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التاريخ : 2020/6/15

السادة هيئة الأوراق المالية المحترمين
عمان - الأردن

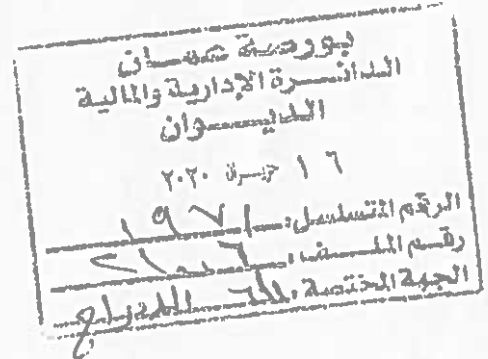
تحية طيبة وبعد،

الموضوع : القوائم المالية للسنة المالية 2019

مرفق طيه القوائم المالية لشركة دلتا للتأمين للسنة المالية 2019 المراجعة من قبل مدقق حسابات الشركة السادة ديلويت اند توش باللغة الإنجليزية.

واقبلوا فائق الاحترام ،،،

عصام خليفات
مساعد المدير العام للشؤون المالية والإدارية



DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 5
Statement of Financial Position	6
Statement of Profit or Loss	7
Statement of Comprehensive Income	8
Statement of Changes in Shareholders' Equity	9
Statement of Cash Flows	10
Statement of Underwriting Revenue for the General Insurance Activities	11
Statement of Claims Cost for the General Insurance Activities	12
Statement of Underwriting Profit for the General Insurance Activities	13
Statement of Underwriting Revenue for the Life Insurance Activities	14
Statement of Claims Cost for the Life Insurance Activities	15
Statement of Underwriting (Loss) for the Life Insurance Activities	16
Statement of Financial Position for the Life Insurance Branch	17
Notes to the Financial Statements	18 - 65



Independent Auditor's Report

AM/ 007043

To the Shareholders of
Delta Insurance Company
(A Public Shareholding Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Delta Insurance Company (A Public Shareholding Company), which comprise the statement of financial position as of December 31, 2019, and the statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 and 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements, 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

Technical Reserves

As at December 31, 2019, the Company had technical reserves around JD 12.54 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 judgement 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 considered a very important matter to the management due to fact that it requires a significant amount of judgement for the level of objectivity inherited in estimating the effect of the potential claims in which the final outcome of these claims is still 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 claims.

Scope of Audit to Address the Risk

How the key audit matter was Addressed

We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims and payment, including controls over the completeness and accuracy of the claims estimates.

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 have evaluated the Competence, skills, independence and objectivity of the company's actuarial specialists and review the agreement between the company and actuarial specialists to verify his scope of work for audit purposes.

We evaluated the completeness and accuracy of data used by management in their calculation of technical reserves.

We compared the report from the company's actuarial specialists for the current year with prior year report to assess any material differences in used estimates and judgements and we evaluated these difference (if any) to determine if they are reasonable.

We performed substantive and analytical tests on a selected sample to verify the completeness and accuracy of calculating the technical provisions for the company and the compatibility of these provisions with what have been reviewed with the company's actuarial specialists.

We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

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, as well as monitoring the internal control which the 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidences 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 evidences 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 transactions and relevant 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 laws 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 in case the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly of shareholders.

Amman – Jordan
March 2, 2020

Deloitte & Touche (M.E.) – Jordan

ديلويت آند توش (الشرق الأوسط)
010103

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	<u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
		<u>JD</u>	<u>JD</u>
Deposits at banks - net	4	11,106,635	10,380,551
Financial assets at fair value through other comprehensive income	5	281,869	601,348
Financial assets at fair value through profit or loss	6	440,364	324,373
Financial assets at amortized cost - net	7	3,366,187	3,554,712
Investment property	8	2,623,803	2,623,803
Total Investments		<u>17,818,858</u>	<u>17,484,787</u>
Cash on hand and balances at banks - net	9	402,319	897,510
Cheques under collection - net	10	565,924	366,734
Receivables - net	11	4,864,841	2,953,399
Re-insurers' receivables - net	12	659,139	295,403
Deferred tax assets	20/b	391,421	433,120
Property and equipment - net	13	2,852,538	2,955,937
Intangible assets - net	14	313,902	10,620
Other assets	15	720,468	778,020
TOTAL ASSETS		<u>28,589,410</u>	<u>26,175,530</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		5,420,177	4,866,387
Outstanding claims reserve - net		6,241,713	6,329,666
Mathematical reserve - net	16	<u>748,513</u>	<u>217,034</u>
Total Insurance Contracts Liabilities		<u>12,410,403</u>	<u>11,413,087</u>
Payables	17	1,927,204	1,143,137
Re-insurer's payables	18	1,997,834	1,505,353
Sundry provisions	19	-	305,628
Provision for income tax	20/a	-	-
Other liabilities	21	<u>2,218,067</u>	<u>2,081,698</u>
TOTAL LIABILITIES		<u>18,553,508</u>	<u>16,448,903</u>
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital	22	8,000,000	8,000,000
Statutory reserve	23/a	1,616,900	1,586,624
Voluntary reserve	23/b	15,948	15,948
Financial assets valuation reserve	24	(102,034)	(168,372)
Retained earnings	25	<u>505,088</u>	<u>292,427</u>
Total Shareholders' Equity		<u>10,035,902</u>	<u>9,726,627</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>28,589,410</u>	<u>26,175,530</u>

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 THE ACCOMPANYING AUDITOR'S REPORT.

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended	
		December 31,	
		2019	2018
		JD	JD
<u>Revenue:</u>			
Gross written premiums - general insurance		17,437,906	14,527,350
Gross written premiums - life insurance		877,061	579,574
<u>Less:</u> Re-insurers' share-general insurance		5,833,524	4,693,254
<u>Less:</u> Re-insurers' share-life insurance		133,676	119,650
Net Written Premiums		12,347,767	10,294,020
Net change in unearned premiums reserve		(553,790)	(706,564)
Net change in mathematical reserve	16	(531,479)	(124,559)
Net Earned Written Premiums		11,262,498	9,462,897
Commissions' revenue		1,186,452	888,193
Insurance policies issuance fees		484,041	318,296
Interest revenue	26	864,468	778,408
Cash dividends from financial assets at fair value through other comprehensive income	27	25,419	22,423
Other revenues - net	28	122,884	75,235
Total Revenues		13,945,762	11,545,452
<u>Claims, Losses and Expenses:</u>			
Paid claims		13,170,275	12,199,320
<u>Less:</u> Recoveries		2,125,849	2,125,304
Re-insurers' share		1,749,830	1,927,587
Net Paid Claims		9,294,596	8,146,429
Net change in claims reserve		(87,953)	(309,145)
Allocated employees' expenses	29	1,066,247	1,059,009
Allocated general and administrative expenses	30	537,725	442,873
Excess of loss premiums		190,311	187,147
Policies acquisition cost		1,106,855	628,189
Other expenses related to underwriting		515,383	339,465
Net Claims Costs		12,623,164	10,493,967
Unallocated employees' expenses	29	266,562	264,752
Unallocated general and administrative expenses	30	134,431	110,718
Life insurance administrative expenses	31	371,198	295,280
Depreciation and amortization	13,14	163,346	127,742
Other expenses	32	32,741	38,346
Valuation losses for financial assets at fair value through Profit or Loss		36,050	36,817
Expected credit losses provision	11,12	15,507	2,489
Total Expenses		1,019,835	876,144
Income for the Year before Tax		302,763	175,341
Effect of Deferred Tax Assets	20/a	(41,699)	38,549
Income for the Year		261,064	213,890
Earnings per Share for Profit for the Year	33	0.033	0.027

Chairman of the Board of Directors

General Manager

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DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2019	2018
	JD	JD
Income for the Year	261,064	213,890
<u>Other Comprehensive Income Items:</u>		
<u>Items that will not be reclassified subsequently to the statement of income:</u>		
Net change in financial assets valuation reserve	48,211	162,955
Total Other Comprehensive Income Items	48,211	162,955
Total Comprehensive Income for the Year	309,275	376,845

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DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up Capital	Statutory Reserve		Voluntary Reserve		Financial Assets Valuation		Retained Earnings		Total	
	JD	JD	JD	JD	JD	JD	JD	Realized	Unrealized *	JD	JD
For the Year Ended December 31, 2019											
Balance - beginning of the year	8,000,000	1,586,624	15,948		(168,372)		396,303	(103,876)	292,427	9,726,627	
Income for the year	-	-	-	-	-	-	(77,749)	338,813	261,064	261,064	
Net change in financial assets valuation reserve	-	-	-	-	48,211	-	-	-	-	48,211	
Total Comprehensive Income	-	-	-	-	48,211	-	(77,749)	338,813	261,064	309,275	
Transfer of losses from sale of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	18,127	-	-	(18,127)	-	-	
Transferred to reserves	-	30,276	-	-	-	-	-	(30,276)	-	-	
Balance at the end of the year	8,000,000	1,616,900	15,948		(102,034)		318,554	186,534	505,088	10,035,902	
For the Year Ended December 31, 2018											
Balance - beginning of the year (as disclosed earlier)	8,000,000	1,569,090	15,948		(327,433)		351,433	(122,654)	228,779	9,466,384	
Net impact of implementation of IFRS (9) - net	-	-	-	-	-	-	43,138	(179,740)	(136,602)	(136,602)	
Adjusted balance as of January 1, 2018	8,000,000	1,569,090	15,948		(327,433)		394,571	(302,394)	92,177	9,349,782	
Income for the year	-	-	-	-	-	-	1,732	212,158	213,890	213,890	
Net change in financial assets valuation reserve	-	-	-	-	162,955	-	-	-	-	162,955	
Total Comprehensive Income	-	-	-	-	162,955	-	1,732	212,158	213,890	376,845	
Transfer of losses from sale of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	(3,894)	-	-	3,894	3,894	-	
Transferred to reserves	-	17,534	-	-	-	-	-	(17,534)	(17,534)	-	
Balance at the end of the year	8,000,000	1,586,624	15,948		(168,372)		396,303	(103,876)	292,427	9,726,627	

* Retained earnings includes an amount of JD 391,421 as of December 31, 2019, restricted against deferred tax assets in accordance with the instructions of the Jordan Securities Commission.

** The negative balance of the financial assets valuation reserve is JD 102,034, where an equivalent amount from the retained earnings is restricted according to the instructions of the Jordan Securities Commission.

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DELTA INSURANCE 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 for the year before tax		302,763	175,341
Adjustments for Non Cash Items:			
Depreciation and amortization	13&14	163,346	127,742
(Gain) from sale of property and equipment	28	(63)	162
Valuation losses for financial assets at fair value through profit or loss		36,050	36,817
Interest revenue	26	(864,469)	(778,408)
Provision for end-of-service indemnity	32	7,904	15,815
Provision for expected credit loss	11&12	15,507	2,489
Net unearned premiums reserve		553,790	706,564
Net outstanding claims reserve		(87,953)	(309,145)
Net mathematical reserve	16	531,479	124,559
Cash Flows from Operating Activities before Changes in Working Capital		658,354	101,936
(Increase) decrease in cheques under collection		(199,190)	65,418
(Increase) in receivables		(1,916,764)	(1,019,790)
(Increase) in re-insurers' receivables		(373,921)	(196,211)
Decrease (increase) in other assets		263,752	(18,118)
Increase in accounts payable		784,067	13,088
Increase in re-insurance payable		492,481	548,530
Increase in other liabilities		136,368	596,697
Net Cash Flows (used in) from Operating Activities before Income Tax and End of Service-Indemnity Provision		(154,853)	91,550
End of service-indemnity provision paid		(313,532)	(22,347)
Income tax paid	20	(47,408)	(34,545)
Net Cash Flows (used in) from Operating Activities		(515,793)	34,658
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks		(5,666,802)	(169,946)
Interest income received		658,207	778,408
Net sale (purchase) of financial assets at fair value through other comprehensive income		269,388	331,010
Proceeds/transfers from sale of financial assets at fair value through profit or loss		(152,041)	(361,191)
Maturity of financial assets at amortized cost		188,525	-
(Purchase) of property and equipment	13	(22,749)	(19,973)
Proceeds from sale of property and equipment		188	176
(Purchase) of intangible assets	14	(194,863)	(3,630)
Net Cash (used in) Flows from Investing Activities		(4,920,147)	554,854
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends		-	-
Net Cash (used in) Financing Activities		-	-
Net (Decrease) Increase in Cash		(5,435,940)	589,512
Cash and cash equivalent - beginning of the year		5,935,961	5,346,449
Cash and Cash Equivalent - End of the Year	34	500,021	5,935,961
Non-Cash Transactions			
Other Assets - Payment to Suppliers		(145,805)	
Intangible Assets	14	145,805	

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
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DELTA INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR THE GENERAL INSURANCE ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31

	Motors		Marine and Transportation		Fire and Other Damages to Properties		Medical		Liability		Others Insurance		Credit Insurance		Total	
	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
Written premiums:																
Direct business	9,917,845	8,289,301	626,164	373,955	2,275,564	1,432,645	2,371,872	1,700,212	407,382	223,974	264,440	674,567	75,866	81,558	15,939,133	12,776,212
Voluntary / import re-insurance	994,350	974,753	518	555	503,229	775,072	-	-	676	758	-	-	-	-	1,498,773	1,751,138
Gross Premiums	10,912,195	9,264,054	626,682	374,510	2,778,793	2,207,717	2,371,872	1,700,212	408,058	224,732	264,440	674,567	75,866	81,558	17,437,906	14,527,350
Less:																
Local re-insurers' premiums	876,365	798,917	-	-	246,966	100,453	-	-	177	-	-	1,888	-	-	1,123,508	901,258
Foreign re-insurers' premiums	7,024	7,880	484,500	269,695	2,381,843	2,011,908	1,323,492	994,606	312,288	141,976	151,556	302,774	49,313	63,207	4,710,016	3,791,996
Net Earned Premiums	10,028,806	8,457,257	142,182	104,815	149,984	95,356	1,048,380	705,606	95,593	82,806	112,884	369,905	26,553	18,351	11,604,382	9,834,096
Add:																
Balance beginning of the year																
Unearned premiums reserve	4,432,436	4,005,901	83,466	148,196	1,245,631	1,214,782	264,146	214,046	82,268	74,029	524,033	39,514	255,336	305,478	6,887,316	6,001,946
Less: Re-insurers' share	167,949	172,250	54,198	93,395	1,201,608	1,173,553	135,409	79,705	48,889	43,514	212,213	37,861	200,663	241,845	2,020,929	1,842,123
Net Unearned Premiums Reserve	4,264,487	3,833,651	29,268	54,801	44,023	41,229	128,737	134,341	33,379	30,515	311,820	1,653	54,673	63,633	4,866,387	4,159,823
Less:																
Balance end of the year																
Unearned premiums reserve	5,087,065	4,432,436	190,772	83,466	1,476,874	1,245,631	355,287	264,146	165,198	82,268	243,121	524,033	212,290	255,336	7,730,607	6,887,316
Less: Re-insurers' share	183,899	167,949	152,046	54,198	1,425,182	1,201,608	163,568	135,409	125,187	48,889	103,391	212,213	157,157	200,663	2,310,430	2,020,929
Net Unearned Premiums Reserve	4,903,166	4,264,487	38,726	29,268	51,692	44,023	191,719	128,737	40,011	33,379	139,730	311,820	55,133	54,673	5,420,177	4,866,387
Net change in premiums deficiency reserve																
Net Earned Revenue from the Underwritten Premiums	9,390,127	8,026,421	132,724	130,348	142,315	92,562	985,398	711,210	88,961	79,942	284,974	59,738	26,093	27,311	11,050,592	9,127,532

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

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

ANNAN - JORDAN

STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31

	Fire and Other Damages to Properties										Liability										Others Insurance										Credit Insurance										Total																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
	Motor		Marine and Transportation				Medical				2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018		2019

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR THE GENERAL INSURANCE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Medical		Liability		Others Insurance		Credit Insurance		Total	
	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 earned revenue from the written premiums	9,390,127	8,026,421	132,724	130,348	142,315	92,562	985,398	711,210	86,961	79,842	284,974	59,738	26,093	27,311	11,050,592	9,127,532
(Less): Net paid claims cost	8,222,669	7,059,230	6,646	42,925	29,430	28,452	951,171	725,539	(3,752)	40,250	(1,033)	4,434	(15,030)	21,789	9,190,101	7,922,619
	1,167,458	967,191	126,078	87,423	112,885	64,110	34,227	(14,329)	92,713	39,692	286,007	55,304	41,123	5,522	1,860,491	1,204,913
Add:																
Commissions revenue	3,683	1,363	161,870	88,649	512,896	360,809	462,930	408,895	33,939	16,582	6,819	5,552	4,315	6,321	1,186,452	888,171
Insurance policies issuance fees	256,178	176,533	22,252	7,291	48,627	14,531	79,464	50,615	5,601	2,266	50,915	46,901	13,881	14,071	476,918	312,208
Gain from reinsurance agreements	-	-	37,899	4,763	72,845	68,706	-	-	-	-	-	-	-	-	110,744	73,469
Total Other Revenue	259,861	177,896	222,021	100,703	634,368	444,046	542,394	459,510	39,540	18,848	57,734	52,453	18,196	20,392	1,774,114	1,273,848
Less:																
Insurance policy acquisition fees	644,439	378,510	98,716	4,657	183,115	79,055	122,986	76,282	11,563	7,401	8,518	3,883	-	-	1,069,317	549,788
Excess of loss premiums	131,131	129,602	7,250	7,250	51,930	50,295	-	-	-	-	-	-	-	-	190,311	187,147
Administrative expenses related to underwriting acco	955,658	921,003	54,883	37,233	243,359	219,484	207,722	169,030	35,737	22,342	23,159	67,063	6,644	8,108	1,527,162	1,444,263
Other expenses related to underwriting accounts	272,587	186,974	8,113	-	21,715	-	194,255	137,028	887	-	936	-	-	-	498,493	324,002
Mandatory reserves interest	-	-	1,582	1,780	8,198	8,368	6,598	4,537	-	-	512	778	-	-	16,890	15,463
Total Expenses	2,003,815	1,616,089	170,544	50,920	508,317	357,202	531,541	386,877	48,187	29,743	33,125	71,724	6,644	8,108	3,302,173	2,520,663
Net Written Profit	(576,496)	(471,002)	177,555	223,056	238,936	150,954	45,080	58,304	84,066	28,797	31,016	36,033	52,675	17,806	332,432	(41,902)

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

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Written Premiums:		
Direct business	<u>877,061</u>	<u>579,574</u>
Gross Premiums	<u>877,061</u>	<u>579,574</u>
<u>Less:</u> Foreign re-insurers' share	<u>133,676</u>	<u>119,650</u>
Net Premiums	<u>743,385</u>	<u>459,924</u>
<u>Add:</u> Balance - beginning of the year		
Mathematical reserve	596,785	192,178
<u>Less:</u> Re-insurers' share	<u>379,751</u>	<u>99,703</u>
Net Mathematical Reserve	<u>217,034</u>	<u>92,475</u>
<u>Less:</u> Balance - end of the year		
Mathematical reserve	1,133,173	596,785
<u>Less:</u> Re-insurers' share	<u>384,660</u>	<u>379,751</u>
Net Mathematical Reserve	<u>748,513</u>	<u>217,034</u>
Net Revenue Earned from Written Premiums	<u>211,906</u>	<u>335,365</u>

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DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	December 31,	
	2019	2018
	JD	JD
Paid claims	56,330	11,734
<u>Less:</u>		
Foreign re-insurers' share	38,759	10,164
Net Paid Claims	17,571	1,570
<u>Add:</u>		
Outstanding claims reserve - end of the year		
Reported	20,159	26,770
Unreported	5,000	5,000
<u>Less: Re-insurers' share</u>	16,408	21,990
Net outstanding claims reserve - end of the year	8,751	9,780
Reported	3,751	4,780
Unreported	5,000	5,000
<u>Less:</u>		
Outstanding claims reserve - beginning of the year		
Reported	26,770	31,884
Unreported	5,000	5,000
<u>Less: Re-insurers' share</u>	21,990	26,049
Net outstanding claims reserve - beginning of the year	9,780	10,835
Reported	4,780	5,835
Unreported	5,000	5,000
Net Paid Claims Cost	16,542	515

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DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF UNDERWRITING (LOSS) FOR THE LIFE INSURANCE ACTIVITIES

	For the Year Ended	
	December 31,	
	2019	2018
	JD	JD
Net earned revenue from written premiums	211,906	335,365
<u>Less:</u>		
Net claims cost	16,542	515
	195,364	334,850
<u>Add:</u>		
Commissions revenue	-	22
Insurance policies issuance fees	7,123	6,088
Investment revenue related to underwriting accounts	-	26,760
Total Revenues	7,123	32,870
<u>Less:</u>		
Policy acquisition fees	37,538	78,400
Direct administrative expenses related to underwriting accounts	371,198	295,280
Administrative expenses related to underwriting accounts	76,809	57,619
Total Expenses	485,545	431,299
Underwriting (Loss)	(283,058)	(63,579)

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DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

STATEMENT OF FINANCIAL POSITION FOR THE LIFE INSURANCE BRANCH

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>JD</u>	<u>JD</u>
Deposits at banks	-	-
	-	-
Cash on hand and balances at banks	142,133	135,116
Accounts receivable	419,097	298,532
Other assets	101,596	5,569
Total Assets	<u>662,826</u>	<u>439,217</u>
<u>LIABILITIES AND HEAD OFFICE EQUITY</u>		
<u>LIABILITIES</u>		
Accounts payable	19,104	15,632
Re-insurers' payables	9,380	80,942
Other liabilities	861	41,396
<u>TECHNICAL RESERVES</u>		
Net mathematical reserve	748,513	217,034
Net outstanding claims reserve	8,751	9,780
Total technical reserves	<u>757,264</u>	<u>226,814</u>
TOTAL LIABILITIES	<u>786,609</u>	<u>364,784</u>
<u>HEAD OFFICE'S EQUITY</u>		
Head Office current account	159,275	138,012
Net underwriting (loss)	(283,058)	(63,579)
Total Head Office's Equity	<u>(123,783)</u>	<u>74,433</u>
TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY	<u>662,826</u>	<u>439,217</u>

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

DELTA INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE FINANCIAL STATEMENTS

1. General

- a. Delta insurance company was registered during the year 1976 as a Jordanian Public Shareholding Company under registration number of (109) with a paid-up capital of JD 200,000 divided into 200,000 shares at par value of one Jordanian Dinar per share. The Company's capital increased gradually to reach JD 8 million divided into 8 million shares at par value of one Jordanian Dinar per share during the year 2008.

The Company is located in Jabal Amman, third circle, P.O. Box 3055 Amman - 11181 Jordan.

The Company's main activity is engaging in all insurance business streams, including vehicles, marine and transportation, fire and other damages, liability, medical, credit, other insurance streams and life insurance sector.

- b. The accompanying financial statements were approved by the Board of Directors in their meeting held on February 27, 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 according to the standards issued by the International Accounting Standards Board, and in accordance to the local laws and regulations in force, as well as the forms prescribed by the Insurance Management.
- The financial statements have been prepared according to the historical cost principle except for the financial assets and liabilities that appear at fair value at the date of the financial statements.
- The Jordanian Dinar is the reporting currency of the financial statements, which represents the functional currency in the Company.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2018, except to what is mentioned in Note (42-a).

The following are the significant accounting policies:

Sectors Information

- The business sector represents a set of assets and operations that jointly provide products or services subject to risks and returns different from those related to other business sectors, which is measured according to the reports used by the chief executive officer and the main decision maker of the company.
- The geographic sector relates to providing products or services in a defined economic environment subject to risks and returns different from those related sectors working in other economic environments.

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 provisions.

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 to the fair value of the financial assets or financial liabilities, or deducted from them, where necessary, at 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 this difference 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 flow characteristics.

Specifically:

- Financial instruments held in the business model for collecting contractual cash flows with contractual cash flows that are only principal and interest payments on the principal outstanding, and are subsequently measured at amortized cost; and
- Financial instruments held in the business model for both collecting contractual cash flows and selling debt instruments with contractual cash flows that are only principal and interest payments on the principal outstanding and 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 equity investments are subsequently measured at fair value through profit or loss.

However, the Company may, after initial recognition of the financial asset, may make an irrevocable choice/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 Other 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, 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; and
- 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 other comprehensive income as equity is reclassified to the statement of profit or loss. On the other hand, for equity investments measured at fair value through other 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 other comprehensive income are subject 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 statement of profit or loss:

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

No impairment loss is recognized for equity instruments.

The Company calculates the impairment of financial statements 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 takes a provision for the expected credit losses on receivables, checks under collection, reinsurers' receivables, balances and deposits at banks. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Company continuously records the expected credit losses over their lives as regards receivables, checks under collection, reinsurers' receivable, balances and deposits at banks. Moreover, the expected credit losses are estimated using a provision matrix for the probability of default based on the Company's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

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, reinsurers' receivable, balances and deposits at banks as permitted by IFRS 9. Accordingly, non-impaired ,receivables, checks under collection, reinsurers' receivable, balances and deposits at banks which do not contain a significant finance component within the second stage with the recognition of expected credit losses over their lifetime.

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 the expected credit losses are presented in the statement of financial position as a reduction of the total carrying amount of financial assets.

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 assets 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's gain / loss to compare the total carrying amount before 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 Company 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 assets 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. 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 at the proceeds received.

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 credits and payables 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 the financial liabilities and allocating the interest expense over the related period. 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 other 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 statement of profit or loss. Other exchange differences in other comprehensive income are recognized in the investment 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 there is 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 instruments, which has market prices. In case declared market prices do not exist, some financial instruments 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 an another financial instrument 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

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.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the statement of profit or loss. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Company's inability to recover all amounts according to the contracts terms.
2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

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.

Intangible Assets

- Intangible assets obtained through merger are stated at fair value on their acquisition date, while 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 statement of profit or loss 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.

Software and computer systems are stated at cost on acquisition and amortized at 20% annually and recorded in the statement of profit or loss.

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.

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.

Cash and Cash Equivalents

This item represents cash and cash equivalents that mature over a period of three months and include cash and balances at banks and banking institutions, less due to the banks and restricted balances.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding lands) 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:

	%
Tools and equipment	15
Vehicles	15
Furniture and fixtures	10
Computers	20
Buildings	2

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use (the total amount of the depreciation expense for the past year must be shown in the statement of profit or loss).

Property and equipment are showed at cost after deducting any impairment losses.

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.

Mortgaged financial assets:

It's the financial assets that's mortgaged for other parties with the right of selling or remortgage, the evaluation of those assets continues according to the accounting policies followed to evaluate each asset due to its original classification.

Real Estate Investments

Real estate investments are stated at cost net of accumulated depreciation (excluding land). Moreover, these investments (excluding land) are depreciated over their useful lives using the straight-line method at an annual rate of 2%.

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.

In case of increasing of the fair value for the real estate investments which were impairment in previous periods in previous periods, recovery of recorded impairment losses is taken not exceeding cost or recorded fair value which is lower

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 investment property note.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

1. Accrued 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.

2. 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 Rate of 24% has been used in addition to 2% of national contribution for the calculation of deferred tax for the year 2019 in accordance with Income tax Law Number (38) for the year 2018 which was implemented starting from Jan 1, 2019 since the deferred tax assets should be calculated using the determined or the expected future rates

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.

Technical Reserves

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

- 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.
- The provision for reported claims is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.
- The premiums deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.
- 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.
- 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.

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

1. 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.

2. Dividends and Interest Income

Dividends from investments are recognized when the right of the shareholders to receive dividends arises upon the related announcement 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.

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 non-distributable 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.

Employees 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.

Administrative Expenses for Life Insurance

All staff expenses and direct administrative expenses of the Life Insurance Department are charged to the Life Insurance Branch.

Foreign Currencies

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.

The balances of financial assets and liabilities are transferred in Middle Foreign currencies prices at the date of the financial position declared by the Central Bank of Jordan.

The Balances of non-financial assets and liabilities shown at fair value are transferred in foreign currencies at the date of determination of its fair value.

Foreign exchange gains and losses are recorded in statement of profit or loss.

Noncash foreign currencies Assets and liabilities are recorded as part of fair value adjustment.

Expenses of Issuance or purchasing Company's shares

Any costs resulted from Issuing or purchasing Company shares are recorded in Retained Earnings (In Net after Deducting the Tax impact for those costs if any). If the process of issuing or purchasing is not completed, then the Expenses are recorded as Income statement expenses.

Leases

Accounting policy used, starting January 1, 2019

The Company as Lessee:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position (if any).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position (if any).

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss

The Company as Lessor:

The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the main lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Accounting policy used until December 31, 2018

Lease contracts are classified as finance leases when the terms of the lease provide for the transfer of all risks and benefits related to the leasehold property in substance. As for all other lease contracts, they are classified as operating leases.

The Company as a Lessor:

The amounts due from the tenants under finance leases are recognized as receivables with the amount of the net investment in the rental contracts. Finance lease income is distributed to accounting periods to reflect a constant periodic rate of return on the net investment outstanding with respect to the lease contracts.

Income from operating leases is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in discussing and arranging the operating contract are also added to the book value of the leased assets and are credited according to the straight-line method over the lease term.

The Company as a Lessee:

Assets acquired through finance leases are recorded at initial recognition at their fair value at the beginning of the lease or at the present value of the minimum lease payments, whichever is less. Finance lease liabilities are recorded at the same value, and these liabilities are presented in the statement of financial position as finance lease liabilities.

Lease payments are distributed between financing expenses and reduced financial lease liabilities in order to achieve a constant interest rate on the balance of the finance lease liabilities, and financing expenses are recognized directly in the statement of profit or loss.

Operating lease payments are recognized as an expense in accordance with the straight-line method over the life of the lease, except in cases where another regular basis is more representative of the time pattern in which economic benefits from the leased asset are used. Contingent rents arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating lease contracts, these incentives are recognized as a liability. The full benefits of incentives are recognized as a reduction in the rental expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased asset are taken advantage of.

3. Use of 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 other 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.

The estimates, assumptions, and efforts are reviewed periodically, and the effect of the change in the estimates is recorded in the fiscal period in which this change occurred if the change affects this financial period only, and the effect of the change in the estimates is recorded in the financial period in which this change occurs and in future financial periods in the event that the change affects the future financial period.

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

- Income tax expense related to the year is according to laws and regulations.
- Management periodically reevaluates 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 or loss.
- The claims provision and technical provisions are estimated based on technical studies, according to the instructions of the Insurance Commission, and based on actuarial studies.
- The claims provisions are made against the company based on legal studies prepared by the company lawyer which in return can specify the probability of risk might happen in the future, those studies are reviewed periodically.
- Management estimates the amounts expected to be recovered from the insurance companies and the automobile accidents based on studies prepared by the Company's management and according to the available information and documents.
- Property investments are valued by independent and accredited real estate experts and in accordance with the decisions issued by the insurance department for the purpose of calculating the depreciation, and their fair value is disclosed in the financial statements.

- 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.
- 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 financier expects to collect, taking into account the cash flows from the collateral (if any).

- Lease and termination options in lease contracts
Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management, that most of the reserved extension and termination options are viable by both the company and the lessor
- When determining the term of the lease, the management takes into account all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options (or periods after termination options) are included only in the term of the lease if the lease is reasonably confirmed if it has been extended (or not terminated). The evaluation is reviewed in the event of an important event or significant change in conditions affecting This evaluation, which is under the control of the tenant.
- Deduction of rent payments
Lease payments are deducted (if any) using the company's additional borrowing rate (IBR)

4. Deposits at Banks-Net

This item consists of the following:

	December 31, 2019				December 31, 2018
	Deposits maturing within one month	Deposits maturing within one to three months	Deposits maturing within three months to one year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan:					
Capital Bank of Jordan	222,730	-	325,000	547,730	2,815,671
Societe Generale Bank *	199,607	-	4,103,504	4,303,111	2,608,086
Bank Al Etihad		-	4,000,000	4,000,000	-
Invest Bank		-	1,260,000	1,260,000	3,461,000
Cairo Amman Bank	-	-	1,000,000	1,000,000	1,500,000
	422,337	-	10,688,504	11,110,841	10,384,757
Less: Expected credit loss provision **	(160)	-	(4,046)	(4,206)	(4,206)
	422,177	-	10,684,458	11,106,635	10,380,551

- Interest rates on deposits at banks in Jordanian Dinar ranged from 4.75% to - 6.2% during the year 2019 (4.75 to 6.50% during year 2018).

- Mortgaged deposits to the order of the General Director of the Insurance Management, in addition to his position, amounted to JD 325,000 as of December 31, 2019 and 2018 and are held at Capital Bank of Jordan. The deposit will mature within one year.

* This amount represents the deposits maturing within one month of an amount of JD 199,607 cash margin against credit insurance.

** The transaction related to expected credit loss as follows:

	2019	2018
	JD	JD
Balance – beginning of the year	4,206	-
The impact of implementing IFRS 9	-	4,206
The Adjusted Balance - Beginning of the Year	4,206	4,206
Balances - End of the Year	4,206	4,206

Balances at banks are evaluated as having low credit risk due to default, because these banks are subject to high control by the Central Bank of Jordan. Accordingly, the Company estimates the expected credit loss reserve at the end of the financial reporting period with amount equal to the expected credit losses over a twelve month period, taking into account historical information of default and credit rating of the banks.

5. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the financial assets at fair value through other comprehensive income as follows:

	December 31,	
	2019	2018
<u>Inside Jordan</u>	JD	JD
Quoted shares	256,669	274,218
	<u>256,669</u>	<u>274,218</u>
<u>Outside Jordan</u>		
Quoted shares	25,200	327,130
	<u>281,869</u>	<u>601,348</u>

6. Financial Assets at Fair Value through Profit or Loss

This item consists of the financial assets at fair value through profit or loss statement as follows:

	December 31,	
	2019	2018
<u>Outside Jordan</u>	JD	JD
Investment Fund *	440,364	324,373
	<u>440,364</u>	<u>324,373</u>

- * This item represents the value of an investment fund, managed by Gulf Capital Company which was established in Cayman Islands. The fund value is based on the latest valuation available for the Company. The Company signed in 2015 an agreement with Gulf Capital Investment to invest an amount of USD 1,400,000 which is equivalent to JD 994,000, noting that JD 440,364 represents the fair value of the investment at the date of the accompanying financial statements.

7. Financial Assets at Amortized Cost-Net

This item consists of the financial assets at amortized cost as follows:

	December 31	
	2019	2018
<u>Inside Jordan</u>	JD	JD
The Jordanian Government treasury bonds ⁽¹⁾	1,275,152	1,275,152
Capital Bank of Jordan bonds	-	781,000
Arab International Hotels bonds ⁽²⁾	1,000,000	1,000,000
Jordan Ahli Bank bonds ⁽³⁾	500,000	500,000
BINDAR company bonds ⁽⁴⁾	450,000	-
<u>Outside Jordan</u>		
Petroleos Mexicanos Bonds ⁽⁵⁾	142,475	-
	<u>3,367,627</u>	<u>3,556,152</u>
<u>Less: Expected credit loss provision ⁽⁶⁾</u>	<u>(1,440)</u>	<u>(1,440)</u>
	<u>3,366,187</u>	<u>3,554,712</u>

1. The Jordanian Government treasury bonds are in U.S Dollar and with maturities extending to January 31, 2027 with fixed return. The interest rate ranges between 5.75% – 6.125% and are paid on two instalments during the life time of the bond.
2. The Arab International Hotels bonds mature on January 29, 2022 with a fixed return of 5.5% and are paid on two instalments; on January 29 and July 29, during the life time of the bond, and are in Jordanian Dinar and listed on Amman Stock Exchange.

3. Jordan Ahli Bank bonds mature on October 12, 2023 with a return of 6.75%, and are paid on two instalments; on October 12 and April 12, during the bond life time, and are issued in Jordanian Dinar and listed on Amman Stock Exchange.
4. Bindar for Trading and Investment Company bonds mature on June 21, 2020 with a fixed return and interest rate of 7% and are paid in two instalment; on June 20 and December 20, from the bond's life, which is listed in Amman stocks exchange and issued in Jordanian Dinar.
5. Petroleos Mexicanos bonds mature in August 4, 2026 with a fixed return and interest rate 6.875%, and are paid in two instalments; on April 8 and August 8 During the bond's life, and are listed in many European and American markets, and are issued in US Dollar.
6. The movement on expected credit Loss provisions is as follows:

	2019	2018
	JD	JD
Balance beginning of the year	1,440	-
Impact of implementing IFRS (9)	-	1,440
Balance/Adjusted Balance - Beginning of the Year	1,440	1,440
Balance – End of the Year	1,440	1,440

8. Investment Property

This item represents the cost of a plot of land that was bought during the year 2011, for JD 1,340,863 in addition to the cost of plot of land that was bought during the year 2015 for JD 1,282,940. The plots of land were evaluated during 2019 by three accredited appraisers in accordance to the laws and regulations of the Insurance Management (previously Jordan Insurance Commission), and their average estimated market value amounted to JD 1,438,367 and JD 1,379,481 respectively.

9. Cash on Hand and Balances at Banks - Net

This item consists of the following:

	December 31, 2019	2018
	JD	JD
Cash on hand	1,058	1,000
Current accounts at banks	401,626	896,875
	402,684	897,875
<u>Less: Expected credit loss provision *</u>	(365)	(365)
	402,319	897,510

- * The movement on expected credit loss is provisions as follows:

	2019	2018
	JD	JD
Balance beginning of the year	365	-
Impact of implementing IFRS (9)	-	365
Balance/Adjusted Balance - Beginning of the Year	365	365
Balance – End of the Year	365	365

10. Cheques under Collection

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Cheques under collection*	568,095	368,905
<u>Less: Expected credit loss provision**</u>	<u>(2,171)</u>	<u>(2,171)</u>
	<u>565,924</u>	<u>366,734</u>

* Due date of cheques under collection extends to December 10, 2020.

** The movement on expected credit Loss is provisions as follows:

	2019	2018
	JD	JD
Balance beginning of the year	2,171	-
Impact of implementing IFRS (9)	-	2,171
Balance/Adjusted Balance - Beginning of the Year	<u>2,171</u>	<u>2,171</u>
Balance – End of the Year	<u>2,171</u>	<u>2,171</u>

11. Receivables - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Policyholders receivables	3,580,311	2,542,064
Issuance Agent receivables*	1,225,009	-
Intermediaries receivables	170,558	540,495
Employees receivables	12,848	16,461
Others receivables	86,661	59,603
	<u>5,075,387</u>	<u>3,158,623</u>
<u>Less: Expected credit loss provision **</u>	<u>(210,546)</u>	<u>(205,224)</u>
	<u>4,864,841</u>	<u>2,953,399</u>

* During the year 2019, the Company signed an agreement with an issuance agent / general insurance under which the agent is authorised to issue insurance policies, promotions and receive premiums against commissions.

There is around 24% concentration in receivables for the Company's main agent as of December 31, 2019.

** The transaction related to expected credit loss provisions is as follows:

	2019	2018
	JD	JD
Balance beginning of the year	205,224	82,017
Impact of implementing IFRS (9)	-	120,978
Balance/Adjusted Balance - Beginning of the Year	<u>205,224</u>	<u>202,995</u>
Provision recorded during the year	<u>5,322</u>	<u>2,229</u>
Balance – End of the Year	<u>210,546</u>	<u>205,224</u>

The aging of receivables is as follows:

	December 31,	
	2019	2018
	JD	JD
Less than 90 days	2,703,917	2,080,296
From 91 to 180 days	1,507,848	582,574
From 181 to 360 days	619,899	403,215
More than 360 days	243,723	92,538
	<u>5,075,387</u>	<u>3,158,623</u>

The Company always measures the loss allowance for receivables at an amount equals to lifetime expected credit loss using the simplified approach. The expected credit loss on account receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current and the forecast direction of the conditions at the reporting date.

12. Re-insurers' Receivables - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Local insurance companies	571,814	200,099
Foreign re-insurance companies	<u>192,031</u>	<u>189,825</u>
	763,845	389,924
<u>Less:</u> Expected credit loss provision *	<u>(104,706)</u>	<u>(94,521)</u>
	<u>659,139</u>	<u>295,403</u>

* Movement on the provision for expected credit loss during the year was as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	94,521	43,681
Impact of implementing IFRS (9)	-	50,580
Balance / Adjusted Balance - Beginning of the Year	<u>94,521</u>	<u>94,261</u>
Provision booked during the year	<u>10,185</u>	<u>260</u>
Balance - End of the Year	<u>104,706</u>	<u>94,521</u>

13. Property and Equipment - Net

These item consists of the following:

	Land	Tools and Equipment	Vehicles	Furniture and Fixtures	Computers	Buildings	Total
<u>December 31, 2019</u>	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	240,125	67,179	85,100	395,303	105,302	3,003,212	3,896,221
Additions	-	4,136	-	8,248	10,365	-	22,749
Disposals	-	(3,000)	-	-	-	-	(3,000)
Balance at the End of Year	<u>240,125</u>	<u>68,315</u>	<u>85,100</u>	<u>403,551</u>	<u>115,667</u>	<u>3,003,212</u>	<u>3,915,970</u>
Accumulated Depreciation:							
Accumulated depreciation at the beginning of the year	-	56,154	48,968	273,038	86,370	475,754	940,284
Depreciation for the year	-	4,445	12,765	38,424	10,261	60,065	125,960
Disposals	-	(2,812)	-	-	-	-	(2,812)
Accumulated Depreciation at the End of Year	-	<u>57,787</u>	<u>61,733</u>	<u>311,462</u>	<u>96,631</u>	<u>535,819</u>	<u>1,063,432</u>
Net Book Value of Property and Equipment at the End of the Year	<u>240,125</u>	<u>10,528</u>	<u>23,367</u>	<u>92,089</u>	<u>19,036</u>	<u>2,467,393</u>	<u>2,852,538</u>

December 31, 2018

Cost:							
Balance at the beginning of the year	240,125	64,813	85,100	386,566	97,882	3,003,212	3,877,698
Additions	-	3,816	-	8,737	7,420	-	19,973
Disposals	-	(1,450)	-	-	-	-	(1,450)
Balance at the End of Year	<u>240,125</u>	<u>67,179</u>	<u>85,100</u>	<u>395,303</u>	<u>105,302</u>	<u>3,003,212</u>	<u>3,896,221</u>
Accumulated Depreciation:							
Accumulated depreciation at the beginning of the year	-	52,255	36,203	235,531	77,440	415,690	817,119
Depreciation for the year	-	4,988	12,765	37,507	8,930	60,064	124,254
Disposals	-	(1,089)	-	-	-	-	(1,089)
Accumulated Depreciation at the End of Year	-	<u>56,154</u>	<u>48,968</u>	<u>273,038</u>	<u>86,370</u>	<u>475,754</u>	<u>940,284</u>
Net Book Value of Property and Equipment at the End of the Year	<u>240,125</u>	<u>11,025</u>	<u>36,132</u>	<u>122,265</u>	<u>18,932</u>	<u>2,527,458</u>	<u>2,955,937</u>

* Property and equipment includes fully depreciated assets with the amount of JD 131,212 as of December 31, 2019 (JD 118,421 as of December 31, 2018).

14. Intangible Assets - Net

This item consists of Computer Software; the details are as follows:

	For the Year Ended December 31,	
	2019	2018
Cost:	JD	JD
Balance at the beginning of the year	114,075	110,421
Additions	194,863	3,654
Movements -Note(15)*	145,805	-
Balance at the End of Year	454,743	114,075
Accumulated amortization:		
Accumulated amortization at the beginning of the year	103,455	99,967
Amortization for the year	37,386	3,488
Accumulated amortization at the end of the year	140,841	103,455
Net Book Value for Intangible Assets	313,902	10,620
Annual amortization rate	20%	20%

- * The additions and transfers include the cost of the new IT system and the subsequent invoices for modification with the total cost of JD 329,708 and is amortized over five years period and an annual amortization rate of 20%.

15. Other Assets

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Prepaid expenses	20,482	23,955
Prepaid commissions	125,199	-
Refundable cash margins	57,372	2,542
Accrued interest revenues	206,199	169,980
Income tax deposits	113,008	65,600
Accrued and not invoiced revenue	198,208	370,138
Payments to suppliers	-	145,805
	720,468	778,020

16. Mathematical Reserve - Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Balance at the beginning of the year	217,034	92,475
Additional reserve during the year	531,479	124,559
Balance at the End of the Year	748,513	217,034

17. Payables

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Intermediaries payable	521,234	720,949
Garages and parts payable	150,774	93,136
Policyholders payable	1,239,061	318,727
Employee and other payables	16,135	10,325
	<u>1,927,204</u>	<u>1,143,137</u>

18. Re-insurers' Payables

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Local insurance companies	1,194,947	363,525
Foreign re-insurance companies	802,887	1,141,828
	<u>1,997,834</u>	<u>1,505,353</u>

19. Sundry Provisions

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
End-of-service indemnity provision	-	305,628
	<u>-</u>	<u>305,628</u>

The table below shows the movement on the sundry provisions:

	Beginning Balance	Booked during the Year	Released during the Year	Ending Balance
	JD	JD	JD	JD
<u>2019</u>				
End-of-service indemnity Provision	305,628	7,904	313,532	-
	<u>305,628</u>	<u>7,904</u>	<u>313,532</u>	<u>-</u>
<u>2018</u>				
End-of-service indemnity Provision	312,160	15,815	22,347	305,628
	<u>312,160</u>	<u>15,815</u>	<u>22,347</u>	<u>305,628</u>

20. Income Tax

a. Income tax provision

- Movement on the income tax provision was as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance at the beginning of the year	-	(31,146)
Income tax paid	-	-
Income tax expense for the year	-	-
Prepaid income tax	(43,088)	(34,454)
Paid income tax for prior years	(4,320)	-
Transferred to income tax deposits (Note 15)	47,408	65,600
Balance at the End of the Year	<u>-</u>	<u>-</u>

- Summary of the income tax in the statement of profit or loss:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Income tax for the profit of the year	-	-
Deferred tax assets	39,819	38,549
Amortization of deferred tax assets	(81,518)	-
Deferred tax liabilities	-	-
	<u>(41,699)</u>	<u>38,549</u>

- Summary of the reconciliation between accounting income and taxable income:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Accounting income	302,763	175,341
Non-deductible expenses	1,911,751	1,686,042
Non-taxable income	<u>(2,242,858)</u>	<u>(1,747,120)</u>
Taxable Income	<u>(28,344)</u>	<u>114,263</u>
Income Tax Rate	<u>26%</u>	<u>24%</u>

- The Company reached a final settlement with the Income and Sales Tax Department up to the end of year 2018.
- Income tax provision has been booked for the year 2019 in accordance with the prevailing Income Tax Law number (34) for the year 2014 and its amendments with the tax law number (38) for the year 2018, the management of the Company and its tax advisor believe that there is no need to book additional provisions in the financial statements as the Company has taxable losses.

b. Deferred Tax Assets:

The details are as follows:

	December 31, 2019					December 31, 2018
Accounts included	Balance at the Beginning of the Year	Amounts Released	Amounts Booked	Balance at Year-End	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>Deferred tax assets</u>						
Expected credit loss provision	307,927	-	15,507	323,434	84,093	80,061
End of service indemnity provision	305,628,	313,532	7,904	-	-	79,463
Unreported outstanding claims reserve	1,052,292	-	129,740	1,182,032	307,328	273,596
	<u>1,665,847</u>	<u>313,532</u>	<u>153,151</u>	<u>1,505,466</u>	<u>391,421</u>	<u>433,120</u>

- The movement on the deferred tax assets is as follow:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Beginning balance of the year	433,120	351,433
Impact of implementing IFRS (9)	-	43,138
Adjusted Balance – Beginning of the Year	433,120	394,571
Additions during the year	39,819	38,549
Net release during the year	(81,518)	-
Balance – End of the Year	<u>391,421</u>	<u>433,120</u>

- The rate of 24% has been used in addition with 2% of national contribution to calculate the deferred tax assets in accordance to Income Tax Law number (38) for the year 2018, which was enacted effective January 1, 2019 since deferred tax assets should be calculated using the agreed or expected future rates.

21. Other Liabilities

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Accrued expenses	62,928	48,889
Received in advance premiums	1,031,428	1,055,249
Board of directors' remuneration	24,837	22,531
Reinsurers' deposits	911,793	720,520
Others	187,081	234,509
	<u>2,218,067</u>	<u>2,081,698</u>

22. Authorized and Paid – up Capital

Authorized and paid – up capital amounted to JD 8,000,000 distributed over 8,000,000 shares with a par value of JD 1 per share as of December 31, 2019 and 2018.

23. Reserves

Statutory Reserve

The amounts accumulated in this account represent what has been transferred from the annual income before tax at 10%, according to the Companies Law, this reserve cannot be distributed to shareholders.

Voluntary Reserve

The amounts accumulated in this account represent what has been transferred from the 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.

24. Financial Assets Valuation Reserve

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance at the beginning of the year	(168,372)	(327,433)
Transfer of losses/gains from sale of financial assets through other comprehensive income	18,127	(3,894)
Net change in financial assets valuation reserve	48,211	126,138
Transferred from financial assets valuation reserve to the statement of profit or loss as a result of classifying financial instruments to financial assets at fair value through profit or loss	-	36,817
Balance at the End of Year	<u>(102,034)</u>	<u>(168,372)</u>

25. Retained Earnings

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance at the beginning of the year	292,427	228,779
Impact of implementing IFRS (9)	-	(136,602)
Adjusted Balance - Beginning of the Year	292,427	92,177
Income for the year	261,064	213,890
Deducted to statutory reserve	(30,276)	(17,534)
Transferred from financial assets valuation reserve as a result of sale of financial assets through other comprehensive income	(18,127)	3,894
Distributed dividends	-	-
Balance at the End of Year	<u>505,088</u>	<u>292,427</u>

- The balance of retained earnings includes JD 391,421 as of December 31, 2019, which are restricted for use against the deferred tax assets in accordance with the instructions of the Jordan Securities Commission.
- The negative balance of the financial assets evaluation reserve is JD 102,034, the use of an equivalent amount of the retained earnings is not allowed according to the instructions of the Jordan Securities Commission.

26. Interest Revenue

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Bank interest	666,186	560,961
Interest on investments at amortized cost	198,282	217,447
	<u>864,468</u>	<u>778,408</u>

27. Cash Dividends Income from Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	2019	2018
	JD	JD
Cash dividends income	25,419	22,423
	<u>25,419</u>	<u>22,423</u>

28. Other Revenues-Net

This item consists of the following:

	2019	2018
	JD	JD
Re-insurance agreements revenue	110,744	73,469
Gains (losses) from sale of property and equipment	63	(162)
Others	12,077	1,928
	<u>122,884</u>	<u>75,235</u>

29. Employees Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and bonuses	1,106,936	1,117,026
Company's social security contribution	131,078	177,878
Employees' medical insurance	57,219	66,232
Training expenses	6,548	3,786
Travel and transportation	31,028	18,839
Total	<u>1,332,809</u>	<u>1,323,761</u>
Allocated employees expenses to underwriting accounts	1,066,247	1,059,009
Unallocated employees expense to underwriting accounts	266,562	264,752

30. General and Administrative Expenses

This item consists of the following:

	2019	2018
	JD	JD
Rent	27,819	23,069
Stationery and printing	54,620	38,145
Advertising and marketing	18,478	29,538
Bank charges	11,298	5,199
Water, electricity and heating	44,705	35,616
Maintenance	91,736	76,797
Postage and communications	21,424	21,619
Professional fees	129,030	103,379
Hospitality	19,562	14,546
Legal fees and expenses	12,320	11,000
Government and other fees	43,392	39,575
Insurance authority fees	112,182	89,030
Board of Directors' transportation expenses	21,600	23,107
Donations	9,770	6,868
Security expenses	13,200	15,120
Others	41,020	20,983
	<u>672,156</u>	<u>553,591</u>
Allocated General and Administrative Expenses to Underwriting Accounts	<u>537,725</u>	<u>442,873</u>
Unallocated General and Administrative Expenses to Underwriting Accounts	<u>134,431</u>	<u>110,718</u>

31. Life Insurance Administrative Expenses

This item consists of the following:

	2019	2018
	JD	JD
Salaries and benefits	281,312	246,446
Company's share of social security contribution	45,526	34,577
Health insurance for employees	22,748	11,850
Training	2,550	-
Travel and Transportation	548	-
Printing and stationery	209	-
Advertising and marketing	2,965	281
Professional fees	12,040	-
Bank charges	116	42
Hospitality	2,216	475
Others	968	1,609
	<u>371,198</u>	<u>295,280</u>

32. Other Expenses

This item consists of the following:

	2019	2018
	JD	JD
Board of Directors remunerations	24,837	22,531
Provision for end-of-service indemnity	7,904	15,814
	<u>32,741</u>	<u>38,345</u>

33. Earnings per Share for Income for the Year

Earnings per share are computed by dividing the income for the year by the average number of outstanding shares during the year; the details are as follows:

<u>Item</u>	For the Year Ended December 31,	
	2019	2018
	JD	JD
Income for the year	261,064	213,890
Average number of outstanding shares	8,000,000	8,000,000
Earnings per Share for Income for the Year (Basic and Diluted)	0.033	0.027

34. Cash and Cash Equivalent

The details of this item are as follows:

	December 31,	
	2019	2018
	JD	JD
Deposits maturing within three months	422,337	5,363,086
Cash on hand and balances at banks	402,684	897,875
<u>Less:</u> Mortgaged deposits to the order of the General Director of the Insurance Management	(325,000)	(325,000)
	500,021	5,935,961

35. Risk Management

The Company manages risks through various methods such as using a comprehensive strategy to restrict and mitigate risks, as well as implementing appropriate controls and monitoring the effectiveness of those controls, in a manner that helps achieve the risk return balance. Management of risks is done through constantly identifying, measuring, managing and monitoring the financial and non-financial risks that may negatively affect the company's performance or reputation, as well as assuring the proper allocation of Capital to help achieve the optimal rate of return on risks. The Company is exposed to the following risks: market risks, liquidity risks, insurance risks, interest rate risks, and foreign currencies risks.

a. Insurance Risk

1. Insurance Risks:

Insurance risks are those that arise from the uncertainty of the occurrence, timing, and value of insurance claims. These risks can be managed through monitoring the issuance of new insurance policies, ensuring proper pricing strategies are being implemented, and monitoring actual outstanding claims versus expected claims.

The risk of any insurance policy is the possibility of occurrence of an incident that has been insured and any other associated claims with uncertain values due to the nature of the policy; these accidents occur suddenly and thus cannot be expected.

The primary risk that insurance companies face with their issued insurance policies is the possibility that actual claims exceed the economic benefits arising from those contracts. In addition to that, there is a possibility that risks are mispriced, or substandard risks that should not be insured are being insured. And for that, the frequent claims and their severity are exceeding the amounts that were expected. Also, insured accidents are unexpected and the expected amounts differ from year to year from the actual amounts of the claims.

Moreover, the more an insurance portfolio is diversified, the less it is affected by the changes that might occur on any of its formations. The company has developed an insurance policy issuance strategy that diversifies the insurance risks that are acceptable, within each category, to expand its risk base in order to reduce the percentage of change in their expected outcomes.

The Company manages its risks through sound insurance policy issuance strategies, best rated reinsurance contracts, and through effective handling of accidents. The Company has set policy issuance basis that provides risk selection criteria principles.

2. Claims Development:

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the vehicles insurance claims were reported and on the year in which the accident occur for all general insurance types as follows:

Gross - Motor Insurance

<u>Accident Year</u>	<u>2015 and before</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
As of year end	2,260,481	2,372,478	2,508,561	2,752,679	4,288,733	14,182,932
After one year	5,560,990	5,454,416	5,902,035	7,255,651	-	24,173,092
After two years	5,739,884	5,762,842	5,308,137	-	-	16,810,863
After three years	5,230,762	5,114,646	-	-	-	10,345,408
After Four years	5,296,905	-	-	-	-	5,296,905
Current Expectations of cumulative claims	5,296,905	5,114,646	5,308,137	7,255,651	4,288,733	27,264,072
Cumulative payments	<u>4,823,474</u>	<u>4,579,563</u>	<u>4,519,610</u>	<u>4,922,679</u>	<u>2,430,190</u>	<u>21,275,516</u>
Liabilities as stated in financial statements	<u>473,431</u>	<u>535,083</u>	<u>788,527</u>	<u>2,332,972</u>	<u>1,858,543</u>	<u>5,988,556</u>
(Deficit) in preliminary estimate of the provision	<u>(3,036,424)</u>	<u>(2,742,168)</u>	<u>(2,799,576)</u>	<u>(4,502,972)</u>	<u>-</u>	<u>(13,081,140)</u>

Gross -Marine and Transportation insurance

Accident Year	2015 and before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year end	97,785	315,340	43,001	93,329	47,490	596,945
After one year	133,399	322,937	59,831	96,409	-	612,576
After two years	133,399	322,937	59,831	-	-	516,167
After three years	133,399	322,937	-	-	-	456,336
After Four years	-	-	-	-	-	-
Current Expectations of cumulative claims	133,399	322,937	59,831	96,409	47,490	660,066
Cumulative payments	125,079	288,563	49,377	78,400	31,990	573,409
Liabilities as stated in financial statements	8,320	34,374	10,454	18,009	15,500	86,657
(Deficit) in preliminary estimate of the provision	(35,614)	(7,597)	(16,830)	(3,080)	-	(63,121)

Gross -Fire and Other Damages to Property Insurance

Accident Year	2015 and before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year end	222,138	71,945	10,437	527,187	134,266	965,973
After one year	257,286	155,493	151,375	605,985	-	1,170,139
After two years	257,406	157,967	153,621	-	-	568,994
After three years	257,406	157,967	-	-	-	415,373
After Four years	258,306	-	-	-	-	358,306
Current Expectations of cumulative claims	258,306	157,967	153,621	605,985	134,266	1,310,145
Cumulative payments	59,379	138,949	123,881	510,505	50,892	883,606
Liabilities as stated in financial statements	198,927	19,018	29,740	95,480	83,374	426,539
(deficit) in preliminary estimate of the provision	(37,168)	(86,022)	(143,184)	(78,798)	-	(345,172)

Gross -Liability

<u>Accident Year</u>	<u>2015 and before</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
As of year end	15,889	8,036	5,461	7,010	12,495	48,891
After one year	193,814	21,228	10,731	14,407	-	240,180
After two years	195,902	26,228	10,731	-	-	232,861
After three years	211,841	26,873	-	-	-	238,714
After Four years	212,217	-	-	-	-	212,217
Current Expectations of cumulative claims	212,217	26,873	10,731	14,407	12,495	276,723
Cumulative payments	92,127	20,034	9,331	14,407	11,395	147,294
Liabilities as stated in financial statements	120,090	6,839	1,400	-	1,100	129,429
(deficit) in preliminary estimate of the provision	(196,328)	(18,837)	(5,270)	(7,397)	-	(227,832)

Gross -Other insurance

<u>Accident Year</u>	<u>2015 and before</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
As of year end	569	-	-	300	1,150	2,019
After one year	12,878	8,944	16,688	6,747	-	45,257
After two years	12,878	8,944	16,688	-	-	38,510
After three years	12,878	8,944	-	-	-	21,822
After Four years	12,878	-	-	-	-	12,878
Current Expectations of cumulative claims	12,878	8,944	16,688	6,747	1,150	46,407
Cumulative payments	12,878	8,944	16,688	4,928	90	43,528
Liabilities as stated in financial statements	-	-	-	1,819	1,060	2,879
(deficit) in preliminary estimate of the provision	(12,309)	(8,944)	(16,688)	(6,447)	-	(44,388)

Gross -Credit Insurance

Accident Year	2015 and before	2016	2017	2018	2019	Total
	JD	JD	JD	JD	JD	JD
As of year end	39,822	26,159	17,975	17,667	3,479	105,102
After one year	479,756	180,003	133,287	75,548	-	868,594
After two years	3,795,719	286,632	204,197	-	-	4,286,548
After three years	1,042,684	225,948	-	-	-	1,268,632
After Four years	476,088	-	-	-	-	476,088
Current Expectations of cumulative claims	476,088	225,948	204,197	75,548	3,479	985,260
Cumulative payments	397,654	105,085	63,506	13,755	570	580,570
Liabilities as stated in financial statements	78,434	120,863	140,691	61,793	2,909	404,690
(deficit) in preliminary estimate of the provision	(436,266)	(199,789)	(186,222)	(57,881)	-	(880,158)

3. Insurance Risk Concentration:
Insurance contract liabilities are concentrated according to the relative types of insurance and are represented by unearned premiums and outstanding claims, as follows:

Insurance type	For the Year Ended December 31,			
	2019		2018	
	Gross	Net	Gross	Net
	JD	JD	JD	JD
Motor	12,203,621	10,768,822	11,853,358	10,273,633
Marine and transportation	280,429	49,995	248,914	48,513
Fire and other damages	1,904,913	94,206	1,722,024	93,012
Medical	804,425	395,979	508,564	234,003
Liability	301,627	106,828	242,913	102,477
Other insurance	246,200	140,707	530,600	314,938
Credit insurance	621,980	96,602	900,272	119,697
Life	1,158,332	757,264	628,555	226,814
Total	17,521,527	12,410,403	16,635,200	11,413,087

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

	December 31,			
	2019		2018	
	Assets	Liabilities & Shareholders' Equity	Assets	Liabilities & Shareholders' Equity
	JD	JD	JD	JD
Inside Jordan	27,339,338	26,482,669	25,334,202	24,313,182
Outside Jordan	1,250,072	2,106,741	841,328	1,862,348
Total	28,589,410	28,589,410	26,175,530	26,175,530

Concentration of assets and liabilities related to the accounts receivable and the accounts payable according to the sectors is as follows:

Sector	December 31,			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Private sector	5,523,980	3,925,038	3,248,802	2,648,490
Total	5,523,980	3,925,038	3,248,802	2,648,490

4. Re-insurance Risks:

The Company signed re-insurance contracts with other companies to mitigate the risks arising from large claims.

Moreover, the Company evaluated the financial position of the contracted re-insurance company. Its concern hinges on credit risks resulting from the geographical distribution and nature of work and activities of the re-insurance companies.

In addition, the Company entered into re-insurance contracts that enable it to face risks with competitive pricing and to maintain the optimal level of risks, taking into consideration financial resources such as capital, reserves, volume of securities portfolio, and ready assets.

The size of retained risks is in line with scientific criteria and the general comparison index, and the more important for the Company is keeping a high liquidity ratio.

The re-insurance premiums do not replace the Company's liabilities toward others. Instead, the Company remains liable to others in terms of the reinsured share even if the Company does not fulfil its insurance obligations.

5. Sensitivity of Insurance Risks:

Sensitivity analysis for the year ended December 31, 2019:

Item	Effect of Increasing 5% on Income Statement	Effect of Increasing 5% on Shareholders' Equity	Effect of Decreasing 5% on Income Statement	Effect of Decreasing 5% on Shareholders' Equity
	JD	JD	JD	JD
Net Premiums	617,388	617,388	(617,388)	(617,388)
Claims	(464,730)	(464,730)	464,730	464,730

Sensitivity analysis for the year ended December 31, 2018:

Item	Effect of Increasing 5% on Income Statement	Effect of Increasing 5% on Shareholders' Equity	Effect of Decreasing 5% on Income Statement	Effect of Decreasing 5% on Shareholders' Equity
	JD	JD	JD	JD
Premiums	514,701	514,701	(514,701)	(514,701)
Paid claims	(407,321)	(407,321)	407,321	407,321

b. Financial Risk

The Company adopts financial policies for managing the different risks within a specified strategy. Moreover, the Company's management monitors and controls risks and performs the optimal strategic distribution for both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currency risks, and market risks.

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

1. Market risks

Market risks are the risks arising from the fluctuation in fair value or cash flows of financial instruments as a result of the change in market prices. Moreover, market risks arise from open positions related to interest rates, currencies, and investments in shares. These risks are monitored according to certain policies and procedures through competent committees and the concerned work centres. Additionally, market risks include interest rates, exchange rates risks, and equity instrument risks. Measuring and monitoring the market risks are done through several methods such as sensitivity analysis and value at risk (VAR) as well as the stop loss limits reports and controlling trading limits.

2. Liquidity Risks

Liquidity risks represent the Company's inability to provide the necessary financing to meet its obligations on their maturity dates. Furthermore, management of risks include the following:

- Keeping highly marketable assets that can be easily liquidated as a safeguard against unforeseeable shortfall in liquidity.
- Monitoring liquidity indicators according to the internal requirements and regulatory authorities' requirements.
- Managing concentrations and debts maturity dates.
- The following table summarizes the maturities of financial liabilities (on the basis of the remaining period of the maturity from the date of the financial statements):

December 31, 2019	less than month	More than one to three months	More than three to six months	More than six months to one year	From one year to years three	Total
	JD	JD	JD	JD	JD	JD
Liabilities						
Insurance contracts Liabilities	-	-	-	12,410,403	-	12,410,403
Payables	426,130	750,537	750,537	-	-	1,927,204
Re-insurers Accounts payables	-	998,917	998,917	-	-	1,997,834
Sundry Provisions	-	-	-	-	-	-
Income Tax Provision	-	-	-	-	-	-
Other Liabilities	<u>573,146</u>	<u>548,307</u>	<u>548,307</u>	<u>548,307</u>	-	<u>2,218,067</u>
Total	<u>999,276</u>	<u>2,297,761</u>	<u>2,297,761</u>	<u>12,958,710</u>	-	<u>18,553,508</u>
Total Assets (According to its expected maturities)	<u>2,083,014</u>	<u>2,373,206</u>	<u>12,664,556</u>	<u>1,343,365</u>	<u>10,125,269</u>	<u>28,589,410</u>
December 31, 2018	less than month	More than one to three months	More than three to six months	More than six months to one year	From one year to years three	Total
	JD	JD	JD	JD	JD	JD
Liabilities						
Insurance contracts Liabilities	-	-	-	11,413,087	-	11,413,087
Payables	-	571,569	571,568	-	-	1,143,137
Re-insurers Accounts payables	-	752,675	752,678	-	-	1,505,353
Sundry Provisions	-	-	-	-	305,628	305,628
Income Tax Provision	-	-	-	-	-	-
Other Liabilities	<u>520,425</u>	<u>520,425</u>	<u>520,424</u>	<u>520,424</u>	-	<u>2,081,698</u>
Total	<u>520,425</u>	<u>1,844,669</u>	<u>1,844,670</u>	<u>11,933,511</u>	<u>305,628</u>	<u>16,448,903</u>
Total Assets (According to its expected maturities)	<u>5,462,446</u>	<u>4,764,346</u>	<u>4,147,995</u>	<u>1,296,829</u>	<u>10,503,913</u>	<u>26,175,530</u>

3. Foreign Currencies Risks

The foreign currencies risk is the risk that resulted from the fluctuations in the value of financial instrument due to changes in exchange rates of foreign currencies. Mainly the Company's assets and liabilities are financial using the Jordanian Dinar or US Dollar. The management of the Company believes that foreign currency risk related to US Dollar, transactions is immaterial, due to the fact that the Jordanian Dinar (the Company's functional currency) is pegged with the US Dollar accordingly the Company does not have to take precautions against the foreign currency risks, in addition to the following reasons:

- The Company deals with all other parties, including the reinsurers, with either the Jordanian Dinar or the U.S Dollar.
- There are no accounts in foreign currencies, however, the company monitors the exchange rates of foreign currencies on an ongoing basis.
- Below are the main concentrated foreign currencies for the Company:

Currency	Foreign Currencies		Equivalent to JD	
	December 31,			
	2019	2018	2019	2018
U.S Dollar	(266,055)	3,409,583	(188,899)	2,420,804
British Pound	-	296,462	-	328,308

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

4. Interest Rate Risks

Interest rate risk is the risk that resulted from the changes in market interest rates prevailing in the market. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of the instruments subject to interest rates in a manner that does not negatively affect net interest income. (A sensitivity analysis of +/- 1% is used on the return).

Sensitivity analysis for the year ended December 31, 2019:

Item	Effect of Increasing Interest Rate by 1% on the Income Statement	Effect of Decreasing Interest Rate by 1% on the Income Statement
	JD	JD
Interest income on deposits at banks	111,066	111,066
Interest income on financial assets at amortized cost	33,662	33,662

Sensitivity analysis for the year ended December 31, 2018:

Item	Effect of Increasing Interest Rate by 1% on the Income Statement	Effect of Decreasing Interest Rate by 1% on the Income Statement
	JD	JD
Interest income on deposits at banks	103,806	(103,806)
Interest income on financial assets at amortized cost	35,547	(35,547)

5. Credit Risks

Credit risks relate to the other party's inability to meet its contractual obligations leading to the losses for the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities.

The Company's financial assets consist primarily of holders of documents and financial investments available for sale, 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. Moreover, 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. Moreover, these debts represent significant concentration of credit risks in the customers' geographical areas, and credit control is strictly monitored in which each client's accounts are monitored separately continuously.

36. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Company was organized into two segments; the general insurance sector which includes motors insurance, marine and transportation insurance, fire and other damages on properties insurance, liability, medical insurance, credit insurance and other insurance, and life insurance sector. These two sectors represent the main sectors that the Company uses to demonstrate the information related to the main sectors. The above mentioned sectors also include investments and the management of cash for the Company's own account. Moreover, transactions among the operational sectors are based on the estimated market prices at the same terms that are dealt with 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 assets and capital expenditures according to geographical sector:

Item	Inside the Kingdom		Outside the Kingdom	
	December 31		December 31	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total revenue from premiums	18,067,500	15,095,109	247,467	11,815

	December 31,			
	2019	2018	2019	2018
	JD	JD	JD	JD
Total assets	27,789,814	25,334,202	799,596	841,328

37. Capital Management

- Achieving Capital Management Objectives:

The management aims to achieve capital management objectives through growing or developing the Company's operations; achieving surplus in operating profits and revenues; and optimal operation employment of available financial resources. This is to achieve the targeted growth in shareholders' equity through growing the statutory reserve at 10% of realized profits and retained earnings. The Board of Directors believes that the organizational capital for the Company is sufficient.

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 with the regulations and instructions in force, and is reflected in the Company's strategies and estimated budgets. Moreover, the effect on capital adequacy ratio is considered upon acquiring investments. Additionally, capital and its adequacy are monitored periodically.

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

<u>Item</u>	December 31,	
	2019	2018
	JD	JD
Available capital *	10,229,947	9,901,783
Second: Required capital		
Capital required against assets risks	4,106,492	2,852,630
Capital required against underwriting liabilities	1,720,766	1,673,726
Capital required against reinsurers' risks	98,437	160,888
Capital required against life insurance risks	126,616	95,940
Total Required Capital	6,052,311	4,783,184
Third: Solvency margin ratio (available capital / required capital)	169%	207%

* Available capital consists of the following:

	December 31,	
	2019	2018
	JD	JD
Primary Capital:		
Paid-up capital	8,000,000	8,000,000
Statutory reserve	1,616,900	1,586,624
Voluntary reserve	15,948	15,948
Retained earnings	505,088	292,427
	10,137,936	9,894,999
Add: Supplementary Capital:		
Increase in investment properties value	194,045	175,156
Financial assets valuation reserve	(102,034)	(168,372)
Total Supplementary Capital	92,011	6,784
	10,229,947	9,901,783

38. Analysis of Assets and Liabilities Maturities

This table consist of assets and liabilities according to the expected period to be returned or settled.

<u>December 31, 2019</u>	<u>Up to one year</u>	<u>More than one year</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Assets :			
Deposits at banks	11,106,635	-	11,106,635
Financial assets at fair value through comprehensive income	-	281,869	281,869
Financial assets at fair value through profit or loss	-	440,364	440,364
Financial assets at amortized cost	450,000	2,916,187	3,366,187
Investment property	-	2,623,803	2,623,803
Cash on hand and balances at banks	402,319	-	402,319
Cheques under collection	565,924	-	565,924
Receivables - net	4,628,990	235,851	4,864,841
Re-insurers' receivables - net	589,806	69,333	659,139
Deferred tax assets	-	391,421	391,421
Property and equipment - net	-	2,852,538	2,852,538
Intangible assets - net	-	313,902	313,902
Other assets	720,468	-	720,468
Total Assets	<u>18,464,142</u>	<u>10,125,268</u>	<u>28,589,410</u>
Liabilities:			
Unearned premiums reserve - net	5,420,177	-	5,420,177
Outstanding claims reserve - net	6,241,713	-	6,241,713
Mathematical reserve - net	748,513	-	748,513
Payables	1,927,204	-	1,927,204
Re-insurer's payables	1,997,834	-	1,997,834
Sundry provisions	-	-	-
Provision for income tax	-	-	-
Other liabilities	<u>2,218,067</u>	<u>-</u>	<u>2,218,067</u>
Total liabilities	<u>18,553,508</u>	<u>-</u>	<u>18,553,508</u>
Net	<u>(89,366)</u>	<u>10,125,268</u>	<u>10,035,902</u>

<u>December 31, 2018</u>	<u>Up to one year</u>	<u>More than one year</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>
Assets:			
Deposits at banks	10,380,551	-	10,380,551
Financial assets at fair value through comprehensive income	-	601,348	601,348
Financial assets at fair value through profit or loss	324,373	-	324,373
Financial assets at amortized cost	-	3,554,712	3,554,712
Investment property	-	2,623,803	2,623,803
Cash on hand and balances at banks	897,510	-	897,510
Cheques under collection	366,734	-	366,734
Receivables - net	2,953,399	-	2,953,399
Re-insurers' receivables - net	295,403	-	295,403
Deferred tax assets	-	433,120	433,120
Property and equipment - net	-	2,955,937	2,955,937
Intangible assets - net	-	10,620	10,620
Other assets	778,020	-	778,020
Total Assets	<u>15,995,989</u>	<u>10,179,540</u>	<u>16,175,530</u>
Liabilities:			
Unearned premiums reserve - net	4,866,387	-	4,866,387
Outstanding claims reserve - net	6,329,666	-	6,329,666
Mathematical reserve - net	217,034	-	217,034
payables	1,143,137	-	1,143,137
Re-insurer's payables	1,505,353	-	1,505,353
Sundry provisions	-	305,628	305,628
Provision for income tax	-	-	-
Other liabilities	2,081,697	-	2,081,697
Total liabilities	<u>16,143,274</u>	<u>305,628</u>	<u>16,448,903</u>
Net	<u>(147,285)</u>	<u>9,873,912</u>	<u>9,726,625</u>

39. Lawsuits against the Company

There are lawsuits against the Company, claiming compensation on various accidents, with determined values in an amount of JD 479,789 and outstanding claims reserve of JD 1,682,701 as of December 31, 2019 (JD 1,748,661 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 shall arise.

The lawsuits raised by the Company amounted to JD 607,100 as of December 31, 2019.

40. Transactions with Related Parties

The Company engaged in transactions with the major shareholders, members of the Board of Directors and the executive management within the course of its normal activities, all related parties accounts granted to related parties are operating and no provisions were taken.

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

	December 31,	
	2019	2018
<u>Statement of Financial Positions Items:</u>	JD	JD
Accounts receivable	805,768	523,424
Accounts payable	41,073	60,563

	For the year ended December 31,	
	2019	2018
<u>Statement of Profit or Loss Items:</u>	JD	JD
Underwriting premium revenues	1,039,500	950,749
Paid claims	227,765	155,092
Board of directors transportation and the board's secretary's fees	21,600	21,107

- Below is a summary of the Company's top managements benefits (salaries, bonuses, and other benefits):

<u>Item</u>	For the Year Ended December 31,	
	2019	2018
	JD	JD
Board of Directors Salaries and other benefits	934,208	725,307

41. Contingent Liabilities

- As of the date of the statement of financial position, the Company was contingently liable for bank guarantees with an amount of JD 16,150.
- There are committed liability for Gulf Capital Investment fund in an amount of JD 553,636.

42. Application of New and Amended International Financial Reporting Standards

a. Amendments that did not have a material impact on the Company's 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's financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<u>New and revised standards</u>	<u>Amendments to new and revised IFRSs</u>
Annual improvements to IFRSs issued between 2015 and 2017	<p>Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs" and as the following:</p> <p>IFRS (12) "Income Tax" The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.</p> <p>IFRS (23) "Borrowing Costs" 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 capitalisation rate on general borrowings.</p> <p>IFRS (3) "Business Combination" 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 unrecognised assets, liabilities and goodwill relating to the joint operation.</p> <p>IFRS (11) "Joint Arrangements" 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.</p>

New and revised standards	Amendments to new and revised IFRSs
IFRIC (23) Uncertainty on the Treatment of Income Tax	<p>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:</p> <ul style="list-style-type: none"> • 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.	<p>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.</p>
Amendments to IAS (28) "Investment in Associates and Joint Ventures".	<p>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 interests 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.</p>
Amendments to IAS (19) Employee Benefits.	<p>These amendments relate to adjustments to plans, reductions, or settlements.</p>
IFRS 16 "Leases" (Effective from January 1, 2019).	<p>The Company adopted IFRS 16 'Leases' the 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".</p>

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's financial Position, unless the term is 12 months or less or the lease for 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 which is amortized over the useful life.

The Company has opted for the simplified approach application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2019, there were no adjustments on the returned earnings using the simplified approach, there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leased properties as of December 31,2019

IFRS (16): "Leases"

The Company has implemented IFRS (16) "Leases" that have replaced existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease" and the interpretation of the previous Interpretations Committee (15) "Operational 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) state that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial Position, unless the term is 12 months or less or the lease is for 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 which is 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 expenses over the life of the contract in the statement of profit or loss.
- Accordingly, the application of the International Financial Reporting Standard No. (16) did not result in any material impact on the financial statements.

b. 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 with its details as follows:

<u>New and revised standards</u>	<u>Amendments to new and revised IFRSs</u>
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 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.

43. Fair Value Hierarchy

A. Fair Value of Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each fiscal period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of Unobservable Inputs to fair value
	December 31,					
	2019	2018				
	JD	JD				
Financial Assets at Fair Value:						
Financial Assets at Fair Value through Other Comprehensive Income						
Shares with available market values -inside and outside Jordan						
Financial Assets at Fair Value through profit or loss Statement	281,869	601,349	level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Investment fund-outside Jordan	440,364	324,373	level 1	Investment fund's manager	Not Applicable	Not Applicable
Total	722,233	925,722				

There were no transfers between Level (1) and Level (2) during 2019 and 2018.

B. Fair Value of Financial Assets and Financial Liabilities that are not Measured at Fair Value on a Recurring Basis

Except for what is mentioned in the table below, we believe that the book values of the financial assets and financial liabilities recognized in the Company's financial statements approximate their fair values, as the Company's management believes that the reason why the following item's book value are approximately equal to fair value is due to either their short term maturity or that their interest rates are repriced during the year.

Financial Assets not measured at Fair Value	December 31, 2019		December 31, 2018	
	Book value	Fair value	Book value	Fair value
	JD	JD	JD	JD
Deposits at banks	11,106,635	11,244,478	10,380,551	10,469,919
Investments property	2,623,803	2,817,848	2,623,803	2,798,959
Financial assets at amortized cost	3,366,187	3,434,544	3,554,712	3,635,324
Total Financial Assets not Measured at Fair Value	17,096,625	17,496,870	16,559,066	16,904,202

The fair values of the financial assets and liabilities included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing models which reflects the credit risks of counterparties.