

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS'**  
**REVIEW REPORT (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

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<b><u>INDEX</u></b>	<b><u>PAGES</u></b>
Independent auditors' review report	-
Interim condensed statement of financial position	1 – 2
Interim condensed statement of income	3 – 4
Interim condensed statement of comprehensive income	5
Interim condensed statement of changes in equity	6
Interim condensed statement of cash flows	7 -8
Notes to the interim condensed financial statements	9 – 36

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Chubb Arabia Cooperative Insurance Company** (the "Company") as at 31 March 2021, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for three months period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other matter**

The interim condensed financial statements of the Company for three months period ended 31 March 2020 were reviewed by other auditors who expressed an unmodified conclusion on those interim condensed financial statements on 18 Shawal 1441H (corresponding to 10 June 2020).

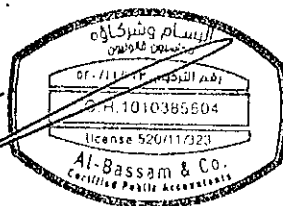
**Al-Bassam & Co.**

P.O. Box 4636

Al Khobar 31952

Kingdom of Saudi Arabia

**Ibrahim Ahmed Al Bassam**  
Certified Public Accountant  
Licence No. 337



28 Ramadan 1442H  
10 May 2021G

**KPMG Professional Services**

P.O. Box 4803

Al Khobar 31952

Kingdom of Saudi Arabia

**Abdulaziz Abdullah Alnaim**  
Certified Public Accountant  
Licence No. 394



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	5	85,025,585	135,793,642
Premiums and reinsurance balances receivable - net	6	140,815,325	134,980,791
Reinsurers' share of unearned premiums	17.2	98,667,836	100,063,940
Reinsurers' share of outstanding claims	17.1	50,930,449	41,858,691
Reinsurers' share of claims incurred but not reported	17.1	32,125,645	29,724,574
Deferred policy acquisition costs	17.3	8,590,691	5,630,498
Deferred excess of loss premiums		1,225,000	-
Investments held for trading	7	100,322,899	101,641,429
Investments available for sale	7	1,932,078	1,932,078
Prepaid expenses and other assets		16,565,155	15,395,789
Term deposits		169,536,755	124,348,532
Property and equipment		895,238	906,441
Right-of-use-assets		808,874	1,078,499
Intangible assets		3,496,848	537,919
Goodwill	8	43,774,750	43,774,750
Statutory deposit	11	20,000,000	20,000,000
Accrued income on statutory deposit	11	2,277,799	2,216,249
<b>TOTAL ASSETS</b>		<b>776,990,927</b>	<b>759,883,822</b>



The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:

  
Chaleb A. Zummari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhareiji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 MARCH 2021**


(All amounts expressed in Saudi Riyals unless otherwise stated)


	Notes	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<b>LIABILITIES</b>			
Accounts payable		25,382,494	24,539,616
Accrued and other liabilities		11,065,999	20,116,469
Lease liabilities		-	1,118,664
Surplus distribution payable	15	5,342,069	5,005,180
Reinsurers' balances payable	10	76,373,083	86,038,909
Unearned premiums	17.2	155,284,518	130,833,967
Unearned reinsurance commission		10,956,987	8,340,689
Outstanding claims	17.1	63,663,546	51,295,966
Claims incurred but not reported	17.1	42,907,608	41,874,437
Additional premium reserves	17.1	4,520,203	5,629,118
Other technical reserves	17.1	4,297,514	3,882,539
End-of-service indemnities		9,661,648	9,336,979
Zakat and income tax	14	13,576,393	19,536,736
Accrued commission income payable to SAMA	11	2,277,799	2,216,249
<b>TOTAL LIABILITIES</b>		<b>425,309,861</b>	<b>409,765,518</b>
<b>EQUITY</b>			
Share capital	12	200,000,000	200,000,000
Statutory reserve		38,807,800	38,495,248
Retained earnings		115,457,215	114,207,005
Re-measurement reserve of end of service indemnities		(2,583,949)	(2,583,949)
<b>TOTAL EQUITY</b>		<b>351,681,066</b>	<b>350,118,304</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>776,990,927</b>	<b>759,883,822</b>

Commitments and contingencies

13

The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:

  
Ghaleb A. Zummari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhoreiji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



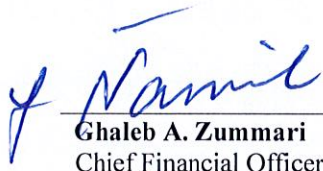
**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)


**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

		<b>For the three months period ended 31 March</b>	
	Notes	<b>2021</b>	<b>2020</b>
<b><u>REVENUES</u></b>			
Gross premiums written	16	91,840,086	97,093,387
Less: Reinsurance premiums ceded			
- Local		(2,347,967)	(2,411,639)
- Foreign		(39,786,700)	(54,287,393)
Excess of loss expenses		(1,417,548)	(1,204,262)
<b>Net premiums written</b>		<b>48,287,871</b>	<b>39,190,093</b>
Changes in unearned premiums		(24,450,551)	(35,119,245)
Changes in reinsurers' share of unearned premiums		(1,396,104)	17,583,694
<b>Net premiums earned</b>		<b>22,441,216</b>	<b>21,654,542</b>
Reinsurance commission income		5,438,362	5,968,493
<b>TOTAL REVENUES</b>		<b>27,879,578</b>	<b>27,623,035</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>			
Gross claims paid		(11,944,427)	(7,981,546)
Expenses incurred related to claims		(406,446)	(650,439)
Reinsurers' share of gross claims paid		3,934,234	1,936,289
<b>Net claims and other benefits paid</b>		<b>(8,416,639)</b>	<b>(6,695,696)</b>
Changes in outstanding claims		(12,367,580)	(9,437,096)
Changes in reinsurers' share of outstanding claims		9,071,758	8,024,659
Changes in claims incurred but not reported ("IBNR")		(1,033,171)	(680,211)
Changes in reinsurance share of IBNR		2,401,071	349,314
<b>Net claims and other benefit incurred</b>		<b>(10,344,561)</b>	<b>(8,439,030)</b>
Additional premium reserves		1,108,915	514,935
Other technical reserves		(414,975)	(281,328)
Policy acquisition costs	17.3	(3,861,617)	(4,035,487)
Other underwriting expenses		(1,276,307)	(805,933)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(14,788,545)</b>	<b>(13,046,843)</b>
<b>NET UNDERWRITING INCOME</b>		<b>13,091,033</b>	<b>14,576,192</b>



  
Ghaleb A. Zummari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhoreiji  
Board Member

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

		For the three months period ended 31 March	
	Notes	2021	2020
<b>OTHER (EXPENSES) / INCOME</b>			
(Allowance) / reversal for impairment on doubtful debts	6	(1,882,555)	683,531
General and administrative expenses		(9,601,013)	(9,133,250)
Dividend, interest and commission income		1,434,849	2,262,609
Realized losses on disposal of investments held for trading		(4,702)	(60,244)
Unrealised losses on investments held for trading		(563,828)	(5,005,736)
Other income, net		292,115	732,168
<b>TOTAL OTHER EXPENSES</b>		<b>(10,325,134)</b>	<b>(10,520,922)</b>
 <b>Income before surplus attribution, zakat and income tax</b>		<b>2,765,899</b>	<b>4,055,270</b>
<b>Income attributed to insurance operations</b>	21	<b>(338,599)</b>	<b>(678,400)</b>
<b>Income attributed to the shareholders before zakat and income tax</b>		<b>2,427,300</b>	<b>3,376,870</b>
Zakat charge	14	(684,239)	(621,805)
Income tax charge	14	(180,299)	(211,462)
<b>Net income attributable to shareholders</b>		<b>1,562,762</b>	<b>2,543,603</b>
 <b>Earnings per share (Expressed in SAR per share)</b>			
<b>Basic and diluted earnings per share</b>	20	<b>0.08</b>	<b>0.13</b>
<b>Weighted average number of outstanding shares</b>	12	<b>20,000,000</b>	<b>20,000,000</b>



The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Ghaleb A. Zummari  
Chief Financial Officer



Kamran Mazhar  
Chief Executive Officer



Abdul Aziz Elkhareiji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the three months period ended 31 March	
	2021	2020
Total income for the period	1,901,361	3,222,003
Other comprehensive income		
<i>Items that will not be reclassified to statement of income in subsequent periods</i>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,901,361</b>	<b>3,222,003</b>
Net comprehensive income attributed to the insurance operations	(338,599)	(678,400)
Net comprehensive income for the period attributable to the shareholders	1,562,762	2,543,603



The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:

  
Ghaleb A. Zummari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhareiji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve on end-of-service indemnities	Total equity
Balance at 1 January 2021 (Audited)	200,000,000	38,495,248	114,207,005	(2,583,949)	350,118,304
Total comprehensive income for the period					
Net income for the period attributable to shareholders	-	-	1,562,762	-	1,562,762
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,562,762	-	1,562,762
Transfer to statutory reserve	-	312,552	(312,552)	-	-
Balance at 31 March 2021 (Unaudited)	200,000,000	38,807,800	115,457,215	(2,583,949)	351,681,066
Balance at 1 January 2020 (Audited)	200,000,000	32,437,651	89,976,615	(1,846,305)	320,567,961
Total comprehensive income for the period					
Net income for the period attributable to shareholders	-	-	2,543,603	-	2,543,603
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,543,603	-	2,543,603
Transfer to statutory reserve	-	508,721	(508,721)	-	-
Balance at 31 March 2020 (Unaudited)	200,000,000	32,946,372	92,011,497	(1,846,305)	323,111,564

The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:

  
Ghaleb A. Zumhari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhareji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.





**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the three months period ended 31 March	
	2021	2020
<b>Cash flow from operating activities</b>		
Net income before zakat and income tax for the period	2,765,899	4,055,270
<b>Adjustments for:</b>		
Depreciation of property and equipment	69,263	47,338
Depreciation of right-of-use-assets	269,625	269,625
Amortization of intangible assets	65,517	65,517
Allowance / (reversal) for impairment on doubtful debts	1,882,555	(683,531)
Gain on sale of property and equipment	(4,000)	-
Unrealised losses on investments held for trading	563,828	5,005,736
Realised losses on investments held for trading	4,702	60,244
Interest on lease obligations	3,563	13,882
Provision for end-of-service indemnities	361,348	353,534
	<b>5,982,300</b>	<b>9,187,615</b>
<b>Changes in:</b>		
Premiums and reinsurance balances receivable	(7,717,089)	(12,782,536)
Reinsurers' share of unearned premiums	1,396,104	(17,583,694)
Reinsurers' share of outstanding claims	(9,071,758)	(8,024,659)
Reinsurers' share of claims incurred but not reported	(2,401,071)	(349,314)
Deferred policy acquisition costs	(2,960,193)	(3,277,026)
Deferred excess of loss premiums	(1,225,000)	(968,566)
Prepaid expenses and other assets	(1,169,366)	(879,628)
Accounts payable	842,878	4,729,017
Accrued and other liabilities	(9,050,471)	(1,308,869)
Reinsurers' balances payable	(9,665,826)	1,572,048
Unearned premiums	24,450,551	35,119,245
Unearned reinsurance commission income	2,616,298	2,446,366
Outstanding claims	12,367,580	9,437,096
Claims incurred but not reported	1,033,171	680,211
Additional premium reserves	(1,108,915)	(514,935)
Other technical reserves	414,975	281,328
<b>Cash generated from operations</b>	<b>4,734,168</b>	<b>17,763,699</b>
Surplus paid to policyholders	(1,710)	(5,003,795)
Zakat and income tax paid	(6,824,881)	-
End-of-service indemnities paid	(36,678)	(200,913)
<b>Net cash (used in) / generated from operating activities</b>	<b>(2,129,101)</b>	<b>12,558,991</b>

  
Chaleb A. Zummari

Chief Financial Officer

  
Kamran Mazhar

Chief Executive Officer

  
Abdul Aziz Elkhareiji

Board Member




**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED) (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	<b>For the three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from investing activities</b>		
Purchase of investments held for trading	-	(16,396,475)
Proceeds from disposal of investments held for trading	750,000	16,930,255
(Additions) / maturities of term deposits, net	(45,188,223)	37,621,893
Proceeds from sale of property and equipment	4,000	-
Purchase of property and equipment	(987,662)	(180,000)
Advance against intangible assets	(2,094,844)	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(47,516,729)</b>	<b>37,975,673</b>
<b>Cash flows from financing activity</b>		
Payment under lease liabilities	(1,122,227)	(1,122,227)
<b>Net cash used in financing activity</b>	<b>(1,122,227)</b>	<b>(1,122,227)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(50,768,057)</b>	<b>49,412,437</b>
Cash and cash equivalents at 1 January	135,793,642	105,651,008
<b>Cash and cash equivalents at 31 March</b>	<b>85,025,585</b>	<b>155,063,445</b>

The interim condensed financial statements appearing on pages 1 to 36 were approved by the Board of Directors of the Company and have been signed on their behalf by:

  
Ghaleb A. Zummari  
Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Abdul Aziz Elkhareiji  
Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.





**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Chubb Arabia Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha'aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Saudi Central Bank ("SAMA") to transact insurance business in the Kingdom of Saudi Arabia.

Surplus from insurance operations is distributed in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

**2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO**

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA's guidelines in this respect, following the approval on the transfer from the respective authorities in 2012.

**3. BASIS OF PREPARATION**

**(a) Basis of presentation**

The interim condensed financial statements of the Company as at and for the period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Company's statement of interim condensed financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, right-of-use assets, property and equipment, intangible asset, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service indemnities, lease liabilities, certain engineering related unearned premiums, reinsurance share of unearned premiums, reinsurance unearned commission, deferred policy acquisition cost and accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current unless, stated otherwise.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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**3. BASIS OF PREPARATION (CONTINUED)**

**(a) Basis of presentation (continued)**

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statement of financial position, interim condensed statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 21 of the financial statements have been provided only as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2020.

Amounts in this interim condensed financial statements are expressed in Saudi Arabian Riyals ("SAR") unless otherwise stated.

**(b) Seasonality of operations**

There are no seasonal changes that might affect insurance operations of the Company.

**(c) Critical accounting judgements estimates and assumptions**

The preparation of interim condensed financial statements requires management to make judgements, 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.

In preparing this interim condensed financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020. There are no changes in estimate from 31 December 2020.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

***Standards issued but not yet effective***

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, when they become effective and applicable on the Company. Further, the Company has decided not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect date in future dates.

**i) IFRS 9 Financial Instruments**

This standard was published on 24 July 2014 to replace IAS 39. The new standard addresses the following items related to financial instruments:

***Classification and measurement:***

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through statement of income. A financial asset is measured at amortized cost if both:

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through interim condensed statement of income upon sale, if both conditions are met:

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale; and
- ii. the contractual terms of cash flows are SPPI,

Assets not meeting either of these categories are measured at fair value through interim condensed statement of income. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through statement of income if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in interim condensed statement of income.

Additionally, for financial liabilities that are designated as at fair value through interim condensed statement of income, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in interim condensed statement of income.



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) IFRS 9 Financial Instruments (continued)**

***Impairment***

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

***Hedge accounting***

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

***Effective date***

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of:
  - a) the effective date of a new insurance contract standard; or
  - b) annual reporting periods beginning on or after 1 January 2023. On 17 March 2020, the International Accounting Standards Board ("IASB") decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 1 January 2021 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or;
- 2) adopt IFRS 9 but, for designated financial assets, remove from interim condensed statement of income the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) IFRS 9 Financial Instruments (continued)**

The Company has performed a detailed assessment beginning January 1, 2018: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. The Company's total liabilities were SAR 409.8 million and liabilities connected with insurance in the statement of financial position primarily included the liabilities arising in the course of writing insurance business and were valued at SAR 327.9 million. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

As at 31 March 2021, the Company has total financial assets and insurance related assets amounting to SAR 585.6 million (31 December 2020: SAR 578.8 million) and SAR 332.4 million (31 December 2020: SAR 312.3 million), respectively. Currently, financial assets held at amortized cost consist of loans and receivable (cash and cash equivalents, terms deposit, premiums and reinsurance balances receivable and certain other receivables) amounting to SAR 483.4 million (31 December 2020: SAR 472.2 million). Financial assets held at amortized cost are expected to meet the SPPI test as required by IFRS 9 and the Company expects to measure such assets at amortized cost. Financial assets consist of available for sale investment amounting to SAR 1.9 million (31 December 2020: SAR 1.9 million), the Company expects to use the FVOCI classification of financial assets based on the business model of the Company for these strategic nature of equity investments.

The Company's financial assets have low credit risk as at 31 March 2021 and 31 December 2020. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant.

At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii) IFRS 17 Insurance Contracts**

**Overview**

This standard was published on 18 May 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i) embedded derivatives, if they meet certain specified criteria;
- ii) distinct investment components; and
- iii) any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

**Measurement**

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General Measurement Model (GMM) is based on the following “building blocks”:

- a) the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in interim condensed statement of income. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into interim condensed statement of income based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as ‘direct participating contracts’). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model;



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii) IFRS 17 Insurance Contracts (continued)**

- i. changes in the entity's share of the fair value of underlying items ,
- ii. changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

**Effective date**

The effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the interim condensed statement of income and the interim condensed statement of financial position. The Company has decided not to early adopt this new standard.

**Transition**

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

**Presentation and Disclosures**

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

**Impact**

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company.

Impact Area	Summary of Impact
Financial Impact	<p>Based on the initial assessment, the majority of Company's products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4.</p> <p>As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.</p>
Data Impact	<p>Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models.</p> <p>Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.</p>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ii) IFRS 17 Insurance Contracts (continued)**

Impact Area	Summary of Impact
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortization of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement close process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for the Company. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> <li>• Allocating directly attributable expenses</li> <li>• Onerous contract identification and measurement</li> <li>• Risk adjustment</li> </ul>

The Company has started with a detailed data gap assessment as well as the development of an implementation plan which considers the key IFRS 17 design principles. In addition, the Company has set up an IFRS 17 Steering Committee.

**iii) IAS 16 – Property, Plant and Equipment**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. This amendment is effective for the annual years beginning on or after January 1, 2022.

**iv) IFRS 3 – Reference to the Conceptual Framework**

The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. This amendment is effective for the annual years beginning on or after January 1, 2022.

**v) IAS 1 – Classification of Liabilities as Current or Non-current**

The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification. This amendment is effective for the annual years beginning on or after January 1, 2023.

**vi) IFRS 16**

This amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**5. CASH AND CASH EQUIVALENTS**

	<b>Insurance operations</b>	
	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Cash in hand	20,000	-
Cash at banks		
- Current accounts	18,590,989	4,875,037
- Time deposits	16,168,329	34,389,382
<b>Total</b>	<b>34,779,318</b>	<b>39,264,419</b>
	<b>Shareholders' operations</b>	
	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Cash at banks		
- Current accounts	2,847,211	1,505,384
- Time deposits	47,399,056	95,023,839
<b>Total</b>	<b>50,246,267</b>	<b>96,529,223</b>
<b>Total cash and cash equivalents</b>	<b>85,025,585</b>	<b>135,793,642</b>

Deposits are placed with local banks with maturities of less than three-months and earn financial income at rates ranging from 0.58% to 0.81% per annum (31 December 2020: 0.65% to 1.15% per annum). Bank balances are placed with counterparties with sound credit ratings.

**6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET**

	<b>Insurance operations</b>	
	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Policyholders	39,860,417	19,186,256
Brokers	110,533,462	122,227,507
Receivables from insurance and reinsurance companies	1,628,687	2,678,563
Premiums and reinsurance receivables from related parties (note 9)	26,395	239,546
	<b>152,048,961</b>	<b>144,331,872</b>
Less: allowance for doubtful debts	(11,233,636)	(9,351,081)
<b>Premium and reinsurance receivable, net</b>	<b>140,815,325</b>	<b>134,980,791</b>
<b>Movement in provision for doubtful receivables:</b>		
	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Balance at 1 January	9,351,081	11,820,991
Allowance / (reversal) for doubtful debts for the period / year	1,882,555	(2,469,910)
<b>Closing balance</b>	<b>11,233,636</b>	<b>9,351,081</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**7. INVESTMENTS**

	<b>Insurance operations</b>	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	<b>39,540,079</b>	40,105,314
Total	<b>39,540,079</b>	40,105,314
<b>Shareholders' operations</b>		
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	<b>60,782,820</b>	61,536,115
Investments available for sale *	<b>1,932,078</b>	1,932,078
Total	<b>62,714,898</b>	63,468,193
Total investments held for trading	<b>100,322,899</b>	101,641,429
Total investments available for sale	<b>1,932,078</b>	1,932,078
<b>Total investments</b>	<b>102,254,977</b>	103,573,507

\*This represents an investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment between the period ended 31 March 2021 and during the year ended 31 December 2020.

**i) Investments held for trading:**

a) Category wise analysis is as follows:

**Insurance  
Operations**

	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuk and bonds	<b>19,204,662</b>	19,424,178	<b>9,295,347</b>	9,646,799	<b>28,500,009</b>	29,070,977
Equity securities	<b>11,040,070</b>	11,034,337	-	-	<b>11,040,070</b>	11,034,337
Total	<b>30,244,732</b>	30,458,515	<b>9,295,347</b>	9,646,799	<b>39,540,079</b>	40,105,314

**Shareholders'  
Operations**

	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>31 December 2020</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuk and bonds	<b>32,805,699</b>	33,154,855	<b>12,058,540</b>	12,514,467	<b>44,864,239</b>	45,669,322
Equity securities	<b>15,918,581</b>	15,866,793	-	-	<b>15,918,581</b>	15,866,793
Total	<b>48,724,280</b>	49,021,648	<b>12,058,540</b>	12,514,467	<b>60,782,820</b>	61,536,115

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**7. INVESTMENTS (CONTINUED)**

Movement in the investment held for trading balance is as follows

	Insurance operations		Shareholders' operations	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	40,105,314	38,013,460	61,536,115	58,493,236
Acquired during the period / year	-	11,661,873	-	15,128,556
Disposals during the period / year	(326,486)	(10,060,269)	(423,514)	(13,050,848)
Unrealised (losses)/ gains	(236,713)	592,066	(327,115)	1,097,253
Realised losses	(2,036)	(101,816)	(2,666)	(132,082)
At the end of the period / year	39,540,079	40,105,314	60,782,820	61,536,115

**8. GOODWILL**

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Ace Arabia Insurance Company BSC and International Insurance Company BSC. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at SAR 43.77 million.

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, companies related to shareholders ("affiliates") and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of major related parties' transactions during the period and the related balances at the end of the period:

Related parties	Nature of transactions	For the three-months period ended 31 March	
		2021	2020
		(Unaudited)	
Affiliates	Gross written premiums	360,116	300,734
	Rent	374,256	321,876
	Claim expenses	526,668	573,456
Board of Directors	Remuneration	356,250	356,250
	Meeting fee and expenses	407,000	550,297
Shareholders	Reinsurance premiums ceded	13,721,154	10,059,191
	Reinsurers' share of gross claims	674,359	718,852
	Reinsurance commission income	2,714,164	2,253,424

The following are the details of related party balances as at:

Nature	Relationship	31 March 2021		31 December 2020
		(Unaudited)	(Audited)	(Audited)
Premiums and reinsurance receivables	Affiliates	26,395		239,546
Reinsurance payables	Affiliates	14,734,059		12,139,740



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**Remuneration and compensation of Board Members and Executives**

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended 31 March 2021 and 2020:

<u>Period-ended 31 March 2021</u>	<b>BOD members (Executives) (Unaudited)</b>	<b>BOD members (Non-Executive) (Unaudited)</b>	<b>Key management (Unaudited)</b>
Salaries and compensation	-	-	1,498,190
End of service indemnities	-	-	126,717
Annual remuneration and meeting fees	86,250	677,000	-
<b>Total</b>	<b>86,250</b>	<b>677,000</b>	<b>1,624,907</b>

<u>Period-ended 31 March 2020</u>	<b>BOD members (Executives) (Unaudited)</b>	<b>BOD members (Non-Executive) (Unaudited)</b>	<b>Key management (Unaudited)</b>
Salaries and compensation	-	-	1,134,795
End of service indemnities	-	-	169,004
Traveling expenses	13,695	98,352	-
Annual remuneration and meeting fees	91,250	703,250	-
<b>Total</b>	<b>104,945</b>	<b>801,602</b>	<b>1,303,799</b>

**10. REINSURANCE BALANCES PAYABLE**

	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Related parties (note 9)	14,734,059	12,139,740
Others	61,639,024	73,899,169
	<b>76,373,083</b>	<b>86,038,909</b>

**11. STATUTORY DEPOSIT**

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit at 31 March 2021 as an asset and a liability in these interim condensed financial statements.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**12. SHARE CAPITAL**

The authorised, issued and paid-up share capital is SAR 200 million at 31 March 2021 consisting of 20 million shares (31 December 2020: SAR 200 million consisting of 20 million shares) of SAR 10 each.

Shareholding structure of the Company as at 31 March 2021 and 31 December 2020 is as below.

Shareholder	Country	Shareholding percentage
Chubb International Holding Co.	USA	30
El-Khereiji Investment Company	Saudi Arabia	10
International Corporation for Trade and Contract Services	Saudi Arabia	5
El-Khereiji Construction Company	Saudi Arabia	5
El-Khereiji Trading & Electronics Company	Saudi Arabia	5
El-Khereiji Real Estate	Saudi Arabia	5
General Public	Saudi Arabia	40
		<b>100</b>

On Sha'ban 11, 1442 AH, corresponding to 24 March 2021G, the Board of Directors decided to increase the Company's capital by granting one share for every two shares owned. The increase will be made by capitalizing SAR 100 million Saudi Riyals from the retained earnings, and will be issued once legal formalities are completed and said resolution is approved by the shareholders in the annual general meeting. Subsequent to the three months period ended 31 March 2021, the Company has received approval from Saudi Central Bank for increase in Share Capital.

**13. CONTINGENCIES AND COMMITMENTS**

**Legal proceedings**

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholder's insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material impact on the Company's results or financial position.

	2021	2020
Letter of Guarantees	9,601,940	9,601,940

**14. ZAKAT AND INCOME TAX**

- (a) Income tax has been provided for based on the estimated taxable profit at the rate of 20% per annum.

**Movement in the provision for zakat and income tax during the period / year**

The movement in zakat and income tax provision is as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
At the beginning of the period / year	19,536,736	16,501,196
Zakat charge for the period / year	684,239	4,596,805
Tax charge for the period / year	180,299	1,937,429
Paid during the period / year	(6,824,881)	(3,498,694)
At the end of the period / year	<b>13,576,393</b>	<b>19,536,736</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**14. ZAKAT AND INCOME TAX (CONTINUED)**

**(b) Shareholding subject to zakat and income tax**

The following is the founding shareholding percentage:

	<b>31 March 2021 %</b>	<b>31 December 2020 %</b>
Shareholding subject to zakat	<b>70</b>	70
Shareholding subject to income tax	<b>30</b>	30

**(c) Status of assessments**

In 2015, the General Authority of Zakat and Tax ("the GAZT") raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional Zakat and income tax liability including withholding tax amounting to SAR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SAR 14.9 million (including delay penalties and withholding tax) and also furnished a bank guarantee of SAR 3.3 million in favor of GAZT to avoid any further delay penalties until the appeal against the assessments is finalized.

The Company has also received a provisional assessment for the years 2013 to 2015 where GAZT had requested for an additional Zakat and income tax liability of SAR 6.2 million. The management has also filed an appeal against this assessment. However, the Company has submitted an additional bank guarantee amounting to SAR 6.2 million to cover the full additional liability and to avoid delay penalties.

Furthermore, in 2020, the General Authority of Zakat and Tax ("the GAZT") raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional Zakat and income tax liability amounting to SAR 10.6 million. The management filed an appeal with the GAZT and the GAZT issued a revised assessment with the additional Zakat and Income tax liability amounting to SAR 8.5 million. The management has filed appeals against these assessments with the General secretariat of tax committees (GSTC) and believes that the outcome of these appeals will be in the favor of the Company. The GAZT in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to SAR 9.5 million. The management has filed an appeal against this assessment and believes that the outcome of this appeal will be in favor of the Company.

The Company has filed Zakat and tax returns up to year ended 31 December 2020 and obtained Zakat and tax clearance certificate valid till 30 April 2022. Zakat and income tax assessments have not been raised by the GAZT for the years 2019 and 2020.

**15. SURPLUS DISTRIBUTION PAYABLE**

	<b>31 March 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Opening surplus distribution payable	<b>5,005,180</b>	9,184,671
Total income attributed to the insurance operations	<b>338,599</b>	3,981,949
Surplus paid to policy holders	<b>(1,710)</b>	(8,161,440)
Closing surplus distribution payable	<b>5,342,069</b>	5,005,180

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**16. GROSS PREMIUMS WRITTEN**

**Gross Premiums Written - For the three months period 31 March 2021 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,378,983	423,453	702,291	3,971,841	24,579,004	33,055,572
Property and casualty	188,794	136,553	1,569,822	3,669,128	53,220,217	58,784,514
Total	3,567,777	560,006	2,272,113	7,640,969	77,799,221	91,840,086

**Gross Premiums Written - For the three months period 31 March 2020 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,146,266	935,080	1,255,932	4,474,051	14,146,255	23,957,584
Property and casualty	121,675	780,634	3,542,923	3,706,161	64,984,410	73,135,803
Total	3,267,941	1,715,714	4,798,855	8,180,212	79,130,665	97,093,387

**17. TECHNICAL RESERVES**

**17.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Outstanding claims	65,648,763	53,173,383
Less: Realizable value of salvage and subrogation	(1,985,217)	(1,877,417)
	63,663,546	51,295,966
Claims incurred but not reported	42,907,608	41,874,437
Additional premium reserve	4,520,203	5,629,118
Other technical reserve	4,297,514	3,882,539
	115,388,871	102,682,060
Less:		
- Reinsurers' share of outstanding claims	(50,930,449)	(41,858,691)
- Reinsurers' share of claims incurred but not reported	(32,125,645)	(29,724,574)
<b>Net outstanding claims and reserves</b>	<b>32,332,777</b>	<b>31,098,795</b>

**17.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	Three months ended 31 March 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	130,833,967	(100,063,940)	30,770,027
Premium written during the period	91,840,086	(43,552,215)	48,287,871
Premium earned during the period	(67,389,535)	44,948,319	(22,441,216)
Balance as at the end of the period	155,284,518	(98,667,836)	56,616,682

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**17. TECHNICAL RESERVES (CONTINUED)**

**17.2 Movement in unearned premiums (continued)**

	Year-ended 31 December 2020 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	101,027,961	(74,196,879)	26,831,082
Premium written during the year	274,663,053	(185,324,105)	89,338,948
Premium earned during the year	(244,857,047)	159,457,044	(85,400,003)
Balance as at the end of the year	130,833,967	(100,063,940)	30,770,027

**17.3 Deferred policy acquisition costs**

Movement in deferred policy acquisition costs comprise of the following:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance as at the beginning of the period / year	5,630,498	5,323,677
Incurred during the period / year	6,821,810	16,288,743
Amortised during the period / year	(3,861,617)	(15,981,922)
Balance at the end of the period / year	8,590,691	5,630,498

**18. OPERATING SEGMENTS**

For management purposes, the Company is organized into business segments classified as: Property, Engineering, Motor, Casualty and Others. Others include marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2020.

Segment assets do not include cash and cash equivalents, premiums and reinsurance balances receivable - net, amounts due from shareholders' operations, prepayments investments and other assets, term deposits, property and equipment, rights-to-use assets, intangible assets, goodwill, statutory reserves and accrued commission income. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payables, accrued expenses and other liabilities, lease liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities, statutory deposit commission income payable, provision for zakat and income tax and accumulated surplus from insurance. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets/liabilities accordingly.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

The segment statements provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2021 and 31 December 2020, its total revenues, expenses, and net income for the three months period ended 31 March 2021 and 31 March 2020 are as follows:



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**18. OPERATING SEGMENTS (CONTINUED)**

Interim condensed statement of income  
for the three - months period ended 31  
March 2021

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
<b>REVENUES</b>						
Gross premiums written	28,792,570	6,821,862	33,055,572	13,606,547	9,563,535	91,840,086
Less: Reinsurance premiums ceded						
Local	(1,670,066)	(426,866)	-	-	(251,035)	(2,347,967)
Foreign	(24,271,036)	(4,584,461)	(142)	(5,704,719)	(5,226,342)	(39,786,700)
Excess of loss expenses	(587,347)	(111,403)	(188,910)	(149,340)	(380,548)	(1,417,548)
<b>Net premiums written</b>	<b>2,264,121</b>	<b>1,699,132</b>	<b>32,866,520</b>	<b>7,752,488</b>	<b>3,705,610</b>	<b>48,287,871</b>
Change in unearned premiums	754,214	51,547	(18,995,239)	(2,053,863)	(4,207,210)	(24,450,551)
Changes in reinsurer's share of unearned Premiums	(1,629,095)	(999,198)	(3,471)	(771,914)	2,007,574	(1,396,104)
<b>Net premiums earned</b>	<b>1,389,240</b>	<b>751,481</b>	<b>13,867,810</b>	<b>4,926,711</b>	<b>1,505,974</b>	<b>22,441,216</b>
Reinsurance commission income	2,995,012	1,182,048	298	647,928	613,076	5,438,362
<b>Total REVENUES</b>	<b>4,384,252</b>	<b>1,933,529</b>	<b>13,868,108</b>	<b>5,574,639</b>	<b>2,119,050</b>	<b>27,879,578</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(2,495,994)	(818,007)	(7,351,301)	(98,593)	(1,180,532)	(11,944,427)
Expenses incurred related to claims	(97,225)	(39,767)	(220,985)	-	(48,469)	(406,446)
Reinsurers' share of gross claims paid	2,480,777	707,696	64,269	27,486	654,006	3,934,234
<b>Net claims and other benefits paid</b>	<b>(112,442)</b>	<b>(150,078)</b>	<b>(7,508,017)</b>	<b>(71,107)</b>	<b>(574,995)</b>	<b>(8,416,639)</b>
Changes in outstanding claims	(4,634,769)	(279,613)	(2,895,152)	(5,285,302)	727,256	(12,367,580)
Changes in reinsurers' share of outstanding Claims	4,555,798	(46,823)	16,672	4,937,322	(391,211)	9,071,758
Changes in claims incurred but not reported ("IBNR")	(713,032)	(330,191)	2,570,427	(464,517)	(2,095,858)	(1,033,171)
Changes in reinsurance share of IBNR	358,005	165,857	(163,572)	449,957	1,590,824	2,401,071
<b>Net claims and other benefit incurred</b>	<b>(546,440)</b>	<b>(640,848)</b>	<b>(7,979,642)</b>	<b>(433,647)</b>	<b>(743,984)</b>	<b>(10,344,561)</b>
Additional premium reserve	565,159	266,164	37,137	309,421	(68,966)	1,108,915
Other technical reserves	(174,249)	(27,024)	64,564	(178,662)	(99,604)	(414,975)
Policy acquisition costs	(1,322,516)	(413,031)	(1,062,664)	(773,322)	(290,084)	(3,861,617)
Other underwriting expenses	(131,313)	(31,113)	(993,606)	(58,109)	(62,166)	(1,276,307)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(1,609,359)</b>	<b>(845,852)</b>	<b>(9,934,211)</b>	<b>(1,134,319)</b>	<b>(1,264,804)</b>	<b>(14,788,545)</b>
<b>NET UNDERWRITING INCOME</b>	<b>2,774,893</b>	<b>1,087,677</b>	<b>3,933,897</b>	<b>4,440,320</b>	<b>854,246</b>	<b>13,091,033</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Allowance for impairment on doubtful debts						(1,882,555)
General and administrative expenses						(9,601,013)
Dividend, interest and commission income						1,434,849
Realized losses on disposal of investments held for trading						(4,702)
Unrealized losses on investments held for trading						(563,828)
Other income, net						292,115
<b>TOTAL OTHER EXPENSES</b>						<b>(10,325,134)</b>
<b>Income before surplus attribution, zakat and income tax</b>						<b>2,765,899</b>
Income attributed to insurance operations						<b>(338,599)</b>
<b>Income attributed to the shareholders before Zakat and income tax</b>						<b>2,427,300</b>
Zakat charge						<b>(684,239)</b>
Income tax charge						<b>(180,299)</b>
<b>Net income attributable to shareholders</b>						<b>1,562,762</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**18. OPERATING SEGMENTS (CONTINUED)**

Interim condensed statement of income  
for the three - months period ended 31  
March 2020

	Property	Engineering	Motor	Casualty	Others	Total
	(Unaudited)					
<b>REVENUES</b>						
Gross premiums written	24,598,864	24,594,213	23,957,584	12,482,957	11,459,769	97,093,387
Less: Reinsurance premiums ceded						
Local	(1,481,572)	(637,531)	(19,899)	(14,251)	(258,386)	(2,411,639)
Foreign	(20,520,579)	(22,815,199)	(49,717)	(4,148,888)	(6,753,010)	(54,287,393)
Excess of loss expenses	(360,781)	(79,968)	(198,990)	(142,510)	(422,013)	(1,204,262)
Net premiums written	2,235,932	1,061,515	23,688,978	8,177,308	4,026,360	39,190,093
Change in unearned premiums	(1,243,019)	(17,756,282)	(10,388,121)	(809,991)	(4,921,832)	(35,119,245)
Changes in reinsurers' share of unearned premiums	438,893	17,693,256	(1,296,722)	(1,820,684)	2,568,951	17,583,694
Net premiums earned	1,431,806	998,489	12,004,135	5,546,633	1,673,479	21,654,542
Reinsurance commission income	2,825,516	1,348,906	419,790	590,388	783,893	5,968,493
<b>TOTAL REVENUES</b>	<b>4,257,322</b>	<b>2,347,395</b>	<b>12,423,925</b>	<b>6,137,021</b>	<b>2,457,372</b>	<b>27,623,035</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(310,508)	(337,015)	(6,320,348)	(159,631)	(854,044)	(7,981,546)
Expenses incurred related to claims	(23,111)	(47,421)	(492,966)	(30,518)	(56,423)	(650,439)
Reinsurers' share of gross claims paid	221,578	248,142	798,786	148,983	518,800	1,936,289
Net claims and other benefits paid	(112,041)	(136,294)	(6,014,528)	(41,166)	(391,667)	(6,695,696)
Changes in outstanding claims	(569,139)	(158,847)	(1,150,721)	(2,778,509)	(4,779,880)	(9,437,096)
Changes in reinsurers' share of outstanding claims	615,841	18,836	61,332	2,789,532	4,539,118	8,024,659
Changes in IBNR	(58,551)	261,955	(493,968)	117,229	(506,876)	(680,211)
Changes in reinsurer's share of IBNR	48,507	(258,111)	381,537	(182,105)	359,486	349,314
Net claims and other benefits incurred	(75,383)	(272,461)	(7,216,348)	(95,019)	(779,819)	(8,439,030)
Additional premium reserves	964,258	-	(449,323)	-	-	514,935
Other technical reserves	(54,833)	(13,986)	(84,055)	(51,311)	(77,143)	(281,328)
Policy acquisition costs	(1,273,129)	(447,469)	(1,101,902)	(835,528)	(377,459)	(4,035,487)
Other underwriting expenses	(162,653)	(173,509)	(171,572)	(116,071)	(182,128)	(805,933)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(601,740)</b>	<b>(907,425)</b>	<b>(9,023,200)</b>	<b>(1,097,929)</b>	<b>(1,416,549)</b>	<b>(13,046,843)</b>
<b>NET UNDERWRITING INCOME</b>	<b>3,655,582</b>	<b>1,439,970</b>	<b>3,400,725</b>	<b>5,039,092</b>	<b>1,040,823</b>	<b>14,576,192</b>
<b>OTHER (EXPENSES) / INCOME</b>						
Reversal of impairment on doubtful debts						683,531
General and administrative expenses						(9,133,250)
Dividend, interest and commission Income						2,262,609
Realized gains on disposal of investment held for trading						(60,244)
Unrealised gains on investments held for trading						(5,005,736)
Other income, net						732,168
<b>TOTAL OTHER EXPENSES</b>						<b>(10,520,922)</b>
Income before surplus attribution, zakat and income tax						4,055,270
Income attributed to insurance operations						(678,400)
Income attributed to the shareholders' before Zakat and income tax						3,376,870
Zakat						(621,805)
Income tax						(211,462)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						<b>2,543,603</b>

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021  
(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of financial position as at 31 March 2021	Insurance operations						
	Property	Engineering	Motor	Casualty	Others		
						Total - Insurance operations	Shareholders' operations
(Unaudited)							
Assets							
Reinsurers' share of unearned premiums	55,955,154	25,049,328	-	11,641,146	98,667,836		
Reinsurers' share of outstanding claims	33,256,540	4,161,116	(106,313)	11,001,745	50,930,449		
Reinsurers' share of claims incurred but not reported	20,736,643	4,695,871	281,938	3,866,772	32,125,645		
Deferred policy acquisition costs	3,079,933	945,237	2,448,205	1,452,705	8,590,691		
Unallocated assets	-	-	-	-	252,870,629		
Total assets					333,805,677		
					443,185,250		
Liabilities							
Unearned premiums	59,892,348	27,378,699	35,785,925	21,794,759	155,284,518		
Unearned reinsurance commission	6,125,452	2,823,075	-	1,010,193	10,956,987		
Outstanding claims	34,517,859	6,620,118	4,827,188	13,872,069	63,663,546		
Claims incurred but not reported	22,827,538	5,497,184	3,390,762	7,312,717	42,907,608		
Additional premium reserves	1,822,586	1,841,382	547,248	-	4,520,203		
Other technical reserves	2,304,972	506,416	333,750	819,303	4,297,514		
Unallocated liabilities	-	-	-	-	123,389,710		
Total liabilities					20,289,775		
					405,020,086		
					425,309,861		

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**18. OPERATING SEGMENTS (CONTINUED)**

Statement of financial position as at 31 December 2020	Insurance operations						
	Property	Engineering	Motor	Casualty	Total - Insurance operations		
						Others	Shareholders' operations
(Audited)							
<b>Assets</b>							
Reinsurers' share of unearned premiums	57,584,249	26,048,526	3,471	12,413,060	100,063,940		
Reinsurers' share of outstanding claims	28,700,742	4,207,939	(122,985)	6,064,423	41,858,691		
Reinsurers' share of claims incurred but not reported	20,378,638	4,530,014	445,510	3,416,815	29,724,574		
Deferred policy acquisition costs	1,621,071	984,241	1,381,053	1,243,541	5,630,498		
Unallocated assets				400,592	247,394,401		
<b>Total assets</b>					424,672,104		
					335,211,718		
					759,883,822		
<b>Liabilities</b>							
Unearned premiums	60,646,562	27,430,246	16,790,686	19,740,896	130,833,967		
Unearned reinsurance commission	3,852,375	2,765,813	254	1,110,087	8,340,689		
Outstanding claims	29,883,090	6,340,505	1,932,036	8,586,767	51,295,966		
Claims incurred but not reported	22,114,506	5,166,993	5,961,189	6,848,200	41,874,437		
Additional premium reserves	2,387,745	2,107,546	584,385	309,421	5,629,118		
Other technical reserves	2,130,723	479,392	398,314	640,641	3,882,539		
Unallocated liabilities				233,469	142,678,485		
<b>Total liabilities</b>					384,535,201		
					25,230,317		
					409,765,518		

**Geographical segments**

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held in countries domiciled in the Gulf Cooperation Council ("GCC").

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial statements.

**Determination of fair value and fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2021 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
Investments held for trading					
Insurance operations	39,540,079	37,380,991	2,159,088	-	39,540,079
Shareholders' operations	60,782,820	57,981,908	2,800,912	-	60,782,820
	<u>100,322,899</u>	<u>95,362,899</u>	<u>4,960,000</u>	<u>-</u>	<u>100,322,899</u>
31 December 2020 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
Investments held for trading					
Insurance operations	40,105,314	37,947,965	2,157,349	-	40,105,314
Shareholders' operations	61,536,115	58,737,464	2,798,651	-	61,536,115
	<u>101,641,429</u>	<u>96,685,429</u>	<u>4,956,000</u>	<u>-</u>	<u>101,641,429</u>

During the period, there has been no transfer between level 1, level 2 and level 3.

**20. EARNINGS PER SHARE**

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period.



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS**

As required by the Implementing Regulations, the interim statement of financial position, interim statement of income and interim statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

a) Statement of financial position	31 March 2021 - (Unaudited)			31 December 2020 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	34,779,318	50,246,267	85,025,585	39,264,419	96,529,223	135,793,642
Premiums and reinsurance balances receivable - net	140,815,325	-	140,815,325	134,980,791	-	134,980,791
Reinsurers' share of unearned premiums	98,667,836	-	98,667,836	100,063,940	-	100,063,940
Reinsurers' share of outstanding claims	50,930,449	-	50,930,449	41,858,691	-	41,858,691
Reinsurers' share of claims Incurred but not reported	32,125,645	-	32,125,645	29,724,574	-	29,724,574
Deferred policy acquisition costs	8,590,691	-	8,590,691	5,630,498	-	5,630,498
Deferred excess of loss premiums	1,225,000	-	1,225,000	-	-	-
Investments held for trading	39,540,079	60,782,820	100,322,899	40,105,314	61,536,115	101,641,429
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepaid expenses and other assets	5,976,437	10,588,718	16,565,155	5,187,508	10,208,281	15,395,789
Term deposits	25,333,510	144,203,245	169,536,755	25,333,510	99,015,022	124,348,532
Property and equipment	895,238	-	895,238	906,441	-	906,441
Right-of-use-assets	808,874	-	808,874	1,078,499	-	1,078,499
Intangible assets	3,496,848	-	3,496,848	537,919	-	537,919
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Accrued income on statutory deposit	-	2,277,799	2,277,799	-	2,216,249	2,216,249
Amount due from insurance operations	-	40,749,113	40,749,113	-	42,720,852	42,720,852
<b>TOTAL ASSETS</b>	<b>443,185,250</b>	<b>374,554,790</b>	<b>817,740,040</b>	<b>424,672,104</b>	<b>377,932,570</b>	<b>802,604,674</b>
Less: inter-operations elimination	-	(40,749,113)	(40,749,113)	-	(42,720,852)	(42,720,852)
<b>TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>443,185,250</b>	<b>333,805,677</b>	<b>776,990,927</b>	<b>424,672,104</b>	<b>335,211,718</b>	<b>759,883,822</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS (CONTINUED)**

a) Statement of financial position (continued)	31 March 2021 - (Unaudited)			31 December 2020- (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>LIABILITIES</b>						
Accounts payable	25,382,494	-	25,382,494	24,539,616	-	24,539,616
Accrued and other liabilities	6,630,416	4,435,583	11,065,999	16,639,137	3,477,332	20,116,469
Lease liabilities	-	-	-	1,118,664	-	1,118,664
Surplus distribution payable	5,342,069	-	5,342,069	5,005,180	-	5,005,180
Reinsurers' balances payable	76,373,083	-	76,373,083	86,038,909	-	86,038,909
Unearned premiums	155,284,518	-	155,284,518	130,833,967	-	130,833,967
Unearned reinsurance commission	10,956,987	-	10,956,987	8,340,689	-	8,340,689
Outstanding claims	63,663,546	-	63,663,546	51,295,966	-	51,295,966
Claims incurred but not reported	42,907,608	-	42,907,608	41,874,437	-	41,874,437
Additional premium reserves	4,520,203	-	4,520,203	5,629,118	-	5,629,118
Other technical reserves	4,297,514	-	4,297,514	3,882,539	-	3,882,539
End-of-service indemnities	9,661,648	-	9,661,648	9,336,979	-	9,336,979
Zakat and income tax	-	13,576,393	13,576,393	-	19,536,736	19,536,736
Accrued commission income payable to SAMA	-	2,277,799	2,277,799	-	2,216,249	2,216,249
Amounts due to shareholders' operations	40,749,113	-	40,749,113	42,720,852	-	42,720,852
<b>TOTAL LIABILITIES</b>	<b>445,769,199</b>	<b>20,289,775</b>	<b>466,058,974</b>	<b>427,256,053</b>	<b>25,230,317</b>	<b>452,486,370</b>
Less: inter-operations elimination	(40,749,113)	-	(40,749,113)	(42,720,852)	-	(42,720,852)
<b>TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>405,020,086</b>	<b>20,289,775</b>	<b>425,309,861</b>	<b>384,535,201</b>	<b>25,230,317</b>	<b>409,765,518</b>
<b>EQUITY</b>						
Share capital	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve	-	38,807,800	38,807,800	-	38,495,248	38,495,248
Retained earnings	-	115,457,215	115,457,215	-	114,207,005	114,207,005
Re-measurement reserve of end of service indemnities	(2,583,949)	-	(2,583,949)	(2,583,949)	-	(2,583,949)
<b>TOTAL EQUITY</b>	<b>(2,583,949)</b>	<b>354,265,015</b>	<b>351,681,066</b>	<b>(2,583,949)</b>	<b>352,702,253</b>	<b>350,118,304</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>402,436,137</b>	<b>374,554,790</b>	<b>776,990,927</b>	<b>381,951,252</b>	<b>377,932,570</b>	<b>759,883,822</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS (CONTINUED)**

b) Interim condensed statement of income for the three months period ended (unaudited)	31 March 2021			31 March 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross premiums written	91,840,086	-	91,840,086	97,093,387	-	97,093,387
Less: Reinsurance premiums ceded						
Local	(2,347,967)	-	(2,347,967)	(2,411,639)	-	(2,411,639)
Foreign	(39,786,700)	-	(39,786,700)	(54,287,393)	-	(54,287,393)
Excess of loss expenses	(1,417,548)	-	(1,417,548)	(1,204,262)	-	(1,204,262)
<b>Net premiums written</b>	<b>48,287,871</b>	<b>-</b>	<b>48,287,871</b>	<b>39,190,093</b>	<b>-</b>	<b>39,190,093</b>
Changes in unearned premiums	(24,450,551)	-	(24,450,551)	(35,119,245)	-	(35,119,245)
Changes in reinsurers' share of unearned premiums	(1,396,104)	-	(1,396,104)	17,583,694	-	17,583,694
<b>Net premiums earned</b>	<b>22,441,216</b>	<b>-</b>	<b>22,441,216</b>	<b>21,654,542</b>	<b>-</b>	<b>21,654,542</b>
Reinsurance commission income	5,438,362	-	5,438,362	5,968,493	-	5,968,493
<b>TOTAL REVENUES</b>	<b>27,879,578</b>	<b>-</b>	<b>27,879,578</b>	<b>27,623,035</b>	<b>-</b>	<b>27,623,035</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(11,944,427)	-	(11,944,427)	(7,981,546)	-	(7,981,546)
Expenses incurred related to claims	(406,446)	-	(406,446)	(650,439)	-	(650,439)
Reinsurers' share of gross claims paid	3,934,234	-	3,934,234	1,936,289	-	1,936,289
<b>Net claims and other benefits paid</b>	<b>(8,416,639)</b>	<b>-</b>	<b>(8,416,639)</b>	<b>(6,695,696)</b>	<b>-</b>	<b>(6,695,696)</b>
Changes in outstanding claims	(12,367,580)	-	(12,367,580)	(9,437,096)	-	(9,437,096)
Changes in reinsurance share of outstanding claims	9,071,758	-	9,071,758	8,024,659	-	8,024,659
Changes in claims incurred but not reported ("IBNR")	(1,033,171)	-	(1,033,171)	(680,211)	-	(680,211)
Changes in reinsurance share of IBNR	2,401,071	-	2,401,071	349,314	-	349,314
<b>Net claims and other benefits incurred</b>	<b>(10,344,561)</b>	<b>-</b>	<b>(10,344,561)</b>	<b>(8,439,030)</b>	<b>-</b>	<b>(8,439,030)</b>
Additional premium reserves	1,108,915	-	1,108,915	514,935	-	514,935
Other technical reserves	(414,975)	-	(414,975)	(281,328)	-	(281,328)
Policy acquisition costs	(3,861,617)	-	(3,861,617)	(4,035,487)	-	(4,035,487)
Other underwriting expenses	(1,276,307)	-	(1,276,307)	(805,933)	-	(805,933)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(14,788,545)</b>	<b>-</b>	<b>(14,788,545)</b>	<b>(13,046,843)</b>	<b>-</b>	<b>(13,046,843)</b>
<b>NET UNDERWRITING INCOME</b>	<b>13,091,033</b>	<b>-</b>	<b>13,091,033</b>	<b>14,576,192</b>	<b>-</b>	<b>14,576,192</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS (CONTINUED)**

	31 March 2021			31 March 2020		
b) Interim condensed statement of income for the three months period ended (unaudited) (continued)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>OTHER (EXPENSES) / INCOME</b>						
(Allowance) / reversal for impairment on doubtful debts	(1,882,555)	-	(1,882,555)	683,531	-	683,531
General and administrative expenses	(8,240,977)	(1,360,036)	(9,601,013)	(7,815,180)	(1,318,070)	(9,133,250)
Dividend, interest and commission income	365,128	1,069,721	1,434,849	557,967	1,704,642	2,262,609
Realized losses on disposal of investments held for trading	(2,036)	(2,666)	(4,702)	(32,306)	(27,938)	(60,244)
Unrealised losses on investments held for trading	(236,713)	(327,115)	(563,828)	(1,918,374)	(3,087,362)	(5,005,736)
Other income, net	292,115	-	292,115	732,168	-	732,168
<b>TOTAL OTHER EXPENSES</b>	<b>(9,705,038)</b>	<b>(620,096)</b>	<b>(10,325,134)</b>	<b>(7,792,194)</b>	<b>(2,728,728)</b>	<b>(10,520,922)</b>
Income before surplus attribution, Zakat and income tax	3,385,995	(620,096)	2,765,899	6,783,998	(2,728,728)	4,055,270
Surplus transferred to shareholders	(3,047,396)	3,047,396	-	(6,105,598)	6,105,598	-
<b>Net Income for the year before Zakat and tax</b>	<b>338,599</b>	<b>2,427,300</b>	<b>2,765,899</b>	<b>678,400</b>	<b>3,376,870</b>	<b>4,055,270</b>
Zakat	-	(684,239)	(684,239)	-	(621,805)	(621,805)
Income tax	-	(180,299)	(180,299)	-	(211,462)	(211,462)
<b>Net result from insurance operations after shareholders' transfer of surplus to shareholders</b>	<b>338,599</b>	<b>1,562,762</b>	<b>1,901,361</b>	<b>678,400</b>	<b>2,543,603</b>	<b>3,222,003</b>
<b>Weighted average number of outstanding shares</b>	<b>20,000,000</b>			<b>20,000,000</b>		
<b>Earnings per share (expressed in SAR per share)</b>	<b>0.08</b>			<b>0.13</b>		

**c) interim condensed statement of comprehensive income**

	Period ended 31 March 2021			Period ended 31 March 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Net result from insurance operations after shareholders' transfer of surplus to shareholders</b>	<b>338,599</b>	<b>1,562,762</b>	<b>1,901,361</b>	<b>678,400</b>	<b>2,543,603</b>	<b>3,222,003</b>
<b>Items that will not be reclassified to statement comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE period</b>	<b>338,599</b>	<b>1,562,762</b>	<b>1,901,361</b>	<b>678,400</b>	<b>2,543,603</b>	<b>3,222,003</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**d) Interim condensed statement of cash flows**

	For the three months period ended 31 March					
	2021			2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	(Unaudited)			(Unaudited)		
<b>Cash flow from operating activities</b>						
Net income before zakat and income tax for the period	338,599	2,427,300	2,765,899	678,400	3,376,870	4,055,270
<b>Adjustments for:</b>						
Depreciation of property and equipment	69,263	-	69,263	47,338	-	47,338
Depreciation of right of use assets	269,625	-	269,625	269,625	-	269,625
Amortisation of intangible assets	65,517	-	65,517	65,517	-	65,517
Allowance / (reversal) for impairment on doubtful debts	1,882,555	-	1,882,555	(683,531)	-	(683,531)
Gain on sale of property and equipment	(4,000)	-	(4,000)	-	-	-
Unrealised losses on investments held for trading	236,713	327,115	563,828	1,918,374	3,087,362	5,005,736
Realised losses on investments held for trading	2,036	2,666	4,702	32,306	27,938	60,244
Interest on lease liabilities	3,563	-	3,563	13,882	-	13,882
Provision for end-of-service indemnities	361,348	-	361,348	353,534	-	353,534
	3,225,219	2,757,081	5,982,300	2,695,445	6,492,170	9,187,615
<b>Changes in:</b>						
Premiums and reinsurance balances receivable	(7,717,089)	-	(7,717,089)	(12,782,536)	-	(12,782,536)
Reinsurers' share of unearned premiums	1,396,104	-	1,396,104	(17,583,694)	-	(17,583,694)
Reinsurers' share of outstanding claims	(9,071,758)	-	(9,071,758)	(8,024,659)	-	(8,024,659)
Reinsurers' share of claims Incurred but not reported	(2,401,071)	-	(2,401,071)	(349,314)	-	(349,314)
Deferred policy acquisition costs	(2,960,193)	-	(2,960,193)	(3,277,026)	-	(3,277,026)
Deferred excess of loss premiums	(1,225,000)	-	(1,225,000)	(968,566)	-	(968,566)
Prepaid and other assets	(788,929)	(380,437)	(1,169,366)	(1,262,091)	382,463	(879,628)
Accounts payable	842,878	-	842,878	4,729,017	-	4,729,017
Accrued and other liabilities	(10,008,722)	958,251	(9,050,471)	(2,127,953)	819,084	(1,308,869)
Reinsurers' balances payable	(9,665,826)	-	(9,665,826)	1,572,048	-	1,572,048
Unearned premiums	24,450,551	-	24,450,551	35,119,245	-	35,119,245
Unearned reinsurance commission income	2,616,298	-	2,616,298	2,446,366	-	2,446,366
Outstanding claims	12,367,580	-	12,367,580	9,437,096	-	9,437,096
Claims incurred but not reported	1,033,171	-	1,033,171	680,211	-	680,211
Additional premium reserves	(1,108,915)	-	(1,108,915)	(514,935)	-	(514,935)
Other technical reserves	414,975	-	414,975	281,328	-	281,328
<b>Cash generated from operations</b>	<b>1,399,273</b>	<b>3,334,895</b>	<b>4,734,168</b>	<b>10,069,982</b>	<b>7,693,717</b>	<b>17,763,699</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**21. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**d) Interim condensed statement of cash flows (continued)**

	For the three months period ended 31 March					
	2021			2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	(Unaudited)			(Unaudited)		
Surplus paid to policyholders	(1,710)	-	(1,710)	(5,003,795)	-	(5,003,795)
Zakat and income tax paid	-	(6,824,881)	(6,824,881)	-	-	-
End-of-service indemnities paid	(36,678)	-	(36,678)	(200,913)	-	(200,913)
<b>Net cash (used in) / generated from operating activities</b>	<b>1,360,885</b>	<b>(3,489,986)</b>	<b>(2,129,101)</b>	<b>4,865,274</b>	<b>7,693,717</b>	<b>12,558,991</b>
<b>Cash flows from investing activities</b>						
Purchase of investments held for trading	-	-	-	(7,143,467)	(9,253,008)	(16,396,475)
Proceeds from disposal of investments held for Trading	326,486	423,514	750,000	7,369,740	9,560,515	16,930,255
(Addition in) / maturities in term deposits	-	(45,188,223)	(45,188,223)	-	37,621,893	37,621,893
Proceeds from sale of property and equipment	4,000	-	4,000	-	-	-
Purchase of property and equipment	(987,662)	-	(987,662)	(180,000)	-	(180,000)
Purchase of intangible assets	(2,094,844)	-	(2,094,844)	-	-	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,752,020)</b>	<b>(44,764,709)</b>	<b>(47,516,729)</b>	<b>46,273</b>	<b>37,929,400</b>	<b>37,975,673</b>
<b>Cash flows from financing activities</b>						
Payment for lease liabilities	(1,122,227)	-	(1,122,227)	(1,122,227)	-	(1,122,227)
Interoperation balances	(1,971,739)	1,971,739	-	1,713,603	(1,713,603)	-
Due to / (from) shareholders/insurance operations	-	-	-	3,324,349	(3,324,349)	-
<b>Net cash (used in) / generated from financing Activities</b>	<b>(3,093,966)</b>	<b>1,971,739</b>	<b>(1,122,227)</b>	<b>3,915,725</b>	<b>(5,037,952)</b>	<b>(1,122,227)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,485,101)</b>	<b>(46,282,956)</b>	<b>(50,768,057)</b>	<b>8,827,272</b>	<b>40,585,165</b>	<b>49,412,437</b>
Cash and cash equivalents at 1 January	39,264,419	96,529,223	135,793,642	58,510,894	47,140,114	105,651,008
<b>Cash and cash equivalents at 31 March</b>	<b>34,779,318</b>	<b>50,246,267</b>	<b>85,025,585</b>	<b>67,338,166</b>	<b>87,725,279</b>	<b>155,063,445</b>



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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**22. IMPACT OF COVID 19**

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating.
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic is seen in motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgement and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

**Motor technical reserves**

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 8 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

For new retail motor policies issued as per above circular, the premium is earned over the period of 12 months as the impact of earnings over the period of coverage. i.e. 14 months are not considered significant by the management for the period ended 31 March 2021 and subsequent periods.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated, level for motor line of business and recorded an additional premium deficiency reserve amounting to SAR 0.1 million as at 31 March 2021.

**Impact of Covid-19 on financial assets**

**Financial assets**

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three months period ended 31 March 2021. The Company's management continues to monitor the situation closely.

**23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 4 May 2021G corresponding to 22 Ramadan 1442H.