المجموعة العربية الأوروبية للتأمين
EURO ARAB INSURANCE

شركة المجموعة العربية الأوروبية للتأمين م.ع.م
Euro Arab Insurance Group Plc.

هيئة الأوراق المالية
الدائرة الادارية / الديوان
١٥ حزيران ٢٠٢٠
الرقم المتسلسل ....
الجهة المختصة ....

التاريخ :2019/6/14

الرقم : fin/1241/6 /2020

السادة : هيئة الاوراق المالية المحترمين

Messrs.' : Jordan securities commission

<u>الموضوع : البيانات المالية السنوية باللغة الانجليزية</u>
<u>للسنة المنتهية فى 2019/12/31</u>

<u>Subject: Audited financial statement</u>
<u>In English for the fiscal 31/12/2019</u>

مرفق طيه نسخة من البيانات المالية باللغة الانجليزية
المدققة للشركة العربية الاوروبية للتامين عن السنة
المالية المنتهية في 2019/12/31

Attached the audited financial
Statements of Euro Arab Insurance
For the financial year ended at
31/12/2019

و تفضلوا بقبول فائق الاحترام ،،،،،،

Kindly accept our high appreciation
And respect

المدير العام
د.لانا بدر

General Manager
Dr. Lana Bader

الشميساني - شارع الشريف ناصر بن جميل - بناية رقم ٤١ - هاتف : ٥٥١٨٩٣٥ فاكس : ٥٥١٨٩٥٦ - ٦ - ٩٦٢ + ص . ب ١٤٣٥ عمان ١١٩٥٣ الأردن
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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

EURO ARAB INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2019

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Deloitte.

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Independent Auditor's Report

AM/ 007205

To the Shareholders of
Euro Arab Insurance Group Company
A Public Shareholding Limited Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Euro Arab Insurance Group Company (A Public Shareholding Limited Company), which comprise the statement of financial position as of December 31, 2019, and the statement of income and comprehensive income, statement of changes in shareholders' equity, the statement of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and its financial performance as well as its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
Technical Reserves As at December 31, 2019, the Company had technical reserves of JD 17.7 million which includes claims incurred but not reported (IBNR) and other technical reserves. The Company uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be applied and estimates to be made, for example inflation rates, claims development patterns and interpretations of regulatory requirements. The measurement of technical reserves is a key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain. We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross claims.	We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing and payment, including controls over the completeness and accuracy of the claim estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims and technical reserves. We reviewed the competence, skills, independence and objectivity of management's expert and reviewed the terms of engagement between the expert and the company to determine if the scope of their work was sufficient for audit purposes. We assessed the completeness and accuracy of data used by management in their calculation of technical reserves. We compared the actuary's current year report to the prior year to assess that there are no material differences in the estimates and assumptions adopted. We assessed any differences noted (in case of any) in the estimates and assumptions to determine if these differences were reasonable. We performed substantive and analytical procedures on a selected sample to verify the completeness and accuracy of calculating the technical reserves of the company and the extent to which these reserves are consistent with the results reached by the actuaries of the company. We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

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Other Matter
The accompanying financial statements are a translation of the statutory financial statements in the Arabic to which reference is made.

Other Information
Management is responsible for other information which comprises information in the annual report excluding the financial statements and the independent auditor's report thereon. Furthermore, we expect the annual report to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control system.

- Obtain an understanding of internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

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

Report on Other Legal and Regulatory Requiremetns
The Company maintains proper accounting records duly organized and in line with the accompanying financial statemetns, in all material respects, and we recommend that the General Assembly approve these financial statements.

Amman – Jordan
February 29, 2020

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2019	December 31, 2018
		JD	JD
Deposits at banks	5	20,491,534	19,527,430
Financial assets at fair value through profit or loss	6	974,009	814,656
Financial assets at amortized cost	7	-	-
Investment property - net	8	876,614	879,227
Total Investments		22,342,157	21,221,313
Cash on hand and at banks	9	394,361	76,377
Cheques under collection	10	879,677	636,422
Accounts receivable - net	11	7,422,645	7,546,806
Re-insurance and insurance companies accounts receivable - Net	12	771,056	684,650
Deferred tax assets	13/B	1,179,483	906,752
Property and equipment - net	14	3,072,586	3,128,964
Intangible assets	15	11,875	10,065
Other assets	16	313,984	498,030
TOTAL ASSETS		36,387,824	34,709,379
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Unearned premiums reserve - net		9,421,034	9,009,815
Claims reserve - net		8,180,269	7,293,820
Mathematical reserve - net	17	91,829	100,484
Total Insurance Contracts Liabilities		17,693,132	16,404,119
Due to banks	18	1,036,710	1,655,646
Accounts payable	19	2,939,868	2,679,926
Re-insurance and insurance companies accounts payable	20	2,090,473	2,209,443
Other provisions	21	354,263	303,933
Provision for income tax	13/A	282,734	225,479
Other liabilities	22	718,259	637,570
TOTAL LIABILITIES		25,115,439	24,116,116
SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital	23	8,000,000	8,000,000
Statutory reserve	24	1,467,751	1,342,268
Voluntary reserve	24	15,676	15,676
Retained earnings	25	1,788,958	1,235,319
Total Shareholders' Equity		11,272,385	10,593,263
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,387,824	34,709,379

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH INDEPENDENTS AUDITOR'S REPORT.

EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
Revenue:			
Gross written premiums		29,647,991	28,610,731
Less: Re-insurer's share		(5,753,396)	(6,355,568)
Net Written Premiums		23,894,595	22,255,163
Net change in unearned premiums reserve		(411,219)	(185,545)
Net change in mathematical reserve		8,655	(28,716)
Net Revenues Premiums Earned		23,492,031	22,040,902
Commissions' revenues		361,677	359,229
Insurance policies issuance fees		864,911	822,004
Interest revenue	26	1,288,294	1,114,429
Net gains (losses) from financial assets and investments	27	213,418	(51,168)
Other revenue	28	486,793	423,392
Total Revenue		26,707,124	24,708,788
Claims, Losses and Expenses:			
Paid claims		24,470,944	22,013,263
Less: Recoveries		(2,496,659)	(2,552,759)
Re-insurers' share		(2,391,768)	(1,255,720)
Net Paid Claims		19,582,517	18,204,784
Net change in claims reserve		886,449	851,649
Allocated employees' expenditures	29	1,713,671	1,575,154
Allocated general and administrative expenses	30	751,908	710,757
Policies acquisition cost		955,059	901,333
Excess of loss premiums		224,355	244,646
Other expenses related to underwritings		579,045	605,670
Net Claims Costs		24,693,004	23,093,993
Unallocated employees' expenses	29	210,076	194,145
Depreciation and amortization	8&14&15	125,673	154,642
Unallocated general and administrative expenses	30	187,977	177,689
Provision for expected credit losses - net	9&10&11&12	188,417	70,618
Other expenses	31	68,147	120,775
Total Expenses		25,473,294	23,811,862
Income for the Year before Tax	13/A	1,233,830	896,926
Income tax for the year		(234,708)	(201,026)
Income for the Year / Total Comprehensive Income		999,122	695,900
The Company's Shareholders		8,000,000	8,000,000
Earnings per Share for the Year - Basic and Diluted	32	0.125	0.087

Chairman of the Board of Directors

General Manager

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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid - up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Retained Earnings Total	Total
For the Year Ended December 31, 2019		JD	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019		8,000,000	1,342,268	15,676	328,567	906,752	1,235,319	10,593,263
Total comprehensive income		-	-	-	999122	-	999,122	999,122
Transfers during the year		-	-	-	(272,731)	272,731	-	-
Transferred to statutory reserve		-	125,483	-	-	(125,483)	(125,483)	-
Distributed dividends *	25	-	-	-	(320,000)	-	(320,000)	(320,000)
Balance - End of the Year		8,000,000	1,467,751	15,676	734,958	1,054,000	1,788,958	11,272,385

	Note	Paid - up Capital	Statutory Reserve	Voluntary Reserve	Retained Earnings Realized	Retained Earnings Unrealized	Retained Earnings Total	Total
For the Year Ended December 31, 2018		JD	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (as disclosed previously)		8,000,000	1,249,375	15,676	501,204	735,676	1,236,880	10,593,263
IFRS(9) implementation effect - Net (note3)		-	-	-	-	(204,568)	(204,568)	999,122
		8,000,000	1,249,375	15,676	501,204	531,108	1,032,312	11,592,385
Total comprehensive income		-	-	-	695,900	-	695,900	-
Transfers during the year		-	-	-	(375,644)	375,644	-	-
Transferred to statutory reserve		-	92,893	-	(92,893)	-	(92,893)	-
Distributed dividends *	25	-	-	-	(400,000)	-	(400,000)	(320,000)
Balance - End of the Year		8,000,000	1,342,268	15,676	328,567	906,752	1,235,319	10,593,263

Retained earnings includes JD 1,179,483 as of December 31, 2019 consist of deferred tax assets (JD 906,752 as of December 31, 2018).

* The General Assembly of shareholders has approved in its ordinary meeting held on April 30, 2019 the recommendation of Board of Directors for cash dividends to shareholders amounted JD 320,000 equivalent to 4% from paid in capital. (JD 400,000 as of December 31, 2018).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH INDEPENDENTS AUDITOR'S REPORT.

EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2019	2018
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before tax for the year		1,233,830	896,926
Adjustments:			
Depreciation and amortization	8&14&15	125,673	154,642
Unrealized losses of financial assets at fair value through profit or loss	27	17,154	154,248
Provision of expected credit loss - net		188,417	70,618
Provision for other liabilities	21	-	80,000
End of service indemnity	21	55,830	13,513
Unearned premiums reserve - net		411,219	185,545
Claims reserve - net		886,449	851,649
Mathematical reserve - net	17	(8,655)	28,716
Cash Flows from Operating Activities before Changes in Working Capital Items		2,909,917	2,435,857
(Increase) in cheques under collection		(249,646)	(38,915)
(Increase) in receivables		(28,681)	(2,306,908)
(Increase) decrease in re-insurance companies' accounts receivables		(114,933)	119,034
(Increase) in financial assets at fair value through profit or loss		(177,299)	(388,478)
Decrease in other assets		184,177	31,721
Increase in payables		199,942	697,684
(Decrease) increase in re-insurance companies' accounts payable		(118,970)	1,333,929
Increase in other liabilities		140,689	68,311
Net Cash Flows from Operating Activities before Tax Paid and Provisions		2,745,196	1,952,235
Income tax paid	13/A	(450,184)	(258,568)
End of service indemnity paid	21	(7,500)	(780)
Net Cash Flows from Operating Activities		2,287,512	1,692,887
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in deposits at banks maturing after three months		(6,964,418)	4,129,984
(Purchase) of property and equipment	14	(80,648)	(20,936)
Improvements for investment properties		-	(18,300)
Proceeds from sale of property and equipment		18,895	-
Net Cash Flows (used in) from Investment Activities		(7,026,171)	4,090,748
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to banks		(618,936)	715,718
Distributed dividends	25	(320,000)	(400,000)
Net Cash Flows (used in) from Financing Activities		(938,936)	315,718
Net (Decrease) increase in Cash and Cash Equivalents		(5,677,595)	6,099,353
Cash and cash equivalents - beginning of the year		9,018,013	2,918,660
Cash and Cash Equivalents - End of the Year	33	3,340,418	9,018,013

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EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Aviation	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:								
Direct business	12,264,171	11,159,747	513,833	641,628	1,012,334	1,038,235	331,353	973,429
Re-insurers' inward business	891,480	858,878	3,970	9,846	416,833	402,387	-	-
Gross Written Premiums	13,155,651	12,018,625	517,803	651,474	1,429,167	1,440,622	331,353	973,429
Less: Local re-insurers' share	(1,276,519)	(982,389)	(6,676)	(4,378)	(320,925)	(292,489)	-	-
Foreign re-insurers' share	(53,507)	(71,372)	(404,414)	(514,826)	(941,346)	(988,219)	(331,353)	(973,429)
Net Written Premiums	11,825,625	10,964,864	106,713	132,270	166,896	159,914	-	-
Add: Unearned premiums reserve - beginning of the year	5,660,349	5,702,230	140,948	127,997	702,087	622,306	368,036	-
Less: Re-insurers share - beginning of the year	(300,407)	(79,535)	(113,416)	(98,700)	(620,953)	(555,388)	(368,036)	-
Net Unearned Premiums Reserve - Beginning of the Year	5,359,942	5,622,695	27,532	29,297	81,134	66,918	-	-
Less: Unearned premiums reserve - end of the year	6,214,851	5,660,349	122,749	140,948	752,525	702,087	142,594	368,036
Re-insurers' share - end of the year	(491,674)	(300,407)	(105,219)	(113,416)	(657,846)	(620,953)	(142,594)	(368,036)
Net Unearned Premiums Reserve - End of the Year	5,723,177	5,359,942	17,530	27,532	94,679	81,134	-	-
Net change in unearned premiums reserve	(363,235)	262,753	10,002	1,765	(13,545)	(14,216)	-	-
Net Revenue from the Written Premiums	11,462,390	11,227,617	116,715	134,035	153,351	145,698	-	-

	Liability		Medical		Others		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:								
Direct business	461,989	459,218	11,462,742	10,926,928	203,240	212,095	26,249,662	25,411,280
Re-insurers' inward business	975	1,199	-	-	4,262	5,418	1,317,520	1,277,728
Gross Written Premiums	462,964	460,417	11,462,742	10,926,928	207,502	217,513	27,567,182	26,689,008
Less: Local re-insurers' share	(2,237)	(2,485)	-	-	(5,527)	(8,698)	(1,611,884)	(1,290,439)
Foreign re-insurers' share	(312,707)	(309,784)	(532,514)	(736,810)	(120,229)	(135,848)	(2,696,070)	(3,730,288)
Net Written Premiums	148,020	148,148	10,930,228	10,190,118	81,746	72,967	23,259,228	21,668,281
Add: Unearned premiums reserve - beginning of the year	204,678	174,801	4,041,279	2,999,289	121,111	81,431	11,238,488	9,708,054
Less: Re-insurers share - beginning of the year	(140,088)	(90,313)	(606,847)	-	(78,926)	(59,848)	(2,228,673)	(883,784)
Net Unearned Premiums Reserve - Beginning of the Year	64,590	84,488	3,434,432	2,999,289	42,185	21,583	9,009,815	8,824,270
Less: Unearned premiums reserve - end of the year	201,408	204,678	3,986,740	4,041,279	117,271	121,111	11,538,138	11,238,488
Re-insurers' share - end of the year	(143,311)	(140,088)	(504,439)	(606,847)	(72,021)	(78,926)	(2,117,104)	(2,228,673)
Net Unearned Premiums Reserve - End of the Year	58,097	64,590	3,482,301	3,434,432	45,250	42,185	9,421,034	9,009,815
Net change in unearned premiums reserve	6,493	19,898	(47,869)	(435,143)	(3,065)	(20,602)	(411,219)	(185,545)
Net Revenue from the Written Premiums	154,513	168,046	10,882,359	9,754,975	78,681	52,365	22,848,009	21,482,736

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH INDEPENDENTS AUDITOR'S REPORT.

EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Aviation		Liability		Medical		Others		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	11,809,123	12,098,155	202,508	71,820	365,972	196,903	-	-	41,963	23,745	10,148,948	8,513,654	267,933	42,781	22,836,447	20,947,058
Less: Recoveries	(2,411,023)	(2,536,020)	(35,773)	-	(49,212)	(15,662)	-	-	(530)	(730)	-	-	(121)	(347)	(2,496,659)	(2,552,759)
Local re-insurers' share	-	-	(416)	-	(647)	(1,929)	-	-	-	-	-	-	-	-	(1,063)	(1,929)
Foreign re-insurers' share	(134,055)	(122,337)	(130,846)	(51,067)	(296,705)	(167,120)	-	-	(39,230)	(18,784)	(152,805)	-	(260,077)	(33,652)	(1,013,718)	(392,960)
Net Paid Claims	9,264,045	9,439,798	35,473	20,753	19,408	12,192	-	-	2,203	4,231	9,996,143	8,513,654	7,735	8,782	19,325,007	17,999,410
Add: Reported claims reserve - end of the year	6,225,735	6,020,955	280,032	220,873	716,623	799,108	-	-	13,676	8,735	848,237	922,503	78,321	414,100	8,162,624	8,386,274
Un-reported claim reserve	1,200,000	800,000	3,000	3,000	10,000	10,000	-	-	-	-	892,462	624,534	3,000	3,000	2,108,462	1,440,534
Less: Re-insurers share - end of the year	(50,737)	(153,452)	(221,595)	(184,727)	(653,763)	(729,899)	-	-	(259)	-	-	-	(52,903)	(357,607)	(979,257)	(1,425,685)
Recoveries	(1,251,501)	(1,245,559)	-	-	-	-	-	-	-	-	-	-	-	-	(1,251,501)	(1,245,559)
Net Claims Reserve - End of the Year	6,123,497	5,421,944	61,437	39,146	72,860	79,209	-	-	13,417	8,735	1,740,699	1,547,037	28,418	59,493	8,040,328	7,155,564
Net reported claims reserve end of the year	4,923,497	4,621,944	61,137	38,846	72,360	78,709	-	-	13,417	8,735	848,237	922,503	28,118	59,193	5,946,766	5,729,930
Net un-reported claims reserve end of the year	1,200,000	800,000	300	300	500	500	-	-	-	-	892,462	624,534	300	300	2,093,562	1,425,634
Less: Reported claims reserve - beginning of the year	6,020,955	5,854,454	220,873	154,847	799,108	721,871	-	-	8,735	45,491	922,503	442,240	414,100	345,014	8,386,274	7,563,917
Un-reported claims reserve	800,000	750,000	3,000	3,000	10,000	10,000	-	-	-	-	624,534	548,489	3,000	3,000	1,440,534	1,314,489
Re-insurers' share - beginning of the year	(153,452)	(161,894)	(184,727)	(128,081)	(729,899)	(668,131)	-	-	-	(37,000)	-	-	(357,607)	(306,854)	(1,425,685)	(1,301,960)
Recoveries	(1,245,559)	(1,266,202)	-	-	-	-	-	-	-	-	-	-	-	-	(1,245,559)	(1,266,202)
Net Claims Reserve - Beginning of the Year	5,421,944	5,176,358	39,146	29,766	79,209	63,740	-	-	8,735	8,491	1,547,037	990,729	59,493	41,160	7,155,564	6,310,244
Net reported claims reserve beginning of the year	4,621,944	4,426,358	38,846	29,466	78,709	63,240	-	-	8,735	8,491	922,503	442,240	59,193	40,860	5,729,930	5,010,655
Net un-reported claims reserve beginning of the year	800,000	750,000	300	300	500	500	-	-	-	-	624,534	548,489	300	300	1,425,634	1,299,589
Net Change at Claims Reserve	701,553	245,586	22,291	9,380	(6,349)	15,469	-	-	4,682	244	193,662	556,308	(31,075)	18,333	884,764	845,320
Net Paid Claims Cost	9,965,598	9,685,384	57,764	30,133	13,059	27,661	-	-	6,885	4,475	10,189,805	9,069,962	(23,340)	27,115	20,209,771	18,844,730

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH INDEPENDENTS AUDITOR'S REPORT.

EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Aviation		Liability		Medical		Others		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums	11,462,390	11,227,617	116,715	134,035	153,351	145,698	-	-	154,513	168,046	10,882,359	9,754,975	78,681	52,365	22,848,009	21,482,736
(Less): Net paid claims cost	(9,965,598)	(9,685,384)	(57,764)	(30,133)	(13,059)	(27,661)	-	-	(6,885)	(4,475)	(10,189,805)	(9,069,962)	23,340	(27,115)	(20,209,771)	(18,844,730)
	1,496,792	1,542,233	58,951	103,902	140,292	118,037	-	-	147,628	163,571	692,554	685,013	102,021	25,250	2,638,238	2,638,006
Add: Received commissions	1,317	2,428	112,574	139,795	193,331	183,298	-	-	13,770	11,144	14,948	-	23,973	21,539	359,913	358,204
Insurance policies issuance fees	290,156	264,771	14,819	20,962	27,641	32,395	11,153	13,327	10,932	12,153	454,229	428,195	18,337	15,006	827,267	786,809
Other revenue	188,597	195,620	112,012	49,609	-	12,211	-	-	-	-	168,238	165,952	-	-	468,847	423,392
Total Revenue	1,976,862	2,005,052	298,356	314,268	361,264	345,941	11,153	13,327	172,330	186,868	1,329,969	1,279,160	144,331	61,795	4,294,265	4,206,411
Less: Insurance policies obtaining cost	742,858	618,141	21,520	32,850	65,026	107,475	-	-	15,787	14,601	87,704	102,024	14,656	20,348	947,551	895,439
Excess of loss premiums	153,000	173,951	26,355	25,695	45,000	45,000	-	-	-	-	-	-	-	-	224,355	244,646
Employees and administrative expenditures related to underwriting accounts	1,028,677	947,518	83,155	87,971	145,853	142,733	-	-	47,247	45,617	993,389	912,887	21,177	21,550	2,319,500	2,158,276
Other expenses	211,477	184,745	29,108	28,991	21,260	30,797	2,226	6,414	9,365	6,475	212,955	244,549	15,388	17,960	501,779	519,931
Total Expenses	2,136,012	1,924,355	160,138	175,507	277,139	326,005	2,226	6,414	72,399	66,693	1,294,048	1,259,460	51,220	59,858	3,993,184	3,818,292
Net Written Profit (Loss)	(159,150)	80,697	138,218	138,761	84,125	19,936	8,927	6,913	99,931	120,175	35,921	19,700	93,111	1,937	301,081	388,119

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EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUES FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Written Premiums:		
Direct business	2,080,809	1,921,723
Less: Foreign re-insurers' share	(1,445,442)	(1,334,841)
Net Written Premiums	635,367	586,882
Add: Mathematical reserve - beginning of the year	353,977	346,103
Less: Re-insurers' share	(253,493)	(274,335)
Net Mathematical Reserve - Beginning of the Year	100,484	71,768
Less: Mathematical reserve - end of the year	285,946	353,977
Re-insurers' share	(194,117)	(253,493)
Net Mathematical Reserve - End of the Year	91,829	100,484
Net Change in Mathematical Reserve	8,655	(28,716)
Net Revenue from the Written Premiums	644,022	558,166

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EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Paid claims	1,634,497	1,066,205
Less: Foreign re-insurers' share	(1,376,987)	(860,831)
Net Paid Claims	257,510	205,374
Add: Reported claims reserve - end of the year	661,466	634,449
Add: Un-reported claims reserve - end of the year	20,000	20,000
Less: Re-insurers' share	(541,525)	(516,193)
Net Claims Reserve - End of the Year	139,941	138,256
Less: Reported claims reserve - beginning of the year	634,449	661,182
Net reported claims reserve - beginning of the year	20,000	20,000
Re-insurers' share	(516,193)	(549,255)
Net Claims Reserve - Beginning of the Year	138,256	131,927
Net Change in Claims Reserve	1,685	6,329
Net Paid Claims Cost	259,195	211,703

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EURO ARAB INSURANCE GROUP COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Net revenue from the written premiums	644,022	558,166
Less: Net paid claims cost	(259,195)	(211,703)
	384,827	346,463
Add: Received commissions	1,764	1,025
Insurance policies issuance fees	37,644	35,195
Total Revenue	424,235	382,683
Less: Insurance policies obtaning cost	(7,508)	(5,894)
Employee and administrative expenditure related to underwriting accounts	(146,081)	(127,636)
Other expenses	(77,266)	(85,739)
Total Expenses	(230,855)	(219,269)
Net Underwriting Profit	193,380	163,414

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31,	
ASSETS	2019	2018
	JD	JD
Investments:		
Deposits at banks	105,700	105,700
Total Investments	105,700	105,700
Accounts receivable - Net	367,842	328,659
Re-insurance and insurance companies' accounts - receivable	384,673	503,767
Other assets	113,661	6,156
Property and equipment	685	284
TOTAL ASSETS	972,561	944,566
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES:		
Accounts payable	223,521	207,750
Re-insurance and insurance companies' accounts - payable	970,720	1,229,077
Other liabilities	57,792	62,121
TECHNICAL RESERVES:		
Mathematical reserve - net	91,829	100,484
Claims reserve - net	139,941	138,257
Total Technical Reserves	1,483,803	1,737,689
HEAD OFFICE'S EQUITY:		
Head Office's current account	(704,622)	(956,537)
Net underwriting profit	193,380	163,414
(Deficit) in Head Office's Equity	(511,242)	(793,123)
TOTAL LIABILITIES AND HEAD OFFICES'S EQUITY	972,561	944,566

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH INDEPENDENTS AUDITOR'S REPORT.

1. General

Euro Arab Insurance Company was established in 1996 and registered as a Jordanian public company according to the provisional Companies Law No. (1) for the year 1989 and (Amended) Jordan Insurance Regulatory Act (9) of 1995 with a capital of JD 2 million, divided into (2) million shares. The Company was registered in the public shareholding company's register at the Ministry of Industry and Trade in Jordan under No. (304) on January 8, 1996. Moreover, the Company's name was changed, on June 24, 2002, from Amman Insurance Company Ltd to the current name, and its capital was increased in stages over the past years to become JD 8 million, divided into 8 million shares.

The Company conducts all types of insurance: life, motor, marine, transport, fire and other damages to properties, and medical liability.

The accompanying financial statements for the year ended December 31, 2019 were approved by the Board of Directors in their meeting held on February 12, 2020 and are subject to the approval of the General Assembly of shareholders.

2. Accounting Policies

Basis of Preparation

- The financial statements have been prepared in accordance to the interpretations issued by the International Accounting Standards; enacted local laws and regulations; as well in accordance to the regulated Jordanian Insurance Commission forms.

- The financial statement has been prepared in accordance to the historical cost convention except for the financial assets at fair value through profit and loss which is stated at fair value at the date of issuing the financial statement, moreover; the hedged financial assets and liabilities have been stated at the fair value.

- The financial statements functional and reporting currency is Jordanian Dinar.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2018, except for what has been mentioned in note (3-A).

Segment Information

- The business segments represents a set of assets and operations that jointly provide products /or services subjected to risks and returns different from those related to other business sectors, which is measured in accordance to the reports used by the executive manager and the Company's main decision maker.

- The geographic sector contribute to provide products /or services in a specific economic nature subjected to risks and returns different from those in other sectors contributing in other economic natures.

Financial Instruments

Initial recognition and measurement:
Financial assets and liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual regulations.

Financial assets and financial liabilities are initially measured at fair value. Moreover, transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are added or deducted to/from the fair value of the financial assets or financial liabilities, due to necessity at the initial recognition. The transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in the statement of profit or loss.

If the transaction price is different from the fair value at initial recognition, the Company treats the variance as follows:

- If fair value is determined at an active market price for identical assets or liabilities or based on a valuation method that uses only observable inputs in the market, the difference in profit or loss is recognized on initial recognition (i.e., gain or loss on the first day).

- In all other cases, fair value is adjusted to the transaction price (that is, the first day gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be taken to the statement of profit or loss on a rational basis, only to the extent that a change in factor (including time) is taken into account by the market participants when pricing the asset or liability or when this instrument is derecognized.

Financial Assets

Initial recognition

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract requires the terms of delivery of the financial asset within a time frame determined by the relevant market. Moreover, the financial asset is initially measured at fair value plus transaction costs except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through profit or loss are recognized in the statement of Profit or loss.

Subsequent measurement

Measurement of all recognized financial assets within the scope of IFRS 9 requires subsequent measurement at amortized cost or fair value based on the entity's business model for managing financial assets and their contractual cash flows characteristics.

Specifically:

- Financing instruments held in the business model for collecting contractual cash flows which has contractual cash flows that are only principal and interest payments on the principal outstanding, which are subsequently measured at amortized cost; and

- Financing instruments held in the business model for both collecting contractual cash flows and selling debt instruments that has contractual cash flows that are only principal and interest payments on the principal outstanding which are subsequently measured at fair value through other comprehensive income;

- All other financing instruments (such as debt instruments managed at fair value /or held for sale) and investments in equity are subsequently measured at fair value through profit or loss.

However, after initial recognition of the financial asset, the company may make an irrevocable choice/or designation concerning the financial asset on an individual basis, as follows:

- The Company may make an irrevocable choice to include in other comprehensive income the subsequent changes in the fair value of the equity investment not held for trading or potential replacement recognized by the acquirer within the business combinations to which IFRS 3 applies; and

The Company may irrevocably determine the financial instruments that fulfill the standards of amortized cost or fair value through other comprehensive income and are measured at fair value through profit or loss if it significantly eliminates or reduces the accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Comprehensive Income

The Company evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Company's business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model

Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Company defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Company's business model does not depend on the management's intentions concerning an individual instrument, and therefore, the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Company adopts more than one business model to manage its financial instruments that reflect how the Company manages its financial assets to generate cash flows. In addition, the Company's business models determine whether cash flows will result from the collection of contractual cash flows or/ the sale of financial assets, or/ both.

The Company takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Company does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Company also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets;
- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;
- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and
- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of the financial asset, the Company determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Company evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognised, the cumulative gain / loss previously recognized in comprehensive income is reclassified as equity to the statement of Profit or loss. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of Profit or loss but transferred directly to equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

Reclassification
If the business model in which the Company retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

Impairment
The Company recognizes the expected credit loss provisions on the following financial instruments that are not measured at fair value through the income statement:

- Balances and deposits with banks and financial institutions.
- Receivables and receivables from reinsurers.
- Financial assets at amortized cost (debt instruments).
- Checks under collection

No impairment loss is recognized in equity instruments.

The Company recognizes excepted credit losses using the simplified approach.

Defining Default
The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affects the measurement of credit losses.

Impairment of Financial Assets
The company recognize the expected credit loss provision on receivable balances, cheques undercollection and re-insurances' receivable, and it's been revaluated and updated on the date of each report to reflect the credit sheet on the date of initial recognition for the related financial instruments.

The company records on a regular basis the expected credit loss over the lifetime of the receivable balances, cheques undercollection and re-insurances' receivable, and it's been evaluated for the financial assets using matrix provision depends on the groups previous expected credit loss, then its adjusted to fit with the factors relates to debtors and general economic factors, and it's been evaluated from the perspective of the current situation and future forecasting at the date of the report including time value of cash if its comes so.

In regarding to all other financial assets, the company record on regular basis the expected credit loss over their lifetime, upon substantial increase in credit risk from the date of initial recognition, the expected credit loss compromises over their lifetime, which will arise from all default probability.

Provision for the Expected Credit Losses
The Company has adopted the simplified method to recognize the expected credit losses over their lifetime concerning receivables, checks under collection, and reinsurers' receivable as permitted by IFRS 9.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Company assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for expected credit losses at the derecognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since initial recognition by comparing

- the probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with
- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets

The Company derecognises a financial asset upon expiry of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the statement of profit or loss.

Write-off

The Company derecognises financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. Such derecognition also applies if the debtor is placed under liquidation, or he has filed for bankruptcy, or where trade receivables are past due for more than two years, whichever is earlier. The Company may continue to subject written-off financial assets to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of profit or loss.

Financial Liabilities and Equity Instruments Issued by the Company

Classification as Debt or Equity Instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance matter of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

Equity Instruments

An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquire in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Other accounts payable are initially classified as "financial liabilities" at fair value less transaction costs, whereas they are subsequently measured at amortized cost using the effective yield method. Interest expense is recognized on an effective yield basis except for short-term liabilities if the return recognition is insignificant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective interest rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Company derecognises financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses

The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the statement of Profit or loss; and
- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the income statement. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and
- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- if a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value

Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparing it with the market value of another financial asset with similar terms and conditions.

- Analyzing future cash flows and discounting the expected cash flows based on a rate used for similar instruments.

- Adopting option pricing models.

The valuation methods aim at providing a fair value reflecting market expectations, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Real Estate Investments

Real estate investments are stated at cost net of accumulated depreciation (excluding land). In addition, impairment in their value is taken to the statement of Profit or loss. The operating revenues or expenses of these investments are included in the statement of Profit or loss. Moreover, these investments (excluding land) are depreciated over their useful lives using the straight-line method at an annual rate of 2 %.

Real estate investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the financial statements.

Reinsurance and Reinsurers' Accounts

The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess loss agreements, facultative reinsurance, and other forms of reinsurance that essentially cover all types of insurance. Reinsurance contracts do not exempt the Company from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Company, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment for each claim.

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance based on agreements between the Company and reinsurers are accounted for on the accrual basis.

Reinsurers' Accounts

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance based on agreements between the Company and reinsurers are accounted for on the accrual basis.

Acquisition Costs of Insurance Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of Profit or loss.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding land) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the statement of Profit or loss:

	%
Buildings	2
Machinery, equipment, and furniture	25 - 9
Vehicles	15
Building improvements and decoration	20 - 2

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the statement of Profit or loss.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life differs from previous estimates, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the statement of Profit or loss.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

- Intangible assets obtained through merger are stated at fair value on their acquisition date. Intangible assets obtained through other than merger are stated at cost.
- Intangibles assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized over their useful life, and amortization is recorded in the statement of Profit or loss. Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is recorded in the statement of Profit or loss.
- Internally generated intangible assets are not capitalized by the Company but recorded in the income statement in the same year.
- Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements. Moreover, the life estimate of those assets is reviewed, and any related adjustments are made in the subsequent years.

Computer Programs and Systems

Software and computer systems are stated at cost on acquisition and amortized at 20% per annum.

Provisions
Provisions are recognized when the Company has obligations on the date of the statement of financial position as a result of past events, it is probable to settle the obligation, and the amount of the obligation can be reliably estimated.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the financial statements, taking into consideration the risks and uncertainty relating to the obligation. When the provision amount is determined on the basis of the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all of the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is actually certain and their values can be reliably measured.

Technical Reserves
Technical reserves are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The reserve for unearned premiums for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the financial statements date on the basis of a 365-day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of underwritten premiums of the valid policies on the date of the financial statements according to the laws, regulations, and instructions issued for this purpose.

2. The provision for reported claims is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.

3. The premiums deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.

4. The reserve for unearned premiums for life insurance activities is calculated based on the Company's experience and estimates, as well as on the actuary's recommendation.

5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary, as well as according to the instructions of the Insurance Commission.

Provision for End- of-service Indemnity
The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees' end- of- service indemnity is taken to the statement of Profit or loss.

Liability Adequacy Test
All insurance claims are evaluated for sufficiency and suitability as of the statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (varied and less convenient purchase expenditures and relevant intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the statement of Profit or loss.

Income Tax

Income tax expenses represent amounts of accrued income tax and deferred tax.

a. Accrued Taxes

Income tax expenses represent accrued taxes and deferred taxes. They are determined based on taxable income. Moreover, taxable income differs from income declared in the statement of Profit or loss, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or allowable for tax deduction purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in Jordan.

b. Deferred Taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the liability method in the statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The balances of deferred tax assets and liabilities are reviewed at the statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position when there are binding legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Revenue Recognition

a. Insurance Contracts

Insurance premiums arising from insurance contracts are recorded as revenue for the year (earned insurance premiums) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums from insurance contracts at the date of the statement of financial position are recorded as unearned insurance premiums within liabilities.

Claims and incurred losses settlement expenses are recorded in the statement of Profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

b. Dividends and Interest

Dividends from investments are recorded when the right of the shareholders to receive dividends arises upon the related resolution of the General Assembly of Shareholders.

Interest income is calculated according to the accrual basis based on the maturities of the time periods, original principals, and earned interest rate.

c. Rental Income

Rental income from real estate investments of operating lease contracts is recognized based on the straight-line method over the contract term. Moreover, other expenses are recognized on the accrual basis.

Recognition of Expenses

All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the statement of Profit or loss upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations

Insurance compensations represent paid claims for the period and the change in the claims reserve. Insurance compensations include all amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the statement of financial position date but still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of the financial statements and include the provision for unreported claims.

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative and Employee Expenses

All distributable general and administrative and employee expenses are allocated to the insurance branches separately. Moreover, around 80% of the undistributable general and administrative and employee expenses have been allocated to the various insurance departments based on the earned premiums of each department in proportion to total premiums.

Staff Expenses

All employees 'distributable expenses are charged to each insurance branch on the basis of the actual costs of each department. 80% of the non-distributable employees' expenses are distributed to the various insurance departments on the basis of the premiums earned for each department attributed to total premiums.

3. Application of New and Amended International Financial Reporting Standards

A) Amendments that did not have a material impact on the company financial statements:

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2019 or later, have been adopted in the preparation of the company financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the company financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and revised standards	Amendments to new and revised IFRSs
Annual improvements to IFRSs issued between 2015 and 2017	Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs" as follows: <u>IAS (12)"Income Tax"</u> The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. <u>IAS (23)"Borrowing Costs"</u> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. <u>IFRS (3)"Business Combination"</u> The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. <u>IFRS (11)"Joint Arrangements"</u> The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.

New and revised standards	Amendments to new and revised IFRSs
IFRIC (23) Uncertainty on the Treatment of Income Tax	The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses: • whether the tax treatment should be considered in aggregate; • assumptions regarding the procedures for the examination of tax authorities; • determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates; • The impact of changes in facts and circumstances.
Amendments to IFRS 9 Financial Instruments.	These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.
Amendments to IAS (28) "Investment in Associates and Joint Ventures".	These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) *"Financial Instruments"* to long-term interest in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.
Amendments to IAS 19 Employee Benefits.	These amendments relate to adjustments to plans, reductions, or settlements.

IFRS (16) "Leases":
The Company adopted IFRS 16 'Leases'. This standard replaces the existing guidance on leases, including IAS 17 "Leases Contracts". IFRIC 4 "Determining whether an Arrangement contains a Lease". SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the company financial Position, unless the term is 12 months or less or the lease is a low-value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs, and amortized over the useful life.

The Company has chosen to use the exception mentioned in the standard related to lease contracts for low-value assets and to continue to record rental charges over the life of the contract in the profit or loss statement.

Accordingly, the application of the IFRS (16) did not result in any material impact on the financial statements.

C. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the financial statements. The details are as follows:

New and revised standards	Amendments to new and revised IFRSs
Amendments to IAS 1 Presentation of Financial Statements. **(Effective January 2020).**	These amendments relate to the definition of materiality. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'
Amendments to IFRS 3 Business Combinations **(Effective January 2020.)**	These amendments clarify the definition of business as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS (2), (3), (6) and (14) and IAS (1), (8), (34), (37) and (38)) and IFRIC (12), Interpretation (19), Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards Number (32) in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.
IFRS 17 "Insurance Contracts" **(Effective January 1, 2022.)**	Provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) *Insurance Contracts.* IFRS (17) requires measurement of insurance liabilities at present value to meet.
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)" **(The start date has been postponed indefinitely, and the application is still permitted)**	These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

Management expects to apply these new standards, interpretations, and amendments to the consolidated financial statements of the company when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's financial statements in the initial application period.

4. Significant Accounting Judgments and Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

We believe that the estimates within the financial statements are reasonable. The details are as follows:

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of profit and loss.

- The claims provision and technical provisions are taken based on technical studies, according to the instructions of the Insurance Commission, and based on actuarial studies.

- Calculation of the provision for expected credit losses requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and the risk of an increase in the credit risk of financial instruments after initial recognition and based on future measurement information for expected credit losses. The expected credit loss is measured as an expected credit loss provision over the life of the asset.

  Determination of the number and relative weight of scenarios, the outlook for each type of product / market, and the determination of future information relevant to each scenario: When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of future variables of different economic variables and how these variables affect each other.

  Probability of Default: The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

  Loss Given Default: Loss Given Default (LGD) is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account the cash flows from the collateral (if any).

- Provision for Income Tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.

- Real estate investments are valued on the bases and assumptions that rely mainly on market conditions and prices. The average of three estimates by accredited real estate experts was adopted, the latest of which was at the end of 2019.

- Management estimates the amounts expected to be recovered from the insurance companies and the Jordan Insurance Association for automobile accidents based on studies prepared by the Company's management and according to the available information and documents.

- Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the Company uses market information when these are available. In case Level 1 inputs are not available, the Company deals with independent and qualified parties to prepare evaluation studies. Furthermore, the suitable evaluation methods and inputs used in preparing the evaluation studies are reviewed by management.

5. Deposits at Banks - Net

This item consists of the following:

	December 31, 2019			December 31, 2018
	Deposits Maturing after One Month up to Three Months	Deposits Maturing after Three Month up to One year	Total	Total
	JD	JD	JD	JD
Inside Jordan	2,946,057	16,451,251	19,397,308	18,432,319
Outside Jordan	-	1,114,218	1,114,218	1,114,218
Expected credit loss*	-	-	(19,992)	(19,107)
	2,946,057	17,565,469	20,491,534	19,527,430

* The movement on the Expected Credit Loss:

	2019	2018
	JD	JD
Balance at the beginning of the year	19,107	-
IFRS (9) Implementation	-	15,212
Adjusted balance at the beginning of the year	19,107	15,212
Add: Expected credit loss during the year	885	3,895
Balance at the End of the Year	19,992	19,107

- The interest rates on bank balances of deposits in JD ranged from 3.25% to 7.25% during the year 2019 (5% to 7.25% during the year 2018).

- The pledged deposits of the order of the General Manager of the Insurance Authority in addition to his job amounted to JD 325,000 as on December 31, 2019 and 2018, knowing that these pledged deposits are due after more than three months.

- Withdrawals of restricted Balances amounted JD 1,200,000 from the Societe Generale Jordan and amount of JD 1,000,000 from the Bank of Jordan as of December 31, 2019 (JD 1,600,000 as of December 31, 2018) for credit facilities granted by two local banks. The balance of the utilized facilities amounted to JD 1,036,710 as of December 31, 2019 (JD 1,655,646 as of December 31, 2018).

- All of the Company's deposits are deposited with local and Arab banks.

6. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	December 31, 2019	Number of Shares	December 31, 2018
		JD		JD
Inside Jordan:				
Quoted shares at Amman Stock Market:				
Arab Jordan Investment Bank	370,664	485,569	300,000	384,000
Cairo Amman Bank	170,000	175,100	75,500	100,415
Jordan Petroleum Refinery Company	-	-	22,175	50,337
Specialized Investment Compound Co	-	-	120,000	96,000
Bank Al Etihad	34,382	55,355	20,000	32,000
Capital Bank	-	-	70,500	64,860
Arab Bank	7,614	43,781	1,566	9,725
The Holy Land Insurance Company	-	-	50	35
Jordan Insurance Company	100	273	100	273
Jordan Kuwait Bank	30,000	75,300	-	-
National Insurance Company	-	-	200	232
Arab Phoenix Holdings	5,000	1,600	-	-
Al-Ahli Bank	25,000	23,750	-	-
Jordan International Insurance Co JIIC	-	-	50	19
Royal Arline Company	-	-	30,000	11,100
Jordanian Electronic Power Company	24,000	29,281	14,000	16,660
Bank of Jordan	40,000	84,000	20,000	49,000
		974,009		814,656

7. Financial Assets at Amortized Cost

This item consists of the following:

	December 31 2019	December 31 2018
	JD	JD
Inside Jordan		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
Less: Expected credit losses	(300,000)	(300,000)
	-	-
Analysis of bills and bonds		
Fixed rate	300,000	300,000
	300,000	300,000

* During the year 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (the Housing Bank for Trade and Finance). According to the agreement, the second party shall submit debenture bonds of JD 300,000 to the first party at an interest rate of 10%. These bonds matured on April 1, 2011, and have been renewed based on the General Assembly of debenture bondholders' approval to reschedule debenture bonds for three years ending on April 1, 2014. The bonds bear interest at a rate of 11%, and are payable in two installments maturing on April 1, and October 1, of the bond's term. The bonds are unquoted, and the bonds and full interest thereon not paid to the Company during the years ended December 31, 2019 and 2018. Moreover, a provision for the impairment in the full value of these bonds has been taken.

8. Investment Property - Net

This item consists of the following:

	December 31	
	2019	2018
	JD	JD
Land *	753,216	753,216
Buildings *	130,696	130,696
Accumulated depreciation	(7,298)	(4,685)
Net Investment Property	876,614	879,227
Annual Depreciation Rate %	2	2

- The details of investment properties and information related to fair value levels as of December 31, 2019 are as follows:

	Level 1	Level 2	Level 3	Fair Values as of December 31, 2019
	JD	JD	JD	JD
Investment properties	-	1,330,290	-	1,330,290

- The fair value of investment properties was estimated by three certified real estate appraisers as of December 31, 2019, and the average of their estimates amounted to JD 1,330,290 according to the instructions and resolutions issued by insurance management.

9. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	5,010	48,752
Current accounts at banks	389,351	27,625
	394,361	76,377

10. Cheques under Collection

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cheques under collection *	893,313	643,767
Expected credit losses **	(13,636)	(7,345)
	879,677	636,422

* The maturities of cheques under collection of JD 893,313 extend to October 26, 2020.

** Movement on the expected credit losses was as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance at the beginning of the year	7,345	-
IFRS (9) Implementation	-	12,986
Adjusted balance at beginning of the year	7,345	12,986
Add: Addition during the year	6,291	-
Less: (Recovery) during the year	-	(5,623)
Balance at the End of the year	13,636	7,345

11. Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Policyholders (a)	6,620,309	6,850,166
Brokers	1,540,776	1,371,271
Agents	359,675	300,924
Employees	94,021	78,399
Others	79,205	64,545
	8,693,986	8,665,305
Less: Expected credit losses (b)	(1,271,341)	(1,118,499)
Accounts Receivable – Net	7,422,645	7,546,806

(a) These amounts represent debts with a repayment schedule after December 31, 2019 of JD 5,049,861 (JD 4,514,178 as of December 31, 2018).

(b) Movement on the expected credit losses was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	1,118,499	856,537
IFRS(9) Implementation	-	190,514
Adjusted balance at beginning of the year	1,118,499	1,047,051
Add: Additions during the year	152,842	71,448
Balance – End of the Year	1,271,341	1,118,499

The aging of receivables is as follows:

	December 31,	
	2019	2018
	JD	JD
Accounts receivable not due and scheduled	5,049,861	4,514,378
Less than 90 days	1,582,320	1,460,240
91 – 180 days	631,178	1,088,403
181 – 360 days	282,780	622,173
More than 360 days	1,147,847	980,111
	8,693,986	8,665,305

12. Re-insurance and Insurance Companies' Accounts Receivable – Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Local insurance companies	928,836	808,517
Foreign re-insurance companies	78,337	83,851
Total	1,007,173	892,368
Less: Expected credit losses *	(236,117)	(207,718)
Re-insurance and Insurance Companies' Accounts Receivable - Net	771,056	684,650

* Movement on expected credit losses for re-insurance and insurance companies' accounts receivable as follow:

	2019	2018
	JD	JD
Balance - beginning of the year	207,718	156,345
IFRS(9) Implementation	-	50,475
Adjusted balance at beginning of the year	207,718	206,820
Add: Additions during the year	28,399	898
Balance - End of the Year	236,117	207,718

The aging of re-insurance and insurance companies' accounts receivable is as follow:

	December 31,	
	2019	2018
	JD	JD
Less than 90 days	454,731	474,309
90 – 180 days	229,051	172,438
181 – 270 days	162,421	70,399
More than 360 days	160,967	175,222
	1,007,173	892,368

13. Income Tax

a. Income tax provision

- A final settlement has been reached with the Income and Sales Tax Department up to the year 2018. Moreover, the Company filed its income tax return for the year 2017. Also the income tax for the year ended December 31, 2019 has been calculated according to the regulated income tax law, in the opinion of the Company's management and tax consultant, the provision is sufficient to meet any obligation as of December 31, 2019.

- Movement on the income tax provision was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	225,479	176,546
Income tax paid	(288,616)	(204,951)
Income tax paid for bank interest	(161,568)	(53,617)
Income tax expense for the year	507,439	307,501
Balance – End of the Year	282,734	225,479

- Income tax in the statement of profit or loss represents the following:

	2019	2018
	JD	JD
Income tax for the year	507,439	307,501
Deferred tax assets	(272,731)	(106,475)
	234,708	201,026

- Summary of the reconciliation of accounting profit with taxable profit:

	2019	2018
	JD	JD
Declared accounting profit	1,233,830	896,926
Non-deductible expenses	2,388,921	1,782,245
Non-taxable income	(1,529,644)	(1,406,648)
Taxable Profit	2,093,107	1,272,523
Income Tax Rate %	24%	24%

b. Deferred Tax Assets

The details are as follows:

Deferred Tax Assets	December 31, 2019				December 31,	
	Balance at the Beginning of the Year	Amounts Released	Amounts Added	Balance at Year-End	2019 Deferred Tax	2018 Deferre d Tax
Accounts Included	JD	JD	JD	JD	JD	JD
Expected credit loss	1,352,669	269,169	457,586	1,541,086	400,682	64,601
Financial assets at fair value through profit or loss (Historical)	375,901	163,490	17,154	229,565	59,687	90,216
Impairment of financial assets at amortized cost	300,000	-	-	300,000	78,000	72,000
Unreported claims reserve	1,445,634	-	667,928	2,113,562	549,526	346,952
End-of-service indemnity provision	23,933	7,500	55,830	72,263	18,788	5,744
Other liabilities provision	280,000	-	-	280,000	72,800	67,200
	3,778,137	440,159	1,198,498	4,536,476	1,179,483	906.752

- The deferred taxes were calculated according to the tax rates prescribed by the Income Tax Law at 26% and 24% as of December 31, 2019 and 2018.

- The movement on deferred tax assets was as follows:

	For the Year Ended December 31,	
	2018	2017
	Assets	Assets
	JD	JD
Balance - beginning of the year	906,752	735,676
IFRS(9) Implementation	-	64,601
Adjusted balance at beginning of the year	906,752	800,277
The effect of increasing The National Contribution 2%	75,562	-
Additions	241,626	108,011
Released	(44,457)	(1,536)
Balance - End of the Year	1,179,483	906,752

In the opinion of the Company's management and its tax consultant, the Company will be able to benefit from the deferred taxes arising from the above provisions.

14. Property and Equipment - Net

The details of this item are as follows:

	Lands	Buildings	Machinery, Equipment and Furniture	Vehicles	Building Improvements and Decorations	Total
	JD	JD	JD	JD	JD	JD
For the Year 2019						
Cost:						
Balance at the beginning of the year	1,619,944	1,591,089	280,221	317,554	435,608	4,244,416
Additions	-	-	20,243	53,673	6,733	80,649
Disposals	-	-	(2,964)	(49,900)	-	(52,864)
Balance at End of Year	1,619,944	1,591,089	297,500	321,327	442,341	4,272,201
Accumulated Depreciation:						
Accumulated depreciation at the beginning of the year	-	256,602	222,855	259,510	376,485	1,115,452
Depreciation for the year	-	31,821	22,940	16,408	46,963	118,132
Disposals	-	-	(1,061)	(32,908)	-	(33,969)
Accumulated Depreciation at End of Year	-	288,423	244,734	243,010	423,448	1,199,615
Net Book Value of Property and Equipment	1,619,944	1,302,666	52,766	78,317	18,893	3,072,586
For the Year 2018						
Cost:						
Balance at the beginning of the year	1,619,944	1,591,089	266,838	310,304	435,305	4,223,480
Additions	-	-	13,383	7,250	303	20,936
Balance at End of Year	1,619,944	1,591,089	280,221	317,554	435,608	4,244,416
Accumulated Depreciation:						
Accumulated depreciation at the beginning of the year	-	224,780	194,985	248,055	314,047	981,867
Depreciation for the year	-	31,822	27,870	11,455	62,438	133,585
Accumulated Depreciation at End of Year	-	256,602	222,855	259,510	376,485	1,115,452
Net Book Value of Property and Equipment	1,619,944	1,334,487	57,366	58,044	59,123	3,128,964
Depreciation Rate %	-	2	9 - 25	15	2 - 20	

- Fully depreciated assets amounted to JD 501,856 as of December 31, 2019 (JD 362,909 as of December 31, 2018).

15. Intangible Assets - Net

The movement was as follows:

	Computer Softwares	
	2019	2018
	JD	JD
Balance - beginning of the year	153,455	153,455
Additions	7,100	-
Amortization	(148,680)	(143,390)
Balance - End of the Year	11,875	10,065
Annual Amortization Rate%	20	20

16. Other Assets

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Accrued credit bank interests	260,955	362,266
Prepaid income tax – 5%	22,213	98,098
Prepaid expenses	24,425	31,584
Refundable deposits	6,179	6,082
Others	212	-
	313,984	498,030

17. Mathematical Reserve - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Balance - beginning of the year	100,484	71,768
Disposals	(8,655)	-
Additions	-	28,716
Net Mathematical Reserve – Net	91,829	100,484

18. Due to Banks

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Local bank- overdraft *	289,304	713,948
Local bank- overdraft **	747,406	941,698
	1,036,710	1,655,646

* This amount represents the balance of an overdraft facility granted to the Company by Societe General Bank Jordan at a ceiling of JD 1,200,000 against 100% cash collaterals and bears interest at 7.6% calculated on the daily balance, and interest is recorded at the end of every month. Moreover, the overdraft is due on July 26, 2020.

** This amount represents the balance of an overdraft facility granted to the Company by Bank of Jordan at a ceiling of JD 1,000,000 against 100% cash collaterals. Moreover, the overdraft bears interest at 6.75% calculated on the daily balance, and interest is recorded at the end of every month. Moreover, the overdraft is due on September 28, 2020.

19. Accounts Payable

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Agents payable	48,092	61,633
Brokers payable	270,663	211,144
Policyholders	220,763	243,743
Car workshops and spare parts	370,195	407,031
Medical network	1,877,166	1,682,801
Employees payable	61,923	16,204
Others	91,066	57,370
	2,939,868	2,679,926

20. Re-insurance and Insurance Companies' Accounts - Payable

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Local insurance companies	67,038	74,679
Foreign re-insurance companies	2,023,435	2,134,764
	2,090,473	2,209,443

21. Other Provisions

This item consists of the following:

	December 31, 2019	December 31, 2018
	JD	JD
Other liabilities provision *	280,000	280,000
End-of-service indemnity **	72,263	23,933
Litigations Provision	2,000	-
	354,263	303,933

* This item represents the provision taken by the Company to meet any litigations that might occur against it. The movement on the provision for other liabilities during the year was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	280,000	200,000
Additions during the year	-	80,000
Balance - End of the Year	280,000	280,000

** The movement on the provision for end-of-service indemnity was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	23,933	11,200
Additions during the year	55,830	13,513
Paid during the year	(7,500)	(780)
Balance - End of the Year	72,263	23,933

22. Other Liabilities

This item consists of the following

	December 31,	
	2019	2018
	JD	JD
Life insurance business deposits *	48,451	55,051
Sales tax	109,781	86,396
Unearned rent revenue	11,739	10,885
Social security contributions	22,081	21,676
Income tax deposits	20,250	16,075
Shareholder's deposits	1,198	1,198
Financial stamps	15,887	12,461
Car accidents sufferers' fund	12,135	10,659
Checks safes not provided for disbursement **	384,105	348,916
Other liabilities	92,632	74,253
	718,259	637,570

* This item represents amounts settled with reinsurers regarding some policies relating to under settlement policies related to prior policies.

** This item represents checks received by suppliers and insurance policies beneficiaries not cashed yet.

23. Authorized and Paid – up Capital

- Authorized, subscribed, and paid – up capital amounted to JD 8 million, divided into 8 million shares, at a par value of JD 1 each as of December 31, 2019 and 2018.

24. Reserves

Statutory Reserve

The amounts in this account represent appropriations from annual income before tax at 10% according to the Companies Law. This reserve may not be distributed to shareholders.

Voluntary Reserve

The amounts accumulated in this account represent appropriations from annual income before tax at a rate not exceeding 20%. The voluntary reserve is used for the purposes decided by the Board of Directors. Moreover, the General Assembly of shareholders has the right to fully or partially distribute this amount as profits to shareholders.

25. Retained Earnings

The movement on this item was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	1,235,319	1,236,880
IFRS(9) Implementation	-	(204,568)
Adjusted balance at the beginning of the year	1,235,319	1,032,312
Add: Income for the year	999,122	695,900
Less: Distributed income*	(320,000)	(400,000)
Transferred to statutory reserve	(125,483)	(92,893)
Balance – End of the Year	1,788,958	1,235,319

* The General Assembly for shareholders has approved in their ordinary meeting held on April 30, 2019, the board of director's recommendation for cash dividence to the shareholders in an amount of JD 320,000 which represent 4% from the authorized and paid up capital (JD 400,000 from prior year).

- Board of Directors decided in its meeting held in February 12, 2020, to recommend the General Assembly to distribute 7.5% from paid up capital to the shareholders.

26. Interest Revenue

This item consists of the following:

	2019	2018
	JD	JD
Interest from banks	1,288,294	1,114,429
	1,288,294	1,114,429

27. Net Gain (Losses) from Financial Assets and Investments

This item consists of the following:

	2019	2018
	JD	JD
Cash dividends	58,126	38,288
Unrealized (loss) in financial assets at fair value through profit or loss	(17,154)	(154,248)
Rental of real estate investments	75,098	34,467
Gain on sale of financial assets at fair value through profit or loss	97,348	30,325
	213,418	(51,168)

28. Other Revenue - Net

This item consists of the following:

	2019	2018
	JD	JD
Revenue related to underwriting accounts	486,493	423,392
	486,493	423,392

29. Employees' Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and bonuses	1,603,297	1,487,467
Company's share of social security contributions	178,418	176,813
Medical expense	65,590	64,873
Training and staff development	4,578	6,450
Travel and transportation	11,114	16,862
Provision for end-of-service indemnity	55,830	13,513
Others	4,920	3,321
Total	1,923,747	1,769,299
Employees' Expenses Allocated to Underwriting Accounts*	1,713,671	1,575,154
Employees' Expenses Unallocated to Underwriting Accounts	210,076	194,145

* Expenses were allocated as follows:

	2019	2018
	JD	JD
Life	92,713	78,214
Motor	691,263	638,431
Marine and transportation	69,875	71,217
Fire and other damages to properties	109,198	105,684
Liability	35,374	33,776
Medical	699,394	631,876
Others	15,854	15,956
	1,713,671	1,575,154

30. General and Administrative Expenses

This item consists of the following:

	2019	2018
	JD	JD
Rent	8,906	8,856
Printing and stationery	37,154	35,506
Advertising and marketing	32,054	45,771
Bank interests	108,407	112,216
Bank charges and stamps	9,494	3,848
Water, electricity and heating	57,155	54,749
Maintenance	13,597	12,938
Post and telephone	24,747	28,717
Professional fees	15,038	13,095
Hospitality	30,688	31,349
Lawyers' fees and other professional expenses	153,665	169,482
Computer expenses and photos	64,846	58,216
Subscriptions	14,418	14,196
Board of Directors' transportation expenses	42,000	42,000
Government and other fees	60,163	46,345
Donations and favors	2,938	250
Cleaning	36,975	35,486
Cars expenses	50,265	46,311
Security and protection	50,050	48,350
Non-deductible sales tax	21,373	19,287
Other expenses	105,952	61,478
Total	939,885	888,446
Total General and Administrative Expenses Allocated to Underwriting Accounts *	751,908	710,757
Total General and Administrative Expenses Unallocated Underwriting Accounts	187,977	177,689

* Expenses were allocated as follows:

	2019	2018
	JD	JD
Life	53,368	49,422
Motor	337,413	309,087
Marine and transportation	13,282	16,754
Fire and other damages	36,655	37,049
Liabilities	11,875	11,841
Medical	293,994	281,011
Others	5,322	5,593
	751,908	710,757

31. Other Expenses

This item consists of the following:

	2019	2018
	JD	JD
Board of Directors' remunerations	21,000	32,000
Other liabilities provision	2,000	80,000
National Contribution Tax	43,392	-
Other	1,755	8,775
	68,147	120,775

32. Earnings per Share for the Year

Earnings per share has been computed by dividing profit for the year over the average outstanding number of shares. The details are as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Income for the year	999,122	695,000
Outstanding shares	8,000,000	8,000,000
Earnings per share for the Year	0/125	0/087

33. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Cash on hand and at banks	394,361	76,377
Add: Deposits at banks maturing within three months	2,946,057	8,941,636
Net Cash and Cash Equivalents	3,340,418	9,081,013

34. Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties that are considered operating, and no provisions were taken.

- The following is a summary of the transactions with related parties during the year:

Discerption	Major Shareholders	Board of Directors	Executive Management	Total 2019	Total 2018
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Accounts receivable	-	-	5,252	5,252	2,567
Accounts payables	-	68,550	130	68,680	36,785
Income Statement Items:					
Policies revenues	-	43,936	4,128	48,064	45,848
Paid expenses	-	-	843	843	3,850

- The following is a summary of the benefits (salaries, bonuses, and other benefits) for executive management:

Description	2019	2018
	JD	JD
Salaries and rewards	648,832	548,224
Board of Directors' transportation fees	42,000	42,000
	690,832	590,224

35. The Fair Value of Financial Assets Not Stated at Fair Value in the Financial Statements

These financial investments include the real estate investments stated at cost and mentioned in Note (6) as follows:

	December 31, 2019		December 31, 2018	
	Fair value	Book value	Fair value	Book value
	JD	JD	JD	JD
Investments properties – net	876,614	1,330,290	879,227	1,570,187

36. Risk Management

First: Descriptive Disclosures:

Risk management is measurement and evaluation of risk and developing strategies to manage them. These strategies include transferring risks to another party, avoiding risks, and reducing their negative effects on the Company, in addition to accepting some or all of their consequences. Risk management can be categorized as follows:

First: Material risks such as natural catastrophes, fires, and other external risks not related to the Company's activities.

Second: Legal risks arising from legal claims or any risks related to the laws and regulations issued by the Insurance Commission and non-adherence thereto.

Third: Risks arising from financial causes such as interest rate risks, credit risks, foreign currency risks, and market risks.

Fourth: Intangible risks not easily identifiable such as personnel knowledge risks that arise from the application of inadequate knowledge. This type of risks includes as well relationship risks arising from inefficient cooperation with clients. All these risks directly reduce the knowledge employee's productivity; detract from the effectiveness of expenditure, profit, and services; and negatively impact quality, reputation, and quality of gains.

The Company's risk management relies on prioritizing, so that risks with large losses and high probability of occurrence are treated first while risks with smaller losses and lower probabilities are treated later on.

Risk Management Policy

First: Planning and Preparation

The Company prepared work plan and bases for the adoption and evaluation of risks through setting up a Risk Management Department to monitor the related performance.

Second: Risk Determination

Risks are events that cause problems upon occurrence. Therefore, it is necessary to identify such problems and their sources, as accidents arising from these sources may lead to new risks that can be dealt with before their occurrence. Moreover, there are several methods to identity risks such as identification on the basis of objectives, as each of the Company's sections has certain objectives it endeavors to achieve. In addition, any event that hampers the achievement of these objectives is considered a risk. Accordingly, this risk is studied and perused. Another type of risk identification is based on classification, which is a comprehensive classification of all potential sources of risks. Still, one more type of risks is the common risks of similar companies.

Third: Dealing with Risks

The Company deals with potential risks according to the following methods:

- Transfer: passing the risk to another party through contracts or financial protection.

- Avoidance: Refraining from engaging in activities that give rise to risks. Risk avoidance is an effective method for averting risk, but it deprives the Company from undertaking certain operations that may achieve profits for the Company.

- Mitigation: Reducing losses arising from risk occurrence.

- Acceptance: having a policy for the acquisition of unavoidable risks, as acceptance of small risks is an effective strategy.

Fourth: Plan

An easy-to-apply and clear plan for dealing with risks has been set up through pricing which relies on historical statistics to avoid the incurrences of risks in any of the insurance branches. The plan ensures that the premium is adequate to cover potential cumulative risks.

Fifth: Implementation

The Company's technical departments implement the plan, so that risk consequences can be mitigated. According to the plan, avoidable risks are avoided as well.

Sixth: Reviewing and Evaluating the Plan

The risks department follows up on the development in the Company and constantly develops and updates the plan.

Risk Management Arrangement

Determinants

Top priority is given to the risks department, a matter which affects the Company's productivity and profitability. Therefore, the risks department's task is to distinguish between actual risk and uncertainty. In addition, the risks department gives priority to risks with large losses and high probability of occurrence to avoid them.

Responsibilities of Risk Management

- Updating risk data base constantly.
- Predicting potential risks.
- Cooperating with Executive Management to treat risks and mitigate riskiness.
- Preparing risk plans and reports continuously to avoid potential risks and reduce the probability of their occurrence.

Strategy for Dealing with Risks

- Defining the Company's objectives.
- Clarifying strategies for achieving the Company's objectives.
- Identifying risks.
- Assessing risks.
- Finding methods for dealing with and avoiding risks.

Second: Quantitative Disclosures

A. Insurance Risks

1. Insurance Risks

Risks of any insurance policy represent the probability of occurrence of the insured event and uncertainty about the claim amount relating to the event. This is due to the nature of the insurance policy, as risks are both volatile and unexpected in connection with a certain type of insurance. In light of the probabilities theory of pricing and reserve, the key risks faced by the Company are that incurred claims and related payments may exceed the carrying amounts of insurance liabilities. This may take place if the probability and riskiness of the claims are greater than expected. In this regard, insured events are unstable and vary from year to year. Accordingly, estimates may differ from the related statistics. Moreover, studies have revealed that the more similar the insurance policies are, the closer the expectations to actual average losses become. Diversification of insured risks reduces the overall insurance loss probabilities.

The Company conducts all types of insurance-life, car, marine, transport, fire and other damages to properties, liability, medical, and aviation – through its main branch at Shmeisani and other branches and offices spread inside the Kingdom.

The Company, through its professional and administrative staff, provides the best service to its clients. A plan has been set to protect it from potential risks, natural or unnatural. This entails making available the necessary funds and equipment to ensure the Company's continuity and viability. Consequently, the dire need to have a strategy for risk management has arisen.

2. Claims Development

The table below illustrates the actual claims compared to the past four years' expectations based on the year in which the accident occurred as follows:

Gross - Liability Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	45,589	8,615	3,941	23,234	41,495	122,874
After one year	37,475	250	3,941	24,710	-	66,376
After two years	93,295	-	3,941	-	-	97,236
After three years	57,300	-	-	-	-	57,300
After four years	61,232	-	-	-	-	61,232
Current expectations of cumulative claims	61,232	-	3,941	24,710	41,495	131,378
Cumulative payments	49,314	-	3,941	24,510	39,937	117,702
Liabilities as stated in the statement of financial position	11,918	-	-	200	1,558	13,676
(Deficit) from the preliminary assessment of the provision	(15,643)	8,615	-	(1,476)	41,495	32,991

Gross - Marine and Transportations Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	234,833	138,855	151,977	193,678	276,074	995,417
After one year	140,625	132,980	96,575	178,229	-	548,409
After two years	140,699	132,980	96,575	-	-	370,254
After three years	140,270	132,980	-	-	-	273,250
After four years	141,311	-	-	-	-	141,311
Current expectations of cumulative claims	141,311	132,980	96,575	178,229	276,074	825,169
Cumulative payments	76,311	126,980	96,575	172,105	73,166	545,137
Liabilities as stated in the statement of financial position:	65,000	6,000	-	6,124	202,908	280,032
Excess in the preliminary estimate of the provision	93,522	5,875	55,402	15,449	276,074	446,322

Gross - Motor Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	15,026,725	10,405,545	9,299,842	9,287,577	9,286,854	53,306,543
After one year	16,948,376	12,631,966	11,229,224	11,334,902	-	52,144,468
After two years	17,151,668	13,298,813	11,720,025	-	-	42,170,506
After three years	17,532,516	13,345,523	-	-	-	30,878,039
After four years	17,674,726	-	-	-	-	17,674,726
Current expectations of cumulative claims	17,674,726	13,345,523	11,720,025	11,334,902	9,286,854	63,362,030
Cumulative payments	17,154,768	11,851,036	10,925,239	10,381,523	6,823,728	57,136,294
Liabilities as stated in the statement of financial position	519,958	1,494,487	794,786	953,379	2,463,126	6,225,736
Excess from the preliminary assessment of the provision	(2,648,001)	(2,939,978)	(2,420,183)	(2,047,325)	9,286,854	(768,633)

Gross - Fire and Other Damages to Properties Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	2,217,634	236,879	180,392	356,012	268,565	3,259,482
After one year	2,328,756	273,088	171,256	388,207	-	3,161,307
After two years	2,271,613	223,475	170,488		-	2,665,576
After three years	2,248,488	217,676	-	-	-	2,466,164
After four years	2,237,781	-	-	-	-	2,237,781
Current expectations of cumulative claims	2,237,781	217,676	170,488	388,207	268,565	3,282,717
Cumulative payments	1,765,744	205,176	167,776	224,556	202,844	2,566,096
Liabilities as stated in the statement of financial position	472,037	12,500	2,712	163,651	65,721	716,623
Excess in the preliminary estimate of the provision	(20,147)	19,203	9,904	(32,195)	268,565	245,330

Gross- Medical Insurance

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	4,975,125	5,475,118	5,029,845	9,436,157	10,997,185	35,913,430
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	4,975,125	5,475,118	5,029,845	9,436,157	10,997,185	35,913,430
Cumulative payments	4,975,125	5,475,118	5,029,845	9,436,157	10,148,948	35,065,193
Liabilities as stated in the statement of financial position:	-	-	-	-	848,237	848,237
Excess in the preliminary estimate of the provision	-	-	-	-	-	-

Gross - Other Branches Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	436,500	27,239	18,062	326,598	34,184	842,583
After one year	462,341	30,285	26,135	268,748	-	787,509
After two years	421,341	30,285	26,135	-	-	477,761
After three years	198,536	25,285	-	-	-	223,821
After four years	159,356	-	-	-	-	159,356
Current expectations of cumulative claims	159,356	25,285	26,135	268,748	34,184	513,708
Cumulative payments	103,858	23,585	25,481	264,377	18,086	435,387
Reported claims	55,498	1,700	654	4,371	16,098	78,321
Excess in the preliminary estimate of the provision	277,144	1,954	(8,073)	57,850	34,184	363,059

Gross - Life Insurance:

Year of Accident	2015 & before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year-end	1,868,599	1,816,312	2,175,143	1,700,654	2,295,963	9,856,671
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	1,868,599	1,816,312	2,175,143	1,700,654	2,295,963	9,856,671
Cumulative payments	1,868,599	1,816,312	2,175,143	1,700,654	1,634,497	9,195,205
Liabilities as stated in the statement of financial position:	193,016	8,149	80,808	161,493	218,000	661,466
Excess in the preliminary estimate of the provision	-	-	-	-	-	-

3. Concentration of Insurance Risks

Concentration of assets and liabilities based on insurance type is as follows:

For the Year Ended December 31, 2019:

Type of Insurance	Motor	Marine	Fire and Other Damages to Properties Insurance	Aviation	Liability	Medical	Other Insurance	Life insurance	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	13,640,586	405,781	1,479,148	142,594	215,084	5,727,439	198,592	967,412	22,776,636
Net	11,846,674	78,967	167,539	-	71,514	5,223,000	73,668	231,770	17,693,132

For the Year Ended December 31, 2018:

Type of Insurance	Motor	Marine	Fire and Other Damages to Properties Insurance	Aviation	Liability	Medical	Other Insurance	Life insurance	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	12,481,304	364,821	1,511,195	368,036	213,413	5,588,316	538,211	1,008,426	22,073,722
Net	10,781,886	66,678	160,343	-	73,325	4,981,469	101,678	238,740	16,404,119

Concentration of the assets and liabilities according to the geographical distribution is as follows:

	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area				
Inside Jordan	35,156,404	5,398,872	33,505,589	5,611,328
Other Middle East countries	1,221,673	901,057	1,126,186	1,163,050
Europe	6,554	1,120,238	77,283	937,619
Africa	3,193	2,139	321	-
	36,387,824	7,422,307	34,709,379	7,711,997

Concentration of accounts receivable (before provision) and accounts payable according to sector is as follows:

	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to Sector				
Public	760,322	2,103	883,973	5,291
Private sector				
Companies and institutions	8,351,061	4,658,719	8,051,897	4,546,366
Individuals	589,904	309,513	621,603	337,712
	9,701,287	4,970,335	9,557,473	4,889,369

4. Reinsurance Risks

As with other insurance companies and for the purpose of reducing exposure to financial loses that may arise from large insurance claims, the Company, within its regular activities, enters into re-insurance contracts with other parties.

To mitigate its exposure to large losses resulting from insolvent re-insurance companies, the Company evaluates the financial position of the re-insurance companies it deals with. It also monitors risk concentrations arising from similar geographical areas, activities, or economic components of those companies. Moreover, the issued re-insurance contracts do not exempt the Company from its liabilities toward policyholders. Consequently, the Company remains liable for the balance of re-insured claims should the re-insurers default on the obligations related to the insurance policies.

b. Financial Risks

The risks the Company is exposed to hinge on the probability of inadequate return on the investments to finance the liabilities arising from the insurance policies and investments.

Moreover, the Company adopts financial policies to manage the various risks within a defined strategy. The Company management monitors and controls risks and performs the optimal strategic allocation of financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currency risks, and market risks.

The Company adopts the financial hedging policy for financial assets and financial liabilities, when necessary. This hedging relates to expected future risks.

1. Market Risk

Market risks are irregular risks that vary according industry and include price risks, commercial capability, and competition. These risks can be mitigated through diversifying the Company's investment portfolio. Moreover, risk can be estimated by means of standard deviation if the expected return on investments is equal. If, on the other hand, the expected return is unequal, the variance factor for each investment is calculated by dividing standard deviation by the expected return for each investment. The lower the standard deviation, the lesser the risk degree. Furthermore, the Company monitors the stock exchange prices and prices of securities held by the Company daily to take the necessary action at the end of each quarter of the fiscal year.

2. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income.

The Company manages its interest rate risk regularly by evaluating the different alternatives such as refinancing and renewing current positions and alternative funding.

The sensitivity analysis below has been determined based on the exposure to deposits interest rates at the financial statements date. The analysis is prepared assuming that the amount of deposits at the statement of financial position date was outstanding for the whole year. A 0.5% increase or decrease is used, which represents management's assessment of the reasonable and probable net change in market interest rates.

	+0/5%		-0/5%	
	For the Year Ended December 31,			
	2019	2018	2019	2018
	JD	JD	JD	JD
Increase (decrease) in the income for the year	97,274	89,359	(97,274)	(89,359)
Net shareholders' equity	97,274	89,359	(97,274)	(89,359)

3. Foreign Currency Risks

This risk represents the risk arising from the fluctuation in the value of financial instruments due the changes in foreign currency exchange rates. Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. Moreover, the Company's management believes that the US Dollar foreign currency risk is immaterial as the Jordanian Dinar (the Company's functional currency) is pegged to the US Dollar. Consequently, the Company does not hedge the foreign currency risk for that reason as well as the following reasons:

- All of the Company's accounts with others, including re-insurers, are either in Jordanian Dinar or US Dollar.

- There are no accounts in other foreign currencies. However, the Company monitors the fluctuation in foreign currency exchange rates continuously.

The following illustrates the Company's major foreign currency risks:

	Foreign Currency		Jordanian Dinar	
	December 31,			
	2019	2018	2019	2018
Type of Currency:	JD	JD	JD	JD
US Dollar	1,624,063	1,577,379	1,153,085	1,119,939

Management believes that the Company's foreign currency risks and their impact on the financial statements are immaterial.

4. Liquidity Risks

The Company adopts an appropriate system to manage short-and long-term financing risks through holding adequate reserves, effective monitoring of expected cash flows, and matching the maturities of financial assets, on the one hand, and financial liabilities and technical commitments, on the other.

Liquidity risks represent the Company's inability to make available the necessary funding to meet its obligations on their due dates. To protect the Company against these risks, management diversifies the sources of funds, manages assets and liabilities, matches their maturities, and keeps an adequate balance of cash and cash equivalents and tradable securities.

5. Sensitivity of Insurance Risks

The sensitivity analysis of insurance risks has been performed through a 10% increase / decrease in premiums and compensations while holding all other variables constant. The impact on the income statement and shareholders' equity is as follows:

	For the Year Ended December 31, 2019					
10%	Effect of 10% Increase in Underwritten Net Premiums and Net Compensations	Effect of 10% Increase on Profit for the Year before Tax	Effect on Shareholders' Equity *	Effect of 10% Decrease in Underwritten Net Premiums and Net Compensations	Effect of 10% Decrease on Profit for the Year before Tax	Effect on Shareholders' Equity *
	JD	JD	JD	JD	JD	JD
Premiums						
Motor	1,182,563	1,146,239	848,217	(1,182,563)	(1,146,239)	(848,217)
Marine and transport	10,671	11,672	8,637	(10,671)	(11,672)	(8,637)
Fire and other damages	16,690	15,335	11,348	(16,690)	(15,335)	(11,348)
Aviation	-	-	-	-	-	-
Liability	14,802	15,451	11,434	(14,802)	(15,451)	(11,434)
Medical	1,093,023	1,088,236	805,295	(1,093,023)	(1,088,236)	(805,295)
Other branches	8,175	7,868	5,822	(8,175)	(7,868)	(5,822)
Life	63,537	64,402	47,658	(63,537)	(64,402)	(47,658)
Compensations						
Motor	926,405	(996,560)	(737,454)	(926,405)	996,560	737,454
Marine and transport	3,547	(5,776)	(4,275)	(3,547)	5,776	4,275
Fire and other damages	1,941	(1,306)	(966)	(1,941)	1,306	966
Aviation	-	-	-	-	-	-
Liability	220	(689)	(509)	(220)	689	509
Medical	999,614	(1,018,981)	(754,046)	(999,614)	1,018,981	754,046
Other branches	774	2,334	1,727	(774)	(2,334)	(1,727)
Life	25,751	(25,920)	(19,810)	(25,751)	25,920	19,810

* Net after deducting the income tax effect.

5. Sensitivity of Insurance Risks

The sensitivity analysis of insurance risks has been performed through a 10% increase / decrease in premiums and compensations while holding all other variables constant. The impact on the income statement and shareholders' equity is as follows:

	For the Year Ended December 31, 2018					
10%	Effect of 10% Increase in Underwritten Net Premiums and Net Compensations	Effect of 10% Increase on Profit for the Year before Tax	Effect on Shareholders' Equity *	Effect of 10% Decrease in Underwritten Net Premiums and Net Compensations	Effect of 10% Decrease on Profit for the Year before Tax	Effect on Shareholders' Equity *
Premiums	JD	JD	JD	JD	JD	JD
Motor	1,096,486	1,122,762	853,299	(1,096,486)	(1,122,762)	(853,299)
Marine and transport	13,227	13,404	10,187	(13,227)	(13,404)	(10,187)
Fire and other damages	15,991	14,570	11,073	(15,991)	(14,570)	(11,073)
Liability	-	-	-	-	-	-
Medical	14,815	16,805	12,771	(14,815)	(16,805)	(12,771)
Other branches	1,019,012	975,498	741,378	(1,019,012)	(975,498)	(741,378)
Life	7,297	5,237	3,980	(7,297)	(5,237)	(3,980)
	58,688	55,817	42,421	(58,688)	(55,817)	(42,421)
Compensations						
Motor	943,980	(968,538)	(726,089)	(943,980)	968,538	736,089
Marine and transport	2,075	(3,013)	(2,290)	(2,075)	3,013	2,290
Fire and other damages	1,219	(2,766)	(2,102)	(1,219)	2,766	2,102
Liability	-	-	-	-	-	-
Medical	423	(448)	(340)	(423)	448	340
Other branches	851,365	(906,996)	(689,317)	(851,365)	906,996	689,317
Life	878	(2,712)	(2,061)	(878)	2,712	2,061

* Net after deducting the income tax effect.

- The following table illustrates the maturities of financial liabilities, excluding technical reserves (based on the maturity remaining periods from the financial statements date):

December 31, 2019	Up to One Month	More than 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to One Year	More than one year up to 3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to a bank	-	1,036,710	-	-	-	-	-	1,036,710
Accounts payable	-	2,369,082	369,151	115,793	85,842	-	-	2,939,868
Re-insurance and insurance companies	-	1,348,750	201,797	334,824	205,104	-	-	2,090,475
Other provisions	-	50,330	-	30,000	133,928	140,012	-	354,270
Income tax provision	-	282,734	-	-	-	-	-	282,734
Other liabilities	-	639,355	-	-	78,909	-	-	718,264
Total	-	5,726,961	570,948	480,617	503,783	140,012	-	7,422,321
Assets	-	5,756,220	16,704,023	8,787,023	11,875	5,128,683	-	36,387,824

December 31, 2018	Up to One Month	More than 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to One Year	More than one year up to 3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Due to a bank	-	1,655,646	-	-	-	-	-	1,655,646
Accounts payable	-	2,339,457	200,646	36,502	103,321	-	-	2,679,926
Re-insurance and insurance companies' accounts - payable	-	1,440,392	563,812	191,855	13,384	-	-	2,209,443
Other provisions	-	9,307	-	11,528	83,098	200	-	104,133
Income tax provision	-	225,479	-	-	-	-	-	225,479
Other liabilities	-	533,491	-	-	104,079	-	-	637,570
Total	-	6,203,772	764,458	239,885	303,882	200	-	7,512,197
Assets	5,221,201	9,265,513	6,909,777	8,380,754	942,239	3,989,895	-	34,709,379

5. Share Price Risks

These risks represent the decrease in the share value due to the changes in the indicators level of subscribed shares in the Company's portfolio.

The following is the impact of a +5% or -5% change in the index of the stock exchange in which the shares are traded:

	Change in Index	Impact on Profit & Loss for the year 2019 Profit (Loss)	Impact on the Year's Profit & Loss 2018 Profit (Loss)
		JD	JD
Stock Exchanges	5% Increase	48,700	40,733
Stock Exchanges	5% Decrease	(47,700)	(40,733)

6. Credit Risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from defaults on liabilities. The Company does not follow a policy of taking guarantees against accounts receivable. Consequently, accounts receivable are not guaranteed.

The Company's financial assets consist primarily of holders of documents and financial investments at fair value through the statement of Profit or loss, financial investments at amortized cost, property investments, cash and cash equivalents, and other debit accounts. Moreover, holders of documents represent debts due from the locally insured parties, governmental bodies, large projects, and external customers. In addition, the Company's management believes that the ratio of the debts owed to the Company is high. However, the probability of no collection of all or part of these debts is very low. Meanwhile, these debts represent significant concentration of credit risks in the customers' geographical areas. In this regard, stringent credit risks control is maintained, as each customer's account is monitored separately and constantly. Customers' concentration according to their geographical areas is as follows:

	Assets	
	2019	2018
Geographical Area	JD	JD
Inside Jordan	7,422,645	7,546,806
	7,422,645	7,546,806

7. Operating Risks

These risks arise from systems break down and international and unintentional human error. Moreover, these risks may affect the Company's reputation and financial losses. They can be avoided through segregating duties, implementing procedures to extract any information from the Company's systems, raising staff awareness, and training personnel.

8. Legal Risks

These risks arise from lawsuits raised against the Company. To avoid these risks, the Company has set up an independent legal department to follow up on the Company's activities in line with the Insurance Commission's instructions.

37. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company was organized into two sectors:

1. The General Insurance Sector, which includes motor, marine transportation, aviation, fire and other damages to properties, liability, and medical; and

2. Other insurance sectors, which include investments and management of cash on behalf of the Company.

Moreover, transactions among the operational sectors are based on estimated market prices at the same terms used for others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations.

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total assets	35,166,151	33,519,690	1,231,420	1,189,689	36,387,824	34,709,379

	For the Year Ended December 31,					
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue	26,630,614	24,660,797	76,510	47,991	26,707,124	24,708,788
Capital expenditures	80,648	20,942	-	-	80,648	20,942

38. Capital Management

- Achieving Capital Management Objectives:

The Company aims to achieve capital management objectives through growing the Company's operations; achieving surplus in operating profits and revenues; and optimally employing available resources. This is to achieve the targeted growth in shareholders' equity through growing the statutory reserve at 10% of realized profits and the voluntary reserve at no more than 20% (if necessary), as well as through retained earnings in case of achieving profits.

The Company takes into consideration that the size of capital should be compatible with the size and nature of risks that the Company is exposed to. This is carried out in a manner that does not contradict the regulations and instructions in force, and is reflected in the Company's strategies and budgets. Moreover, the effect on capital adequacy ratio is considered upon acquiring investments. In this respect, capital and its adequacy are monitored periodically.

In the opinion of the Company's Board of Directors, the Company's regulatory capital is adequate for the Company's operations.

- The solvency margin as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
	JD	JD
First: Available Capital:		
Authorized and paid-up capital	8,000,000	8,000,000
Statutory reserve	1,467,751	1,342,268
Voluntary reserve	15,676	15,676
Retained earnings	1,788,958	1,235,319
	11,272,385	10,593,263
Supplementary Capital:		
Increase in investment properties value	453,676	691,590
	11,726,061	11,284,853
Second: Required capital		
Capital required against assets risks	3,507,180	3,632,392
Capital required against underwriting liabilities	2,525,504	2,284,021
Capital required against reinsurers' risks	75,493	57,795
Capital required against life insurance	735,194	658,764
Total Required Capital	6,843,371	6,632,971
Third: Solvency margin ratio (available capital / required capital)	171%	170%

39. Assets and Liabilities Maturities

The following table shows the analysis of assets and liabilities according to their expected period of recovery or settlement:

December 31, 2019	Within One Year JD	More than One Year JD	Total JD
Assets:			
Deposits at banks	20,491,534	-	20,491,534
Financial assets at fair value through profit or loss	974,009	-	974,009
Investment property	-	876,614	876,614
Cash on hand and at banks	394,361	-	394,361
Cheques under collection	879,677	-	879,677
Accounts receivable - net	7,422,645	-	7,422,645
Re-insurance and insurance companies' accounts - receivable	771,187	-	771,187
Deferred tax assets	-	1,179,483	1,179,483
Property and equipment - net	-	3,072,586	3,072,586
Intangible assets	-	11,875	11,875
Other assets	313,985	-	313,985
Total Assets	31,247,398	5,140,558	36,387,824
Liabilities:			
Unearned premiums reserve - net	9,421,034	-	9,421,034
Claims reserve - net	5,137,345	3,042,924	8,180,269
Mathematical reserve - net	91,829	-	91,829
Due to a bank	1,036,710	-	1,036,710
Accounts payable	2,854,026	85,842	2,939,808
Re-insurance and insurance companies' accounts - payable	1,885,370	205,104	2,090,473
Other provisions	50,330	303,933	354,263
Provision for income	282,733	-	282,733
Other liabilities	639,355	78,904	718,259
Total Liabilities	21,398,732	3,716,707	25,115,439
Net	11,028,017	244,368	11,727,385

December 31, 2018	Within One Year JD	More than One Year JD	Total JD
Assets:			
Deposits at banks	19,527,430	-	19,527,430
Financial assets at fair value through profit or loss	814,656	-	814,656
Financial assets at amortized cost	-	-	-
Investment property	-	879,227	879,227
Cash on hand and at banks	76,377	-	76,377
Cheques under collection	609,801	26,621	636,422
Accounts receivable – net	7,546,806	-	7,546,806
Re-insurance and insurance companies' accounts – receivable	684,650	-	684,650
Deferred tax assets	906,752	-	906,752
Property and equipment – net	-	3,128,964	3,128,964
Intangible assets - net	-	10,065	10,065
Other assets	498,030	-	498,030
Total Assets	30,664,502	4,044,877	34,709,379
Liabilities:			
Unearned premiums reserve – net	9,009,815	-	9,009,815
Claims reserve – net	3,823,561	3,470,259	7,293,820
Mathematical reserve – net	100,484	-	100,484
Due to a bank	1,655,646	-	1,655,646
Accounts payable	2,575,603	104,323	2,679,926
Re-insurance and insurance companies' accounts – payable	2,196,060	13,383	2,209,443
Other provisions	92,733	211,200	303,933
Provision for income	225,479	-	225,479
Other liabilities	508,356	129,214	637,570
Total Liabilities	20,187,737	3,928,379	24,116,116
Net	10,476,764	116,498	10,593,263

40. Lawsuits against the Company

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 3,055,924 as of December 31, 2019 (JD 2,740,433 as of December 31, 2018). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the claims provision and other liabilities provision shall arise.

41. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 1,123,706 as of December 31, 2019 (JD 959,573 as of December 31, 2018).

42. Subsequent Events

In its meeting dated February 12, 2020, the Company's Board of Directors decided to recommend to the General Assembly of shareholders to distribute cash dividends at 7.5% of paid-up capital of JD 8 million /share to be distributed to the shareholders in proportion to their shares. Moreover, dividends distribution is subject to the approval of the General Assembly of shareholders and Ministry of Industry and Trade – Insurance Management.

43.Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value December 31, 2019	Fair Value December 31, 2018	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value through Comprehensive Income						
Shares that have available market price	974,009	814,656	Level One	Stated Rates in financial	Not Applicable	Not Applicable
Total	974,009	814,656				

There were no transfers between Level 1 and Level 2 during the years 2019 and 2018.

B -The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing basis):

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the Company approximates their fair value.

Moreover, the Company's management believes that the carrying value of the items below is equivalent to their fair value. This is due to either short-term maturity or interest rate repricing during the year.

	December 31, 2019		December 31, 2018		
	Book value	Fair Value	Book value	Fair Value	Fair Value
Financial Assets of Non-specified Fair Value	JD	JD	JD	JD	
Deposits at banks	20,491,534	20,752,489	19,527,430	19,889,696	Level Two
Investments properties	876,614	1,330,290	879,227	1,570,817	Level Two
Total Financial Assets of Non-specified Fair Value	21,368,148	22,082,779	20,406,657	21,460,513	

The fair value of the financial assets and liabilities for Level 2 and Level 3 have been determined according to agreed pricing models, which reflect the credit risk of the parties dealt with.