

**INTERNATIONAL GENERAL INSURANCE COMPANY  
(EUROPE) LTD.**

Annual Report and Financial Statements  
31 December 2024

## Contents

Directors' Report .....	1
Statement of Profit or Loss and Other Comprehensive Income .....	8
Statement of Financial Position.....	9
Statement of Changes in Equity.....	10
Statement of Cash Flows .....	11
Notes to the Financial Statements .....	12
Independent Auditor's Report .....	79

## Directors' Report

The Directors present their report and the audited Financial Statements of International General Insurance Company (Europe) Ltd (the "Company" and "IGI Europe") for the year ended 31 December 2024.

### Principal activities

The Company's principal activity is that of carrying on business of insurance and reinsurance in accordance with the Insurance Business Act, 1998, (Chapter 403, Laws of Malta). The principal activity of the Company is to provide insurance and reinsurance in the following classes: Aviation, Marine, Financial institutions, Energy, Engineering, Property, Contingency, Political Violence, Professional Indemnity, Directors & Officers and Legal Expenses.

### Corporate Governance

The Company continues to make endeavours to ensure that it complies with the requirements of the Malta Financial Services Authority guidelines and to exceed these where it deems necessary so as to ensure that high standards are met in this area.

### The Board of Directors

The Board meets regularly, at least on a quarterly basis, to review the performance to date and to assess the position of the Company at that time. The members are a mix of appointees of the shareholders, together with two independent members who bring with them international experience in various areas of the business. During the meetings, senior officials of the Company make detailed presentations to the Board members for their evaluation and assessment of performance and progress. All members of the Board receive the same level of management information including detailed underwriting and financial performance reports, investments reports, actuarial reports and compliance and risk management reports as well as other key performance indicators, together with the minutes of the meetings. The Board also meets to discuss strategy and set strategic direction for the Company.

### Background information

On 13 July 2021 the Company was purchased by International General Insurance Co. Ltd. ("IGI"), a limited liability company registered and incorporated in Bermuda under the Companies Act of 1981 and licensed as a Class 3B insurer by the Bermuda Monetary Authority to write a range of specialty classes of general insurance and reinsurance business. The Company was then renamed International General Insurance Company (Europe) SE.

During 2023, the Company converted from a Societas Europaea to a Public Limited Company and then to a Limited Liability Company and changed its presentation currency from EUR to USD.

### Review of Business

The Company operates as the IGI Group's European business unit underwriting commercial insurance risks located in the European Economic Area through Freedom of Services from Malta.

International General Insurance (IGI) has its operational headquarters in Amman, Jordan and, other than in Malta, offices in Bermuda, London, Dubai, Casablanca, Kuala Lumpur and Oslo. IGI is listed on Nasdaq Capital Markets. The Company is rated "A" (Stable) by AM Best and "A-" (Stable) by S&P.

## Directors' Report – continued

### Review of Business – continued

#### *Financial and operational performance*

For the year ended December 31, 2024, IGI Europe reported a profit after tax of USD2,945,234 (2023: USD1,248,010), reflecting a significant improvement from the prior year. This strong performance reinforces the Company's disciplined underwriting approach, prudent risk selection, and effective cost management strategies, which have contributed to enhanced profitability.

The year-on-year variance was primarily driven by a more favourable claims experience, leading to a reduction in insurance service expenses. However, this improvement was partially offset by a 7% decline in insurance revenue, amounting to USD2,066,587. The decrease in revenue reflects the impact of ongoing market conditions, including heightened competition and a selective underwriting strategy designed to preserve strong technical margins and ensure long-term sustainability.

IGI Europe, in alignment with IGI Group's long-term strategic vision, remains focused on sustainable profitability and value creation. While business growth remains an important objective, the company continues to prioritize underwriting discipline and operational efficiency to strengthen its bottom line. Moving forward, IGI Europe will maintain its commitment to writing high-quality business, optimizing its portfolio, and delivering robust financial performance in an evolving market environment.

The movement in net expense from reinsurance contracts held reflects the quota share cession to IGI Bermuda ("Bermuda Risk Transfer"), as well as the impact of incurred claims.

IGI Europe's investment strategy follows a structured approach, with clearly defined high-level objectives and investment guidelines governing target asset allocation by class. As of year-end 2024, the Company's investment portfolio was composed of cash, term deposits, and short-term, well-rated fixed-income securities, generating an investment return of USD1,325,407 (2023: USD1,104,017).

The main variances under net insurance finance income and other expenses were driven by foreign exchange movements, as IGI Europe predominantly transacts in Euro, while its functional currency remains the U.S. Dollar. Breaking this down further:

- USD3,618,948 (2023: USD1,271,910) as part of the net insurance finance income was attributable to foreign exchange movement on insurance contracts, while
- USD1,767,379 (2023: USD1,581,629) part of other expenses reflects foreign exchange movement on the non-insurance contracts.

These fluctuations highlight the impact of currency movements on IGI Europe's financial results, given the nature of its transactions and reporting currency.

#### *Financial position*

As of December 31, 2024, Total Assets stood at USD65,222,693 (2023: USD54,765,607), reflecting the company's continued financial stability. The Statement of Financial Position highlights a strong net asset position of USD25,570,750 (2023: USD22,854,480), reinforcing IGI Europe's resilient financial standing.

## **Directors' Report – continued**

### **Review of Business – continued**

#### *Regulatory compliance*

Throughout 2024, the Company's IT function and governance team played a crucial role in ensuring compliance with the Digital Operational Resilience Act (DORA). The team worked extensively to validate and consolidate key deliverables and regulatory requirements ahead of the act's implementation. As a result, IGI Europe successfully completed this project within the established timeframes, ensuring full compliance with DORA when it came into effect in January 2025.

Ahead of the upcoming Corporate Sustainability Reporting Directive (CSRD) requirements and implementation, during 2024 the Company conducted its first double materiality assessment following the European Financial Reporting Advisory Group's ("EFRAG") comprehensive double materiality assessment guidance. The Company used the list of sustainability matters outlined in the in EU's ESRS 1 paragraph AR16. Through its engagement with stakeholders, the Company identified a list of material impact, risks and opportunities ("IROs") which will help inform the Company's ESG strategy and sustainability action plan.

### **Result and dividends**

The result for the period is set out in the Statement of Profit or Loss and other Comprehensive Income on page 7. The profit for the year before tax amounted to USD2,884,318 (2023: USD1,924,799). During the year under review no dividend was distributed. Total comprehensive profit for the year under review was USD2,716,270 (2023: USD1,580,226).

### **Principal risks and uncertainty**

The Company's business involves the acceptance and management of risk. The Company has in place a risk management process which is undertaken in accordance with both the IGI Group Risk and Capital Management Framework and Solvency II. This is used to manage capital requirements and to ensure appropriate financial strength and capital adequacy to support business growth, and meets the requirements of the shareholder, regulators, rating agencies, and obligations to policyholders.

The Company maintains a system of governance which is commensurate to the nature, scale and complexity of the Company's operation. The mainstay of the system of governance is the risk management system, which is designed to ensure that all the material risks are identified, assessed and managed.

The principal risks from the Company's general insurance business arise from fluctuations in the timing, frequency and severity of claims compared to our expectations, inadequate reinsurance protection and reserving. The Company manages these risks through its underwriting, reserving and reinsurance policies that are approved by the Board of Directors after having considered the Underwriting and Claims' Committee's advice.

For further information in relation to risks and risk management refer to note 5 "Management of insurance and financial risk".

## **Directors' Report – continued**

### **Culture, values and standards**

Culture, values and standards underpin how a company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. They also guide and assist in decision making and thereby help promote a company's success, recognising, amongst other things, the likely consequences of any decision in the long term and wider stakeholder considerations.

Our values are to be reliable and trusted partners to our clients, our shareholders, our people and our communities. These are values that foster transparency, collaboration and mutual respect built on innovation, genuineness and integrity.

### **Community and environment**

The Company is committed to being a responsible business whose behaviour is aligned with the expectations of the Company's employees, clients, shareholders, regulators, communities and society as a whole. The Company's approach is to use its position to create positive change for the people and communities that it interacts with, which has involved participation and sponsorships of charities and charitable events at Group level.

The Company's commitment to corporate and social responsibility has always been a central part of the Group's long-term strategy; it is rooted in our values and forms our corporate character. The Company invests in our communities and supports charitable causes and events that are associated with our values and give in many ways.

Diversity and inclusion continue to be a critical focus, where our people are spread across many regions and cultures. We believe that by seeking input and embracing our differences, focusing on mutual respect, inclusion and empowerment, it helps us to make better and more purposeful decisions as an organisation.

### **Significant events during the year**

2024 was particularly impacted by the sustained Russian invasion of Ukraine, the escalation of the Israel-Hamas war and the build up towards the US presidential election. These and other political developments across the globe are bringing about significant geopolitical shifts distressing international relations and trade policies.

While IGI Europe currently has no material direct business and investment exposures to the said conflicts, the Company is mindful that it may be exposed to indirect impacts due to an increase in financial market volatility and prices. The Company continues to closely monitor for, and respond to, the situation alongside exposures it may potentially face in the future.

### **Events after the reporting date**

There were no events or transactions which took place after the financial reporting date which would require disclosure or adjustment to the financial statements.

### **Future developments**

The new US presidency is leading to a shift in political and trade relations with Europe and China. This implies a high level of uncertainty that will put global growth at risk through the imposition of trade tariffs and other protectionist measures. As a result, the Company will maintain its position by seeking to grow prudently and profitably and to continue to look for profitable opportunities to further enhance its distribution and diversify its business in Europe.

## **Directors' Report** – continued

### **Statement of Directors' Responsibilities for the Financial Statements**

The Directors are required by the Maltese Insurance Business Act, 1998 and the Maltese Companies Act (Cap. 386) to prepare Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period. In addition, the directors are required to ensure that the Company has, at all times, complied with and observed the various requirements of the Insurance Business Act (Cap. 403 of the Laws of Malta).

In preparing the Financial Statements, the Directors are responsible for:

- ensuring that the Financial Statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the Assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements of the Company for the year 1 January 2024 to 31 December 2024 are included in the Annual Report, which is published in hard-copy printed form and available on the website of the IGI Group. The Directors are responsible for the maintenance and integrity of the Annual Report on the said website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the IGI's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

## **Directors' Report – continued**

### **Solvency II**

The Solvency II regulatory requirements ascertain the level of the required regulatory capital requirement on the basis of the risks the Company is currently undertaking, in terms of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) and the applicable Insurance Rules issued under the Insurance Business Act by the Malta Financial Services Authority (MFSA). Solvency II outlines how the own funds shall be derived by converting the Statement of Financial Position from an International Financial Reporting Standards (IFRS) perspective to one where Assets and Liabilities are measured in line with their underlying economic value.

Regular monitoring of the Solvency Capital Requirements (SCR) and Minimum Capital Requirements (MCR) is considered crucial, and a Capital Management Policy is in place to address the procedures and controls in this regard. This policy outlines the main drivers of the SCR.

The Company monitors its capital level on a regular basis. Based on the audited SCR calculations as at 31 December 2024, the Company complied with the capital and solvency requirements as stipulated in the rules issued by the MFSA.

### **Directors**

The Directors of the Company who served during the period up to the approval of these Financial Statements were:

Mr. Andreas Loucaides (Chairman)  
Mr. Keith Mallia Milanés (Executive)  
Mr. Paul Martin (Independent)  
Mr. Clifford Murphy (Non-Executive)  
Ms. Anna Marie Tabone (Independent)

In accordance with the Company's memorandum and articles of association, the Directors remain in office.

### **Company Secretary**

Willis Towers Watson Services (Malta) Limited

### **Going Concern**

In the Company's most recent round of stress testing and scenario analysis during the latest Own Risk and Solvency Assessment ('ORSA') process, IGIE tested the Company's resilience to a poor economic environment of rising inflation and interest rates, exchange rate shock, combined with a man-made catastrophic event occurring at the same time.

The exchange rate movement and increase in combined ratio is assumed to increase the SCR whereas the net loss above is applied as an instantaneous loss on the Own Funds. Although the solvency position deteriorates each year, the SCR ration will remain above the Company's risk appetite and tolerance limit.

In the event of capital strain, it is anticipated that additional capital would be sourced from the Group, either through a capital loan or capital injection. Furthermore, the Company benefits from a Parental Guarantee which is in place from IGI Bermuda which provides protection to the Company's policyholders beyond the level provided by the Company's own resources. Other management actions are detailed within the Company's ORSA.

In view of the above, management believes the preparation of the financial statements on a going concern basis remains appropriate and that the Company will be able to meet its regulatory solvency requirements and liabilities with sufficient liquidity.

**Directors' Report** – continued

**Auditors**

The auditors, PKF Assurance (Malta) Limited, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

These financial statements were approved for issue by the board on 3 April 2025 and signed on its behalf by:



Keith Maria Milanes  
Director



Anne Marie Tabone  
Director

**Registered office**

Development House  
St. Anne Street  
Floriana FRN9010  
Malta

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	2024 USD	2023 USD
Insurance revenue	6	27,634,199	29,700,786
Insurance service expenses	7	(19,107,121)	(26,039,807)
<b>Insurance service result from insurance contracts issued</b>		<b>8,527,078</b>	3,660,979
Net expense from reinsurance contracts held	8	(7,159,429)	(1,492,601)
<b>Insurance service result</b>		<b>1,367,649</b>	2,168,378
Investment return	11	1,325,407	1,104,017
<b>Net investment income</b>		<b>2,693,056</b>	3,272,395
Finance income / (expense) from insurance contracts issued	11	2,567,697	(1,864,633)
Finance income from reinsurance contracts held	11	22,901	735,210
<b>Net insurance finance income / (expense)</b>		<b>2,590,598</b>	(1,129,423)
<b>Net insurance and investment result</b>		<b>5,283,654</b>	2,142,972
Other expenses		(2,399,336)	(218,173)
<b>Profit before tax</b>		<b>2,884,318</b>	1,924,799
Income tax credit/(expense)	17	60,916	(676,789)
<b>Profit for the year</b>		<b>2,945,234</b>	1,248,010
<b>Other comprehensive income that may be reclassified to profit or loss</b>			
Fair value (loss)/gain on investments measured at FVTOCI	11	(228,964)	332,216
<b>Total comprehensive income for the year</b>		<b>2,716,270</b>	1,580,226

The notes on pages 12 to 78 are an integral part of the Financial Statements.

## Statement of Financial Position

As at 31 December 2024

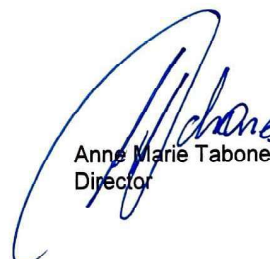
		2024 USD	2023 USD
<b>Assets</b>			
Cash and cash equivalents	27	8,422,195	9,039,089
Term deposits	28	185,748	6,900,000
Investments in financial assets	20	25,313,237	17,071,051
Insurance contract assets	13	-	-
Reinsurance contract assets	14	29,467,293	20,297,985
Other receivables		1,007,810	749,770
Property, plant and equipment	18	40,163	44,530
Deferred tax asset	21	443,200	265,830
Right-of-use assets	19	343,047	397,352
<b>Total Assets</b>		<b>65,222,693</b>	<b>54,765,607</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
Share capital	22	20,893,192	20,893,192
Capital contribution reserve	22	959,502	959,502
Fair value reserve	20	103,252	332,216
Currency translation reserve	23	452,331	452,331
Retained earnings	24	3,162,473	217,239
<b>Total Equity</b>		<b>25,570,750</b>	<b>22,854,480</b>
<b>Liabilities</b>			
Insurance contract liabilities	13	34,559,551	27,077,336
Reinsurance contract liabilities	14	84,498	15,257
Lease liabilities		408,383	385,923
Other payables		4,483,056	4,432,611
Income tax payable		116,455	-
<b>Total Liabilities</b>		<b>39,651,943</b>	<b>31,911,127</b>
<b>Total Equity and Liabilities</b>		<b>65,222,693</b>	<b>54,765,607</b>

The notes on pages 12 to 78 are an integral part of the Financial Statements.

The official rate of exchange between the US Dollars and Euro issued by the European Central Bank at 31 December 2024 was 1.0389.

These Financial Statements on pages 8 to 78 were authorised for issue by the Board on 3 April 2025 and were signed on its behalf by:

  
Keith Mallia Milanes  
Director

  
Anne Marie Tabone  
Director

## Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital USD	Capital Contribution reserve USD	Fair value reserve USD	Currency translation reserve USD	Retained earnings USD	Total USD
<b>Balance as at 1 January 2023</b>	20,893,192	959,502	-	452,331	(1,030,771)	21,274,254
<b>Total comprehensive income for the period</b>						
Profit for the year	-	-	-	-	1,248,010	1,248,010
<b>Other Comprehensive income</b>						
Fair value gains / (loss) on investments held at FVTOCI	-	-	332,216	-	-	332,216
<b>Total comprehensive income for the period</b>	-	-	332,216	-	1,248,010	1,580,226
<b>Balance as at 31 December 2023</b>	20,893,192	959,502	332,216	452,331	217,239	22,854,480
<b>Balance as at 1 January 2024</b>	20,893,192	959,502	332,216	452,331	217,239	22,854,480
<b>Total comprehensive income for the period</b>						
Profit for the year	-	-	-	-	2,945,234	2,945,234
<b>Other Comprehensive income</b>						
Fair value gains / (loss) on investments held at FVTOCI	-	-	(228,964)	-	-	(228,964)
<b>Total comprehensive income for the period</b>	-	-	(228,964)	-	2,945,234	2,716,270
<b>Balance as at 31 December 2024</b>	20,893,192	959,502	103,252	452,331	3,162,473	25,570,750

The notes on pages 12 to 78 are an integral part of the Financial Statements.

## Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 USD	2023 USD
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	<u>1,145,258</u>	4,602,253
<b>Net cash from operating activities</b>		<u>1,145,258</u>	4,602,253
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		-	-
<b>Net cash from financing activities</b>		-	-
<b>Cash flows used in investing activities</b>			
Sale of investments	28	6,714,252	15,483,490
Purchase of investments	20	(8,464,911)	(16,738,835)
Net purchase of fixed assets	18	(11,493)	(33,883)
<b>Net cash used in investing activities</b>		<u>(1,762,152)</u>	(1,289,228)
<b>Net movement in cash and cash equivalents</b>		<b>(616,894)</b>	3,313,025
Cash and cash equivalents at the beginning of the year		<u>9,039,089</u>	5,726,064
<b>Cash and cash equivalents at the end of the year</b>	27	<u>8,422,195</u>	9,039,089

The notes on pages 12 to 78 are an integral part of the Financial Statements.

## Notes to the Financial Statements

### 1. Reporting Entity

International General Insurance Company (Europe) Ltd (the “Company”), is a limited liability company domiciled and registered in Malta. The Company is licenced to write Classes 1, 4, 5, 6, 7, 8, 9, 11, 12, 13, 16 and 17 on an insurance and reinsurance basis in terms of the Insurance Business Act (Chapter 403, Laws of Malta).

The registered office of the Company is Development House, St. Anne Street, Floriana, FRN 9010, Malta.

During 2023, the Company converted from a Societas Europaea (SE) to a Public Limited Company (PLC) and subsequently to a Private Limited Company (LTD.), and in doing so, the Company changed its presentation currency from Euro to US Dollars. The financial statements are presented in US Dollars, which is the Company’s presentation currency. The presentation currency is dictated by the denomination of its share capital, being USD.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The Financial Statements have been prepared and presented in accordance with the International Financial Reporting Standards as adopted by the EU (“the applicable framework”). All references in these Financial Statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. These Financial Statements have also been drawn up in accordance with the provisions of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) and the Companies Act (Cap. 386, Laws of Malta).

The statement of financial position is organised in increasing order of liquidity with additional disclosures on the current or non-current nature of the Company’s assets and liabilities provided within the notes to the financial statements.

#### *Going Concern*

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 2.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for financial instruments at fair value through other comprehensive income, while insurance and reinsurance assets and liabilities are measured in accordance with IFRS 17.

#### *Use of estimates and judgements*

The preparation of Financial Statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected, as defined further in Note 4.

**2. Basis of preparation - continued**

**2.3 Standards, interpretations and amendments to published standards**

**Standards, interpretations and amendments to published standards endorsed by the European Union effective in the current year**

In 2024, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRS as adopted by the EU did not result in substantial changes to the Company's accounting policies and financial statements.

**Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective**

Up to date of approval of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Company plans to adopt upon their effective date.

The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have a significant impact on the Company's financial statements in the period of initial application.

**3. Summary of significant accounting policies**

**3.1 Functional and presentation currency**

With effect from 6 December 2023, following the conversion from a Public Limited Company to a Limited Liability Company, the company changed its presentation currency from Euro to US Dollars. The financial statements are presented in US Dollars, which is the Company's presentation currency. The presentation currency is dictated by the denomination of its share capital, being USD.

**3.2 Changes in significant accounting policies**

The Company has consistently applied the disclosed accounting policies.

**3.3 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

### 3. Summary of significant accounting policies - continued

#### 3.3 Property, plant and equipment - continued

Depreciation is calculated, from the month of purchase, using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer equipment	4 years
Office furniture	5 years

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

#### 3.4 Financial instruments

##### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVTPL, transaction costs are added to this amount.

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- FVOCI
- FVTPL

##### *Debt instruments measured at amortised cost*

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

##### *Business model assessment*

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

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximize return for shareholders and future business development.

### 3. Summary of significant accounting policies - continued

#### 3.4 Financial instruments - continued

The Company's business model is not assessed on an instrument-by-instrument basis but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- Whether the expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

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

##### *The Solely Payments of Principal and Interest (SPPI) test*

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

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

##### *Debt instruments measured at fair value through other comprehensive income*

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

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

These instruments largely comprise debt instruments that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

### 3. Summary of significant accounting policies - continued

#### 3.4 Financial instruments - continued

##### *Financial assets measured at fair value through profit or loss*

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the Statement of Profit or Loss. Interest income is recognized using the effective interest method.

##### *Financial assets measured at fair value through other comprehensive income*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32.

Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial assets measured at fair value through other comprehensive income include equity investments. Equity investments classified as financial assets measured at fair value through other comprehensive income are those which are not classified as financial assets measured at fair value through profit or loss.

##### *Insurance receivables*

Insurance companies' and intermediaries' receivables except for reinsurance assets are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost and the carrying value of insurance receivables is reviewed for impairment and expected credit loss.

Insurance and reinsurance receivables are not in the scope of IFRS 9. However, management has adopted expected credit loss principles based on IFRS 9 for the impairment of insurance receivables as its accounting policy.

In this context, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### ***Reclassification of financial assets and liabilities***

The Company does not reclassify assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or changes its business model for managing financial assets. A change in the business model will occur only when management determines change because of external or internal changes which are significant to the Company's operations. Reclassifications shall all be recorded prospectively from the reclassification date.

### 3. Summary of significant accounting policies - continued

#### 3.4 Financial instruments - continued

##### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets in the scope of IFRS 9 are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost include insurance receivables.

##### *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the Statement of Profit or Loss.

##### *Financial assets designated at fair value through OCI (equity instruments)*

Gains and losses on these financial assets are never recycled to the Statement of Profit or Loss. Dividends are recognised as investment income in the Statement of Profit or Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

##### *Financial assets at fair value through profit or loss*

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

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

### 3. Summary of significant accounting policies - continued

#### 3.4 Financial instruments - continued

##### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### ***Impairment of financial assets in scope of IFRS 9***

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Although not under the scope of IFRS 9, for insurance receivables the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

In making that evaluation, the Company reassesses the credit rating of the debt instrument provided by certified credit rating agencies. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

**3. Summary of significant accounting policies - continued**

**3.4 Financial instruments - continued**

***Impairment of financial assets in scope of IFRS 9 - continued***

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to the Statement of Profit or Loss. The accumulated gain recognised in OCI is recycled to the Statement of Profit or Loss upon derecognition of the assets.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off either partially or in its entirety only when the Company has stopped pursuing the recovery and there is no reasonable expectation of recovering the contractual cash flows.

In addition, the Company assesses the impairment of financial assets by reference to their post-date status at 90 days, 180 days and 270 days using an appropriate ECL based methodology.

If any amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

For cash flow purposes the Company classifies the cash flow for the acquisition and disposal of financial assets as operating cash flows, as the purchases of these investments is funded from the net cash flows associated with the origination of insurance and investment contracts and payment of benefits and claims incurred for such insurance contracts, which are respectively treated under operating activities.

***Impairment of non-financial assets***

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

**3. Summary of significant accounting policies - continued**

**3.4 Financial instruments - continued**

***Financial liabilities and equity instruments***

*Insurance and other payables*

Insurance and other payables are classified with current liabilities and are stated at their nominal value.

*Share capital*

Shares are classified as equity when there is no obligation to transfer cash or other assets.

**3.5 Offsetting financial instruments**

Financial Assets and Liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**3.6 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts, and other short-term highly liquid investments with original maturities of three months or less. In the Statement of Financial Position, bank overdrafts are included in borrowings.

**3.7 Share capital**

***Ordinary shares and dividend distributions***

Ordinary shares are classified as equity. Dividend distribution to the Company's Shareholders is recognised as a Liability in the Company's Financial Statements in the period in which the dividends are declared.

**3.8 Investment return**

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account of the actual investment return on investments supporting the insurance net technical provisions.

**3.9 Taxation**

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provision where appropriate.

Deferred tax is recognised using the liability method for all temporary differences arising between the tax bases of Assets and Liabilities and their carrying values for Financial Reporting purposes.

### 3. Summary of significant accounting policies - continued

#### 3.9 Taxation - continued

However, if the deferred income tax arises from initial recognition of an Asset or Liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable Profit or Loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related Deferred Tax Asset is realised or the Deferred Tax Liability is settled.

Deferred Tax Assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to offset Current Tax Assets against Current Tax Liabilities.

#### 3.10 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with sufficient reliability.

#### 3.11 Leases

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. 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.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

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;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

### 3. Summary of significant accounting policies – continued

#### 3.11 Leases – continued

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 remeasures 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 remeasured 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 remeasured 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 remeasured 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.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group 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 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.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts

##### 3.12.1 Definitions and classifications

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

##### 3.12.2 Combining a set or series of contract

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other.

##### Separating components from insurance and reinsurance contracts

In addition to the provision of the insurance coverage service, some insurance contracts issued by the Company have other components such as an investment component or the provision of some other distinct goods or non-insurance services.

The Company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other IFRS Accounting Standards. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying IFRS 17. The Company first considers the need to separate distinct investment components, before assessing the need to separate any goods and non-insurance services component.

##### Separating investment components

A contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities, including those issuing insurance contracts.

When the investment component meets the definition of an investment contract with discretionary participation features, it is then accounted for applying IFRS 17.

In determining whether investment and insurance components are highly interrelated the Company assesses whether it is unable to measure one component without considering the other and whether the policyholder is unable to benefit from one component unless the other component is present, i.e. whether cancelling one component also terminates the other. The Company has not identified any distinct investment components.

The Company applies IFRS 17 to account for non-distinct investment components as part of its insurance contracts.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.2 Combining a set or series of contract - continued

###### Separating promises to transfer distinct goods or non-insurance services

The Company separates from the host insurance contract only distinct promises to transfer goods or non-insurance services to a policyholder. Once separated, such promises are accounted for applying IFRS 15. In determining whether an obligation to deliver a good or non-insurance service promised to a policyholder is distinct, the Company considers whether the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder (i.e. resources that are either sold separately or already owned by the policyholder).

A good or non-insurance service that is promised to the policyholder is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components. The Company provides a significant service integrating the good or non-insurance service with the insurance components.

The Company has not identified any distinct goods or non-insurance services.

##### 3.12.3 Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts.

The Company may acquire insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Company applies significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

### **3. Summary of significant accounting policies – continued**

#### **3.12 Insurance contracts – continued**

##### **3.12.3 Level of aggregation – continued**

The composition of groups established at initial recognition is not subsequently reassessed.

For insurance contracts accounted for applying the PAA, the Company has determined that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Company performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

##### **3.12.4 Recognition**

The Company recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received);
- The date when a group of contracts becomes onerous.

The Company recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such a time that all contracts expected to be included within the group have been recognised.

##### **3.12.5 Contract boundaries**

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders.

### **3. Summary of significant accounting policies – continued**

#### **3.12 Insurance contracts – continued**

##### **3.12.5 Contract boundaries – continued**

The Company's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that policyholders would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Company disregards restrictions that have no commercial substance. The Company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

The Company assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

##### **3.12.6 Measurement of insurance contracts issued**

###### Measurement on initial recognition for contracts other than PAA

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

###### *Fulfilment cash flows within contract boundary*

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The Company estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Measurement on initial recognition for contracts other than PAA - continued

###### *Discount rates*

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income.

The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, the Company uses the 'bottom-up approach' to estimate discount rates by utilising the risk-free-rate plus volatility adjustment as published by EIOPA. The yield curve from the reference portfolio is adjusted to exclude the effects of risks present in the cash flows from the financial instruments that are part of the reference portfolio, but not in the insurance contracts cash flows. The risk-free rate as set by EIOPA is based on 6-month swap rates that are observable on the market, until the last liquid point (LLP) set for 20 years. Starting from 20-year maturity, the rate is extrapolated until the Ultimate Forward Rate (UFR), using the Smith Wilson extrapolation method. The rates obtained are adjusted using a credit rate adjustment (CRA) applied as a parallel downward shift to the risk-free curve observed for all maturities until the LLP.

The Company estimates the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. In the following reporting period, as new contracts are included in the group, the discount rate applicable to the group on initial recognition is revised from the start of the reporting period in which the new contracts are added to the group. The Company re-estimates the discount rate applicable to the group at initial recognition using a weighted average discount rate over the period the contracts in the group are issued.

###### *Risk adjustment for non-financial risk*

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. The Company uses the Value at Risk (VaR) method in estimating the risk adjustment. The VaR method requires the Company to generate a probability distribution for the present value of future cash flows based on underlying assumptions. Moreover, the Company has decided that the confidence level it considers appropriate to determine the Risk Adjustment at the 75<sup>th</sup> Percentile (2023: 75<sup>th</sup> Percentile).

The Risk Adjustment is then calculated as the VaR at the chosen confidence level less the mean of the present value of future cash flows, i.e. the best estimate future cash flows.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Measurement on initial recognition for contracts other than PAA – continued

###### *Contractual service margin (CSM)*

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Company will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Company measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the group
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group
- Any other asset or liability previously recognised for cash flows related to the group
- Any cash flows that have already arisen on the contracts as of that date

If a group of contracts is onerous, the Company recognises a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

The Company determines at initial recognition the group's coverage units. The Company then allocates the group's CSM based on the coverage units provided in the period. The Company allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Company uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition. When, on initial recognition, contracts acquired in a portfolio transfer are determined to be onerous, the excess of the fulfilment cash flows over the consideration received is recognised in profit or loss. For contracts acquired as part of a business combination, the excess, representing the extent to which the contract is onerous, is recognised as part of goodwill (or the gain on a bargain purchase).

###### *Insurance acquisition cash flows*

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Company recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate. The Company recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the group is initially recognised. When only some of the insurance contracts expected to be included within the group are recognised as at the end of the reporting period, the Company determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the group.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Subsequent measurement under the General Model

In estimating the total future fulfilment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of (a) the fulfilment cash flows relating to future service, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

###### *Changes in fulfilment cash flows*

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes);
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses).

Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Subsequent measurement under the General Model – continued

###### *Changes in fulfilment cash flows - continued*

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Company re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

###### *Adjustments to the CSM*

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- Changes in the fulfilment cash flows relating to the LIC;
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)

For insurance contracts without direct participating features, the following changes in fulfilment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised;
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition;
- Changes in the risk adjustment for non-financial risk relating to future service. The Company has elected not to disaggregate the change in the risk adjustment for non-financial risk between:
  - a change related to non-financial risk; and
  - the effect of the time value of money and changes in the time value of money
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Subsequent measurement under the General Model – continued

###### *Adjustments to the CSM - continued*

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition;
- The changes in fulfilment cash flows related to future service, except for
  - Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous;
  - Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts;
- The effect of any currency exchange differences on the CSM;
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period.

###### *Recognition of the CSM in profit or loss*

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

In determining the amount of the CSM to be released in each period, the Company follows three steps:

- Determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract;
- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future
- Recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Company has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events.

By determining a number of coverage units, the Company exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods and the 'quantity of benefits' provided under a contract.

###### *Contracts with cash flows not dependent on underlying items*

In determining the number of coverage units, the Company applies the following methods:

- For the quota share reinsurance contracts held, a straight-line allocation over the passage of time represents the quantity of coverage units over each period. This is because the amount that can be claimed under the contract is the same in each period.

**3. Summary of significant accounting policies – continued**

**3.12 Insurance contracts – continued**

**3.12.6 Measurement of insurance contracts issued – continued**

Subsequent measurement under the General Model – continued

The amount of CSM allocated to each coverage unit changes over time, as the amount of CSM changes. The allocation of the CSM to coverage units is done at the end of the period, after reflecting all other CSM adjustments (the accretion of interest and the effect of change in assumptions relating to future coverage), but before any of it is released to profit or loss. The amount of CSM remaining at the end of the reporting period is allocated equally to the coverage units provided in the period and the remaining coverage units relating to future periods.

Insurance contracts measured under the premium allocation approach

The Company applies the PAA to the measurement of insurance contracts with a coverage period of each contract in the group of one year or less or for those contracts whereby the recognition and measurement of insurance contracts under the PAA do not differ materially had those same insurance contracts been recognised and measured under the general model.

Under the PAA model, the LRC comprises of the amount of premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

Premiums due to the Premiums for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Company has determined that there is no significant financing component in the insurance contracts with a coverage period of one year or less. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The Company also applies the PAA to the facultative reinsurance contracts held. The coverage period of such reinsurance contracts held is 12 months or less.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the expected profile of services provided to the insured. The Company applies judgement in determining the basis of allocation.

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Onerous contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

For groups of onerous contracts, without direct participating features, the Company uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- Insurance finance income or expense;
- Changes in risk adjustment for non-financial risk recognised in profit or loss representing release from risk in the period;
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period.

The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC, including the risk adjustment for nonfinancial risk, excluding any investment component amount.

The Company recognises the total finance income or expenses in profit or loss. For any subsequent changes in the fulfilment cash flows of the LRC, the total of insurance finance income or expenses is recognised in profit or loss and allocated on a systematic basis between the loss component and the 'LRC excluding the loss component'.

Any subsequent decreases in fulfilment cash flows relating to future service allocated to the group (arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk) are allocated first to the loss component only. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service results in the establishment of the group's CSM.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.6 Measurement of insurance contracts issued – continued

###### Onerous contracts – continued

For onerous groups of contracts, revenue is calculated as the amount of insurance service expenses expected at the beginning of the period that form part of revenue and reflects only:

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component);
- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component);
- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows.

All these amounts are accounted for as a reduction of the LRC excluding the loss component. The Company recognises amounts in insurance service expenses related to the loss component arising from:

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component;
- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted;
- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses.

##### 3.12.7 Reinsurance contracts held

###### Initial Recognition

The Company uses facultative and treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Company considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
- Any remaining reinsurance contracts held in the portfolio

For all reinsurance contracts held accounted for applying the PAA, the Company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.7 Reinsurance contracts held – continued

###### Initial Recognition– continued

In determining the timing of initial recognition of a reinsurance contract held, the Company assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Company recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying insurance contracts, whichever is later.

The Company recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Company in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

###### Reinsurance contracts held measured under the General Model

The Company's external excess of loss on a risk attaching basis and internal quota share reinsurance contracts held are accounted for applying the measurement requirements of the General Model for estimates of cash flows and discount rates. The company measures the reinsurance contracts held and the underlying insurance contracts issued using consistent assumptions. The Company includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of non-performance risk of the reinsurer is assessed at each reporting date.

In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the Company assesses the amount of risk transferred by the Company to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognised as the asset representing the risk adjustment reinsured.

On initial recognition, the Company recognises any net cost or net gain on purchasing the group of reinsurance contracts held as a reinsurance CSM, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, where the Company recognises such a cost immediately in profit or loss as an expense as part of insurance service result.

For a group of reinsurance contracts held, on initial recognition of an underlying onerous group of insurance contracts or on addition of onerous underlying insurance contracts to a group, the Company establishes a loss recovery component and, as a result, recognises a gain in profit or loss. The amount of the loss recovery component adjusts the CSM of a group of reinsurance contracts held. It is calculated at an amount equal to the loss recognised on the underlying insurance contracts multiplied by the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.7 Reinsurance contracts held – continued

###### Reinsurance contracts held measured under the General Model – continued

After initial recognition, the carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held. Reversal of the loss recovery component adjusts the CSM and the risk adjustment of the group of reinsurance contracts held. After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying groups, its amount is adjusted for:

- Changes in fulfilment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective groups;
- Loss recovery component reversals to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.

These adjustments are calculated and presented in profit or loss

The Company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfilment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfilment cash flows for underlying insurance contracts is recognised in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognised in profit and loss (adjusting the loss recovery component).

###### Reinsurance contracts held measured under the PAA

The Company measures the external quota share, excess of loss on a loss occurring basis and facultative reinsurance contracts by applying the PAA.

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Company measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

##### 3.12.8 Modification and derecognition

The Company derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract:
  - Is outside of the scope of IFRS 17;
  - Results in a different insurance contract due to separating components from the host contract;
  - Results in a substantially different contract boundary;
  - Would be included in a different group of contracts;
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.8 Modification and derecognition – continued

If the contract modification meets any of the conditions, the Company performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the General Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the PAA, the company adjusts insurance revenue prospectively from the time of the contract modification.

The Company derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met.

When the Company derecognises an insurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group;
- Adjusts the CSM of the group for the change in the fulfilment cash flows (unless it relates to the increase or reversal of the loss component);
- Adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognised from the group, and recognises in profit or loss in the period the amount of CSM based on that adjusted number.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the group from which the contract has been derecognised for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the company derecognises an insurance contract due to modification, it derecognises the original insurance contract and recognises a new one. The Company adjusts the CSM of the group from which the modified contract has been derecognised for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

##### 3.12.9 Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.9 Presentation – continued

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Company has voluntarily included the net insurance finance income or expenses line in another subtotal: net insurance and investment result, which also includes the income from all the assets backing the Group's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts in the carrying amount of the related portfolios of insurance contracts issued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. It includes the entire change as part of the insurance service result.

##### Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - Amounts allocated to the loss component
  - Repayments of investment components
  - Amounts that relate to transaction-based taxes collected on behalf of third parties
  - Insurance acquisition expenses
  - Amounts relating to risk adjustment for non-financial risk
- The change in the risk adjustment for non-financial risk, excluding:
  - Changes that relate to future service that adjust the CSM
  - Amounts allocated to the loss component
- The amount of CSM for the services provided in the period
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Company recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred insurance service expenses.

The Company issues insurance policies with different expected patterns of occurrence of claims. For those groups of contracts, revenue is recognised based on the expected patterns of claim occurrence. At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.9 Presentation – continued

###### Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components;
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
- Other directly attributable insurance service expenses incurred in the period;
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue;
- Loss component of onerous groups of contracts initially recognised in the period;
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

###### Income or expenses from reinsurance contracts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to;
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held;
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

###### Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held. The Company has adopted to recognise all the finance income or expense in profit or loss.

### 3. Summary of significant accounting policies – continued

#### 3.12 Insurance contracts – continued

##### 3.12.9 Presentation – continued

###### For PAA contracts

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for insurance policies with a coverage period of one year or less. For those claims that the company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised. The Company has elected to recognise insurance finance income or expenses in profit or loss.

###### For non-participating contracts

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all insurance finance income or expenses in profit or loss.

###### For reinsurance contracts held

For reinsurance contracts held measured applying both the General Model and the PAA, the Company disaggregates total insurance finance income or expenses. The amount presented in profit or loss is based on a systematic allocation of the expected total insurance finance income or expenses over the duration of the contracts in the group.

For those contracts held measured applying the General Model, which changes in financial assumptions have a substantial effect on the amounts received from reinsurer. The amounts presented in profit or loss are based on the discount rates that allocate the remaining revised expected financial income or expenses over the remaining duration of the group of contracts at a constant rate.

For reinsurance contracts held measured applying the PAA, the Company adjusts the LRC for the time value of reinsurance contracts held with a coverage period longer than one year using discount rates determined at initial recognition. The Company elects to disaggregate presentation of insurance finance income or expenses. The amounts presented in profit or loss are based on the discount rates relating to nominal cash flows that do not vary based on the returns on any underlying items determined at the date of initial recognition of a group of contracts.

For facultative reinsurance contracts held measured applying the General Model, the Company has elected to present all insurance finance income or expenses in profit or loss.

###### Foreign Exchange differences

Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held are recognised in profit or loss in the period in which they arise. Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held included in other comprehensive income, if any, are recognised in other comprehensive income.

The group of insurance contracts with cash flows in different foreign currencies is assessed to be denominated in a single currency. Accordingly, the risk adjustment for non-financial risks and the CSM of the group of insurance contracts are determined in the currency of the group of contracts.

At the end of each reporting period, the carrying amount of the group of insurance contracts denominated in a foreign currency is translated into the functional currency.

**3. Summary of significant accounting policies – continued**

**3.12 Insurance contracts – continued**

**3.12.9 Presentation – continued**

Foreign Exchange differences – continued

The amounts arising from changes in exchange rates between the currency of the cash flows and the currency of the group of contracts are considered as changes in financial risk and are accounted for as insurance finance income or expenses.

The amounts arising from changes in exchange rates between the currency of the group of contracts and the functional currency are considered as exchange differences and are recognised in profit or loss in the period in which they arise.

#### **4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies**

In the application of the Company's accounting policies, described in Note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **4.1. Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

###### *Assessment of significance of insurance risk:*

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. This assessment is performed after separation of non-closely related derivatives, distinct investment components and promises to transfer distinct goods and non-insurance services.

###### *Combination of insurance contracts*

Determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Company determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Company is unable to measure one contract without considering the other.

###### *Consideration whether there are investment components*

The Company considers all terms of contracts it issues to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. The Company considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the policyholder.

**4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies – continued**

**4.1. Critical judgements in applying the Company's accounting policies – continued**

*Separation of non-insurance components from insurance contracts*

The Company issues some insurance contracts that have several elements in addition to the provision of the insurance coverage service, such as a deposit component, an investment management service, an embedded derivative and other goods or services. Some of these elements need to be separated and accounted for by applying other Standards, while other elements remain within the insurance measurement model. In assessing whether components meet the separation criteria and should be separated, the Company applies significant judgement.

*Separation of insurance components of an insurance contract*

The Company issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately.

*Determination of the contract boundary*

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

*Identification of portfolios*

The Company defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Where similar products are issued by different entities within a group, they are considered to be separate portfolios. Despite the oversight provided by management at the group level, the Company determines that these contracts are managed at the local issuing entity level. For some product lines, the group acquires insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

**4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies – continued**

**4.1. Critical judgements in applying the Company's accounting policies – continued**

*Level of aggregation*

The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

*Assessment of directly attributable cash flows*

The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

*Assessment of eligibility for PAA*

For insurance contracts issued and reinsurance contracts held with a coverage period extending beyond one year, the Company has elected to apply the PAA if at the inception of the contract, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

*Assessment of significance of modification*

The Company derecognises the original contracts and recognises the modified contract as a new contract, if the derecognition criteria are met. The Company applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition.

*Level of aggregation for determining the risk adjustment for non-financial risk*

IFRS 17 does not define the level at which the risk adjustment for non-financial risk should be determined. The level of aggregation for determining the risk adjustment for non-financial risk is not an accounting policy choice and requires judgement. The Company considers that the benefits of diversification occur at an issuing entity level and therefore determines the risk adjustment for non-financial risk at that level. The diversification benefit is then allocated to all groups of insurance contracts for which it has been considered in aggregate. The Company considers that the risk adjustment for non-financial risk allocated to any individual group, as the cost of uncertainty, cannot be negative. Accordingly, when determining the allocation, correlations of non-financial risk between groups are ignored. This is because they have already been considered as part of the diversification benefits in determining the overall entity-level risk adjustment. The Company allocates the total entity-level risk adjustment to groups based on the percentage of the group's expected fulfilment cash flows to the total expected fulfilment cash flows.

*Selecting a method of allocation of coverage units*

IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. The Company selects the appropriate method on a portfolio-by-portfolio basis. In determining the appropriate method, the Company considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group, different levels of service across the period and the quantity of benefits expected to be received by the policyholder. For all inwards and reinsurance held, the Company defines the coverage units in such a way as to ensure that they reflect the services provided as accurately as possible.

**4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies – continued**

**4.2. Key sources of estimation uncertainty policies**

The following are key estimations that the directors have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

Every area, including the Company's estimation methods and assumptions used and other sources of estimation uncertainty are discussed below. The Company's total carrying amount stood at:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Insurance contract assets		-
Insurance contract liabilities	<b>34,559,551</b>	27,077,336
<b>Net</b>	<b>34,559,551</b>	27,077,336
Reinsurance contract assets	<b>(29,467,293)</b>	(20,297,985)
Reinsurance contract liabilities	<b>84,498</b>	15,257
<b>Net</b>	<b>(29,382,795)</b>	(20,282,728)

Sensitivity analysis of carrying amounts to changes in assumptions

Change in assumption		2024		Profit or loss
		Net insurance contract liabilities USD	Net reinsurance contract assets USD	
Future loss ratio on unexpired risk	+5%	203,469	226,411	22,942
Risk adjustment	+1%	272,690	204,716	(67,974)
Shift in discount rates	-1%	748,953	681,117	(67,836)

**4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies – continued**

**4.2. Key sources of estimation uncertainty policies – continued**

Insurance contract assets and liabilities and reinsurance contract assets and liabilities - continued

Change in assumption		2023		Profit or loss
		Net insurance contract liabilities	Net reinsurance contract assets	
		USD	USD	USD
Future loss ratio on unexpired risk	+5%	39,234	220,122	180,888
Risk adjustment	+1%	210,066	182,931	(27,135)
Shift in discount rates	-1%	491,153	640,566	149,414

A sensitivity analysis of exposure to insurance risk and its impact on profit or loss and equity is included in Note 5.

Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the Company considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Company uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as accident rates, average claim costs, probabilities of severe claims. The Company maximises the use of observable inputs for market variables and utilises internally generated group-specific data.

Method of estimating discount rates

In determining the discount rates to be applied, the Company has taken into consideration an allowance for the illiquidity premium adjustment. Estimating an illiquidity premium is a complex area that requires the exercise of significant judgement. This illiquidity adjustment reflects the fact that policyholders often either cannot terminate insurance contracts at all or can terminate them only subject to surrender penalties. Risk-free rates are often derived from the prices of highly-liquid traded bonds with no or negligible credit risk which often can be sold in the market at short notice without incurring costs. By contrast, insurance contract liabilities cannot generally be liquidated without incurring significant cost before contractual maturity, if at all.

As a result, the Company has utilised the risk-free-rate plus volatility adjustment as published by ILOPA, in order for the volatility adjustment to be considered as a proxy for the illiquidity premium.

The Company used the following yield curves to discount cash flows:

Discount Rates used	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
2024	4.55%	4.46%	4.43%	4.41%	4.39%	4.43%	4.42%	4.45%	4.43%	4.44%
2023	5.23%	4.53%	4.19%	4.04%	3.97%	3.93%	3.92%	3.91%	3.91%	3.92%

**4. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies – continued**

**4.2. Key sources of estimation uncertainty policies – continued**

Estimation of allocation rate for insurance finance income or expenses

The Company uses either the constant or crediting rate in the systematic allocation of insurance finance income or expenses.

The constant rate used in a period is calculated applying the formula which uses three variables: the estimate of future cash flows at the end of the reporting period (not discounted), the present value of future cash flows brought forward discounted by the constant rate used in the previous period, and the expected duration of the group contracts. In determining the constant rate, the Company estimates the expected insurance finance income or expenses over the remaining duration of the group that is partly implicit in the estimated cash flows.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion. The Company determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Company uses the Value at Risk method. The method requires the Company to generate a probability distribution for the present value of future cash flows based on underlying assumptions. Moreover, the Company has decided that the confidence level it considers appropriate to determine the Risk Adjustment at the 75<sup>th</sup> Percentile (2023: 75<sup>th</sup> Percentile)

Non-financial risk factors, also referred to as underwriting variables, are the key sources of estimation uncertainty, as they impact estimates of future cash flows and their associated probabilities, and affect the amount of projected capital required, which in turn impacts the overall amount of risk adjustment for non-financial risk.

Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

The Company allocates the asset for insurance acquisition cash flows to an associated group of contracts and to any future groups that include the contracts that are expected to arise from the renewals of the contracts in that group using a systematic and rational method. In doing so, the Company estimates the expected contracts to be included within a future group or the number of renewals that may arise from an original group when allocating the asset.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these Financial Statements which are difficult, subjective or complex to a degree that would warrant their description as critical in terms of IAS 1 *Presentation of Financial Statements* are the estimates of the ultimate liability arising from claims made under insurance/reinsurance contracts and the subsequent recoveries from reinsurers.

**4.3. Assessment of eligibility for PAA**

For new portfolios of business recognised during the year, the Company carried out its regular assessment of PAA Eligibility. The Company determined that CasualtyATE and CasualtyWI no longer satisfied the PAA Eligibility criteria:

## 5. Management of insurance and financial risk

The Company is a party to contracts that transfer insurance and/or financial risks. This section summarises these risks and the way that the Company manages them.

### 5.1 Insurance risk

#### 5.1.1 Insurance and Reinsurance contracts

The Company is an international specialty risks commercial insurer and reinsurer, underwriting a diverse portfolio of specialty lines. The Company has a worldwide portfolio of energy, property, general aviation, construction & engineering, ports & terminals, marine cargo, marine trades, contingency, political violence, financial institutions, general third-party liability (casualty), legal expenses, professional indemnity, D&O, marine liability and reinsurance treaty business.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on both a proportional and excess of loss basis. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The following tables show the concentration of net insurance contract liabilities by type of contract:

Insurance contracts issued	2024	2024	2023	2023
	USD	%	USD	%
Energy	7,542,145	22%	6,856,954	25%
Property	7,236,940	21%	5,964,297	22%
Marine & Aviation	3,687,227	11%	2,658,985	10%
Professional and Financial Lines	16,075,603	46%	11,579,297	43%
Other	17,636	0%	17,803	0%
	<b>34,559,551</b>	<b>100%</b>	<b>27,077,336</b>	<b>100%</b>

**5. Management of insurance and financial risk – continued**

**5.1 Insurance risk – continued**

**5.1.1 Insurance and Reinsurance contracts - continued**

Reinsurance contracts held	2024 USD	2024 %	2023 USD	2023 %
Energy	228,848	1%	1,193,474	6%
Property	4,444,874	15%	3,090,753	15%
Marine & Aviation	142,777	0%	120,567	1%
Professional and Financial Lines	438,635	1%	369,798	2%
Other	17,409	0%	17,648	0%
Bermuda Risk Transfer	24,110,252	83%	15,490,488	76%
	<b>29,382,795</b>	<b>100%</b>	<b>20,282,728</b>	<b>100%</b>

**5.1.2 Claims development table**

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

Gross Claims development table	2021 USD	2022 USD	2023 USD	2024 USD	Total USD
Estimates of undiscounted ultimate gross claims (gross of reinsurance, undiscounted, exclusive of other directly attributable costs)					
At end of the underwriting year	937,494	8,297,382	13,180,194	12,819,404	
One year later	721,179	13,517,132	11,377,255		
Two years later	388,087	14,350,800			
Three years later	172,656				
<b>Cumulative gross claims paid</b>	<b>110,877</b>	<b>5,921,233</b>	<b>4,832,290</b>	<b>764,428</b>	<b>11,628,828</b>
<b>Gross liabilities for accident years from 2021 – 2024</b>	<b>61,779</b>	<b>8,429,566</b>	<b>6,544,966</b>	<b>12,054,976</b>	<b>27,091,287</b>
<b>Gross liabilities for previous accident years</b>					<b>18,518</b>
Effect of discounting					(1,649,474)
Effect of risk adjustment					1,608,671
Allocation of fixed and variable overheads and other adjustments					177,584
<b>Gross liabilities for incurred claims</b>					<b>27,246,586</b>

## 5. Management of insurance and financial risk – continued

### 5.1 Insurance risk – continued

#### 5.1.2 Claims development table – continued

Net Claims development table	2021	2022	2023	2024	Total
	USD	USD	USD	USD	USD
Estimates of undiscounted ultimate net claims (net of reinsurance, undiscounted, exclusive of other directly attributable costs)					
At end of the underwriting year	195,085	1,749,834	2,658,543	2,783,628	
One year later	156,141	3,020,524	2,434,913		
Two years later	88,440	3,337,437			
Three years later	40,965				
Cumulative Net claims paid	61,640	1,913,889	1,166,724	409,970	3,552,224
<b>Net liabilities for accident years from 2021 – 2024</b>	(20,675)	1,423,547	1,268,189	2,373,658	5,044,719
<b>Net liabilities for previous accident years</b>					-
Effect of discounting					(92,611)
Effect of risk adjustment					297,065
Allocation of fixed and variable overheads and other adjustments					152,066
<b>Net liabilities for incurred claims</b>					<u>5,401,239</u>

### 5.2 Financial risk management

The key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its reinsurance risk.

The most important components of financial risk are market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

#### 5.2.1 Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Company continually monitors its cash and investments to ensure that the Company meets its liquidity requirements. The Company's asset allocation is designed to enable insurance liabilities to be met with current assets. All liabilities are non-interest bearing liabilities.

#### Maturity analysis for portfolios of insurance contracts issued and reinsurance contracts held

The table below presents a maturity analysis of the portfolios of insurance contracts and reinsurance contracts held based on the estimated timing of the remaining contractual undiscounted cash flows. The amounts presented below do not include those relating to LRC of insurance and reinsurance contracts that are measured under the PAA.

2024	Less than 1 year	2 years	3 years	4 years	5+ years
Reinsurance contract assets	1,750,915	(247,312)	(208,121)	(487,061)	(808,420)
Insurance contracts liabilities	214,716	(431,092)	(22,655)	21,128	217,902
	<b>1,965,631</b>	<b>(678,404)</b>	<b>(230,776)</b>	<b>(465,933)</b>	<b>(590,518)</b>

**5. Management of insurance and financial risk – continued**

**5.2 Financial risk management – continued**

**5.2.1 Liquidity risk – continued**

<b>2023</b>	<b>Less than 1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5+ years</b>
Reinsurance contract assets	(249,397)	1,644,442	(2,500)	(567,347)	(825,198)
Insurance contracts liabilities	46,567	(120,639)	908	13,307	59,857
	<b>(202,830)</b>	<b>1,523,803</b>	<b>(1,592)</b>	<b>(554,040)</b>	<b>(765,341)</b>

**5.2.2 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Company's contractual requirements.

The nature of the Company's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

**5.2.2.1 Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Company undertakes transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations.

The Company is mainly exposed to the Euro and GBP. Exposures to other currencies are considered to be immaterial. The following table details the Company's sensitivity to a 5% increase and decrease in the rate of exchange of the US Dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated insurance contracts issued and reinsurance contracts held and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or loss and equity where the relevant currency strengthens 5% against the US Dollar and the Company's exposure to the relevant currency is a net asset.

For a 5% strengthening of the US Dollar against the relevant currency, there would be a comparable impact on the profit or loss and equity, and the balances below would be negative.

**5. Management of insurance and financial risk – continued**

**5.2 Financial risk management – continued**

**5.2.2 Market risk – continued**

**5.2.2.1 Currency risk – continued**

The majority of the Company's insurance contracts measured under the General Measurement Model are in USD and therefore the Company has considered that the impact of a change in rates of exchange of the US Dollar against the relevant foreign currencies is immaterial to the CSM.

	<b>2024</b>	2023
	<b>USD</b>	USD
EUR	<b>289,280</b>	127,571
GBP	<b>(62,794)</b>	16,163

*Foreign exchange rate risk sensitivity analysis – financial instruments*

The following table details the Company's sensitivity to a 5% increase and decrease in the rate of exchange of the US Dollar against the relevant foreign currencies arising from monetary financial assets and liabilities. It includes the impact from financial assets shown separately with insurance contracts sensitivities in the table above. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where currency units strengthens 5% against the relevant currency. For a 5% weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity. The balances below would be negative.

<b>Impact to Profit or Loss</b>	<b>2024</b>	2023
	<b>USD</b>	USD
EUR	<b>434,767</b>	435,371
GBP	<b>31,239</b>	35,320

**5.2.2.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. Assets carrying variable rates expose the Company to cash flow interest rate risk. Assets carrying fixed rates expose the Company to fair value interest rate risk.

The Company is exposed to interest rate risk through its debt instruments held and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred. Other payables are expected to be settled within a year and therefore these liabilities are not directly sensitive to the level of market interest rates, as they are not discounted and are contractually non-interest bearing.

**5. Management of insurance and financial risk – continued**

**5.2 Financial risk management – continued**

**5.2.2 Market risk – continued**

**5.2.2.2 Interest rate risk – continued**

2024	Less than 1 year USD	1 - 2 years USD	2 - 5 years USD	Over 5 years USD	Total USD
<b>Fixed Interest Rates</b>					
Term deposits	185,748	-	-	-	185,748
Investments	1,245,115	13,609,492	4,249,011	6,209,619	25,313,237
<b>Variable Interest Rates</b>					
Cash and cash equivalents	8,422,195	-	-	-	8,422,195
	<b>9,853,058</b>	<b>13,609,492</b>	<b>4,249,011</b>	<b>6,209,619</b>	<b>33,921,180</b>
<hr/>					
2023	Less than 1 year USD	1 - 2 years USD	2 - 5 years USD	Over 5 years USD	Total USD
<b>Fixed Interest Rates</b>					
Term deposits	6,900,000	-	-	-	6,900,000
Investments	-	1,329,633	13,032,506	2,708,912	17,071,051
<b>Variable Interest Rates</b>					
Cash and cash equivalents	9,039,089	-	-	-	9,039,089
	<b>15,939,089</b>	<b>1,329,633</b>	<b>13,032,506</b>	<b>2,708,912</b>	<b>33,010,140</b>

**5.2.2.3 Price risk**

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

The Company is however exposed to price risk with respect to the financial assets held (debt instruments), which are measured at fair value.

An increase/ decrease of 10% in the market value of these debt instruments, with all other variables held constant, would result in a positive/negative impact of USD 2,531,324 (2023: USD1,707,105) on the Company's post-tax results and on equity.

**5. Management of insurance and financial risk – continued**

**5.2 Financial risk management – continued**

**5.2.3 Operational risks**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

**5.2.4 Credit risk**

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's board of directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.

It is the Company's responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Company's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. The table below sets out information regarding the Company's aggregated credit risk exposure with external credit ratings:

2024	Credit Rating				Carrying value USD
	AA	A	BBB+	Unrated	
Investments	30%	56%	14%	-	25,313,237
Term deposits	-	-	100%	-	185,748
Cash at bank	2%	92%	2%	4%	8,422,195
<b>2023</b>	<b>Credit Rating</b>				<b>Carrying value</b>
	AA	A	BBB+	Unrated	USD
Investments	28%	40%	32%	-	17,071,051
Term deposits	-	100%	-	-	6,900,000
Cash at bank	-	99%	1%	-	9,039,089

**5. Management of insurance and financial risk – continued**

**5.3 Capital risk**

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements in all jurisdictions where regulated activities are undertaken, to support its credit rating and to support its growth and strategic options. The Company is regulated by the Malta Financial Services Authority (MFSA) and sets the minimum capital requirements that the Company needs to hold.

Capital risk management

The Company's objectives when managing capitals are:

- to comply with the insurance capital requirements required by the Malta Financial Services Authority ('MFSA');
- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To align the profile of assets and liabilities, taking account of risks inherent in the business;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value;

The table below sets out the capital that is managed by the Company on a regulatory basis:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Total Equity as per Statement of Financial Position	<b>25,570,750</b>	22,854,480
Adjustments for Solvency II purposes	<b>(393,187)</b>	(122,825)
<b>Total Own Funds</b>	<b>25,177,563</b>	22,731,655

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders.

The Company is required to hold regulatory capital for its insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement (defined as "the required minimum margin") must be maintained at all times throughout the year. The Company monitors its capital level on a quarterly basis. Such reports are circulated to the Board and senior management. Any transactions that may potentially affect the Company's solvency position are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be good fit for the Company's risk profile. The Company has complied with all externally imposed capital requirements and internal assessment of capital. Refer to Note 25.

**6. Insurance revenue**

The following tables present an analysis of the insurance revenue recognised in the period:

	2024 USD	2023 USD
<b>Contracts not measured under the PAA model</b>		
<i>Amounts relating to changes in liabilities for remaining coverage</i>		
Expected incurred claims and other directly attributable expenses	789,187	332,523
Change in risk adjustment for non-financial risk for risk expired	31,463	15,896
CSM recognised for services provided	1,465,194	408,828
Experience adjustment - arising from premiums received in the period other than those that relate to future service	(963,083)	241,246
Recovery of insurance acquisition cash flows	824,068	279,388
<b>Insurance revenue for contracts not measured under the PAA</b>	<b>2,146,829</b>	<b>1,277,881</b>
<b>Insurance revenue for contracts measured under the PAA</b>	<b>25,487,370</b>	<b>28,422,905</b>
<b>Total insurance revenue</b>	<b>27,634,199</b>	<b>29,700,786</b>

**7. Insurance service expense**

The breakdown of insurance service expenses is presented below:

	2024 USD	2023 USD
Incurred claims and other directly attributable expenses	23,499,507	12,933,020
Changes that relate to past service – adjustment to the LIC	(12,229,035)	5,506,635
Changes that relate to future service – losses on onerous groups of contracts and reversal of such losses	67,865	5,783
Insurance acquisition cash flows amortisation and impairment	7,768,784	7,594,369
<b>Total insurance service expense</b>	<b>19,107,121</b>	<b>26,039,807</b>

**8. Income or expenses from reinsurance contracts held**

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

	2024 USD	2023 USD
Reinsurance expenses – contracts not measured under the PAA	(13,336,080)	(12,339,130)
Reinsurance expenses – contracts measured under the PAA	(3,537,804)	(3,065,696)
Incurred claims recovery	10,738,396	11,752,290
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(1,023,941)	2,159,935
<b>Net income / (expenses) from reinsurance contracts held</b>	<b>(7,159,429)</b>	<b>(1,492,601)</b>

**9. Analysis of insurance revenue for insurance contracts issued and CSM by transition method**

	<b>2024</b>	2023
	<b>USD</b>	<b>USD</b>
<b>Insurance contracts issued</b>		
<b>Insurance Revenue</b>	<b>2,146,829</b>	<b>1,277,882</b>
New contracts and contracts measured under the full retrospective approach at transition	2,146,829	1,277,882
<b>Closing CSM</b>	<b>1,770,365</b>	<b>593,915</b>
New contracts and contracts measured under the full retrospective approach at transition	1,770,365	593,915
<b>Reinsurance contracts held</b>		
<b>Closing CSM</b>	<b>(4,969,894)</b>	<b>(3,144,111)</b>
New contracts and contracts measured under the full retrospective approach at transition	(4,969,894)	(3,144,111)

**10. Expected recognition of the CSM remaining at the end of the reporting period in profit or loss**

The following table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss. The CSM recognition in this note has been calculated as the difference in the closing CSM values at end of each projection period.

	<b>Insurance Contracts USD</b>	<b>Reinsurance Held USD</b>
<b>2024</b>		
<b>Number of years until expected to be recognised</b>		
1	758,053	(3,880,067)
2	519,891	(553,044)
3	291,579	(315,968)
4	81,867	(81,286)
5	53,517	(61,960)
6 – 10	65,459	(77,568)
> 10 years	-	-
<b>Total CSM for insurance contracts</b>	<b>1,770,366</b>	<b>(4,969,893)</b>
<b>2023</b>		
<b>Number of years until expected to be recognised</b>		
1	253,956	(2,349,660)
2	162,041	(372,882)
3	92,518	(211,060)
4	39,592	(56,793)
5	8,392	(44,500)
6 – 10	37,251	(104,943)
> 10 years	165	(4,273)
<b>Total CSM for insurance contracts</b>	<b>593,915</b>	<b>(3,144,111)</b>

**11. Total investment income and insurance finance income / (expenses)**

The tables below present an analysis of net investment income and net insurance finance income / (expenses) recognised in profit or loss and OCI in the period:

	<b>2024</b>	2023
	<b>USD</b>	USD
<i>Investment income/expenses on underlying assets</i>		
Interest revenue from financial instruments not measured at FVTPL	<b>1,328,856</b>	1,104,458
Other expenses	<b>(3,449)</b>	(441)
Total investment income on underlying assets recognised in P&L	<b>1,325,407</b>	1,104,017
Total investment income on underlying assets recognised in OCI	<b>(228,964)</b>	332,216
<b>Total net investment income</b>	<b>1,096,443</b>	1,436,233
<hr/>		
<i>Insurance finance income / (expenses) from insurance contracts issued</i>		
Interest accreted	<b>(768,060)</b>	(411,731)
Effect of changes in interest rates and other financial assumptions	<b>(283,191)</b>	(180,992)
Foreign exchange income / (expenses)	<b>3,618,948</b>	(1,271,910)
<b>Insurance finance income / (expenses) from insurance contracts issued</b>	<b>2,567,697</b>	(1,864,633)
<hr/>		
<i>Finance income / (expenses) from reinsurance contracts held</i>		
Interest accreted	<b>996,904</b>	403,181
Effect of changes in interest rates and other financial assumptions	<b>(687,641)</b>	293,848
Foreign exchange income / (expenses)	<b>(286,362)</b>	38,181
<b>Total finance income / (expenses) from reinsurance contracts held recognised in P&amp;L</b>	<b>22,901</b>	735,210
<hr/>		
<b>Net insurance finance income or expenses</b>	<b>3,687,041</b>	306,810

**12. Portfolios of insurance and reinsurance contract assets and liabilities**

The tables below set out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the end of the reporting date:

	2024 USD	2023 USD
Insurance contract assets	-	-
Insurance contract liabilities	<b>34,559,551</b>	27,077,336
<b>Net</b>	<b>34,559,551</b>	27,077,336
<hr/>		
Reinsurance contract assets	<b>(29,467,293)</b>	(20,297,985)
Reinsurance contract liabilities	<b>84,498</b>	15,257
<b>Net</b>	<b>(29,382,795)</b>	(20,282,728)

**13. Insurance contract assets and liabilities**

*13.1 Insurance contracts recognised in period*

The below table provides an analysis of insurance contracts initially recognised in the period:

	Contracts issued		Total
	Non-onerous contracts USD	Onerous Contracts USD	USD
<i>Estimates of present value of future cash outflows</i>			
Claims and other directly attributable expenses	4,695,055	-	<b>4,695,055</b>
Insurance acquisition cash flows	3,253,136	-	<b>3,253,136</b>
<i>Estimates of present value of future cash inflows</i>			
Risk adjustment for non-financial risk	(9,968,941)	-	<b>(9,968,941)</b>
CSM	183,744	-	<b>183,744</b>
CSM	1,837,006	-	<b>1,837,006</b>
<b>Increase in contract liabilities from contracts recognised in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<hr/>			
	Non-onerous contracts USD	Onerous Contracts USD	USD
<i>Estimates of present value of future cash outflows</i>			
Claims and other directly attributable expenses	1,059,151	-	<b>1,059,151</b>
Insurance acquisition cash flows	497,019	-	<b>497,019</b>
<i>Estimates of present value of future cash inflows</i>			
Risk adjustment for non-financial risk	(1,974,659)	-	<b>(1,974,659)</b>
CSM	29,620	-	<b>29,620</b>
CSM	388,869	-	<b>388,869</b>
<b>Increase in contract liabilities from contracts recognised in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>

13. **Insurance contract assets and liabilities – continued**

13.2 *Reconciliation of changes in insurance contracts by remaining coverage and incurred claims*

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

2024	Liability for remaining coverage		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	USD	USD	USD	USD	USD	USD
Insurance contracts that are liabilities at beginning of period	4,744,611	58,840	348,176	20,372,868	1,552,841	27,077,336
Insurance contracts that are assets at beginning of period	-	-	-	-	-	-
<b>Insurance contracts liabilities (assets) at beginning of period</b>	<b>4,744,611</b>	<b>58,840</b>	<b>348,176</b>	<b>20,372,868</b>	<b>1,552,841</b>	<b>27,077,336</b>
<b>Insurance revenue</b>	<b>(27,634,199)</b>	-	-	-	-	<b>(27,634,199)</b>
Incurred claims and other directly attributable expenses	-	(5,519)	1,117,388	21,516,874	870,764	23,499,507
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(299,457)	(10,983,878)	(945,700)	(12,229,035)
Losses on onerous contracts and reversals of those losses	-	67,865	-	-	-	67,865
Insurance acquisition cash flows amortisations	7,768,784	-	-	-	-	7,768,784
<b>Insurance service expenses</b>	<b>7,768,784</b>	<b>62,346</b>	<b>817,931</b>	<b>10,532,996</b>	<b>(74,936)</b>	<b>19,107,121</b>
<b>Insurance service result</b>	<b>(19,865,415)</b>	<b>62,346</b>	<b>817,931</b>	<b>10,532,996</b>	<b>(74,936)</b>	<b>(8,527,078)</b>
Finance expense (income) from insurance contracts issued recognised	(3,554,092)	3,690	23,109	781,431	70,228	(2,675,634)
<b>Total amounts recognised in Profit or Loss</b>	<b>(23,419,507)</b>	<b>66,036</b>	<b>841,040</b>	<b>11,314,427</b>	<b>(4,708)</b>	<b>(11,202,712)</b>
<b>Cash Flows</b>						
Premium received	32,772,343	-	-	-	-	32,772,343
Claims and other directly attributable expenses paid	-	-	(200,379)	(6,977,510)	-	(7,177,889)
Insurance acquisition cash flows	(10,633,814)	-	-	-	-	(10,633,814)
Presentation currency impact on cashflows	(3,074,284)	-	-	-	-	(3,074,284)
<b>Total cash flows</b>	<b>19,064,245</b>	<b>-</b>	<b>(200,379)</b>	<b>(6,977,510)</b>	<b>-</b>	<b>11,886,356</b>
Presentational currency fx adjustment	6,798,740	-	(169)	-	-	6,798,571
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>7,188,089</b>	<b>124,876</b>	<b>988,668</b>	<b>24,709,785</b>	<b>1,548,133</b>	<b>34,559,551</b>
Insurance contracts that are liabilities at end of period	7,188,089	124,876	988,668	24,709,785	1,548,133	34,559,551
Insurance contracts that are assets at end of period	-	-	-	-	-	-
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>7,188,089</b>	<b>124,876</b>	<b>988,668</b>	<b>24,709,785</b>	<b>1,548,133</b>	<b>34,559,551</b>

**13. Insurance contract assets and liabilities – continued**

*13.2 Reconciliation of changes in insurance contracts by remaining coverage and incurred claims - continued*

2023	Liability for remaining coverage		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	USD	USD		USD	USD	
Insurance contracts that are liabilities at beginning of period	1,448,619	55,899	242,823	7,322,656	503,831	9,573,828
Insurance contracts that are assets at beginning of period	-	-	-	-	-	-
<b>Insurance contracts liabilities (assets) at beginning of period</b>	<b>1,448,619</b>	<b>55,899</b>	<b>242,823</b>	<b>7,322,656</b>	<b>503,831</b>	<b>9,573,828</b>
<b>Insurance revenue</b>	<b>(29,700,786)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,700,786)</b>
Incurred claims and other directly attributable expenses	-	(6,682)	267,502	11,896,409	775,791	12,933,020
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(135,590)	5,408,615	233,610	5,506,635
Losses on onerous contracts and reversals of those losses	-	5,783	-	-	-	5,783
Insurance acquisition cash flows amortisations	7,594,369	-	-	-	-	7,594,369
<b>Insurance service expenses</b>	<b>7,594,369</b>	<b>(899)</b>	<b>131,912</b>	<b>17,305,024</b>	<b>1,009,401</b>	<b>26,039,807</b>
<b>Insurance service result</b>	<b>(22,106,417)</b>	<b>(899)</b>	<b>131,912</b>	<b>17,305,024</b>	<b>1,009,401</b>	<b>(3,660,979)</b>
Finance expense (income) from insurance contracts issued recognised	(1,198,681)	3,840	17,760	458,284	39,609	(679,188)
<b>Total amounts recognised in Profit or Loss</b>	<b>(23,305,098)</b>	<b>2,941</b>	<b>149,672</b>	<b>17,763,308</b>	<b>1,049,010</b>	<b>(4,340,167)</b>
<b>Cash Flows</b>						
Premium received	30,866,084	-	-	-	-	30,866,084
Claims and other directly attributable expenses paid	-	-	(44,517)	(4,713,096)	-	(4,757,613)
Insurance acquisition cash flows	(5,537,608)	-	-	-	-	(5,537,608)
Presentation currency impact on cashflows	(1,219,986)	-	-	-	-	(1,219,986)
<b>Total cash flows</b>	<b>24,108,490</b>	<b>-</b>	<b>(44,517)</b>	<b>(4,713,096)</b>	<b>-</b>	<b>19,350,877</b>
Presentational currency fx adjustment	2,492,600	-	198	-	-	2,492,798
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>4,744,611</b>	<b>58,840</b>	<b>348,176</b>	<b>20,372,868</b>	<b>1,552,841</b>	<b>27,077,336</b>
Insurance contracts that are liabilities at end of period	4,744,611	58,840	348,176	20,372,868	1,552,841	27,077,336
Insurance contracts that are assets at end of period	-	-	-	-	-	-
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>4,744,611</b>	<b>58,840</b>	<b>348,176</b>	<b>20,372,868</b>	<b>1,552,841</b>	<b>27,077,336</b>

**13. Insurance contract assets and liabilities – continued**

**13.3 Reconciliation of measurement component of insurance contract balances**

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

2024	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	USD	USD	USD	USD
Insurance contracts that are liabilities at beginning of period	228,456	44,457	593,915	866,828
Insurance contracts that are assets at beginning of period	-	-	-	-
<b>Insurance contracts liabilities (assets) at beginning of period</b>	<b>228,456</b>	<b>44,457</b>	<b>593,915</b>	<b>866,828</b>
<b>Changes that relate to current service</b>				
CSM recognised for services provided	-	-	(1,465,193)	(1,465,193)
Change in risk adjustment for non-financial risk for risk expired	-	22,735	-	22,735
Experience adjustments	1,047,643	-	-	1,047,643
	<b>1,047,643</b>	<b>22,735</b>	<b>(1,465,193)</b>	<b>(394,815)</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(455,953)	60,105	395,667	(181)
Changes in estimates that result in losses and reversals of losses on onerous contracts	63,075	4,790	-	67,865
Contracts initially recognised in the year	(2,020,750)	183,744	1,837,006	-
Experience adjustment - arising from premiums received in the period that relate to future service	(360,920)	-	361,100	180
	<b>(2,774,548)</b>	<b>248,639</b>	<b>2,593,773</b>	<b>67,864</b>
<b>Changes that relate to past service</b>				
Changes in the FCF relating to the LIC	(298,705)	(751)	-	(299,456)
Experience adjustment-arising from premium received in the period that relate to past service	-	-	-	-
	<b>(298,705)</b>	<b>(751)</b>	<b>-</b>	<b>(299,456)</b>
<b>Insurance service result</b>	<b>(2,025,610)</b>	<b>270,623</b>	<b>1,128,580</b>	<b>(626,407)</b>
Insurance finance income or expenses from insurance contracts recognised in profit or loss	458,374	9,956	47,870	516,200
<b>Total amounts recognised in the statement of profit or loss and OCI</b>	<b>(1,567,236)</b>	<b>280,579</b>	<b>1,176,450</b>	<b>(110,207)</b>
<b>Cash flows</b>				
Premiums received	4,969,266	-	-	4,969,266
Claims and other directly attributable expenses	(200,379)	-	-	(200,379)
Insurance acquisition cash flows	(1,427,927)	-	-	(1,427,927)
Presentation currency impact on cashflows	260,210	-	-	260,210
<b>Total cash flows</b>	<b>3,601,170</b>	<b>-</b>	<b>-</b>	<b>3,601,170</b>
Presentational currency fx adjustment	(2,561)	(36)	-	(2,597)
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>2,259,829</b>	<b>325,000</b>	<b>1,770,365</b>	<b>4,355,194</b>
Insurance contracts that are liabilities at end of period	1,683,010	325,000	1,770,365	3,778,375
Insurance contracts that are assets at end of period	576,819	-	-	576,819
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>2,259,829</b>	<b>325,000</b>	<b>1,770,365</b>	<b>4,355,194</b>

**13. Insurance contract assets and liabilities – continued**

**13.3 Reconciliation of measurement component of insurance contract balances – continued**

2023	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	USD	USD	USD	USD
Insurance contracts that are liabilities at beginning of period	517,968	65,817	68,639	652,424
Insurance contracts that are assets at beginning of period	-	-	-	-
<b>Insurance contracts liabilities (assets) at beginning of period</b>	<b>517,968</b>	<b>65,817</b>	<b>68,639</b>	<b>652,424</b>
<b>Changes that relate to current service</b>				
CSM recognised for services provided	-	-	(408,828)	(408,828)
Change in risk adjustment for non-financial risk for risk expired	-	(11,100)	-	(11,100)
Experience adjustments	(314,135)	-	-	(314,135)
	<b>(314,135)</b>	<b>(11,100)</b>	<b>(408,828)</b>	<b>(734,063)</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	146,230	(27,670)	(120,720)	(2,160)
Changes in estimates that result in losses and reversals of losses on onerous contracts	6,741	(959)	-	5,782
Contracts initially recognised in the year	(418,490)	29,621	388,869	-
Experience adjustment - arising from premiums received in the period that relate to future service	(641,205)	-	643,366	2,161
	<b>(906,724)</b>	<b>992</b>	<b>911,515</b>	<b>5,783</b>
<b>Changes that relate to past service</b>				
Changes in the FCF relating to the LIC	(117,819)	(17,770)	-	(135,589)
Experience adjustment-arising from premium received in the period that relate to past service	-	-	-	-
	<b>(117,819)</b>	<b>(17,770)</b>	<b>-</b>	<b>(135,589)</b>
<b>Insurance service result</b>	<b>(1,338,678)</b>	<b>(27,878)</b>	<b>502,687</b>	<b>(863,869)</b>
Insurance finance income or expenses from insurance contracts recognised in profit or loss	(38,016)	6,291	22,589	(9,136)
<b>Total amounts recognised in the statement of profit or loss and OCI</b>	<b>(1,376,694)</b>	<b>(21,587)</b>	<b>525,276</b>	<b>(873,005)</b>
<b>Cash flows</b>				
Premiums received	1,266,361	-	-	1,266,361
Claims and other directly attributable expenses	(44,517)	-	-	(44,517)
Insurance acquisition cash flows	(239,303)	-	-	(239,303)
Presentation currency impact on cashflows	(68,527)	-	-	(68,527)
<b>Total cash flows</b>	<b>914,014</b>	<b>-</b>	<b>-</b>	<b>914,014</b>
Presentation currency fx adjustment	173,168	227	-	173,395
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>228,456</b>	<b>44,457</b>	<b>593,915</b>	<b>866,828</b>
Insurance contracts that are liabilities at end of period	228,456	44,457	593,915	866,828
Insurance contracts that are assets at end of period	-	-	-	-
<b>Insurance contracts liabilities (assets) at end of period</b>	<b>228,456</b>	<b>44,457</b>	<b>593,915</b>	<b>866,828</b>

**13. Insurance contract assets and liabilities – continued**

13.4 *Insurance revenue and the CSM by transition method*

The CSM is all measured under the full retrospective approach at transition

	<b>2024</b>	2023
	<b>USD</b>	<b>USD</b>
<b>Insurance revenue</b>	<b>(2,146,829)</b>	(1,277,882)
<b>Opening CSM</b>	<b>593,915</b>	68,639
<b>Changes that relate to current service</b>		
CSM recognised for the services provided	<b>(1,465,193)</b>	(408,828)
<b>Changes that relate to future service</b>		
Changes in estimates that adjust the CSM	<b>395,667</b>	(120,720)
Contracts initially recognised in the period	<b>1,837,006</b>	388,869
Experience adjustments- arising from premium received in the period that relates to future service	<b>361,100</b>	643,366
	<b>2,593,773</b>	911,515
Finance expenses from insurance contracts issued	<b>47,870</b>	22,589
Presentational currency fx adjustment	-	-
<b>Total amounts recognised in profit or loss</b>	<b>1,176,450</b>	525,276
Transfer to Policyholder	-	-
<b>Closing CSM</b>	<b>1,770,365</b>	593,915

**14 Reinsurance Contracts Assets / Liabilities held**

14.1 *Impact of reinsurance contracts held recognised in the year*

The following table provides an analysis of the reinsurance contracts initially recognised in the period:

2024	Contracts issued		Total USD
	Contracts Originated not in a net gain USD	Contracts Originated in a net gain USD	
Estimates of present value of future cash inflows	11,593,426	-	11,593,426
Estimates of present value of future cash outflows	(19,687,931)	-	(19,687,931)
Risk adjustment for non-financial risk	611,067	-	611,067
Other pre-recognition cash flows derecognised	-	-	-
CSM	-	-	-
<b>Increase in reinsurance contract assets from contracts recognised in the period</b>	<b>(7,483,438)</b>	<b>-</b>	<b>(7,483,438)</b>

2023	Contracts issued		Total USD
	Contracts Originated not in a net gain USD	Contracts Originated in a net gain USD	
Estimates of present value of future cash inflows	7,841,378	-	7,841,378
Estimates of present value of future cash outflows	(13,996,170)	-	(13,996,170)
Risk adjustment for non-financial risk	468,184	-	468,184
Other pre-recognition cash flows derecognised	-	-	-
CSM	-	-	-
<b>Increase in reinsurance contract assets from contracts recognised in the period</b>	<b>(5,686,608)</b>	<b>-</b>	<b>(5,686,608)</b>

**14 Reinsurance Contracts Assets / Liabilities held – continued**

**14.2 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims**

2024	Liability for remaining coverage		Incurred claims for contracts not under the PAA	Incurred claims for contracts under the PAA		Total
	Excluding loss-recovery component	Loss-recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	USD	USD	USD	USD	USD	USD
Reinsurance contracts held that are liabilities at beginning of period	(24,798)	-	-	8,731	810	(15,257)
Reinsurance contracts held that are assets at beginning of period	1,196,000	-	15,889,930	2,919,713	292,342	20,297,985
<b>Reinsurance contracts held assets (liabilities) at beginning of period</b>	<b>1,171,202</b>	<b>-</b>	<b>15,889,930</b>	<b>2,928,444</b>	<b>293,152</b>	<b>20,282,728</b>
Reinsurance expenses	(16,873,884)	-	-	-	-	(16,873,884)
Incurred claims recovery	-	-	6,681,561	3,863,890	192,945	10,738,396
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	1,889,520	(2,647,261)	(266,200)	(1,023,941)
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(16,873,884)</b>	<b>-</b>	<b>8,571,081</b>	<b>1,216,629</b>	<b>(73,255)</b>	<b>(7,159,429)</b>
Finance income from reinsurance contracts held	31,992	-	162,451	(543)	(235)	193,665
<b>Total amounts recognised in Profit or Loss</b>	<b>(16,841,892)</b>	<b>-</b>	<b>8,733,532</b>	<b>1,216,086</b>	<b>(73,490)</b>	<b>(6,965,764)</b>
<b>Cash Flows</b>						
Premiums paid net of ceding commissions and other directly attributable expenses	23,092,540	-	-	-	-	23,092,540
Recoveries from reinsurance	-	-	(6,004,135)	(967,409)	-	(6,971,544)
Presentation currency impact on cashflows	(103,352)	-	-	-	-	(103,352)
<b>Total cash flows</b>	<b>22,989,188</b>	<b>-</b>	<b>(6,004,135)</b>	<b>(1,115,389)</b>	<b>-</b>	<b>16,017,644</b>
Presentation currency fx adjustment	218,950	-	-	-	-	218,949
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>7,537,448</b>	<b>-</b>	<b>18,619,327</b>	<b>3,029,141</b>	<b>196,879</b>	<b>29,382,795</b>
Reinsurance contracts held that are liabilities at end of period	(124,158)	-	-	39,052	608	(84,498)
Reinsurance contracts held that are assets at end of period	7,661,606	-	18,619,327	2,990,089	196,271	29,467,293
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>7,537,448</b>	<b>-</b>	<b>18,619,327</b>	<b>3,029,141</b>	<b>196,879</b>	<b>29,382,795</b>

**14. Reinsurance Contracts Assets / Liabilities held – continued**

*14.2 Reconciliation of changes in reinsurance contracts held by remaining coverage and incurred claims – continued*

2023	Liability for remaining coverage		Incurred claims for contracts not under the PAA	Incurred claims for contracts under the PAA		Total
	Excluding loss-recovery component	Loss-recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	USD	USD	USD	USD	USD	USD
Reinsurance contracts held that are liabilities at beginning of period	(57,424)	-	-	28,828	228	(28,368)
Reinsurance contracts held that are assets at beginning of period	(3,988,069)	-	5,057,075	1,180,801	113,545	2,363,352
<b>Reinsurance contracts held assets (liabilities) at beginning of period</b>	<b>(4,045,493)</b>	<b>-</b>	<b>5,057,075</b>	<b>1,209,629</b>	<b>113,773</b>	<b>2,334,984</b>
Reinsurance expenses	(15,404,827)	-	-	-	-	(15,404,827)
Incurred claims recovery	-	-	9,521,240	2,056,355	174,695	11,752,290
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	2,520,220	(356,188)	(4,097)	2,159,935
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(15,404,827)</b>	<b>-</b>	<b>12,041,460</b>	<b>1,700,167</b>	<b>170,598</b>	<b>(1,492,602)</b>
Finance income from reinsurance contracts held	158,374	-	483,934	84,121	8,781	735,210
<b>Total amounts recognised in Profit or Loss</b>	<b>(15,246,453)</b>	<b>-</b>	<b>12,525,394</b>	<b>1,784,288</b>	<b>179,379</b>	<b>(757,392)</b>
<b>Cash Flows</b>						
Premiums paid net of ceding commissions and other directly attributable expenses	20,491,739	-	-	-	-	20,491,739
Recoveries from reinsurance	-	-	(1,692,533)	(65,473)	-	(1,758,006)
Presentation currency impact on cashflows	41,072	-	-	-	-	41,072
<b>Total cash flows</b>	<b>20,532,811</b>	<b>-</b>	<b>(1,692,533)</b>	<b>(65,473)</b>	<b>-</b>	<b>18,774,805</b>
Presentation currency fx adjustment	(69,663)	-	(6)	-	-	(69,669)
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>1,171,202</b>	<b>-</b>	<b>15,889,930</b>	<b>2,928,444</b>	<b>293,152</b>	<b>20,282,728</b>
Reinsurance contracts held that are liabilities at end of period	(24,798)	-	-	8,731	810	(15,257)
Reinsurance contracts held that are assets at end of period	1,196,000	-	15,889,930	2,919,713	292,342	20,297,985
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>1,171,201</b>	<b>-</b>	<b>15,889,930</b>	<b>2,928,444</b>	<b>293,152</b>	<b>20,282,728</b>

**14. Reinsurance Contracts Assets / Liabilities held – continued**

**14.3 Reconciliation of measurement component of reinsurance contract balances**

2024	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	CSM USD	Total USD
Reinsurance contracts held that are liabilities at beginning of period	-	-	-	-
Reinsurance contracts held that are assets at beginning of period	11,075,200	1,371,976	3,144,111	15,591,287
<b>Reinsurance contracts held assets (liabilities) at beginning of period</b>	<b>11,075,200</b>	<b>1,371,976</b>	<b>3,144,111</b>	<b>15,591,287</b>
<b>Changes that relate to current service</b>				
CSM recognised for services provided	-	-	(5,383,632)	(5,383,632)
Change in risk adjustment for non-financial risk for risk expired	-	(124,539)	-	(124,539)
Experience adjustments	(3,852,808)	-	-	(3,852,808)
	<b>(3,852,808)</b>	<b>(124,539)</b>	<b>(5,383,632)</b>	<b>(9,360,979)</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(650,052)	747	662,906	13,601
Contracts initially recognised in period	(8,094,505)	611,067	7,483,438	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	1,216,948	-	(1,230,549)	(13,601)
	<b>(7,527,609)</b>	<b>611,814</b>	<b>6,915,795</b>	<b>-</b>
<b>Changes that relate to past service</b>				
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	2,267,989	(378,468)	-	1,889,521
'Experience adjustments – arising from ceded premiums paid in the period that relate to past service	2,706,459	-	-	2,706,459
	<b>4,974,448</b>	<b>(378,468)</b>	<b>-</b>	<b>4,595,980</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(6,405,969)</b>	<b>108,807</b>	<b>1,532,163</b>	<b>(4,764,999)</b>
Insurance finance income or expenses from insurance contracts recognised in profit or loss	305,073	27,957	293,619	626,649
<b>Total amounts recognised in the statement of profit or loss and OCI</b>	<b>(6,100,896)</b>	<b>136,764</b>	<b>1,825,782</b>	<b>(4,138,350)</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses	18,980,266	-	-	18,980,266
Recoveries from reinsurance	(6,004,135)	-	-	(6,004,135)
Presentation currency impact on cashflows	260,210	-	-	260,210
<b>Total cash flows</b>	<b>13,236,341</b>	<b>-</b>	<b>-</b>	<b>13,236,341</b>
Presentation currency fx adjustment	(576,819)	-	-	(576,819)
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>17,633,826</b>	<b>1,508,740</b>	<b>4,969,893</b>	<b>24,112,459</b>
Reinsurance contracts held that are liabilities at end of period	17,633,826	1,508,740	4,969,893	24,112,459
Reinsurance contracts held that are assets at end of period	17,633,826	1,508,740	4,969,893	24,112,459
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>17,633,826</b>	<b>1,508,740</b>	<b>4,969,893</b>	<b>24,112,459</b>

**14. Reinsurance Contracts Assets / Liabilities held – continued**

**14.3 Reconciliation of measurement component of reinsurance contract balances – continued**

2023	Present value of future cash flows USD	Risk adjustment for non-financial risk USD	CSM USD	Total USD
Reinsurance contracts held that are liabilities at beginning of period	-	-	-	-
Reinsurance contracts held that are assets at beginning of period	(1,811,887)	557,918	1,589,139	335,170
<b>Reinsurance contracts held assets (liabilities) at beginning of period</b>	<b>(1,811,887)</b>	<b>557,918</b>	<b>1,589,139</b>	<b>335,170</b>
<b>Changes that relate to current service</b>				
CSM recognised for services provided	-	-	(3,659,708)	(3,659,708)
Change in risk adjustment for non-financial risk for risk expired	-	55,274	-	55,274
Experience adjustments	2,553,590	-	-	2,553,590
	<b>2,553,590</b>	<b>55,274</b>	<b>(3,659,708)</b>	<b>(1,050,844)</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	923,748	93,537	(1,018,620)	(1,335)
Contracts initially recognised in period	(6,154,792)	468,184	5,686,608	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	(396,637)	-	397,972	1,335
	<b>(5,627,681)</b>	<b>561,721</b>	<b>5,065,960</b>	<b>-</b>
<b>Changes that relate to past service</b>				
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	2,389,173	131,047	-	2,520,220
'Experience adjustments – arising from ceded premiums paid in the period that relate to past service	(1,767,046)	-	-	(1,767,046)
	<b>622,127</b>	<b>131,047</b>	<b>-</b>	<b>753,174</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(2,451,964)</b>	<b>748,042</b>	<b>1,406,252</b>	<b>(297,670)</b>
Insurance finance income or expenses from insurance contracts recognised in profit or loss	286,498	64,944	148,720	500,162
<b>Total amounts recognised in the statement of profit or loss and OCI</b>	<b>(2,165,466)</b>	<b>812,986</b>	<b>1,554,972</b>	<b>202,492</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses	16,632,227	-	-	16,632,227
Recoveries from reinsurance	(1,692,533)	-	-	(1,692,533)
Presentation currency impact on cashflows	(68,527)	-	-	(68,527)
<b>Total cash flows</b>	<b>14,871,167</b>	<b>-</b>	<b>-</b>	<b>14,871,167</b>
Presentation currency fx adjustment	181,386	1,072	-	182,458
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>11,075,200</b>	<b>1,371,976</b>	<b>3,144,111</b>	<b>15,591,287</b>
Reinsurance contracts held that are liabilities at end of period	-	-	-	-
Reinsurance contracts held that are assets at end of period	11,075,200	1,371,976	3,144,111	15,591,287
<b>Reinsurance contracts held assets (liabilities) at end of period</b>	<b>11,075,200</b>	<b>1,371,976</b>	<b>3,144,111</b>	<b>15,591,287</b>

**14. Reinsurance Contracts assets / Liabilities held – continued**

14.4 *CSM by transition method*

The CSM is all measured under the full retrospective approach at transition

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Opening CSM</b>	<b>3,144,111</b>	1,589,140
<b>Changes that relate to current service</b>		
CSM recognised for the services provided	<b>(5,383,632)</b>	(3,659,708)
<b>Changes that relate to future service</b>		
Changes in estimates that adjust the CSM	<b>662,906</b>	(1,018,620)
Contracts initially recognised in the period	<b>7,483,438</b>	5,686,608
Experience adjustments- arising from ceded premium paid in the period that relates to future service	<b>(1,230,549)</b>	397,972
	<b>6,915,795</b>	5,065,960
Finance income from insurance contracts issued	<b>293,619</b>	148,719
<b>Total amounts recognised in profit or loss</b>	<b>1,825,782</b>	1,554,971
<b>Closing CSM</b>	<b>4,969,893</b>	3,144,111

**15. General and administrative expenses**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Professional fees	<b>790,584</b>	806,667
Employee benefit expenses (Note 16)	<b>860,697</b>	726,914
Directors' remuneration	<b>359,560</b>	249,218

Total remuneration payable to the Company's auditors and other network firms for the statutory audit of the Company's financial statements amounting to USD52,293 (2023: USD75,691) and Solvency II audit amounting to USD21,707 (2023: USD18,382).

**16. Employee benefit expenses**

	2024 USD	2023 USD
Wages and salaries	767,648	511,844
Social security	49,997	160,058
Other staff costs	43,052	55,012
	860,697	726,914

The average number of persons employed during the year was:

	2024	2023
Director	2	2
Managerial	3	2
Administrative	8	7
	13	11

**17. Income tax**

	2024 USD	2023 USD
Deferred tax expense / (credit)	(60,916)	676,789

The Company's tax expense differs from its theoretical tax charge compiled at a rate of 35% as follows:

	2024 USD	2023 USD
Profit before taxation	2,884,318	1,924,799
Notional Interest Deduction	(2,994,536)	-
Chargeable income for the year	(110,218)	1,924,799
Tax credit / (charge) at 35%	(38,576)	673,680
<i>Adjusted for tax effect of:</i>		
Other timing differences	(22,340)	3,109
Deferred tax expense / (credit)	(60,916)	676,789

**18. Property, Plant and Equipment**

	<b>Computers</b>	<b>Office Furniture</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>2023</b>			
<i>Gross book value</i> at 1 January 2023	27,936	-	27,936
Additions during the year	8,745	25,138	33,883
Disposal during the year	-	-	-
<i>Gross book value</i> at 31 December 2023	<u>36,681</u>	<u>25,138</u>	<u>61,819</u>
Accumulated depreciation at 1 January 2023	8,351	-	8,351
Depreciation Charge for year	8,117	821	8,938
Accumulated depreciation at 31 December 2023	<u>16,468</u>	<u>821</u>	<u>17,289</u>
<b>Net Book Value at 31 December 2023</b>	<b><u>20,213</u></b>	<b><u>24,317</u></b>	<b><u>44,530</u></b>
<b>2024</b>			
<i>Gross book value</i> at 1 January 2024	36,681	25,138	61,819
Additions during the year	9,995	916	10,911
Disposal during the year	(3,089)	-	(3,089)
<i>Gross book value</i> at 31 December 2024	<u>43,587</u>	<u>26,054</u>	<u>69,641</u>
Accumulated depreciation at 1 January 2024	16,468	821	17,289
Depreciation Charge for year	10,092	5,186	15,278
Disposal during the year	(3,089)	-	(3,089)
Accumulated depreciation at 31 December 2024	<u>23,471</u>	<u>6,007</u>	<u>29,478</u>
<b>Net Book Value at 31 December 2024</b>	<b><u>20,116</u></b>	<b><u>20,047</u></b>	<b><u>40,163</u></b>

Depreciation cost is included in administrative expenses.

**19. Right-of-use asset**

	<b>USD</b>
<b>2023</b>	
<i>Cost</i> at 1 January 2023	-
Additions during the year	405,756
<i>Cost</i> at 31 December 2023	<u>405,756</u>
Accumulated depreciation at 1 January 2023	-
Depreciation Charge for year	8,404
Accumulated depreciation at 31 December 2023	<u>8,404</u>
<b>Carrying Amount at 31 December 2023</b>	<b><u>397,532</u></b>
<b>2024</b>	
<i>Cost</i> at 1 January 2024	405,756
Additions during the year	-
<i>Cost</i> at 31 December 2024	<u>405,756</u>
Accumulated depreciation at 1 January 2024	8,404
Depreciation Charge for year	54,305
Accumulated depreciation at 31 December 2024	<u>62,709</u>
<b>Carrying Amount at 31 December 2024</b>	<b><u>343,047</u></b>

## 20. Investments in Financial assets

The movements in the investments for the period are summarised as follows:

	2024 USD	2023 USD
Fair value balance as at 1 January	17,071,051	-
Additions during the year	8,464,911	16,738,835
Proceeds on disposal	6,239	-
Fair value adjustment	(228,964)	332,216
<b>Fair value balance as at 31 December</b>	<b>25,313,237</b>	<b>17,071,051</b>

The investments consist of fixed income securities and are measured at fair value through other comprehensive income.

### Determination of fair value and fair values hierarchy

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>2024</b>				
Fixed income securities	25,313,237	-	-	25,313,237
<b>2023</b>				
Fixed income securities	17,071,051	-	-	17,071,051

**21. Deferred tax asset**

	<b>2024</b>	2023
	<b>USD</b>	USD
Opening balance	265,830	942,619
Deferred tax credit/(expense) recognised in profit and loss (Note 17)	60,916	(676,789)
Current tax charge	116,454	-
Closing balance	<b>443,200</b>	265,830

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35%. The balance as at 31 December is made up as follows:

	<b>2024</b>	2023
	<b>USD</b>	USD
Difference on accelerated depreciation	(6,005)	(7,009)
Differences on unabsorbed capital allowances	-	26,308
Differences on unabsorbed losses	-	713,047
Other provisions:		
Provision for bad and doubtful debts	697,719	660,234
Provision for foreign exchange differences	509,236	(629,071)
Closing balance of right of use asset	(343,047)	(397,352)
Closing balance of lease liability	408,383	385,923
Temporary Difference	<b>1,266,286</b>	752,080
Deferred tax at 35%	443,200	263,228
Deferred tax not recognised	-	2,602
Total deferred tax asset	<b>443,200</b>	265,830

**22. Capital and reserves**

**22.1. Share capital**

	<b>2024 and 2023</b>
	<b>USD</b>
<b>Authorised share capital</b>	
5,885,565 Ordinary 'A' shares of USD5.614940 each	<b>33,047,094</b>
<b>Issued fully paid up</b>	
3,721,000 Ordinary 'A' shares of USD5.614940 each	<b>20,893,192</b>

**22.2 Capital contribution reserve**

This amount represents a contribution by the major shareholder of the Company which is interest free and not subject to any financial or non-financial obligation on the part of the Company. During the year, there was no injection of additional contributions.

**23. Currency translation reserve**

The currency translation reserve represents the exchange impact following the Company's conversion from an SE to LTD, resulting in a change in the presentation currency of the Company from EUR to USD.

## 24. Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the ordinary shareholders except for any amount that is not distributable in terms of the solvency capital requirements which the Company is required to adhere to in terms of the Insurance Business Act (Cap. 403) and any amount that is not distributable under the Maltese Companies Act (Cap. 386), to the extent that it represents unrealised profits.

During the year under review no dividends were declared (2023: Nil).

## 25. Capital Management Objectives

The Company's objectives when managing capital are:

- To comply with the obligations to hold Eligible Own Funds to cover the Solvency Capital Requirement and Minimum Capital Requirement in terms of the Insurance Business Act, 1998, (Chapter 403, Laws of Malta) and the applicable Insurance Rules issued under the Insurance Business Act ('Insurance Rules') by the Malta Financial Services Authority ('MFSA');
- to maintain financial strength to support new business growth; and,
- to provide an adequate return to Shareholders by pricing insurance contracts commensurately with the level of risk.

The Solvency II Directive (2009/138/EC) utilises a risk-based approach that ascertains the level of the required regulatory capital to be held on the basis of the risks that the Company is or can be exposed to. Solvency II sets out the approach to be undertaken in order to establish the amount of Solvency II own funds, namely by converting the Statement of Financial Position from an IFRS perspective to one where assets and liabilities are measured in line with their underlying economic value.

The Solvency II regulations are highly embedded in the Company's operations and regular monitoring of the Solvency Capital Requirement ('SCR') and the Minimum Capital Requirement ('MCR') is considered crucial. To this effect, a Capital Management Policy, outlining the main drivers of the SCR, was put in place to address the procedures and controls in this regard. In the case of any identified breaches with the SCR and MCR, the Directors have put in place a capital plan aimed at ensuring that the Company will restore its level of own funds to one which covers both the SCR and MCR.

Under Solvency II, the Company is required to hold regulatory capital for its general business in compliance with the Insurance Rules issued by the MFSA. The Company's Minimum Capital Requirement Absolute Floor stands at USD4,352,800 (2023: USD4,420,000) as per paragraph 5.6.4 of Chapter 5 ('Valuation of Assets and Liabilities, Technical Provisions, Own Funds, SCR, MCR and Investment Rules') of Part B of the Insurance Rules.

At 31 December 2024, the Company's audited eligible own funds adequately covered the required SCR, resulting in a ratio of eligible own funds to SCR of 256.59% (2023: 257.74%).

**26. Cash generated from operating activities**

	<b>2024</b>	2023
	<b>USD</b>	USD
<b>Profit before tax</b>	<b>2,884,318</b>	1,924,799
<i>Adjusted for:</i>		
Depreciation	<u>15,859</u>	8,938
Finance lease expense	<u>22,460</u>	12,564
Investment income	<u>(1,325,407)</u>	(1,104,458)
<i>Movements in:</i>		
Net insurance and reinsurance contract assets	<u>(9,169,308)</u>	(17,934,633)
Net insurance and reinsurance contract liabilities	<u>7,551,456</u>	17,490,397
Other payables	<u>21,962</u>	2,037,823
Other assets	<u>(203,735)</u>	1,313,151
Foreign Exchange differences	<u>-</u>	-
Cash used in operations	<u>202,394</u>	3,748,581
Tax paid	<u>28,484</u>	-
Interest received	<u>1,319,168</u>	853,672
<b>Net cash from operating activities</b>	<u><b>1,145,258</b></u>	<u>4,602,253</u>

**27. Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	<b>2024</b>	2023
	<b>USD</b>	USD
Cash at bank	<u>8,422,195</u>	9,039,089
At floating rates	<u>8,422,195</u>	9,039,089

The Company earns interest at regular market rates. The above balances are considered to be current in nature.

**27.1 Reconciliation to cash flow statement**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	<b>2024</b>	2023
	<b>USD</b>	USD
Cash at bank	<u>8,422,195</u>	9,039,089
Bank overdraft	<u>-</u>	-
Balance per statement of cash flow statement	<u><b>8,422,195</b></u>	<u>9,039,089</u>

**28. Term deposits**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Euro deposits	-	-
US Dollar deposits	<b>185,748</b>	6,900,000
	<b>185,748</b>	6,900,000

The term deposit is subject to time restrictions, consisting of one US dollar deposit with an original tenor of 31 days, maturing on 31 January 2025, earning a fixed interest rate of 4.35%.

**29. Statutory information**

The Company is a limited liability company and is incorporated in Malta. The ultimate parent company of the Company is International General Insurance Holdings Ltd., a company registered in Bermuda with its registered address at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's immediate parent company is International General Insurance Co. Ltd., a company registered in Bermuda with its registered address at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

**30. Commitments and contingencies**

There are no commitments or contingencies at the reporting date (2023: Nil).

**31. Related party activities**

The Company forms part of the International General Insurance ("IGI") Group. All companies which form part of the IGI Group are related parties to the Company since these Companies are all ultimately under common control. Consolidated financial statements of the Group, of which the Company forms part of, are included in the Annual Report, which is published in hard-copy printed form and available on the website of the IGI Group.

There were no transactions between the Company and its Directors and Officers during the year ended 31 December 2024 (2023: Nil) which require disclosure, except for payment of their remuneration.

Key management personnel of the Company include all directors, both executive and non-executive. Their compensation is disclosed in Note 15 above.

The Company benefits from an internal 75% quota share (2023: 75%) with International General Insurance Company Limited net of external reinsurance, subject to a 12.5% overriding commission after excluding the agency fee (2023: 10%). Additionally, in 2024, the Company benefitted from 17.5% profit commission after deducting 15% reinsurer's expenses. The profit commission element was not part of the 2023 internal quota share agreement. The premiums, claims and expenses which have been reinsured with International General Insurance Company Limited under these reinsurance arrangements form part of the net income / (expenses) from reinsurance contracts held as disclosed in Note 8.

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Net income / (expenses) from reinsurance contracts held	<b>(4,427,587)</b>	(105,346)

**31. Related party activities – continued**

The balances in the Statement of Financial Position relating to this arrangement is recognised as follows:

	<b>2024</b>	2023
	<b>USD</b>	USD
Reinsurance Contract Assets	<b>24,110,253</b>	15,490,489

As part of a Group cost reallocation process, in 2023 the Company was charged net expenses of USD49,466 by IGI Underwriting Company Limited, a fellow sister company of International General Insurance Company (Europe) Limited, in respect of the salary and other expenses for the secondment of an insurance underwriter. The amount forms part of the Incurred claims and other directly attributable expenses as part of the insurance service expense as disclosed in Note 7. In 2024, there was no such charge.

Furthermore, the Company has recharged the group a cost allocation of USD452,954 (2023: USD383,573) to International General Insurance Co Ltd, its immediate parent company, in respect of the salary and other expenses of staff employed by the Company for services provided across the Group.

The balances due to or from these companies and other related parties at the Statement of Financial Position date are as follows:

	<b>2024</b>	2023
	<b>USD</b>	USD
<b><i>Amounts owed from entities with joint interest:</i></b>		
IGI Company Ltd – Nordic Agency	<b>20,570</b>	-
	<b>20,570</b>	-
<b><i>Amounts owed to parent company:</i></b>		
IGI Company Ltd	<b>8,507,988</b>	8,798,903
<b><i>Amounts owed to entities with joint interest:</i></b>		
IGI Underwriting Company Ltd	<b>1,225,997</b>	2,416,700
IGI (UK) Company Ltd	<b>407,278</b>	597,125
IGI Company Ltd - Labuan Branch	<b>-</b>	108,931
	<b>10,141,263</b>	11,921,659

The amounts due from International General Insurance Company (UK) Ltd are all classified as current assets. These amounts are unsecured, interest free and are payable within one year. The carrying amount disclosed above approximates fair value at the end of the reporting date.

**32. Events after the reporting date**

There were no events or transactions which took place after the financial reporting date which would require disclosure or adjustment to the financial statements.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of International General Insurance Company (Europe) Ltd.

---

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of International General Insurance Company (Europe) Ltd. (the "Company"), set out on pages 8 to 78, which comprise the statement of financial position as at 31 December 2024, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act, 1995 (Cap. 386, Laws of Malta) (the "Act") and the Insurance Business Act, 1998 (Cap. 403, Laws of Malta) (the "Insurance Business Act").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to report to our assessment of the risk 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.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of International General Insurance Company (Europe) Ltd.

Area	Reason	Audit Response
<p><b>Valuation of insurance contracts liabilities and reinsurance contracts assets</b></p> <p><i>Refer to Notes 3.12 and 13 to the financial statements</i></p>	<p>The Company's net insurance contract liabilities and net reinsurance contract assets as at 31 December 2024 amounted to US\$34.6m (2023: US\$27.1m) and US\$29.4m (2023: US\$20.3m) respectively which consists of two components, being (i) the liability for remaining coverage (LRC) and (ii) liability for incurred claims (LIC).</p> <p>The LRC comprises of the amount of premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided. Where, the general model is adopted, this is also inclusive of a risk adjustment, contractual service margin (CSM) and discounting. Measurement of the LIC comprises fulfilment cash flows related to past services provided under groups of insurance contracts which have not yet been paid, including claims that have been incurred but not yet reported (IBNR). This balance is also inclusive of a risk adjustment and discounting.</p> <p>We considered the valuation of the net insurance contract liabilities and net reinsurance contracts assets to be key audit matters due to the significant judgement required by the Company in estimating future cash flows, in particular IBNR and CSM. These estimates are inherently uncertain and may be impacted by various factors such as profile of risks insured, reporting and payment patterns and availability of the Company's and industry data and as a result require greater reliance on expert judgement.</p> <p>The risk adjustment and discounting are also key areas of judgement, as the risk adjustments reflects the compensation an entity requires for bearing the uncertainty surrounding the amount and timing of the cash flows associated with insurance contracts arising from non-financial risks, while discounting accounts for the time</p>	<p>We have involved our internal actuarial specialists, and together we have:</p> <ul style="list-style-type: none"> <li>▪ Evaluated the governance around the Company's overall measurement of the insurance contracts liabilities and reinsurance contracts assets process, including the scrutiny applied by the board of directors, committees as well as actuarial reviews;</li> <li>▪ Applied our industry knowledge and experience in understanding and evaluating the insurance contracts liabilities and reinsurance contracts assets;</li> <li>▪ Tested and challenged the onerous contract assessments, including evaluating the significant assumptions against relevant supporting information;</li> <li>▪ Tested the discount rate used in the model by reviewing yield curves, claims payment patterns and the adopted illiquidity premium;</li> <li>▪ Evaluated and challenged the relevant underlying calculations and significant assumptions used to derive the risk adjustment;</li> <li>▪ Tested the accuracy of the CSM calculation engine and the application of management's judgements by comparing a sample of outputs against those produced by our own independent CSM model;</li> <li>▪ Assessed the reasonableness of the reserving methodologies and assumptions adopted by the Company in establishing reserves. Additionally, carried out an independent reserve reprojection for the material classes of business and determined if the gross reserves fall within a reasonable range. Assessed the reasonableness of the reserving methodologies and assumptions adopted by the Company in establishing reserves. Additionally, carried out an independent reserve reprojection for the material classes of business and determined if the gross reserves fall within a reasonable range.;</li> <li>▪ Tested on a sample basis, the build-up of the insurance contracts liabilities and reinsurance contracts assets to support the sources of profit/loss and traced the movements in the assets/liabilities to relevant underlying supporting documentation, from both internal and external sources;</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of International General Insurance Company (Europe) Ltd.

Area	Reason	Audit Response
	<p>value of money and the financial risks related to those cash flows.</p> <p>In addition, we considered the valuation of the net reinsurance contract assets to be a key audit matter due to the significant judgement applied by the Company in valuing the associated insurance contract liabilities that have been reinsured, the complexity of the application and coverage of the Groupwide reinsurance programs, which are measured under the general model.</p>	<ul style="list-style-type: none"> <li>▪ Carried out tests of detail to assess the completeness and integrity of the data used for the purpose of determining the future insurance liabilities;</li> <li>▪ Assessed the competence, capabilities, and objectivity of the actuaries appointed by the Company who performed an independent reprojection of the reserves at an aggregate group level. We have critically evaluated and reviewed their results;</li> <li>▪ Tested the valuation of reinsurance contracts assets, by taken a similar audit approach for the direct business with a greater focus on larger and complex re-insurance lines;</li> <li>▪ Reviewed a sample of reinsurance recoveries held by the Group against underlying contracts to assess the existence of cover and appropriateness of their recognition; and</li> <li>▪ Assessed the reasonableness of the related disclosures in the financial statements against the requirements of IFRS 17.</li> </ul> <p>Based on the procedures we performed, we observed that the valuation of the insurance contracts liabilities and reinsurance contracts assets are reasonable and appropriate.</p>



## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of International General Insurance Company (Europe) Ltd.

---

### **Other Information**

The Directors are responsible for the other information. The other information comprises the Directors' report. Our opinion on the financial statements does not cover this information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, 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.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

### **Responsibilities of the Directors and Those Charged with Governance**

The Directors are responsible for the preparation of the financial statements that (i) give a true and fair view in accordance with IFRSs as adopted by the EU, (ii) are properly prepared in accordance with the provisions of the Act and the Insurance Business Act, and (iii) for such internal control as the Directors determine is 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, the Directors are 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 the Directors either intend 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.



## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of International General Insurance Company (Europe) Ltd.

---

### **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 ISAs, we exercise professional judgment and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of International General Insurance Company (Europe) Ltd.

---

### **Report on Other Legal and Regulatory Requirements**

*Matters on which we are required to report by the Act, specific to public interest entities*

Pursuant to article 179B (1) of the Act, we report under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

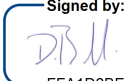
- we were first appointed to act as statutory auditor by the board of Directors on 25<sup>th</sup> November 2020 for the financial year ended 31 December 2020. Our appointment has been renewed annually by shareholder resolution representing a total uninterrupted engagement of 5 years. The Company became licensed as an insurance undertaking in terms of the Malta Insurance Business Act (Cap. 403) on 13<sup>th</sup> July 2021;
- our opinion on our audit of the financial statements expressed herein is consistent with the additional report to the those charged with governance; and
- we have not provided any of the prohibited services as set out in the Accountancy Profession Act (Cap. 281).

*Matters on which we are required to report by exception under the Companies Act*

Pursuant to articles 179(10) and 179(11) of the Maltese Companies Act (Cap. 386) Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The principal in charge of the audit resulting in this independent auditor's report is Ms. Donna Greaves for and on behalf of

Signed by:  


FFA1D2BE80F44C0...

PKF Assurance (Malta) Limited

Registered Auditors

15, Level 3, Mannarino Road, Birkirkara BKR 9080, Malta

3<sup>rd</sup> April 2025