

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)  
FOR THE THREE MONTH AND NINE MONTH PERIODS  
ENDED SEPTEMBER 30, 2019**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REVIEW REPORT (UNAUDITED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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

To The Shareholders of  
CHUBB Arabia Cooperative Insurance Company  
(A Saudi Joint Stock Company)  
Al Khobar  
Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of CHUBB Arabia Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at September 30, 2019, and the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine months period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

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

**Other matter**

The financial statements of the Company for the year ended December 31, 2018, were audited by other auditors who expressed an unmodified opinion on those statements on 24 Rajab 1440H, corresponding to March 31, 2019G.

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10 Rabi I, 1441H  
November 7, 2019 G



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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

	Note	September 30, 2019 SR (Unaudited)	December 31, 2018 SR (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	5	121,849,493	141,510,319
Premiums and insurance balances receivable, net	6	76,713,363	71,742,938
Reinsurers' share of unearned premiums	16.2	55,076,333	51,629,690
Reinsurers' share of outstanding claims	16.1	32,325,956	32,402,153
Reinsurers' share claims incurred but not reported	16.1	39,669,607	42,927,788
Deferred policy acquisition costs	16.3	6,380,285	4,305,281
Deferred excess of loss premium		924,626	-
Investments held for trading	18	93,951,909	82,766,224
Investments available-for-sale	18	1,932,078	1,932,078
Prepayments and other assets		17,176,224	15,697,435
Term deposits		119,809,217	79,467,701
Property and equipment		266,777	387,427
Right-of-use-assets		2,426,624	-
Intangible assets		866,146	720,395
Goodwill	7	43,774,750	43,774,750
Statutory deposit	10	20,000,000	20,000,000
Accrued income on statutory deposit	10	1,689,110	1,243,271
<b>TOTAL ASSETS</b>		<b>634,832,498</b>	<b>590,507,450</b>
<b>LIABILITIES</b>			
Accounts payable		22,810,096	17,570,524
Accrued expenses and other liabilities		12,779,370	9,360,327
Lease liabilities		2,174,614	-
Reinsurance balances payable	9	37,800,399	37,892,066
Gross unearned premiums	16.2	91,234,262	77,264,897
Unearned reinsurance commission income		10,020,087	7,110,295
Gross outstanding claims	16.1	47,230,595	43,917,326
Claims incurred but not reported	16.1	60,396,672	67,524,759
Additional premium reserves	16.1	1,756,406	338,987
Other technical reserves	16.1	2,779,615	4,042,602
End-of-service indemnities		7,686,955	7,174,176
Statutory deposit commission income payable	10	1,689,110	1,243,271
Provision for zakat and income tax	13	18,040,188	18,134,513
Accumulated surplus from insurance operations	14	8,143,550	6,764,250
<b>TOTAL LIABILITIES</b>		<b>324,541,919</b>	<b>298,337,993</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	200,000,000	200,000,000
Statutory reserve		31,832,001	28,207,777
Retained earnings		79,357,949	64,861,051
Re-measurement reserve from end of service indemnities		(899,371)	(899,371)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>310,290,579</b>	<b>292,169,457</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>634,832,498</b>	<b>590,507,450</b>

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

	Note	For the three months period ended September 30,		For the nine months period ended September 30,	
		2019 SR	2018 SR (Restated)	2019 SR	2018 SR (Restated)
<b>REVENUE</b>					
Gross written premiums	8,15	36,094,970	32,187,194	179,999,824	183,775,211
Less: Reinsurance premiums ceded-	8				
Local		(905,113)	(1,001,415)	(4,780,004)	(4,948,086)
Foreign		(22,197,318)	(21,509,544)	(96,622,883)	(90,033,475)
Excess of loss expenses		(924,624)	(1,091,793)	(2,793,004)	(3,295,425)
<b>Net premiums written</b>		<b>12,067,915</b>	<b>8,584,442</b>	<b>75,803,933</b>	<b>85,498,225</b>
Changes in unearned premiums		19,273,285	24,345,952	(13,969,365)	(10,278,367)
Changes in reinsurer share of unearned premiums		(9,610,509)	(8,380,565)	3,446,643	2,496,193
<b>Net premiums earned</b>		<b>21,730,691</b>	<b>24,549,829</b>	<b>65,281,211</b>	<b>77,716,051</b>
Reinsurance commission income		5,501,842	5,203,092	16,435,538	15,586,637
<b>TOTAL REVENUE</b>		<b>27,232,533</b>	<b>29,752,921</b>	<b>81,716,749</b>	<b>93,302,688</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid		(13,096,243)	(10,469,728)	(39,948,685)	(35,429,428)
Expenses incurred related to claims		(565,193)	(790,240)	(1,890,817)	(2,051,141)
Reinsurers' share of gross claims paid		5,803,343	3,299,290	17,444,578	10,093,947
<b>Net claims paid</b>		<b>(7,858,093)</b>	<b>(7,960,678)</b>	<b>(24,394,924)</b>	<b>(27,386,622)</b>
Changes in outstanding claims		(6,599,776)	(3,939,893)	(3,313,269)	430,780
Changes in reinsurance share of outstanding claims		5,295,953	3,748,499	(76,197)	1,113,470
Changes in claims incurred but not reported		-	16,287,677	7,128,087	16,275,423
Changes in reinsurance share of claims incurred but not reported		-	(14,183,600)	(3,258,181)	(12,220,190)
<b>Net claims incurred</b>		<b>(9,161,916)</b>	<b>(6,047,995)</b>	<b>(23,914,484)</b>	<b>(21,787,139)</b>
Changes in additional premium reserves		-	975,533	(1,417,419)	661,641
Changes in other technical reserves		-	180,161	1,262,987	962,015
Policy acquisition costs		(3,667,295)	(4,441,010)	(11,042,933)	(13,806,642)
Other underwriting expenses		(502,298)	(484,877)	(2,162,001)	(1,774,465)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(13,331,509)</b>	<b>(9,818,188)</b>	<b>(37,273,850)</b>	<b>(35,744,590)</b>
<b>NET UNDERWRITING INCOME</b>		<b>13,901,024</b>	<b>19,934,733</b>	<b>44,442,899</b>	<b>57,558,098</b>

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

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

	Note	For the three months period ended September 30,		For the nine months period ended September 30,	
		2019 SR	2018 SR (Restated)	2019 SR	2018 SR (Restated)
<b>OTHER OPERATING (EXPENSES) / INCOME</b>					
Allowance for doubtful debts		709,926	(8,164,959)	(5,703,404)	(11,329,940)
General and administrative expenses	8	(8,637,938)	(7,561,551)	(25,895,067)	(23,376,248)
Dividend , interest and commission income		2,376,010	1,388,643	7,280,099	4,304,728
Realized gain/(loss) on disposal of investments held for trading		122,737	(9,510)	202,863	(15,496)
Unrealised gains/(losses) on investments held at fair value		952,482	(193,740)	2,787,445	37,450
Other income		508,901	445,364	1,556,815	1,857,846
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(3,967,882)</b>	<b>(14,095,753)</b>	<b>(19,771,249)</b>	<b>(28,521,660)</b>
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>		<b>9,933,142</b>	<b>5,838,980</b>	<b>24,671,650</b>	<b>29,036,438</b>
Income attributed to insurance operations	20	(890,313)	(643,890)	(2,170,431)	(2,932,359)
<b>Net income attributed to shareholders for the period before zakat and income tax</b>		<b>9,042,829</b>	<b>5,195,090</b>	<b>22,501,219</b>	<b>26,104,079</b>
Zakat for the period	13	(1,032,013)	(1,344,190)	(2,839,157)	(3,886,409)
Income tax for the period	13	(616,202)	(352,305)	(1,540,940)	(1,751,551)
<b>Net income attributable to the shareholders after zakat and income tax</b>		<b>7,394,614</b>	<b>3,498,595</b>	<b>18,121,122</b>	<b>20,466,119</b>
<b>Earnings per share for the period</b>					
Basic and Diluted EPS in SR	19	0.37	0.17	0.91	1.02
<b>Weighted average number of outstanding shares (adjusted)</b>	11	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

	<b>For the three months</b>		<b>For the nine months</b>	
	<b>period ended September 30,</b>		<b>period ended September 30,</b>	
Note	<b>2019</b>	2018	<b>2019</b>	2018
	<b>SR</b>	SR	<b>SR</b>	SR
Net income for the period attributable to shareholders		(Restated)		(Restated)
	<b>7,394,614</b>	3,498,595	<b>18,121,122</b>	20,466,119
<i>Items that may be reclassified to statement of income in subsequent periods</i>				
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>7,394,614</b>	3,498,595	<b>18,121,122</b>	20,466,119

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Share capital SR	Statutory reserve SR	Retained earnings SR	Re-measurement reserve of end-service indemnities SR	Total SR
<b>Balance at January 1, 2019 (Audited)</b>	<b>200,000,000</b>	<b>28,207,777</b>	<b>64,861,051</b>	<b>(899,371)</b>	<b>292,169,457</b>
Net income for the period attributable to shareholders	-	-	18,121,122	-	18,121,122
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	18,121,122	-	18,121,122
Transfer to statutory reserve	-	3,624,224	(3,624,224)	-	-
<b>Balance at September 30, 2019 (Unaudited)</b>	<b>200,000,000</b>	<b>31,832,001</b>	<b>79,357,949</b>	<b>(899,371)</b>	<b>310,290,579</b>
<b>Balance at January 1, 2018 (Audited)</b>	<b>200,000,000</b>	<b>19,309,215</b>	<b>37,462,871</b>	<b>(157,784)</b>	<b>256,614,302</b>
Net income for the period attributable to shareholders (restated)	-	-	20,466,119	-	20,466,119
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (restated)	-	-	20,466,119	-	20,466,119
Transfer to statutory reserve (restated)	-	4,093,224	(4,093,224)	-	-
<b>Balance at September 30, 2018 (Unaudited) (restated)</b>	<b>200,000,000</b>	<b>23,402,439</b>	<b>53,835,766</b>	<b>(157,784)</b>	<b>277,080,421</b>

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.



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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	September 30, 2019 SR	September 30, 2018 SR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before zakat ,income tax and income attributed to insurance operations	24,671,650	29,036,438
<b><u>Adjustments for non-cash items:</u></b>		
Depreciation of property and equipment	158,915	237,052
Amortization of intangible assets	177,784	59,630
Depreciation on right of use assets	808,875	=
Gain on sale of property and equipment	(84,550)	(24,162)
Allowance for doubtful debts	5,703,404	11,329,940
Unrealised (gains) / losses on investments held for trading	(2,787,445)	1,371,482
Realised gains on investments held for trading	(202,863)	(1,393,437)
Interest on finance lease obligations	61,342	=
Provision for end-of-service indemnities	1,010,691	1,184,153
	<b>29,517,803</b>	<b>41,801,096</b>
<b><u>Working capital adjustments:</u></b>		
Premiums and insurance balances receivable	(10,673,829)	(25,422,301)
Reinsurers' share of unearned premiums	(3,446,643)	(2,496,193)
Reinsurers' share of outstanding claims	76,197	(1,113,470)
Reinsurers' share of claims incurred but not reported	3,258,181	12,220,190
Deferred policy acquisition costs	(2,075,004)	(1,356,999)
Deferred excess of loss premiums	(924,626)	(1,091,789)
Prepayments and other assets	(1,478,789)	(6,665,099)
Accounts payable	5,239,572	9,949,255
Accrued expenses and other liabilities	3,419,044	1,119,880
Reinsurance balances payable	(91,667)	4,468,017
Gross unearned premiums	13,969,365	10,278,367
Unearned reinsurance commission income	2,909,792	2,146,309
Gross outstanding claims	3,313,269	(430,780)
Claims incurred but not reported	(7,128,087)	(16,275,423)
Additional premium reserves	1,417,419	(661,641)
Other technical reserves	(1,262,987)	(962,015)
<b>Cash generated from operations</b>	<b>36,039,010</b>	<b>25,507,404</b>
Surplus distribution to policyholders	(791,131)	23,229
Zakat and income tax paid	(4,474,422)	(3,432,721)
End-of-service indemnities paid	(497,913)	(1,383,528)
<b>Net cash generated from operating activities</b>	<b>30,275,544</b>	<b>20,714,384</b>

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	<b>September 30, 2019 SR</b>	<b>September 30, 2018 SR</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments held for trading	<b>(32,578,478)</b>	(5,169,345)
Proceeds from disposal of investments held for trading	<b>24,383,101</b>	11,080,025
Additions to long term deposits	<b>(40,341,516)</b>	7,815,581
Proceeds from sales of property and equipment	<b>84,550</b>	47,100
Purchase of property and equipment	<b>(38,265)</b>	(50,528)
Purchase of intangible assets	<b>(323,535)</b>	(132,000)
<b>Net cash (used in) / generated from investing activities</b>	<b>(48,814,143)</b>	13,590,833
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment under finance lease obligations	<b>(1,122,227)</b>	-
<b>Net cash used in financing activities</b>	<b>(1,122,227)</b>	-
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the period	<b>(19,660,826)</b>	34,305,217
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>141,510,319</b>	141,924,558
	<b>121,849,493</b>	176,229,775

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

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

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

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

**3. BASIS OF PREPARATION**

**(a) Basis of presentation**

The interim condensed financial statements of the Company as at and for the period ended September 30, 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The financial statements of the Company as at and for the period and year ended March 31, 2019 and December 31, 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On July 23, 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) as endorsed in the Kingdom of Saudi Arabia.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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

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

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and the effects of this change are disclosed in note 13 to the interim condensed financial statements).

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, end-of-service indemnities and accrued commission income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 20 of the financial statements have been provided only as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2018.

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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

**(b) Critical accounting judgments, estimates and assumptions**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2018.

**(c) Seasonality of operations**

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

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2018 except as explained below:

**Change in the accounting policy for Zakat and income tax:**

As mentioned above, the basis of preparation has been changed for the period ended September 30, 2019 as a result of the issuance of latest instructions from SAMA dated July 23, 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated April 11, 2017. With the latest instructions issued by SAMA dated July 23, 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 13 to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the period ended September 30, 2018 by SR 5.6 million. The change has had no impact on the statement of cash flows for the period ended September 30, 2018.

***Income tax:***

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for the applicable jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdiction where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses.

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

***IFRIC Interpretation 23 Uncertainty over Income Tax Treatment***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Company's has assessed that the interpretation has not had a significant impact on the interim condense financial statements.

***Deferred income tax:***

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

***Zakat:***

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

***Change in the accounting policy in relation to accounting for leases under IFRS 16:***

Effective from January 1, 2019 The Company adopted IFRS 16 'Leases' which replaced the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 changes fundamentally the accounting for leases by lessees. It eliminates the previous IAS 17 dual accounting model, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases and, instead, introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting as follows:

***Right of Use Asset / Lease Liabilities***

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

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

***Right of Use Assets***

The Company applies the model, and measures the right of use assets at cost;

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications

***Lease Liabilities***

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

- 1. Increasing the carrying amount to reflect interest on the lease liability;
- 2. Reducing the carrying amount to reflect the lease payments made; and
- 3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

***Impact on transition***

The Company has opted for the modified retrospective application permitted by IFRS 16 upon the adoption of the new standard. During the first-time application of IFRS 16 to operating leases, the right of use the leased assets was measured at the amount of the lease liability, using the interest rate at the time of the first-time application. The adjustments as of January 1, 2019 are as follows:

	2019
Right-of-use assets	3,235,499
Lease liabilities	3,235,499

- Below is a reconciliation of the opening and closing balances of lease liabilities.

	2019
Opening balance of lease liabilities recognized upon the initial transition to IFRS 16	3,235,499
Interest charged for the period	61,342
Repayments	(1,122,227)
Closing balance	2,174,614

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted the lease payments using its incremental borrowing rate.

Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS16 to leases previously classified as operating leases under IAS17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease terms or leases with a low value of less than SAR 18,750.
- Excluded initial direct costs from measuring the right of use assets at the date of initial application.
- Used hindsight when determining the lease terms if the contract contains options to extend or terminate the lease.

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

**Other new International Financial Reporting Standards (IFRS), International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) effective for accounting periods beginning on or after January 1, 2019.
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19) effective for accounting periods beginning on or after January 1, 2019.
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23) effective for accounting periods beginning on or after January 1, 2019.

**Forthcoming requirements**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective:

- Amendment to references to conceptual framework in IFRS standards effective for annual periods beginning on or after January 1, 2020.
- Definition of a Business (Amendment to IFRS 3) effective for annual periods beginning on or after January 1, 2020.
- Definition of material (Amendment to IAS 1 and IAS 8) effective for annual periods beginning on or after January 1, 2020.
- IFRS 17 'Insurance contracts' was published on May 18, 2017 with the effective date of January 1, 2022. IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life and short-term life insurance contracts IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk, for which confidence level equivalent disclosure will be required. Further, IFRS 17 will change the presentation of insurance contract revenue, as gross premium written will no longer be presented in profit or loss. At the date of publication of these financial statements, it was not practicable to quantify what the potential impact would be on the financial statements once IFRS 17 will be adopted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) available for optional adoption - effective date deferred indefinitely.
- IFRS 9 "Financial Instruments". The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company will avail of the exemptions available to insurers and has deferred the implementation of IFRS 9 until a later date, but no later than January 1, 2022. The impact of the adoption of IFRS 9 on the Company's financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. At the date of publication of these financial statements, it was not practicable to quantify what the potential impact would be on the financial statements once IFRS 9 will be adopted.



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**5. CASH AND CASH EQUIVALENTS**

	<b>Insurance operations</b>	
	<b>September 30, 2019 SR (Unaudited)</b>	<b>December 31, 2018 SR (Audited)</b>
Cash in hand	20,000	-
Cash at banks		
- Current accounts	16,028,832	8,298,585
- Time deposits	39,000,869	64,744,141
	<u>55,049,701</u>	<u>73,042,726</u>
	<b>Shareholders' operations</b>	
	<b>September 30, 2019 SR (Unaudited)</b>	<b>December 31, 2018 SR (Audited)</b>
Cash at banks		
- Current accounts	-	1,523,906
- Time deposits	66,799,792	66,943,687
<b>Total</b>	<u>66,799,792</u>	<u>68,467,593</u>
<b>Total cash and cash equivalents</b>	<u>121,849,493</u>	<u>141,510,319</u>

Deposits are placed with local banks with maturities of less than three-months and earn financial income at an average rate of 1.90% to 2.45% (December 31, 2018: 2.0% to 2.8%).

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

	<b>Insurance operations</b>	
	<b>September 30, 2019 SR (Unaudited)</b>	<b>December 31, 2018 SR (Audited)</b>
Premiums receivable	89,908,475	80,386,603
Receivables from insurance and reinsurance companies	1,353,066	598,390
Premiums and reinsurance receivables from related parties	403,793	6,512
	<u>91,665,334</u>	<u>80,991,505</u>
Less: allowance for doubtful debts, net	<u>(14,951,971)</u>	<u>(9,248,567)</u>
Premium and reinsurance receivable, net	<u>76,713,363</u>	<u>71,742,938</u>

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**7. GOODWILL**

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

**8. TRANSACTIONS WITH RELATED PARTIES**

Related parties represent shareholders, companies related to shareholders (“affiliates”) and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. The following are the details of major related parties’ transactions during the period and the related balances at the end of the period:

<i>Related parties</i>	<i>Nature of transactions</i>	For the nine-months period ended September 30	
		2019 SR	2018 SR
		(Unaudited)	
Affiliates	Gross written premiums	335,303	934,674
	Rent	965,625	1,015,900
	Claim expenses	2,377,054	1,921,980
	Expenses	9,000	-
Board of Directors	Remuneration	1,068,750	1,068,750
	Meeting fee and expenses	1,433,320	738,500
Shareholders	Reinsurance premiums ceded	36,209,798	43,860,363
	Reinsurers’ share of gross claims	3,532,979	7,477,092
	Reinsurance commission income	6,042,805	6,402,602

- Amounts due from/ due to related parties, pertain to transactions conducted with affiliates.
- Prices and terms of payment for these transactions are approved by the management.

**Remuneration and compensation of BOD Members and Executives**

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended September 30, 2019 and 2018:

For nine months period ended September 30, 2019	BOD members (Executives) (Unaudited)	BOD members (Non- Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	2,725,143
End of service indemnities	-	-	212,580
Travel expenses	39,044	415,526	-
Annual remuneration and meeting fees	238,750	1,869,750	-
<b>Total</b>	<b>277,794</b>	<b>2,285,276</b>	<b>2,937,723</b>

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**8. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Period-ended September 30, 2018	BOD members (Executives) (Unaudited)	BOD members (Non-Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	2,533,379
End of service indemnities	-	-	161,866
Travel expenses	3,428	284,217	-
Annual remuneration and meeting fees	190,000	1,329,605	-
<b>Total</b>	<b>193,428</b>	<b>1,613,822</b>	<b>2,695,245</b>

**9. REINSURANCE BALANCES PAYABLE**

	September 30, 2019 SR (Unaudited)	December 31, 2018 SR (Audited)
Related parties	13,804,276	10,432,831
Others	23,996,123	27,459,235
	<b>37,800,399</b>	<b>37,892,066</b>

**10. STATUTORY DEPOSIT**

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

In accordance with the instruction received from the Saudi Arabian Monetary Agency (SAMA) vide their circular dated March 1, 2016, the Company has disclosed the commission due on statutory deposit as at September 30, 2019 as an asset and a liability in these interim condensed financial statements.

**11. SHARE CAPITAL**

The authorised, issued and paid-up share capital is SR 200 million at September 30, 2019 consisting of 20 million shares (December 31, 2018: SR 200 million consisting of 20 million shares) of SR 10 each.

Shareholding structure of the Company is as below:

	September 30, 2019 (Unaudited) / December 31, 2018 (Audited)	
	Authorized and issued No. of Shares "000"	Paid up SAR "000"
International Corporation For Trade and Contract Services	1,000	10,000
Elkhereiji Construction Company	1,000	10,000
Elkhereiji Trading & Electronics Company	1,000	10,000
Elkhereiji Investment Company	1,000	10,000
Elkhereiji Real Estate	2,000	20,000
Chubb International Holding Co	6,000	60,000
General Public	8,000	80,000
<b>Total</b>	<b>20,000</b>	<b>200,000</b>

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**12. CONTINGENCIES**

**Legal proceedings**

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

**13. ZAKAT AND INCOME TAX**

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

The differences between the financial results and taxable income are mainly due to adjustments for certain costs/claims based on the relevant fiscal regulations.

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

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

	September 30, 2019 SR (Unaudited)	December 31, 2018 SR (Audited)
At the beginning of the period/year	18,134,513	13,371,168
Provision for the period/year	4,380,097	8,196,066
Paid during the period/year	(4,474,422)	(3,432,721)
At the end of the period/year	<u>18,040,188</u>	<u>18,134,513</u>

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

The following is the shareholding percentage for computation as at the end of the period/year:

	September 30, 2019 %	December 31, 2018 %
Shareholding subject to zakat	70	70
Shareholding subject to income tax	30	30

**(c) Zakat and income tax assessments**

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

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

Zakat and income tax assessments have not been raised by the GAZT for the year 2016 or 2018.

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

(d) The change in the accounting treatment for zakat and income tax (as explained in note 3) has the following impact on the line items of the statements of income, statement of financial position and changes in shareholders' equity:

As at and for the nine month period ended 30 September 2018:

Financial statement impacted	Account	Before the restatement for the nine-month period ended September 30, 2018	Effect of restatement	As restated as at and for the nine-month period ended September 30, 2018
Statement of changes in Equity	Provision for zakat (retained earnings)	(3,886,409)	3,886,409	-
	Provision for income tax (retained earnings)	(1,751,551)	1,751,551	-
Statement of income	Zakat for the period	-	(3,886,409)	(3,886,409)
	Income tax for the period	-	(1,751,551)	(1,751,551)
	Earnings per share (expressed in SAR per share)	1.31	(0.29)	1.02

As at and for the three month period ended 30 September 2018:

Financial statement impacted	Account	Before the restatement for the nine-month period ended September 30, 2018	Effect of restatement	As restated as at and for the nine-month period ended September 30, 2018
Statement of changes in Equity	Provision for zakat (retained earnings)	(1,344,190)	1,344,190	-
	Provision for income tax (retained earnings)	(352,305)	352,305	-
Statement of income	Zakat for the period	-	(1,344,190)	(1,344,190)
	Income tax for the period	-	(352,305)	(352,305)
	Earnings per share (expressed in SAR per share)	0.26	(0.09)	0.17

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**14. SURPLUS DISTRIBUTION PAYABLE**

	<b>September 30 2019 SR</b>	<b>December 31 2018 SR</b>
Opening surplus distribution payable	<b>(Unaudited) 6,764,250</b>	<b>(Audited) 5,234,380</b>
Total income attributed to the insurance operations	<b>2,170,431</b>	<b>5,003,795</b>
Surplus paid to policy holders	<b>(791,131)</b>	<b>(3,473,925)</b>
Closing surplus distribution payable	<b>8,143,550</b>	<b>6,764,250</b>

**15. GROSS WRITTEN PREMIUMS**

**Gross Written Premium - For the nine months period September 30, 2019 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	<b>6,624,100</b>	<b>823,079</b>	<b>2,846,285</b>	<b>7,110,360</b>	<b>37,684,205</b>	<b>55,088,029</b>
Property and Casualty	<b>449,643</b>	<b>1,896,695</b>	<b>6,407,623</b>	<b>8,154,019</b>	<b>108,003,815</b>	<b>124,911,795</b>
<b>Total</b>	<b>7,073,743</b>	<b>2,719,774</b>	<b>9,253,908</b>	<b>15,264,379</b>	<b>145,688,020</b>	<b>179,999,824</b>

**Gross Written Premium - For the nine months period September 30, 2018 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	8,064,185	656,025	2,148,890	4,232,616	51,658,097	66,759,813
Property and Casualty	1,431,035	558,321	5,876,404	6,547,846	102,601,792	117,015,398
<b>Total</b>	<b>9,495,220</b>	<b>1,214,346</b>	<b>8,025,294</b>	<b>10,780,462</b>	<b>154,259,889</b>	<b>183,775,211</b>

**Gross Written Premium - For the three months period September 30, 2019 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	<b>1,148,595</b>	<b>138,327</b>	<b>621,083</b>	<b>163,697</b>	<b>4,327,044</b>	<b>6,398,746</b>
Property and Casualty	<b>85,853</b>	<b>305,563</b>	<b>1,394,536</b>	<b>430,464</b>	<b>27,479,808</b>	<b>29,696,224</b>
<b>Total</b>	<b>1,234,448</b>	<b>443,890</b>	<b>2,015,619</b>	<b>594,161</b>	<b>31,806,852</b>	<b>36,094,970</b>

**Gross Written Premium - For the three months period September 30, 2018 (Unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	1,448,147	225,280	226,570	14,283	2,848,617	4,762,897
Property and Casualty	392,186	203,699	1,034,163	557,781	25,236,468	27,424,297
<b>Total</b>	<b>1,840,333</b>	<b>428,979</b>	<b>1,260,733</b>	<b>572,064</b>	<b>28,085,085</b>	<b>32,187,194</b>

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**16. TECHNICAL RESERVES**

**16.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Outstanding claims	<b>48,609,295</b>	46,098,352
Less: Realizable value of salvage and subrogation	<b>(1,378,700)</b>	(2,181,026)
	<b>47,230,595</b>	43,917,326
Claims incurred but not reported	<b>60,396,672</b>	67,524,759
Additional premium reserves	<b>1,756,406</b>	338,987
Other technical reserves	<b>2,779,615</b>	4,042,602
	<b>112,163,288</b>	115,823,674
Less:		
- Reinsurers' share of outstanding claims	<b>(32,325,956)</b>	(32,402,153)
- Reinsurers' share of claims incurred but not reported	<b>(39,669,607)</b>	(42,927,788)
<b>Net outstanding claims and reserves</b>	<b>40,167,725</b>	40,493,733

**16.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	<b>Nine-months ended September 30, 2019(Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	77,264,897	(51,629,690)	25,635,207
Premium written during the period	<b>179,999,824</b>	<b>(101,402,887)</b>	<b>78,596,937</b>
Premium earned during the period	<b>(166,030,459)</b>	<b>97,956,244</b>	<b>(68,074,215)</b>
Balance as at the end of the period	<b>91,234,262</b>	<b>(55,076,333)</b>	<b>36,157,929</b>
	<b>Year-ended December 31, 2018 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the year	74,285,096	(44,255,912)	30,029,184
Premium written during the year	233,972,759	(137,034,260)	96,938,499
Premium earned during the year	(230,992,958)	129,660,482	(101,332,476)
Balance as at the end of the year	<b>77,264,897</b>	<b>(51,629,690)</b>	<b>25,635,207</b>

**16.3 Movement in deferred policy acquisition costs**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance as at the beginning of the period/year	<b>4,305,281</b>	4,912,113
Incurred during the period/year	<b>11,042,933</b>	17,641,071
Amortised during the period/year	<b>(8,967,929)</b>	(18,247,903)
<b>Balance at the end of the period/year</b>	<b>6,380,285</b>	4,305,281

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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**17. OPERATING SEGMENTS**

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2018.

Segment results do not include allowance for doubtful debts, general and administrative expenses, dividend, interest and commission income, realized gain/(loss) on disposal of investments held for trading, unrealised gains/(losses) on investments held at fair value and other income.

Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable, investments held for trading, investments available for sale, prepayments and other assets, term deposits, property and equipment, right to use assets, intangible assets, goodwill, statutory deposits and accrued income on statutory deposits. Accordingly, they are included in unallocated assets.

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



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**17. OPERATING SEGMENTS (CONTINUED)**

For the nine months period ended  
September 30, 2019

	Property SR	Engineering SR	Motor SR	Casualty SR	Others SR	Total SR
	(Unaudited)					
<b>REVENUE</b>						
Gross written premiums	63,314,697	14,038,291	55,088,029	31,325,312	16,233,495	179,999,824
Less: Reinsurance premiums ceded						
Local	(3,414,218)	(1,090,417)	-	-	(275,369)	(4,780,004)
Foreign	(54,096,150)	(10,619,950)	(8,269,136)	(15,011,306)	(8,626,341)	(96,622,883)
Excess of loss expenses	(1,070,548)	(251,327)	(621,209)	(357,541)	(492,379)	(2,793,004)
<b>Net premiums written</b>	<b>4,733,781</b>	<b>2,076,597</b>	<b>46,197,684</b>	<b>15,956,465</b>	<b>6,839,406</b>	<b>75,803,933</b>
Change in unearned premiums, net	(2,354,277)	(1,360,687)	(7,572,221)	(2,179,735)	(502,445)	(13,969,365)
Changes in reinsurer share of unearned						
Premiums	1,906,807	846,972	930,200	(522,081)	284,745	3,446,643
<b>Net premiums earned</b>	<b>4,286,311</b>	<b>1,562,882</b>	<b>39,555,663</b>	<b>13,254,649</b>	<b>6,621,706</b>	<b>65,281,211</b>
Reinsurance commission income	7,851,667	2,485,438	2,111,189	2,123,269	1,863,975	16,435,538
<b>TOTAL REVENUE</b>	<b>12,137,978</b>	<b>4,048,320</b>	<b>41,666,852</b>	<b>15,377,918</b>	<b>8,485,681</b>	<b>81,716,749</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and other expenses	(4,326,535)	(7,873,120)	(21,956,828)	(3,933,286)	(1,858,916)	(39,948,685)
Expenses incurred related to claims	(220,698)	(102,848)	(1,293,327)	(148,990)	(124,954)	(1,890,817)
Reinsurers' share of gross claims paid	4,216,939	7,219,369	3,226,106	1,742,519	1,039,645	17,444,578
<b>Net claims paid</b>	<b>(330,294)</b>	<b>(756,599)</b>	<b>(20,024,049)</b>	<b>(2,339,757)</b>	<b>(944,225)</b>	<b>(24,394,924)</b>
Changes in outstanding claims	785,592	5,101,884	(4,407,412)	(5,416,702)	623,369	(3,313,269)
Changes in reinsurers' share of outstanding						
Claims	(758,173)	(5,323,618)	630,102	5,758,189	(382,697)	(76,197)
Changes in claims incurred but not reported,	5,683,283	979,765	2,809,506	(1,671,712)	(672,755)	7,128,087
Changes in reinsurance share of claims						
incurred but not reported	(5,644,318)	(121,197)	(907,126)	2,693,022	721,438	(3,258,181)
<b>Net claims incurred</b>	<b>(263,910)</b>	<b>(119,765)</b>	<b>(21,898,979)</b>	<b>(976,960)</b>	<b>(654,870)</b>	<b>(23,914,484)</b>
Changes in additional premium reserve	(813,234)	111,661	-	-	(715,846)	(1,417,419)
Changes in other technical reserves	951,162	283,183	(20,137)	(15,887)	64,666	1,262,987
Policy acquisition costs	(3,433,111)	(772,445)	(3,632,119)	(2,167,158)	(1,038,100)	(11,042,933)
Other underwriting expenses	(491,458)	(278,911)	(491,027)	(436,902)	(463,703)	(2,162,001)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(4,050,551)</b>	<b>(776,277)</b>	<b>(26,042,262)</b>	<b>(3,596,907)</b>	<b>(2,807,853)</b>	<b>(37,273,850)</b>
<b>NET UNDERWRITING INCOME</b>	<b>8,087,427</b>	<b>3,272,043</b>	<b>15,624,590</b>	<b>11,781,011</b>	<b>5,677,828</b>	<b>44,442,899</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for doubtful debts						(5,703,404)
General and administrative expenses						(25,895,067)
Dividend, interest and commission Income						7,280,099
Realized gains on disposal of investment held for trading						202,863
Unrealised gains on investments held at fair value						2,787,445
Other income						1,556,815
<b>TOTAL OTHER OPERATING EXPENSES</b>						<b>(19,771,249)</b>
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>						<b>24,671,650</b>
<b>Net income for the period attributed to insurance operations</b>						<b>(2,170,431)</b>
<b>Net income attributed to shareholders for the period before zakat and income tax</b>						<b>22,501,219</b>
Zakat for the period						(2,839,157)
Income tax for the period						(1,540,940)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						<b>18,121,122</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
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**17. OPERATING SEGMENTS (CONTINUED)**

For the three months period ended  
September 30, 2019

	Property SR	Engineering SR	Motor SR	Casualty SR	Others SR	Total SR
	(Unaudited)					
<b>REVENUE</b>	15,119,855	3,813,057	6,398,744	7,566,991	3,196,323	36,094,970
Gross written premiums						
Less: Reinsurance premiums ceded						
Local	(536,580)	(311,273)	-	-	(57,260)	(905,113)
Foreign	(12,974,562)	(2,654,655)	(961,069)	(3,919,670)	(1,687,362)	(22,197,318)
Excess of loss expenses	(356,850)	(83,775)	(207,069)	(119,181)	(157,749)	(924,624)
<b>Net premiums written</b>	1,251,863	763,354	5,230,606	3,528,140	1,293,952	12,067,915
Change in unearned premiums	6,489,135	173,133	8,909,810	2,627,111	1,074,096	19,273,285
Changes in reinsurer share of unearned premiums	(6,274,116)	(464,561)	(1,314,596)	(1,260,984)	(296,252)	(9,610,509)
<b>Net premiums earned</b>	1,466,882	471,926	12,825,820	4,894,267	2,071,796	21,730,691
Reinsurance commission income	2,830,720	694,599	688,037	708,768	579,718	5,501,842
<b>TOTAL REVENUE</b>	4,297,602	1,166,525	13,513,857	5,603,035	2,651,514	27,232,533
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(2,374,957)	(817,286)	(6,648,710)	(2,582,111)	(673,179)	(13,096,243)
Expenses incurred related to claims	(31,342)	(41,633)	(380,875)	(58,475)	(52,868)	(565,193)
Reinsurers' share of gross claims paid	2,118,364	711,610	1,043,830	1,622,315	307,224	5,803,343
<b>Net claims paid</b>	(287,935)	(147,309)	(5,985,755)	(1,018,271)	(418,823)	(7,858,093)
Changes in outstanding claims	(1,603,423)	(637,700)	(3,013,470)	(2,011,389)	666,206	(6,599,776)
Changes in reinsurers' share of outstanding claims	1,649,631	529,923	265,435	3,102,357	(251,393)	5,295,953
Changes in claims incurred but not reported,	-	-	-	-	-	-
Changes in reinsurance share of claims incurred but not reported	-	-	-	-	-	-
<b>Net claims incurred</b>	(241,727)	(255,086)	(8,733,790)	72,697	(4,010)	(9,161,916)
Changes in additional premium reserve						
Changes in other technical reserves						
Policy acquisition costs	(1,210,863)	(212,788)	(1,143,498)	(749,342)	(350,804)	(3,667,295)
Other underwriting expenses	(49,359)	(55,653)	(64,141)	(109,564)	(223,581)	(502,298)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(1,501,949)	(523,527)	(9,941,429)	(786,209)	(578,395)	(13,331,509)
<b>NET UNDERWRITING INCOME</b>	2,795,653	642,998	3,572,428	4,816,826	2,073,119	13,901,024
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for doubtful debts						709,926
General and administrative expenses						(8,637,938)
Dividend, interest and commission Income						2,376,010
Realized gain on disposal of investment held for trading						122,737
Unrealised gains on investments held at fair value						952,482
Other income						508,901
<b>TOTAL OTHER OPERATING EXPENSES</b>						(3,967,882)
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>						9,933,142
<b>Net income for the period attributed to insurance operations</b>						(890,313)
<b>Net income attributed to shareholders for the period before zakat and income tax</b>						9,042,829
Zakat for the period						(1,032,013)
Income tax for the period						(616,202)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						7,394,614

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**17. OPERATING SEGMENTS (CONTINUED)**

For the nine months period ended  
September 30, 2018

	Property SR	Engineering SR	Motor SR	Casualty SR	Others SR	Total SR
	(Unaudited)					
<b>REVENUE</b>						
Gross written premiums	56,119,262	12,076,135	66,759,812	30,307,041	18,512,961	183,775,211
Less: Reinsurance premiums ceded						
Local	(3,554,631)	(996,660)		(83,938)	(312,857)	(4,948,086)
Foreign	(46,112,164)	(8,930,596)	(10,578,528)	(14,719,725)	(9,692,462)	(90,033,475)
Excess of loss expenses	(1,122,353)	(436,471)	(716,761)	(369,242)	(650,598)	(3,295,425)
<b>Net premiums written</b>	5,330,114	1,712,408	55,464,523	15,134,136	7,857,044	85,498,225
Change in unearned premiums,	56,197	1,568,044	(10,635,001)	(2,380,373)	1,112,766	(10,278,367)
Changes in reinsurer share of unearned						
Premiums	(1,110,425)	(1,204,654)	4,356,411	720,093	(265,232)	2,496,193
<b>Net premiums earned</b>	4,275,886	2,075,798	49,185,933	13,473,856	8,704,578	77,716,051
Reinsurance commission income	7,068,437	2,730,488	1,633,415	2,205,351	1,948,946	15,586,637
<b>TOTAL REVENUE</b>	11,344,323	4,806,286	50,819,348	15,679,207	10,653,524	93,302,688
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(5,710,659)	(2,159,962)	(23,913,774)	(794,304)	(2,850,729)	(35,429,428)
Expenses incurred related to claims	(247,779)	(253,033)	(1,374,548)	(23,903)	(151,878)	(2,051,141)
Reinsurers' share of gross claims paid	3,704,980	2,298,273	1,847,800	83,597	2,159,297	10,093,947
<b>Net claims paid</b>	(2,253,458)	(114,722)	(23,440,522)	(734,610)	(843,310)	(27,386,622)
Changes in outstanding claims	1,990,493	(203,672)	(1,503,978)	(277,749)	425,686	430,780
Changes in reinsurers' share of outstanding	609,067	154	928,904	157,430	(582,085)	1,113,470
Claims						
Changes in claims incurred but not	10,654,358	634,112	871,830	6,933,277	(2,818,154)	16,275,423
reported,						
Changes in reinsurance share of claims	(10,221,406)	823,946	1,257,474	(5,900,069)	1,819,865	(12,220,190)
incurred but not reported						
<b>Net claims incurred</b>	779,054	1,139,818	(21,886,292)	178,279	(1,997,998)	(21,787,139)
Changes in additional premium reserve	664,273	(34,494)	-	-	31,862	661,641
Changes in other technical reserves	932,568	5,322	(17,766)	67,944	(26,053)	962,015
Policy acquisition costs	(3,262,881)	(941,683)	(5,458,086)	(2,406,475)	(1,737,517)	(13,806,642)
Other underwriting expenses	(403,634)	(196,206)	(550,809)	(278,348)	(345,468)	(1,774,465)
<b>TOTAL UNDERWRITING COSTS AND</b>						
<b>EXPENSES</b>	(1,290,620)	(27,243)	(27,912,953)	(2,438,600)	(4,075,174)	(35,744,590)
<b>NET UNDERWRITING INCOME</b>	10,053,703	4,779,043	22,906,395	13,240,607	6,578,350	57,558,098
<b>OTHER OPERATING (EXPENSES)/</b>						
<b>INCOME</b>						
Allowance for doubtful debts						(11,329,940)
General and administrative expenses						(23,376,248)
Dividend, interest and commission Income						4,304,728
Realized gain on disposal of investment held for trading						(15,496)
Unrealised losses on investments held at fair value						37,450
Other income						1,857,846
<b>TOTAL OTHER OPERATING EXPENSES</b>						(28,521,660)
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>						29,036,438
<b>Net income for the period attributed to insurance operations</b>						(2,932,359)
<b>Net income attributed to shareholders for the period before zakat and income tax</b>						26,104,079
Zakat for the period						(3,886,409)
Income tax for the period						(1,751,551)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						20,466,119

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**17. SEGMENTAL STATEMENTS (CONTINUED)**

For the three months period ended September 30,  
2018

	Property SR	Engineering SR	Motor SR	Casualty SR	Others SR	Total SR
	(Unaudited) Restated					
<b>REVENUE</b>						
Gross written premiums	10,295,070	4,114,856	4,762,897	10,818,689	2,195,682	32,187,194
Less: Reinsurance premiums ceded						
Local	(483,324)	(441,424)	-	-	(76,667)	(1,001,415)
Foreign	(8,926,166)	(3,004,208)	(771,195)	(7,590,447)	(1,217,528)	(21,509,544)
Excess of loss expenses	(374,118)	(145,491)	(238,920)	(123,081)	(210,183)	(1,091,793)
<b>Net premiums written</b>	511,462	523,733	3,752,782	3,105,161	691,304	8,584,442
Change in unearned premiums	8,941,050	552,116	13,520,544	(634,963)	1,967,205	24,345,952
Changes in reinsurer share of unearned						
Premiums	(7,965,774)	(454,082)	(1,743,776)	2,264,983	(481,916)	(8,380,565)
<b>Net premiums earned</b>	1,486,738	621,767	15,529,550	4,735,181	2,176,593	24,549,829
Reinsurance commission income	2,329,704	901,550	663,887	844,893	463,058	5,203,092
<b>TOTAL REVENUE</b>	3,816,442	1,523,317	16,193,437	5,580,074	2,639,651	29,752,921
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(52,379)	(1,337,086)	(8,068,666)	(162,460)	(849,137)	(10,469,728)
Expenses incurred related to claims	-	(198,824)	(571,198)	(5,859)	(14,359)	(790,240)
Reinsurers' share of gross claims paid	47,257	1,518,366	976,231	56,181	701,255	3,299,290
<b>Net claims paid</b>	(5,122)	(17,544)	(7,663,633)	(112,138)	(162,241)	(7,960,678)
Changes in outstanding claims	(3,303,225)	(260,783)	42,720	(2,758)	(415,847)	(3,939,893)
Changes in reinsurers' share of						
outstanding claims	3,229,996	75,106	221,859	73,474	148,064	3,748,499
Changes in claims incurred but not reported,	12,085,165	1,753,091	1,190,074	1,695,464	(436,117)	16,287,677
Changes in reinsurance share of claims						
incurred but not reported	(12,122,342)	(1,479,389)	501,623	(1,293,364)	209,872	(14,183,600)
<b>Net claims incurred</b>	(115,528)	70,481	(5,707,357)	360,678	(656,269)	(6,047,995)
Changes in additional premium reserve	-	975,533	-	-	-	975,533
Changes in other technical reserves	104,336	16,227	49,098	16,941	(6,441)	180,161
Policy acquisition costs	(1,128,632)	(260,508)	(1,723,691)	(865,579)	(462,600)	(4,441,010)
Other underwriting expenses	(104,475)	(73,780)	(93,486)	(103,575)	(109,561)	(484,877)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(1,244,299)	727,953	(7,475,436)	(591,535)	(1,234,871)	(9,818,188)
<b>NET UNDERWRITING INCOME</b>	2,572,143	2,251,270	8,718,001	4,988,539	1,404,780	19,934,733
<b>OTHER OPERATING (EXPENSES)/INCOME</b>						
Allowance for doubtful debts						(8,164,959)
General and administrative expenses						(7,561,551)
Dividend, interest and commission Income						1,388,643
Realized loss on disposal of investment held for trading						(9,510)
Unrealised gains on investments held at fair value						(193,740)
Other income						445,364
<b>TOTAL OTHER OPERATING EXPENSES</b>						(14,095,753)
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>						5,838,980
<b>Net income for the period attributed to insurance operations</b>						(643,890)
<b>Net income attributed to shareholders for the period before zakat and income tax</b>						5,195,090
Zakat for the period						(1,344,190)
Income tax for the period						(352,305)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						3,498,595

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**17. OPERATING SEGMENTS (CONTINUED)**

As at September 30, 2019

	Property Engineering		Motor		Casualty		Others		Insurance operations		Shareholders' operations		Total	
	SR		SR		SR		SR		SR		SR		SR	
	(Unaudited)													
<b>Assets</b>														
Reinsurers' share of unearned premiums	29,479,536	9,963,585	3,758,611	9,789,710	2,084,891	55,076,333	-	-	-	-	-	-	-	55,076,333
Reinsurers' share of outstanding claims	18,527,586	4,793,862	1,504,991	6,235,733	1,263,784	32,325,956	-	-	-	-	-	-	-	32,325,956
Reinsurers' share of claims incurred but not reported	26,690,147	4,302,986	574,819	4,658,979	3,442,676	39,669,607	-	-	-	-	-	-	-	39,669,607
Deferred policy acquisition costs	2,042,518	908,312	1,909,302	1,177,284	342,869	6,380,285	-	-	-	-	-	-	-	6,380,285
Unallocated assets	-	-	-	-	-	185,485,990	-	-	-	-	-	-	-	185,485,990
<b>TOTAL ASSETS</b>	<b>76,739,787</b>	<b>19,968,745</b>	<b>7,747,723</b>	<b>21,861,706</b>	<b>7,134,220</b>	<b>318,938,171</b>	<b>315,894,327</b>	<b>315,894,327</b>	<b>318,938,171</b>	<b>315,894,327</b>	<b>315,894,327</b>	<b>315,894,327</b>	<b>315,894,327</b>	<b>634,832,498</b>
<b>Liabilities</b>														
Gross unearned premiums	32,252,568	11,687,815	25,068,234	18,224,691	4,000,954	91,234,262	-	-	-	-	-	-	-	91,234,262
Unearned reinsurance commission income	4,815,353	2,550,032	1,155,213	1,154,094	345,395	10,020,087	-	-	-	-	-	-	-	10,020,087
Gross outstanding claims	19,665,199	6,113,243	8,357,914	10,455,782	2,638,457	47,230,595	-	-	-	-	-	-	-	47,230,595
Claims incurred but not reported	29,836,510	5,493,392	8,722,684	9,306,963	7,037,123	60,396,672	-	-	-	-	-	-	-	60,396,672
Additional premium reserve	1,038,904	-	-	-	717,502	1,756,406	-	-	-	-	-	-	-	1,756,406
Other technical reserves	724,524	319,704	1,021,678	390,927	322,782	2,779,615	-	-	-	-	-	-	-	2,779,615
Unallocated liabilities	-	-	-	-	-	87,885,058	-	-	-	-	-	-	-	87,885,058
<b>TOTAL LIABILITIES</b>	<b>88,333,058</b>	<b>26,164,186</b>	<b>44,325,723</b>	<b>39,532,457</b>	<b>15,062,213</b>	<b>301,302,695</b>	<b>23,239,224</b>	<b>23,239,224</b>	<b>301,302,695</b>	<b>23,239,224</b>	<b>23,239,224</b>	<b>23,239,224</b>	<b>23,239,224</b>	<b>324,541,919</b>

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**17. OPERATING SEGMENTS (CONTINUED)**

*As at December 31, 2018*

	Property		Engineering		Motor		Casualty		Others		Insurance operations		Shareholders' operations		Total		
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
(Unaudited)																	
<b>Assets</b>																	
Reinsurers' share of unearned premiums	27,572,729	9,116,613	2,828,411	10,311,791	1,800,146	51,629,690											51,629,690
Reinsurers' share of outstanding claims	19,285,759	10,117,480	874,889	477,544	1,646,481	32,402,153											32,402,153
Reinsurers' share of claims incurred but not reported	32,334,465	4,424,183	1,481,945	1,965,957	2,721,238	42,927,788											42,927,788
Deferred policy acquisition costs	960,091	474,423	1,391,635	1,168,997	310,135	4,305,281											4,305,281
Unallocated assets	-	-	-	-	-	185,745,255											185,745,255
<b>TOTAL ASSETS</b>	<b>80,153,044</b>	<b>24,132,699</b>	<b>6,576,880</b>	<b>13,924,289</b>	<b>6,478,000</b>	<b>317,010,167</b>											<b>590,507,450</b>
<b>Liabilities</b>																	
Gross unearned premiums	29,898,291	10,327,128	17,496,013	16,044,956	3,498,509	77,264,897											77,264,897
Unearned reinsurance commission income	2,614,584	1,892,200	724,932	1,347,781	530,798	7,110,295											7,110,295
Gross outstanding claims	20,450,791	11,215,127	3,950,502	5,039,080	3,261,826	43,917,326											43,917,326
Claims incurred but not reported	35,519,793	6,473,157	11,532,190	7,635,251	6,364,368	67,524,759											67,524,759
Additional premium reserve	225,670	111,661	-	-	1,656	338,987											338,987
Other technical reserves	1,675,686	602,887	1,001,541	375,040	387,448	4,042,602											4,042,602
Unallocated liabilities	-	-	-	-	-	76,097,844											76,097,844
<b>TOTAL LIABILITIES</b>	<b>90,384,815</b>	<b>30,622,160</b>	<b>34,705,178</b>	<b>30,442,108</b>	<b>14,044,605</b>	<b>276,296,710</b>											<b>298,337,993</b>

**Geographical segments**

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**18. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

The fair values of financial assets and liabilities are not materially different from their carrying values at the interim statement of financial position date.

a) Investment securities are classified as follows:

	<b>Insurance operations</b>	
	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	37,268,601	36,028,138
Investments available for sale	-	-
<b>Total</b>	<b>37,268,601</b>	<b>36,028,138</b>
	<b>Shareholders' operations</b>	
	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	56,683,308	46,738,086
Investments available for sale	1,932,078	1,932,078
	<b>58,615,386</b>	<b>48,670,164</b>
<b>Total investments held for trading</b>	<b>93,951,909</b>	<b>82,766,224</b>
<b>Total investments available for sale</b>	<b>1,932,078</b>	<b>1,932,078</b>
<b>Total investments</b>	<b>95,883,987</b>	<b>84,698,302</b>

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**18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Investment securities are classified as follows:

**i) Investments held for trading:**

a) Category wise analysis is as follows:

<i><b>Insurance Operations</b></i>	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuks and bonds	<b>11,478,480</b>	8,455,503	<b>14,632,105</b>	16,930,277	<b>26,110,585</b>	25,385,780
Equity securities	<b>11,158,016</b>	10,642,358	-	-	<b>11,158,016</b>	10,642,358
	<b>22,636,496</b>	19,097,861	<b>14,632,105</b>	16,930,277	<b>37,268,601</b>	36,028,138

  

<i><b>Shareholders' Operations</b></i>	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuks and bonds	<b>23,226,656</b>	10,969,039	<b>18,981,735</b>	21,963,077	<b>42,208,391</b>	32,932,116
Equity securities	<b>14,474,917</b>	13,805,970	-	-	<b>14,474,917</b>	13,805,970
	<b>37,701,573</b>	24,775,009	<b>18,981,735</b>	21,963,077	<b>56,683,308</b>	46,738,086

Movement in the investment held for trading balance is as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the period/year	<b>36,028,138</b>	29,108,064	<b>46,738,086</b>	46,320,848
Acquisitions during the period/year	<b>10,591,923</b>	8,986,905	<b>21,986,555</b>	11,658,409
Disposals during the period/year	<b>(10,613,964)</b>	(1,280,925)	<b>(13,769,137)</b>	(11,674,100)
Unrealised (losses)/gains on investments held for trading	<b>88,306</b>	(746,220)	<b>1,613,247</b>	(968,046)
Realised losses	<b>1,174,198</b>	(39,686)	<b>114,557</b>	1,400,975
At the end of the period/year	<b>37,268,601</b>	36,028,138	<b>56,683,308</b>	46,738,086



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**18. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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

<i>September 30, 2019 (Unaudited)</i>					
	Carrying value SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investments held for trading	93,951,909	93,951,909	-	-	93,951,909
	93,951,909	93,951,909	-	-	93,951,909
<i>December 31, 2018 (Audited)</i>					
	Carrying value SR	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Investments held for trading	82,766,224	82,766,224	-	-	82,766,224
	82,766,224	82,766,224	-	-	82,766,224

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

**19. EARNINGS PER SHARE FOR THE PERIOD**

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. Basic and diluted earnings per share has also been revised due to change in accounting policy for the presentation of Zakat and income tax as explained in note 4 and 13 to these interim condensed financial statements.

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**20. SUPPLEMENTARY STATEMENTS**

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

**a) Interim statement of financial position**

	September 30, 2019			December 31, 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	(Unaudited)			(Audited)		
Cash and cash equivalents	55,049,701	66,799,792	121,849,493	73,042,726	68,467,593	141,510,319
Premiums and insurance balances receivable	76,713,363	-	76,713,363	71,742,938	-	71,742,938
Reinsurers' share of unearned premiums	55,076,333	-	55,076,333	51,629,690	-	51,629,690
Reinsurers' share of outstanding claims	32,325,956	-	32,325,956	32,402,153	-	32,402,153
Reinsurers' share of claims incurred but not reported	39,669,607	-	39,669,607	42,927,788	-	42,927,788
Deferred policy acquisition costs	6,380,285	-	6,380,285	4,305,281	-	4,305,281
Deferred excess of loss premiums	924,626	-	924,626	-	-	-
Investments held for trading	37,268,601	56,683,308	93,951,909	36,028,138	46,738,086	82,766,224
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepayments and other assets	3,908,859	13,267,365	17,176,224	3,823,631	11,873,804	15,697,435
Term deposits	8,061,293	111,747,924	119,809,217	-	79,467,701	79,467,701
Property and equipment	266,777	-	266,777	387,427	-	387,427
Right of use assets	2,426,624	-	2,426,624	-	-	-
Intangible assets	866,146	-	866,146	720,395	-	720,395
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Statutory deposit commission income	-	1,689,110	1,689,110	-	1,243,271	1,243,271
Amounts due from insurance operations	999,030	19,533,877	20,532,907	3,421,327	45,034,155	48,455,482
<b>TOTAL ASSETS</b>	<b>319,937,201</b>	<b>335,428,204</b>	<b>655,365,405</b>	<b>320,431,494</b>	<b>318,531,438</b>	<b>638,962,932</b>
<b>Less: inter-operations elimination</b>	<b>(999,030)</b>	<b>(19,533,877)</b>	<b>(20,532,907)</b>	<b>(3,421,327)</b>	<b>(45,034,155)</b>	<b>(48,455,482)</b>
<b>TOTAL ASSETS AS PER INTERIM STATEMENT OF FINANCIAL POSITION</b>	<b>318,938,171</b>	<b>315,894,327</b>	<b>634,832,498</b>	<b>317,010,167</b>	<b>273,497,283</b>	<b>590,507,450</b>

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**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**a) Interim statement of financial position (Continued)**

	September 30, 2019			December 31, 2018		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	(Unaudited)			(Audited)		
Accounts payable	22,810,096	-	22,810,096	17,570,524	-	17,570,524
Accrued expenses and other liabilities	9,269,444	3,509,926	12,779,370	6,696,828	2,663,499	9,360,327
Lease liabilities	2,174,614	-	2,174,614	-	-	-
Reinsurance balances payable	37,800,399	-	37,800,399	37,892,066	-	37,892,066
Gross unearned premiums	91,234,262	-	91,234,262	77,264,897	-	77,264,897
Unearned reinsurance commission income	10,020,087	-	10,020,087	7,110,295	-	7,110,295
Gross outstanding claims	47,230,595	-	47,230,595	43,917,326	-	43,917,326
Claims incurred but not reported	60,396,672	-	60,396,672	67,524,759	-	67,524,759
Additional premium reserves	1,756,406	-	1,756,406	338,987	-	338,987
Other technical reserves	2,779,615	-	2,779,615	4,042,602	-	4,042,602
End-of-service indemnities	7,686,955	-	7,686,955	7,174,176	-	7,174,176
Statutory deposit commission income payable	-	1,689,110	1,689,110	-	1,243,271	1,243,271
Provision for zakat and income tax	-	18,040,188	18,040,188	-	18,134,513	18,134,513
Amounts due to shareholders' operations	19,533,877	999,030	20,532,907	45,034,155	3,421,327	48,455,482
Surplus insurance operations	8,143,550	-	8,143,550	6,764,250	-	6,764,250
<b>TOTAL LIABILITIES</b>	<b>320,836,572</b>	<b>24,238,254</b>	<b>345,074,826</b>	<b>321,330,865</b>	<b>25,462,610</b>	<b>346,793,475</b>
<b>Less: inter-operations elimination</b>	<b>(19,533,877)</b>	<b>(999,030)</b>	<b>(20,532,907)</b>	<b>(45,034,155)</b>	<b>(3,421,327)</b>	<b>(48,455,482)</b>
<b>TOTAL LIABILITIES AS PER INTERIM STATEMENT OF FINANCIAL POSITION</b>	<b>301,302,695</b>	<b>23,239,224</b>	<b>324,541,919</b>	<b>276,296,710</b>	<b>22,041,283</b>	<b>298,337,993</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve	-	31,832,001	31,832,001	-	28,207,777	28,207,777
Retained earnings	-	79,357,949	79,357,949	-	64,861,051	64,861,051
Re-measurement reserve for end of service benefits	(899,371)	-	(899,371)	(899,371)	-	(899,371)
<b>TOTAL EQUITY</b>	<b>(899,371)</b>	<b>311,189,950</b>	<b>310,290,579</b>	<b>(899,371)</b>	<b>293,068,828</b>	<b>292,169,457</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>300,403,324</b>	<b>334,429,174</b>	<b>634,832,498</b>	<b>275,397,339</b>	<b>315,110,111</b>	<b>590,507,450</b>

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**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

b) Interim statement of income	Nine months period ended September 30, 2019			Nine months period ended September 30, 2018		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	(Unaudited)			(Unaudited) Restated		
<b>REVENUE</b>						
Gross written premiums	179,999,824	-	179,999,824	183,775,211	-	183,775,211
Less: Reinsurance premiums ceded						
Local	(4,780,004)	-	(4,780,004)	(4,948,086)	-	(4,948,086)
Foreign	(96,622,883)	-	(96,622,883)	(90,033,475)	-	(90,033,475)
Excess of loss premiums	(2,793,004)	-	(2,793,004)	(3,295,425)	-	(3,295,425)
<b>Net premiums written</b>	<b>75,803,933</b>	<b>-</b>	<b>75,803,933</b>	<b>85,498,225</b>	<b>-</b>	<b>85,498,225</b>
Changes in unearned premiums	(13,969,365)	-	(13,969,365)	(10,278,367)	-	(10,278,367)
Changes in reinsurer share of unearned premiums	3,446,643	-	3,446,643	2,496,193	-	2,496,193
<b>Net premiums earned</b>	<b>65,281,211</b>	<b>-</b>	<b>65,281,211</b>	<b>77,716,051</b>	<b>-</b>	<b>77,716,051</b>
Reinsurance commissions	16,435,538	-	16,435,538	15,586,637	-	15,586,637
<b>TOTAL REVENUE</b>	<b>81,716,749</b>	<b>-</b>	<b>81,716,749</b>	<b>93,302,688</b>	<b>-</b>	<b>93,302,688</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and other expenses	(39,948,685)	-	(39,948,685)	(35,429,428)	-	(35,429,428)
Expenses incurred related to claims	(1,890,817)	-	(1,890,817)	(2,051,141)	-	(2,051,141)
Reinsurers' share of gross claims paid	17,444,578	-	17,444,578	10,093,947	-	10,093,947
<b>NET CLAIMS AND OTHER BENEFITS PAID</b>	<b>(24,394,924)</b>	<b>-</b>	<b>(24,394,924)</b>	<b>(27,386,622)</b>	<b>-</b>	<b>(27,386,622)</b>
Changes in outstanding claims	(3,313,269)	-	(3,313,269)	430,780	-	430,780
Changes in reinsurer outstanding claims	(76,197)	-	(76,197)	1,113,470	-	1,113,470
Changes in claims incurred but not reported	7,128,087	-	7,128,087	16,275,423	-	16,275,423
Changes in reinsurer share of IBNR	(3,258,181)	-	(3,258,181)	(12,220,190)	-	(12,220,190)
<b>Net claims incurred</b>	<b>(23,914,484)</b>	<b>-</b>	<b>(23,914,484)</b>	<b>(21,787,139)</b>	<b>-</b>	<b>(21,787,139)</b>
Changes in additional premium reserve	(1,417,419)	-	(1,417,419)	661,641	-	661,641
Changes in other technical reserves	1,262,987	-	1,262,987	962,015	-	962,015
Policy acquisition costs	(11,042,933)	-	(11,042,933)	(13,806,642)	-	(13,806,642)
Other underwriting expenses	(2,162,001)	-	(2,162,001)	(1,774,465)	-	(1,774,465)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(37,273,850)</b>	<b>-</b>	<b>(37,273,850)</b>	<b>(35,744,590)</b>	<b>-</b>	<b>(35,744,590)</b>
<b>NET UNDERWRITING INCOME</b>	<b>44,442,899</b>	<b>-</b>	<b>44,442,899</b>	<b>57,558,098</b>	<b>-</b>	<b>57,558,098</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Allowance for doubtful debts	(5,703,404)	-	(5,703,404)	(11,329,940)	-	(11,329,940)
General and administrative expenses	(21,737,309)	(4,157,758)	(25,895,067)	(19,812,438)	(3,563,810)	(23,376,248)
Dividend, interest and Commission Income	1,882,803	5,397,296	7,280,099	1,035,779	1,805,712	2,841,491
Realized gain/(loss) on disposal of investment held	88,306	114,557	202,863	611,253	2,245,420	2,856,673
Unrealised gains/(losses) on investments held at fair	1,174,198	1,613,247	2,787,445	(597,006)	(774,476)	(1,371,482)
Others income	1,556,815	-	1,556,815	1,857,846	-	1,857,846
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(22,738,591)</b>	<b>2,967,342</b>	<b>(19,771,249)</b>	<b>(28,234,506)</b>	<b>(287,154)</b>	<b>(28,521,660)</b>
<b>Net income for the period before zakat, income tax and income attributed to insurance operations</b>	<b>21,704,308</b>	<b>2,967,342</b>	<b>24,671,650</b>	<b>29,323,592</b>	<b>(287,154)</b>	<b>29,036,438</b>
<b>Surplus transferred to Shareholders</b>	<b>(19,533,877)</b>	<b>19,533,877</b>	<b>-</b>	<b>(26,391,233)</b>	<b>26,391,233</b>	<b>-</b>
<b>Net income for the period before zakat and income tax</b>	<b>2,170,431</b>	<b>22,501,219</b>	<b>24,671,650</b>	<b>2,932,359</b>	<b>26,104,079</b>	<b>29,036,438</b>
Zakat for the period	-	(2,839,157)	(2,839,157)	-	(3,886,409)	(3,886,409)
Income tax for the period	-	(1,540,940)	(1,540,940)	-	(1,751,551)	(1,751,551)
<b>Net result from insurance operations after shareholders' transfer of surplus to Shareholders</b>	<b>2,170,431</b>	<b>18,121,122</b>	<b>20,291,553</b>	<b>2,932,359</b>	<b>20,466,119</b>	<b>23,398,478</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**c) Interim statement of comprehensive income**

	Nine months ended September 30, 2019			Nine months ended September 30, 2018		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	(Unaudited)			(Unaudited)		
<b>Net income from the period</b>	<b>2,170,431</b>	<b>18,121,122</b>	<b>20,291,553</b>	2,932,359	20,466,119	23,398,478
<b>Items that will not be reclassified to statement of income</b>						
<b>Other comprehensive income</b>	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,170,431</b>	<b>18,121,122</b>	<b>20,291,553</b>	2,932,359	20,466,119	23,398,478
<b>Weighted average number of outstanding shares (adjusted)</b>	-	20,000,000	20,000,000	-	20,000,000	20,000,000
<b>Earnings per share for the period (adjusted)</b>		<b>0.91</b>			<b>1.02</b>	

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

d) Interim statement of income	Three months ended September 30, 2019			Three months ended September 30, 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	(Unaudited)			(Unaudited) Restated		
<b>REVENUE</b>						
Gross written premiums	36,094,970	-	36,094,970	32,187,194	-	32,187,194
Less: Reinsurance premiums ceded						
Local	(905,113)	-	(905,113)	(1,001,415)	-	(1,001,415)
Foreign	(22,197,318)	-	(22,197,318)	(21,509,544)	-	(21,509,544)
Excess of loss premiums	(924,624)	-	(924,624)	(1,091,793)	-	(1,091,793)
Net premiums written	12,067,915	-	12,067,915	8,584,442	-	8,584,442
Changes in unearned premiums	19,273,285	-	19,273,285	24,345,952	-	24,345,952
Changes in reinsurer share of unearned premiums	(9,610,509)	-	(9,610,509)	(8,380,565)	-	(8,380,565)
Net premiums earned	21,730,691	-	21,730,691	24,549,829	-	24,549,829
Reinsurance commissions	5,501,842	-	5,501,842	5,203,092	-	5,203,092
<b>TOTAL REVENUE</b>	<b>27,232,533</b>	<b>-</b>	<b>27,232,533</b>	<b>29,752,921</b>	<b>-</b>	<b>29,752,921</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and other expenses	(13,096,243)	-	(13,096,243)	(10,469,728)	-	(10,469,728)
Expenses incurred related to claims	(565,193)	-	(565,193)	(790,240)	-	(790,240)
Reinsurers' share of gross claims paid	5,803,343	-	5,803,343	3,299,290	-	3,299,290
<b>NET CLAIMS AND OTHER BENEFITS PAID</b>	<b>(7,858,093)</b>	<b>-</b>	<b>(7,858,093)</b>	<b>(7,960,678)</b>	<b>-</b>	<b>(7,960,678)</b>
Changes in outstanding claims	(6,599,776)	-	(6,599,776)	(3,939,893)	-	(3,939,893)
Changes in reinsurer share of outstanding claims	5,295,953	-	5,295,953	3,748,499	-	3,748,499
Changes in claims incurred but not reported	-	-	-	16,287,677	-	16,287,677
Changes in reinsurer share of incurred but not reported	-	-	-	(14,183,600)	-	(14,183,600)
Net claims incurred	(9,161,916)	-	(9,161,916)	(6,047,995)	-	(6,047,995)
Changes in additional premium reserve	-	-	-	975,533	-	975,533
Changes in other technical reserves	-	-	-	180,161	-	180,161
Policy acquisition costs	(3,667,295)	-	(3,667,295)	(4,441,010)	-	(4,441,010)
Other underwriting expenses	(502,298)	-	(502,298)	(484,877)	-	(484,877)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(13,331,509)</b>	<b>-</b>	<b>(13,331,509)</b>	<b>(9,818,188)</b>	<b>-</b>	<b>(9,818,188)</b>
<b>NET UNDERWRITING INCOME</b>	<b>13,901,024</b>	<b>-</b>	<b>13,901,024</b>	<b>19,934,733</b>	<b>-</b>	<b>19,934,733</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Reversal of allowance for doubtful debts	709,926	-	709,926	(8,164,959)	-	(8,164,959)
General and administrative expenses	(7,260,102)	(1,377,836)	(8,637,938)	(6,188,151)	(1,373,400)	(7,561,551)
Dividend, interest and commission income	595,585	1,780,425	2,376,010	496,251	892,392	1,388,643
Realized gain/(loss) on disposal of investment held for trading	53,427	69,310	122,737	-	(9,510)	(9,510)
Unrealised gains/(losses) on investments held at fair value	394,374	558,108	952,482	(84,335)	(109,405)	(193,740)
Other income	508,901	-	508,901	445,364	-	445,364
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(4,997,889)</b>	<b>1,030,007</b>	<b>(3,967,882)</b>	<b>(13,495,830)</b>	<b>(599,923)</b>	<b>(14,095,753)</b>
Net income for the period before zakat, income tax and income attributed to insurance operations	8,903,135	1,030,007	9,933,142	6,438,903	(599,923)	5,838,980
Surplus transferred to Shareholders	(8,012,822)	8,012,822	-	(5,795,013)	5,795,013	-
Net income for the period before zakat and income tax	890,313	9,042,829	9,933,142	643,890	5,195,090	5,838,980
Zakat for the period	-	(1,032,013)	(1,032,013)	-	(1,344,190)	(1,344,190)
Income tax for the period	-	(616,202)	(616,202)	-	(352,305)	(352,305)
Net result from insurance operations after shareholders' transfer of surplus to Shareholders	890,313	7,394,614	8,284,927	643,890	3,498,595	4,142,485

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**e) Interim statement of comprehensive income**

	Three months ended September 30, 2019			Three months ended September 30, 2018		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	(Unaudited)			(Unaudited)		
Net income from the period	890,313	7,394,614	8,284,927	643,890	3,498,595	4,142,485
Items that will not be reclassified to statement of income						
Other comprehensive income	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>890,313</b>	<b>7,394,614</b>	<b>8,284,927</b>	<b>643,890</b>	<b>3,498,595</b>	<b>4,142,485</b>
Weighted average number of outstanding shares (adjusted)	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Earnings per share for the period (adjusted)		<u>0.37</u>			<u>0.17</u>	

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**f) Interim statement of cash flows**

	September 30, 2019			September 30, 2018		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	(Unaudited)			(Unaudited)		
<b>OPERATING ACTIVITIES</b>						
Net income for the period before zakat, income tax and income attributed to insurance operations	2,170,431	22,501,219	24,671,650	2,932,359	26,104,079	29,036,438
Adjustments for:						
Depreciation of property and equipment	158,915	-	158,915	237,052	-	237,052
Amortisation of intangible assets	177,784	-	177,784	59,630	-	59,630
Depreciation on right of use assets	808,875	-	808,875	-	-	-
Gain on sale of property and equipment	(84,550)	-	(84,550)	(24,162)	-	(24,162)
Allowance for doubtful debts	5,703,404	-	5,703,404	11,329,940	-	11,329,940
Unrealized (gain)/loss on investments	(1,174,198)	(1,613,247)	(2,787,445)	597,006	774,476	1,371,482
Realized (gain) /loss on Investment	(88,306)	(114,557)	(202,863)	25,693	(1,419,130)	(1,393,437)
Interest on finance lease obligations	61,342	-	61,342	-	-	-
Provision for end-of-service indemnities	1,010,691	-	1,010,691	1,184,153	-	1,184,153
	8,744,388	20,773,415	29,517,803	16,341,671	25,459,425	41,801,096
Working capital adjustments:						
Premiums and insurance balances receivable	(10,673,829)	-	(10,673,829)	(25,422,301)	-	(25,422,301)
Reinsurers' share of unearned premiums	(3,446,643)	-	(3,446,643)	(2,496,193)	-	(2,496,193)
Reinsurers' share of outstanding claims	76,197	-	76,197	(1,113,470)	-	(1,113,470)
Reinsurers' share of claims Incurred but not reported	3,258,181	-	3,258,181	12,220,190	-	12,220,190
Deferred policy acquisition costs	(2,075,004)	-	(2,075,004)	(1,356,999)	-	(1,356,999)
Deferred excess of loss premiums	(924,626)	-	(924,626)	(1,091,789)	-	(1,091,789)
Prepayments and other assets	(85,228)	(1,393,561)	(1,478,789)	(1,102,126)	(5,562,973)	(6,665,099)
Accounts payable	5,239,572	-	5,239,572	9,949,255	-	9,949,255
Accrued expenses and other liabilities	2,572,617	846,427	3,419,044	414,216	705,664	1,119,880
Reinsurance balances payable	(91,667)	-	(91,667)	4,468,017	-	4,468,017
Gross unearned premiums	13,969,365	-	13,969,365	10,278,367	-	10,278,367
Unearned reinsurance commission income	2,909,792	-	2,909,792	2,146,309	-	2,146,309
Gross outstanding claims	3,313,269	-	3,313,269	(430,780)	-	(430,780)
Claims incurred but not reported	(7,128,087)	-	(7,128,087)	(16,275,423)	-	(16,275,423)
Additional premium reserves	1,417,419	-	1,417,419	(661,641)	-	(661,641)
Other technical reserves	(1,262,987)	-	(1,262,987)	(962,015)	-	(962,015)
<b>Cash from operations</b>	<b>15,812,729</b>	<b>20,226,281</b>	<b>36,039,010</b>	<b>4,905,288</b>	<b>20,602,116</b>	<b>25,507,404</b>
Surplus distribution payable to policyholders	(791,131)	-	(791,131)	23,229	-	23,229
Zakat and income tax paid	-	(4,474,422)	(4,474,422)	-	(3,432,721)	(3,432,721)
End-of-service indemnities paid	(497,913)	-	(497,913)	(1,383,528)	-	(1,383,528)
<b>Net cash from operating activities</b>	<b>14,523,685</b>	<b>15,751,859</b>	<b>30,275,544</b>	<b>3,544,989</b>	<b>17,169,395</b>	<b>20,714,384</b>



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**f) Interim statement of cash flows (Continued)**

	September 30, 2019			September 30, 2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	(Unaudited)			(Unaudited)		
<b>INVESTING ACTIVITIES</b>						
Proceeds from sale of property and equipment	84,550	-	84,550	(50,528)	-	(50,528)
Purchase of Investment Held for trading investment	(10,591,923)	(21,986,555)	(32,578,478)	47,100	-	47,100
Purchase of property and equipment	(38,265)	-	(38,265)	(2,250,216)	(2,919,129)	(5,169,345)
Additions/disposals in long term/fixes income deposits	(8,061,293)	(32,280,223)	(40,341,516)	464,737	10,615,288	11,080,025
Proceeds from disposal of investments held for trading	10,613,964	13,769,137	24,383,101	-	-	-
Commission income paid	-	-	-	-	7,815,581	7,815,581
Purchase of intangible assets	(323,535)	-	(323,535)	(132,000)	-	(132,000)
<b>Net cash used in investing activities</b>	<b>(8,316,502)</b>	<b>(40,497,641)</b>	<b>(48,814,143)</b>	<b>(1,920,907)</b>	<b>15,511,740</b>	<b>13,590,833</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Payment under finance lease obligations	(1,122,227)	-	(1,122,227)	-	-	-
Interoperation balances	(25,500,278)	25,500,278	-	(8,730,311)	8,730,311	-
Due to (from) shareholders/insurance operations	2,422,297	(2,422,297)	-	-	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(24,200,208)</b>	<b>23,077,981</b>	<b>(1,122,227)</b>	<b>(8,730,311)</b>	<b>8,730,311</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>(17,993,025)</b>	<b>(1,667,801)</b>	<b>(19,660,826)</b>	<b>(7,106,229)</b>	<b>41,411,446</b>	<b>34,305,217</b>
Cash and cash equivalents at the beginning of the period	73,042,726	68,467,593	141,510,319	86,494,129	55,430,429	141,924,558
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>55,049,701</b>	<b>66,799,792</b>	<b>121,849,493</b>	<b>79,387,900</b>	<b>96,841,875</b>	<b>176,229,775</b>

**21. COMPARATIVE BALANCES**

Certain prior period figures have been reclassified to conform to current period presentation.

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

The interim condensed financial statements have been approved by the Board of Directors on November 3, 2019 corresponding to 6 Rabi I, 1441H.