charge for the year (net)				
Due from banks and deposits	24,771	-	4,127	28,898
Financial investments – Debt	(13,784)	-	(12)	(13,796)
Other receivables	-	-	10,591	10,591
ECL charge for the year (net)	10,987	-	14,706	25,693
Closing balance of ECL as at 31 December 2021				
Due from banks and deposits	106,805	-	37,791	144,596
Financial investments – Debt	55,442	-	29	55,471
Other receivables	-	-	17,996	17,996
ECL as at 31 December 2021	162,247	-	55,816	218,063

2020	Stage 1 RO	Stage 2 RO	Assets/ ECL under simplified approach RO	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
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 (release) 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

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 2021 are tabled below:

Reinsurer	Rating	Date	Outlook	Rating Agency
Swiss Re	A+ (Superior)	31-Dec-21	Stable	A.M.Best
SCOR	A+ (Superior)	31-Dec-21	Stable	A.M.Best
CCR Re	A (Excellent)	31-Dec-21	Stable	A.M.Best
Hannover Re	A+ (Superior)	31-Dec-21	Stable	A.M.Best
GIC Re	B++ (Good)	31-Dec-21	Stable	A.M.Best
Gen Re	A++ (Superior)	31-Dec-21	Stable	A.M.Best
Reinsurance Group of America-RGA	A+ (Superior)	31-Dec-21	Stable	A.M.Best
Malaysian Re (MNRB Holdings Berhad)	A- (Excellent)	31-Dec-21	Stable	A.M.Best
Singapore Re	A- (Excellent)	31-Dec-21	Stable	A.M.Best
Barents Re	A (Excellent)	31-Dec-21	Negative	A.M.Best
Saudi re	A3	27-Dec-21	Stable	Moody's
Lloyd's	A (Excellent)	31-Dec-21	Stable	A.M.Best
Emirates Insurance Company P.S.C.	A- (Excellent)	31-Dec-21	Stable	A.M.Best
MAPFRE U.S.A.	A (Excellent)	31-Dec-21	Stable	A.M.Best
Munich Re	A+ (Superior)	31-Dec-21	Stable	A.M.Best
New India Assurance	B++ (Good)	31-Dec-21	Negative	A.M.Best
Arch Insurance	A+ (Superior)	31-Dec-21	UpStable	A.M.Best
Canopious Re	A- (Excellent)	31-Dec-21	Stable	A.M.Best
Labuan Re	A- (Excellent)	31-Dec-21	Stable	A.M.Best
HDFC Re	BBB (Good)	31-Dec-21	Stable	S&P Global

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 17,515,089 (2020: RO 16,175,073).

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 2021, 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 17,506,860 as at 31 December 2021 (2020: RO 17,939,000) 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.

	Group			
2021	Less than one year	More than one year	No fixed term	Total
	RO	RO	RO	RO
Financial liabilities				
Gross outstanding claims	28,717,762	-	-	28,717,762
Actuarial / mathematical reserve	40,424,133	-	9,048,613	49,472,746
Unexpired risk reserve	7,778,024	-	-	7,778,024
Due to reinsurers	8,277,998	-	-	8,277,998
Short Term Loan from Bank	7,500,000	-	-	7,500,000
Other liabilities (excluding contractual staff benefits)	22,452,411	1,717,978	-	24,170,389
Total financial liabilities	115,150,328	1,717,978	9,048,613	125,916,919

	Less than one year RO	More than one year RO	No fixed Term RO	Total RO
Financial assets				
Cash and bank balances	**14,431,408**	-	-	**14,431,408**
Bank deposits	**47,393,330**	-	-	**47,393,330**
Insurance and reinsurance receivables	**49,382,592**	-	-	**49,382,592**
Reinsurance share of outstanding claims	**6,284,674**	-	-	**6,284,674**
Reinsurance share of actuarial / mathematical reserve	**7,985,295**	-	**2,998,116**	**10,983,411**
Reinsurance share of unexpired risk reserve	**247,004**	-	-	**247,004**
Other receivables (excluding prepayments)	**8,065,617**	-	-	**8,065,617**
Investment carried at fair value through profit or loss	**1,363,031**	-	-	**1,363,031**
Investments carried at amortised cost	-	**11,197,834**	-	**11,197,834**
Investment carried at FVOCI	-	-	**38,110,950**	**38,110,950**
Loans to policyholders	-	-	**70,204**	**70,204**
Total financial assets	**135,152,951**	**11,197,834**	**41,179,270**	**187,530,055**

2020	Group			
	Less than one year RO	More than one year RO	No fixed term RO	Total RO
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

2020	Group			
	Less than one year RO	More than one year RO	No fixed Term RO	Total RO
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 / mathematical 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

* Bank deposits of RO 47,393,330 (2020: RO 41,596,096) also include bank deposits which have maturity date of more than one year amounting to RO 29,064,431 (2020: RO 29,297,289) 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 presented. 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 47,500,135 (2020: RO 41,678,131) 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 21,747,393 (2020: RO 14,760,881) which are subject to interest rate reset as per below table.

Year of Reset	**2021**			2020		
	Face Value	**Rate Change**	**Impact**	Face Value	Rate Change	Impact
	RO	**%**	**RO**	RO	%	RO
Year 2021	**-**	**1%**	**-**	1,001,520	1%	10,015
Year 2022	**1,000,000**	**1%**	**10,000**	-	1%	-
Year 2023 to 2026	**20,747,393**	**1%**	**207,473**	**13,759,361**	**1%**	**137,594**
Total	**21,747,393**	**-**	**217,473**	**14,760,881**	**-**	**147,609**

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.

77% (2020: 82%) 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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Financial instruments at FVTPL	**-**	-	**272,606**	-
Financial instruments at FVOCI	**7,622,190**	7,406,847	**-**	-

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.

48% (2020: 47%) 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 FVTPL and FVOCI amounting to RO 19,563,789 (2020: RO 21,744,253) 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.

Long-term insurance contracts (individual life and group credit life written on a single premium basis)

(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 (2020: 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 2021 for the long term individual business.

2021	**Total sum at risk at reporting date**		
	Number of lives	**Before reinsurance**	**After reinsurance**
		RO	**RO**
Individual life - long term	**30,989**	**175,325,128**	**175,323,548**
Individual and group credit life - long term	**29,331**	**382,900,818**	**127,247,846**

The Group's exposure to mortality risk in terms of total sums at risk are as follows as at 31 December 2020:

2020	Total sum at risk at reporting date		
	Number of lives	Before reinsurance	After reinsurance
		RO	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

Long-term insurance contracts (individual life and group credit life written on a single premium basis) (continued)

(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 2021.

(d) Change in assumptions

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

	Change in variable	**Change in liability 2021 RO**	Change in liability 2020 RO
Change of mortality and / or morbidity rates for risk policies	10% increase in mortality	**107,797**	195,177
	10% decrease in mortality	**(107,871)**	(195,241)
Change in investment returns	50 basis point increase in investment	**(54,009)**	(63,961)
	50 basis point decrease in investment	**(55,581)**	65,944

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.

Short-duration life insurance contracts

(a) Frequency and severity of claims

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 2020 it was reinsured 30% 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

	Total sum at risk at reporting date	
	Before reinsurance	**After reinsurance**
2021	**RO**	**RO**
Group life – short term	**3,153,669,591**	**1,285,207,150**
Group medical – short term	**19,270,058,882**	**16,183,958,467**

	Total sum at risk at reporting date	
	Before reinsurance	After reinsurance
2020	RO	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

(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 2021.

(d) Changes in assumptions

There is following change in assumptions for valuation as at 31 December 2021 as compared to the previous year ended 31 December 2020

The assumptions used for estimate for expenses has been revised as given below:

	Group Medical	
	2021	2020
As Percentage of Unearned Premium reserve	**%**	%
Group Medical Oman	**7.5%**	6.0%

The impact of this change in assumption has been to decrease the net of reinsurance reserves by RO 160,668.

The Group did not change any other assumptions in the current year which would have a material impact on its 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 casualty business is reinsured on excess of loss arrangements with retention of RO 150,000 per event for Oman and KWD 50,000 for Kuwait (in 2020 it was RO 50,000 per event for both Oman and Kuwait). For other lines of general business in Oman and Kuwait, the retention is limited to 10% to 20% (2020: 10% to 20%), which is further protected by excess of loss arrangements with retention of RO 25,000 (2020: 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	2017	2018	2019	2020	2021
Event year	RO	RO	RO	RO	RO
2010 & prior	137,395	9,536	61,647	-	(3,626)
2011	(2,636)	3,200	(6,100)	-	-
2012	22,873	18,413	(8,434)	-	(5,675)
2013	3,506	6,997	(4,138)	-	(125,908)
2014	(22,800)	885	(1,296)	-	(2,499)
2015	(286,087)	(60,630)	54,834	-	-
2016	5,553,935	(498,947)	(28,173)	81	61
2017	76,484,787	4,913,530	(115,415)	43,746	11,703
2018	-	87,178,166	6,359,519	287,063	135,319
2019	-	-	98,286,406	6,343,505	(81,067)
2020	-	-	-	87,768,326	5,554,856
2021	-	-	-	-	95,807,179
	81,890,973	91,571,150	104,598,850	94,442,721	101,290,343

Comparison between actual and estimated claims for life business

Reported during	2017	2018	2019	2020	2021
	RO	RO	RO	RO	RO
Actual claims notified and adjustments for claims notified in the previous years	5,406,186	4,392,983	6,312,446	6,674,395	5,483,164
Estimate of claims maintained as IBNR in previous year	8,031,794	6,912,066	7,338,507	5,840,149	6,192,741
Surplus / (deficit)	2,625,608	2,519,083	1,026,061	(834,246)	709,577

Claims development table of past five years for general business

Reported during	2017	2018	2019	2020	2021
Event year	RO	RO	RO	RO	RO
2010 & prior	(2,596)	(50,019)	500	936	3,239
2011	(62,418)	(46,067)	273	(593)	3,059
2012	(74,605)	(60,636)	(7,216)	727	(200)
2013	(71,467)	(10,133)	(21,005)	5,110	(42,418)
2014	(90,990)	36,224	(7,004)	6,293	(11,491)
2015	39,897	(26,215)	(38,447)	(1,852)	(74,586)
2016	(53,949)	(110,753)	31,157	(266)	(14,878)
2017	9,277,989	(106,531)	(293,605)	237,850	(316,277)
2018	-	9,415,310	46,416	40,101	(146,396)
2019	-	-	10,467,211	1,410,589	(29,584)
2020	-	-	-	7,872,719	1,859,992
2021	-	-	-	-	12,771,045
	8,961,861	9,041,180	10,178,280	9,571,614	14,001,505

Comparison between actual and estimated claims for general business

Reported during	2017 RO	2018 RO	2019 RO	2020 RO	2021 RO
Actual claims notified and adjustments for claims notified in the previous years	**(316,128)**	**(374,129)**	**(288,931)**	**1,698,895**	**1,230,460**
Estimate of claims maintained as IBNR in previous year	**343,989**	**587,515**	**705,328**	**769,268**	**1,180,259**
Surplus / (deficit)	**660,117**	**961,644**	**994,259**	**(929,627)**	**(50,201)**

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:

	2021 RO			2020 RO		
	Life	**General**	**Total**	Life	General	Total
Incurred claim as per claims development table	**101,290,343**	**14,001,505**	**115,291,848**	94,442,721	9,571,614	104,014,335
Movement in IBNR	**643,375**	**993,811**	**1,637,186**	352,591	410,991	763,582
Gross claims expense (note 19)	**101,933,718**	**14,995,316**	**116,929,034**	94,795,312	9,982,605	104,777,917

Impact of Covid-19 on claims expense and claims liability

In its underwriting segment, the Company is primarily exposed to Covid-19 risk in its medical and life portfolio. The Capital Market Authorities in Oman and Dubai Health Authority in UAE have instructed all insurers to accept medical claims related to COVID-19 as per limits and conditions specified by regulator.

Being an insurance company, lockdowns and restrictions in the year 2020 resulted in lower claims being reported in Motor and Medical portfolios. With the ease of restrictions in 2021, the company has experienced an increase in claims being reported in Motor and Medical portfolios. Additionally, there was a surge in death claims in the Company's Life portfolio during 2021. Post vaccinations in mid-year 2021, the trend of death claims has abated in the last quarter of 2021. All claims reported due to COVID-19 form part of the claims expense recorded in the statement of profit and loss and have been factored in the working of reserves by the independent actuaries in their estimation of liabilities for claims.

Impact of cyclone Shaheen

On 3 October 2021, Cyclone Shaheen made landfall in Oman, with most of the damage in the Batinah region, in the towns of Al Musannah, Suwaiq, Saham and Khabourah. Branches of the Company in these regions were not affected by the cyclone and none of its assets have been damaged. The Company has recorded insurance claims in its Motor and Non-motor portfolio from impacted insured customers of RO 1,099,224. The Company has reinsurance arrangements for risk and catastrophic cover for such events. The reinsurer's share of these claims is RO 924,224 and net share of the Company is RO 175,000. No further significant development is expected from these claims.

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:

Investment asset	Asset allocation to different line of business								
	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%**

2021	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other finan-cial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
	RO	RO	RO	RO	RO	RO
Long term contracts (reinsurance)						
- Individual life without profits	403,937	403,890	-	47	-	-
- Individual life with profits	9,545	-	9,545	-	-	-
- Group credit life without profits	2,584,688	2,584,688	-	-	-	-
	2,998,170	2,988,578	9,545	47	-	-
Short term contracts (reinsurance)						
- Group life	848,423	-	-	848,423	-	-
- Medical	7,136,818	-	-	7,136,818	-	-
- Non-life	247,004	-	-	247,004	-	-
	8,232,245	-	-	8,232,245	-	-
Debt securities:						
Held to maturity:						
- Listed securities	11,197,834	-	3,329,556	7,868,278	-	-
Equity securities:						-
At FVTPL:						-
- Listed securities	1,363,031	-	-	-	1,363,031	-
At FVOCI:						
- Listed securities	38,029,568	-	-	-	38,029,568	-
- Unlisted securities	81,382	-	-	-	81,382	-
Loans and receivables:						
Insurance receivables	49,382,592	-	-	49,382,592	-	-
Reinsurance assets	6,284,674	-	-	6,284,674	-	-
Fixed deposits	47,393,330	2,650,733		19,859,390	24,883,207	-
Loans to policyholders	70,204	-	70,204	-	-	-
Cash and bank balances	14,431,408	-	-	-	14,431,408	-
Other assets	15,952,162	-	-	-	8,065,617	7,886,545
Total assets	195,416,600	5,639,311	3,409,305	91,627,226	86,854,213	7,886,545

2021	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
	RO	RO	RO	RO	RO	RO
Long term contracts (reinsurance)						
- Individual life without profits	403,937	403,890	-	47	-	-
- Individual life with profits	9,545	-	9,545	-	-	-
- Group credit life without profits	2,584,688	2,584,688	-	-	-	-
	2,998,170	2,988,578	9,545	47	-	-
Short term contracts (reinsurance)						
- Group life	848,423	-	-	848,423	-	-
- Medical	7,136,818	-	-	7,136,818	-	-
- Non-life	247,004	-	-	247,004	-	-
	8,232,245	-	-	8,232,245	-	-
Debt securities:						
Held to maturity:						
- Listed securities	11,197,834	-	3,329,556	7,868,278	-	-
Equity securities:						-
At FVTPL:						-
- Listed securities	1,363,031	-	-	-	1,363,031	-
At FVOCI:						
- Listed securities	38,029,568	-	-	-	38,029,568	-
- Unlisted securities	81,382	-	-	-	81,382	-
Loans and receivables:						
Insurance receivables	49,382,592	-	-	49,382,592	-	-
Reinsurance assets	6,284,674	-	-	6,284,674	-	-
Fixed deposits	47,393,330	2,650,733		19,859,390	24,883,207	-
Loans to policyholders	70,204	-	70,204	-	-	-
Cash and bank balances	14,431,408	-	-	-	14,431,408	-
Other assets	15,952,162	-	-	-	8,065,617	7,886,545
Total assets	195,416,600	5,639,311	3,409,305	91,627,226	86,854,213	7,886,545

2020	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
	RO	RO	RO	RO	RO	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:						
Held to maturity:						
- 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 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

2021	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short-term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
	RO	RO	RO	RO	RO	RO
Long term contracts						
- Individual life without profits	1,813,582	797,428	-	1,016,154	-	-
- Individual life with profits	3,409,305	-	3,409,305	-	-	-
- Group credit life without profits	4,841,883	4,841,883	-	-	-	-
	10,064,770	5,639,311	3,409,305	1,016,154	-	-
Short term contracts						
- Group life	1,471,497	-	-	1,471,497	-	-
- Medical	37,936,479	-	-	37,936,479	-	-
- Non-life	7,778,024	-	-	7,778,024	-	-
	47,186,000	-	-	47,186,000	-	-
Outstanding claims						
- Life and medical	16,884,759	-	-	16,884,759	-	-
- Non-life	11,833,003	-	-	11,833,003	-	-
Reinsurance liability	8,277,998	-	-	8,277,998	-	-
Short Term Loan	7,500,000	-	-	-	7,500,000	-
Other liabilities and equity	93,670,070	-	-	6,429,312	17,716,361	69,524,397
	195,416,600	5,639,311	3,409,305	91,627,226	25,216,361	69,524,397

2020	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short-term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
	RO	RO	RO	RO	RO	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						
- Group life	1,522,353	-	-	1,522,353	-	-
- Medical	32,213,691	-	-	32,213,691	-	-
- Non-life	8,168,842	-	-	8,168,842	-	-
	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

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:

	Liability as of 31 December 2021	**Undiscounted cashflows as at 31 December 2021**
	RO	**RO**
Fixed and guaranteed	**819,859**	**905,889**
Contracts with a DPF	**3,409,305**	**3,996,623**
Total	**4,229,164**	**4,902,512**

	Liability as of 31 December 2020	Undiscounted cashflows as at 31 December 2020
	RO	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

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); and
- 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.

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date. There were no level 3 financial instruments measured at fair value.

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	RO	**RO**	**RO**	**RO**
Investments carried at FVTPL and FVOCI	**39,392,599**	**81,382**	**-**	**39,473,981**

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

There were no transfers between any levels mentioned above.

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