

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITORS' REPORT**

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chubb Arabia Cooperative Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation of liability for incurred claims.</i></p> <p>The estimation of the liability for incurred claims involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills its obligations under insurance contracts. The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not.</p> <p>The Company uses an external actuary ("Appointed Actuary") to provide them with the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</p> <p>As at 31 December 2023, the estimates of present value of future cash flows and risk adjustment for non-financial risk amounts to Saudi Riyals 242.1 million and Saudi Riyals 19.4 million respectively, as disclosed in Note 11 to the financial statements.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> ● Understood, evaluated and tested key controls around the claims handling and provision setting processes; ● Evaluated the competence, capabilities and objectivity of the Appointed Actuary based on their professional qualifications and experience and assessed their independence; ● Performed substantive procedures, on a sample basis, on the amounts recorded for claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims; ● Checked the completeness of the underlying data used as inputs into the actuarial valuations and tested, on sample basis, the accuracy of underlying claims data used by the Appointed Actuary in estimating the present value of the future cash flows and risk adjustment for non-financial risk by comparing it to the accounting and other records; ● Involved our actuarial specialists to evaluate the Company's actuarial practices, adequacy of the provisions maintained and to obtain comfort over the actuarial report issued by the Appointed Actuary. Our actuarial specialists also performed the following: <ul style="list-style-type: none"> (i) Evaluated whether the Company's actuarial methodologies were consistent with the generally accepted actuarial practices; (ii) Assessed the appropriateness of the calculation methods and approach along with the key actuarial assumptions used and sensitivity analysis performed; and (iii) Performed independent projections on present value of future cash flows, risk adjustment for non-financial risk and loss component for significant product lines to compare them with the amounts recorded by management; and

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<i>Valuation of liability for incurred claims (continued)</i> We have considered this as a key audit matter due to the inherent estimation uncertainty and complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows and risk adjustment for non-financial risk arising from insurance contracts. Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.	<ul style="list-style-type: none">Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Adoption of IFRS 17 and IFRS 9</p> <p>The Company has adopted IFRS 17 “Insurance Contracts”, as endorsed in the Kingdom of Saudi Arabia (“IFRS 17”), which replaces IFRS 4 “Insurance Contracts”, and is effective for annual periods beginning on or after 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance, reinsurance and investment contracts with direct participation features (“DPF”). The Company has applied the full retrospective approach to each group of these contracts.</p> <p>The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 6.0 million.</p> <p>Further, effective 1 January 2023, the Company also adopted IFRS 9 “Financial Instruments”, as endorsed in the Kingdom of Saudi Arabia (“IFRS 9”) which replaces IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 requires the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets. The Company had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.</p> <p>The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 35.1 million.</p> <p>The Company also engaged the services of their Appointed Actuary and other technical and valuation experts (together the “management's experts”) to support them with the implementation process for adoption of these two standards including, amongst others, preparation of technical papers and identifying and determining the transition adjustments required to be recorded.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's implementation process for determining the impact of adoption of IFRS 17 and IFRS 9, including understanding of: <ul style="list-style-type: none"> (i) the changes to the Company's accounting policies, systems, processes and controls; and (ii) the transition adjustments recorded by management upon adoption of these two standards, and assessed their completeness and appropriateness; • Evaluated the competence, capabilities and objectivity of the management's experts based on their professional qualifications and experience and assessed their independence; • Involved our actuarial specialists to evaluate and assess the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted upon transition to IFRS 17 in relation to, amongst others, the following: <ul style="list-style-type: none"> (i) use of premium allocation approach; (ii) expense allocation methodology; (iii) risk adjustment for non-financial risk; (iv) estimation of the present value of future cash flows ; (v) loss component determination ; and (vi) test of the related transition adjustments on the retained earnings as at 1 January 2023 and 1 January 2022; • Evaluated and assessed the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted upon transition to IFRS 9, in relation to classification, recognition and measurement of different financial instruments, and tested the related transition adjustments on the retained earnings as at 1 January 2023 and 1 January 2022. Also involved our valuation experts to support us in testing the valuation of certain of these financial instruments at these dates and reviewing the models developed by management for determining the ECL allowance on the significant financial assets;

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Adoption of IFRS 17 and IFRS 9 (continued)</i></p> <p>We have considered this as a key audit matter as the first year of adoption of IFRS 17 and IFRS 9, resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023.</p> <p>Refer to Notes 3 and 4 for the accounting policies and significant accounting judgements, estimates and assumptions in relation to IFRS 17 and IFRS 9. Also, refer to Note 5 for the impact of transition.</p>	<ul style="list-style-type: none"> • Checked the completeness and accuracy of the underlying data used as inputs in estimating the transition impacts of IFRS 17 and IFRS 9, and tested on sample basis, the accuracy of the underlying data used; and • Evaluated and assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises information included in the Company's 2023 annual report, but does not include the financial statements and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

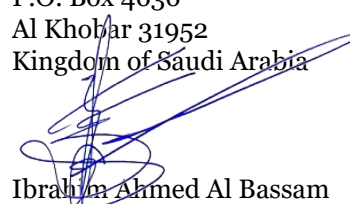
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Al Bassam & Co.

P.O. Box 4636
Al Khobar 31952
Kingdom of Saudi Arabia


Ibrahim Ahmed Al Bassam
License Number 337



25 March 2024
15 Ramadan 1445H

PricewaterhouseCoopers

P.O. Box 467
Dhahran Airport 31932
Kingdom of Saudi Arabia



Ali H. Al Basri
License Number 409

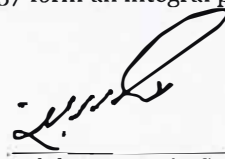


CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)	1 January 2022 (Restated - Notes 3 and 5)
ASSETS				
Cash and cash equivalents	6	38,479,829	24,919,814	186,043,885
Term deposits	7	200,872,568	243,331,053	57,236,755
Investments				
Financial assets at fair value through profit or loss ("FVTPL")	8	86,929,017	24,007,287	27,421,360
Financial assets at fair value through other comprehensive income ("FVOCI")	8	127,311,187	109,925,751	111,761,878
Prepaid expenses and other assets	10	19,321,928	24,616,937	21,307,634
Reinsurance contract assets	11	202,276,050	189,641,217	139,062,929
Property and equipment	12	2,215,348	2,704,838	2,323,765
Intangible assets	13	2,764,840	4,407,414	2,798,598
Accrued income on statutory deposit	14	4,457,161	2,862,640	2,406,669
Goodwill	9	43,774,750	43,774,750	43,774,750
Statutory deposit	14	30,000,000	30,000,000	30,000,000
TOTAL ASSETS		758,402,678	700,191,701	624,138,223
LIABILITIES				
Accrued and other liabilities	15	13,696,866	10,961,081	11,202,769
Insurance contract liabilities	11	283,095,146	264,231,802	194,470,502
Zakat and income tax payable	23	21,657,928	15,550,754	19,305,244
Employee benefit obligations	16	14,517,904	11,782,946	10,968,262
Accrued income payable to Insurance Authority	14	1,594,521	2,862,640	2,406,669
TOTAL LIABILITIES		334,562,365	305,389,223	238,353,446
EQUITY				
Share capital	17	300,000,000	300,000,000	300,000,000
Statutory reserve	24	45,830,634	40,867,123	39,927,701
Retained earnings		44,079,132	24,225,087	12,626,925
Fair value reserve		38,436,080	33,084,837	36,393,033
Remeasurement reserve of employee benefit obligations	16	(4,505,533)	(3,374,569)	(3,162,882)
TOTAL EQUITY		423,840,313	394,802,478	385,784,777
TOTAL LIABILITIES AND EQUITY		758,402,678	700,191,701	624,138,223

The accompanying notes from 1 to 37 form an integral part of these financial statements.


Eng. Nabi Yosuf Jokhdar
Chairman of the Board of
Directors


Talal Omar Bahafi
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 (Restated - Notes 3 and 5)
Insurance revenue	18	329,438,071	299,355,899
Insurance service expenses	18	(154,432,584)	(197,347,961)
Net expense from reinsurance contracts	18	(152,992,326)	(87,922,642)
Insurance service result from Company's directly written business		22,013,161	14,085,296
Share of surplus from insurance pool	21	7,179,222	9,442,066
Total insurance service result		29,192,383	23,527,362
Interest income from financial assets not measured at FVTPL	25	14,703,429	7,840,347
Net gains (losses) on financial assets measured at FVTPL	8	3,772,239	(141,285)
Dividend income		967,660	580,708
Net investment income		19,443,328	8,279,770
Finance (expense) income from insurance contracts issued	19	(7,811,955)	708,497
Finance income (expense) from reinsurance contracts held	19	6,259,726	(582,377)
Net insurance finance (expense) income		(1,552,229)	126,120
Net insurance and investment result		47,083,482	31,933,252
Other operating expenses	20	(15,090,616)	(13,518,250)
Other income		309,392	1,277,045
Total profit for the year before zakat and income tax		32,302,258	19,692,047
Zakat expense	23	(5,476,314)	(6,220,520)
Income tax	23	(2,008,388)	(933,943)
		(7,484,702)	(7,154,463)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		24,817,556	12,537,584
Earnings per share (expressed in Saudi Riyals per share)			
Basic earnings per share	26	0.83	0.42
Diluted earnings per share	26	0.83	0.42

The accompanying notes from 1 to 37 form an integral part of these financial statements.


Eng. Nabil Yosuf Jokhdar
Chairman of the Board of
Directors


Talal Omar Bahafi
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 (Restated - Notes 3 and 5)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		24,817,556	12,537,584
Other comprehensive income:			
<i>Items that will not be reclassified to the statement of income in subsequent years</i>			
Remeasurement loss on employee benefit obligations	16	(1,130,964)	(211,687)
<i>Items that will be reclassified to the statement of income in subsequent years</i>			
Net changes in fair value of investments measured at FVOCI	8	5,241,765	(3,207,363)
Realised loss (gain) on investments measured at FVOCI reclassified to statement of income	8	109,478	(100,833)
Total other comprehensive income (loss)		4,220,279	(3,519,883)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		29,037,835	9,017,701

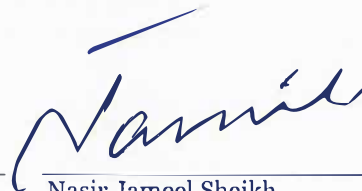
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Eng. Nabil Yosuf Jokhdar
Chairman of the Board of Directors



Taha Omar Bahafi
Chief Executive Officer



Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
Balance at 31 December 2022 (audited)		300,000,000	40,867,123	23,694,501	-	(3,374,569)	361,187,055
Adjustment on adoption of IFRS 17	5	-	-	(4,155,626)	-	-	(4,155,626)
Adjustment on adoption of IFRS 9	5	-	-	4,686,212	33,084,837	-	37,771,049
Balance at 1 January 2023 (Restated - Notes 3 and 5)		300,000,000	40,867,123	24,225,087	33,084,837	(3,374,569)	394,802,478
Total comprehensive income for the year							
Net profit for the year attributable to the shareholders		-	-	24,817,556	-	-	24,817,556
Other comprehensive income (loss)		-	-	-	5,351,243	(1,130,964)	4,220,279
Total comprehensive income (loss) for the year attributable to the shareholders		-	-	24,817,556	5,351,243	(1,130,964)	29,037,835
Transfer to statutory reserve		-	4,963,511	(4,963,511)	-	-	-
Balance at 31 December 2023		300,000,000	45,830,634	44,079,132	38,436,080	(4,505,533)	423,840,313
Balance at 31 December 2021 (audited)		300,000,000	39,927,701	19,936,815	-	(3,162,882)	356,701,634
Adjustment on adoption of IFRS 17	5	-	-	(6,017,339)	-	-	(6,017,339)
Adjustment on adoption of IFRS 9	5	-	-	(1,292,551)	36,393,033	-	35,100,482
Balance at 1 January 2022 (Restated - Notes 3 and 5)		300,000,000	39,927,701	12,626,925	36,393,033	(3,162,882)	385,784,777
Total comprehensive income for the year (Restated - Note 3 and 5)							
Net profit for the year attributable to the shareholders		-	-	12,537,584	-	-	12,537,584
Other comprehensive loss		-	-	-	(3,308,196)	(211,687)	(3,519,883)
Total comprehensive income (loss) for the year attributable to the shareholders		-	-	12,537,584	(3,308,196)	(211,687)	9,017,701
Transfer to statutory reserve		-	939,422	(939,422)	-	-	-
Balance at 31 December 2022 (Restated - Notes 3 and 5)		300,000,000	40,867,123	24,225,087	33,084,837	(3,374,569)	394,802,478

The accompanying notes from 1 to 37 form an integral part of these financial statements.


Eng. Nabil Yusuf Jokhdar
Chairman of the Board of Directors


Talal Omar Bahafi
Chief Executive Officer

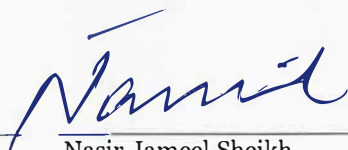
Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 (Restated - Notes 3 and 5)
CASH FLOWS FROM OPERATING ACTIVITIES			
Total profit for the year before zakat and income tax		32,302,258	19,692,047
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment	12	763,610	676,043
Amortisation of intangible assets	13	865,487	354,445
Impairment of intangible assets	13	2,295,254	-
Net (gains) losses on financial assets measured at FVTPL	8	(3,772,239)	141,285
Loss (gain) on disposal of financial assets measured at FVOCI	8	109,478	(100,833)
Gain on disposal of property and equipment	8	(112,674)	-
Provision for employees benefit obligations	16	1,892,202	1,717,289
Dividend income		(967,660)	(580,708)
Interest income from financial assets not measured at FVTPL		(14,703,429)	(7,840,347)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	10	2,287,961	(1,855,147)
Reinsurance contract assets	11	(12,634,833)	(50,578,288)
Accrued income on statutory deposit	14	(1,594,521)	(455,971)
Accrued and other liabilities	15	2,735,785	(241,688)
Insurance contract liabilities	11	18,863,344	69,761,300
Accrued income payable to Insurance Authority	14	(1,268,119)	455,971
Cash generated from operations		27,061,904	31,145,398
Employee benefit obligations paid	16	(288,208)	(1,114,292)
Zakat and income tax paid	23	(1,377,528)	(10,908,953)
Interest income received from financial assets not measured at FVTPL		10,769,926	5,905,523
Net cash generated from operating activities		36,166,094	25,027,676
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits	7	(107,298,363)	(580,242,768)
Redemption of term deposits	7	156,697,399	394,148,470
Payment against purchase of financial assets at FVOCI	8	(21,435,921)	(13,474,852)
Payment against purchase of financial assets at FVTPL	8	(73,449,491)	(1,618,714)
Payments for purchases of property and equipment	12	(359,446)	(1,057,116)
Proceeds from sale of property and equipment	12	198,000	-
Additions to intangible assets	13	(1,518,167)	(1,482,593)
Proceed from sale of financial assets at FVOCI	8	9,292,250	12,103,616
Proceed from sale of financial assets at FVTPL	8	14,300,000	4,891,502
Dividend income received		967,660	580,708
Net cash used in investing activities		(22,606,079)	(186,151,747)


Eng. Nabil Yosuf Jokhdar
Chairman of the Board of
Directors


Talal Omar Bahafi
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

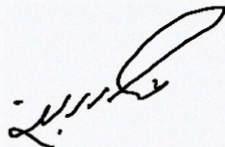
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 (Restated - Notes 3 and 5)
Net change in cash and cash equivalents		13,560,015	(161,124,071)
Cash and cash equivalents at the beginning of the year	6	<u>24,919,814</u>	<u>186,043,885</u>
Cash and cash equivalents at end of the year	6	<u>38,479,829</u>	<u>24,919,814</u>
Supplemental non-cash information:			
Remeasurement loss on employee benefit obligations	16	<u>(1,130,964)</u>	<u>(211,687)</u>
Write off of fully depreciated property and equipment	12	<u>1,406,428</u>	-
Transferred to intangible assets from prepayments	10	-	<u>480,668</u>

The accompanying notes from 1 to 37 form an integral part of these financial statements.



Eng. Nabil Yosuf Jokhdar
Chairman of the Board of
Directors



Talal Omar Bahafi
Chief Executive Officer



Nasir Jameel Sheikh
Chief Financial Officer

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
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1. General information - legal status and principal activities

(a) General information

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

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

The Company operates through three main branches located in the Kingdom of Saudi Arabia. Following are the commercial registration numbers of the three branches:

Branch type	Location	Commercial Registration number
Regional branch	Khobar	2051043431
Regional branch	Riyadh	1010310552
Regional branch	Jeddah	4030233953

2. Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with ‘International Financial Reporting Standards (“IFRS”), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”). This is the first full set of the Company’s financial statements in which IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Notes 3 and 4.

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 statements accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activities 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 of the Company.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the “Regulations”) issued by SAMA and as per by-laws of the Company, 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 from insurance operations is transferred to the shareholders’ operations in full.

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2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The statements of financial position, statements of income, statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in Note 37 to the financial statements have been provided 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 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 operation.

During the year, the Insurance Authority has been established by a royal decree as the insurance regulator. The regulations previously issued by SAMA will be upheld until the Insurance Authority issues updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

(b) Basis of measurement

In preparing the Company's financial statements in compliance with IFRS that are endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation 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 financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of financial assets at FVTPL, financial assets at FVOCI, insurance and reinsurance cost and employee benefit obligations recorded at the present value using the projected unit credit method.

(c) Basis of presentation

The Company's statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, financial assets at FVTPL, accrued and other liabilities, zakat and income tax payable and accrued income payable to Insurance Authority. The following balances would generally be classified as non-current: financial assets at FVOCI, property and equipment, goodwill, intangible assets, statutory deposit, employee benefit obligations and accrued income on statutory deposit. The balances which are of mixed in nature i.e. include both current and non-current portions include term deposits, insurance contract liabilities and reinsurance contract assets.

(d) Functional and presentation currency

These financial statements are expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Seasonality of operations

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

(f) Changes in products and services

During the year ended 31 December 2023, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company. Refer Note 5 for details regarding impact of adoption of IFRS 17 and IFRS 9.

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3. Material accounting policies

The material accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented except new International Financial Reporting standards, International Financial Reporting Interpretation Committee interpretations and amendments thereof, adopted by the Company as explained in Note 3.1.

3.1 New and amended standards adopted by the Company

- IFRS 17 ‘Insurance contracts’ (“IFRS 17”)

IFRS 17 replaces IFRS 4 ‘Insurance Contracts’ and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”).

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, 1 January 2022, the Company:

- has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The new accounting policies and the impact of the adoption of IFRS 17 are disclosed in Notes 3.3 and 5.1, respectively.

- IFRS 9 ‘Financial Instruments’ (“IFRS 9”)

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and was effective for annual periods beginning on or after 1 January 2018. However, the Company had met the relevant criteria and had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The new accounting policies and the impact of the adoption of IFRS 9 are disclosed in Notes 3.4 and 5.2, respectively.

- Narrow scope amendments to IAS 1 ‘Presentation of financial statements’ (“IAS 1”), Practice statement 2 and IAS 8 ‘Accounting policies, accounting estimates and errors’ (“IAS 8”)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company did not identify an impact as a result of these amendments.

- Amendment to IAS 12 ‘Taxation’ (“IAS 12”) – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company did not identify an impact as a result of these amendments.

- Amendment to IAS 12 - International tax reform

These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The Company did not identify an impact as a result of these amendments

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3. Material accounting policies (continued)

3.2 New standards, amendments and interpretations not yet applied by the Company

The Company has chosen not to early adopt the following new standards, interpretations and amendments to existing standards which have been issued but not yet effective and is currently assessing their impact.

- **Amendment to IFRS 16 ‘Leases’ (“IFRS 16”) – Leases on sale and leaseback**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Effective date:

Annual periods beginning on or after 1 January 2024.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

- **Amendments to IAS 1 - Non-current liabilities with covenants**

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Effective date:

Annual periods beginning on or after 1 January 2024.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

- **Amendment to IAS 7 ‘Cash flow statements’ (“IAS 7”) and IFRS 7 ‘Financial instruments: Disclosures (“IFRS 7”) – Supplier finance**

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

Effective date:

Annual periods beginning on or after 1 January 2024.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

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3. Material accounting policies (continued)

3.2 New standards, amendments and interpretations not yet applied by the Company
(continued)

- **Amendments to IAS 21 ‘Foreign currencies’ (“IAS 21”) - Lack of Exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective date:

Annual periods beginning on or after 1 January 2025.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

3.3 Insurance and reinsurance contracts

(i) *Classification and summary of measurement models*

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

The Company issues non-life insurance to the businesses. Non-life insurance products offered include property, engineering, motor standard, motor third party, casualty, marine and group life. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage as a result of a policyholder’s accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

(ii) *Level of aggregation*

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(ii) Level of aggregation (continued)

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

(iii) Recognition

The Company recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - (i)* the beginning of the coverage period of the group of reinsurance contracts and
 - (ii)* the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- (i)* The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- (ii)* Both of the following criteria are satisfied
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

(v) Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts.

The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
- Discounted estimates of future cash flows; and
- A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

• Insurance contracts:

The coverage period of motor and marine contracts in the group of contracts is one year or less. PAA eligibility testing has been performed for the Casualty, Engineering, Group life and Property group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Testing is completed on both:

- the product level then groups are formed based on the product and the terms of the product, and
- the portfolio level then groups are formed on a portfolio level.

Where the potential deviation is below financial statement materiality, the associated portfolio / product is deemed eligible for the PAA.

The upper bound is derived by simulating the maximum potential difference between PAA and GMM for thousands of combinations of input assumptions (term, volatility, expected claims and expense ratio, acquisition expense ratio, risk adjustment) for contracts. It is derived as follows:

- (i) Simulate differences between PAA and GMM for several thousand contracts with various cashflow assumptions,
- (ii) Derive a generic curve of the maximum deviation normalized by GWP for each contract duration and level of reasonable shock applied,
- (iii) Apply the curve to the projected distribution of premium by contract duration to derive the portfolio potential deviation

The resulting upper-bound curves are then applied to all IFRS 17 portfolios. This effectively ensures that portfolios with a low volume of business but which are likely to be eligible for the PAA are demonstrated to be eligible without requiring a bespoke cashflow projection based on detailed actuarial assumptions and judgement.

For portfolios that have failed the upper-bound PAA eligibility test, a best estimate of the potential deviation between the PAA and the GMM is determined for a hypothetical representative contract. The hypothetical representative contract is identified based on the current contract wording and projected distribution of coverage periods, and is assumed to have GWP equal to the projected GWP of the entire portfolio. Where the potential deviation is below financial statement materiality, the associated portfolio is deemed eligible for the PAA.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

• Insurance contracts: (continued)

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous and facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (i)* the LRC; and
- (ii)* the LIC, comprising the fulfilment cash flows (“FCF”) related to past service allocated to the group of contracts at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (i)* the remaining coverage; and
- (ii)* the incurred claims, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a)* increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b)* decreased for insurance acquisition cash flows paid in the period;
- (c)* decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
- (d)* increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
- (e)* increased for any adjustment to the financing component, where applicable.

• Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of contracts that are not onerous, the carrying amount of the liability for remaining coverage (“LRC”) is measured at the premiums received on initial recognition less any acquisition cash flows paid

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement*(continued)

• Reinsurance contracts (continued)

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) increased for ceding premiums paid in the period; and
- (b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 4.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the estimates of claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Subsequent measurement under PAA:

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (a) the LRC; and
- (b) the LIC, comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) the remaining coverage; and
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

• Reinsurance contracts (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) increased for premiums received in the year, excluding amounts that relate to premium receivables included in the LIC;
- (b) decreased for insurance acquisition cash flows paid in the year
- (c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the year; and
- (d) increased for the amortisation of insurance acquisition cash flows in the year recognised as insurance service expenses

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) increased for ceding premiums paid in the year;
- (b) increased for broker fees paid in the year; and
- (c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the year

On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

For all group of contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included in the estimates of claims liability as it can reasonably be recovered from the disposal of the asset.

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

• Reinsurance contracts (continued)

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The Company had identified onerous contracts on initial recognition from the motor product line on the basis of combined ratios derived from the technical price recommendations.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Non-performance risk (NPR) adjustment

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

(vi) *De-recognition and contract modification*

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the year ended 31 December 2023.

(vii) *Acquisition & Attributable Cost*

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Company amortises the insurance acquisition costs over the contract period.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(viii) Combination / unbundling of contracts

While identifying a contract in the scope of IFRS 17, the Company has to assess whether embedded derivatives, investment components and goods and services components need to be separated and accounted for under another standard. The Company does not issue any insurance contracts that contain embedded derivatives or distinct investment components. The Company does not underwrite contracts which require to separate the goods and services components.

(ix) Risk adjustments for non-financial risk

The Company has decided to adopt the Value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, where applicable, keeping the level of confidence in a range from 70th to 80th otherwise, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

(x) Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue, insurance service expenses and net income (expenses) from reinsurance contract, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The impact of seasonality is not considered material in relation to recording the insurance revenue.

The Company has developed impairment calculations based on provision matrix approach. LRC adjustment is recorded as an adjustment to LRC with corresponding impact recorded in Insurance Revenue. The Company has used these impairment calculations to project the expected premium receipts to each period.

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims for the year.
- b. other incurred directly attributable expenses.
- c. insurance acquisition cash flows amortization.
- d. changes that relate to past service - changes in the FCF relating to the LIC.
- e. changes that relate to future service - changes in the FCF that result in onerous contract losses or reversals of those losses.
- f. loss component.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(x) *Presentation* (continued)

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the recognition of premium.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Hajj and Umrah insurance pool:

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income and has provided more details in the notes.

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the year in statement of income.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(xi) *Changes to classification, recognition and measurement*

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- **Deferral of acquisition costs** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. An entity may elect to capitalise and amortise these costs over the coverage period based on the expected timing of incurred insurance service expense of the related group.
- **Discount rate** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts.
- **Risk Adjustment** - Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned.
- **Onerous contracts** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4.

(xii) *Accounting policy choices*

Length of cohorts

IFRS 17 places an upper limit of 12 months on the length of cohorts so that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to use annual cohorts.

Use of OCI for insurance finance income or expense (IFIE)

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk. In reference to the presentation in statement of income, the Company will present the entire insurance finance income or expenses in profit or loss.

Expense attribution

The Company will perform regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

Deferral of acquisition cost

In reference to the recognition of acquisition costs, the Company has decided to capitalize and amortize the acquisition cost over the contract period instead of immediately recognizing it as an expense.

Policyholder surplus accounting

The Company does not make any allowance for surplus distribution when determining onerosity. Currently, the amount is determined on a retrospective basis only, allocated to group of contracts based on the Company's defined allocation policy and presented as part of LIC.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(xiii) *Changes to presentation and disclosure*

Statement of financial position

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	Premiums receivable Deferred policy acquisition costs Unearned premiums Outstanding claims Claims incurred but not reported Premium deficiency reserve Due to agents, brokers and third-party administrator Policyholders payable Najm, manafeth, SAMA fee within prepaid expenses and other assets Survey fee, actuarial fee and Elm fee payables, within accrued expenses and other liabilities
Reinsurance contract assets	Reinsurers' share of unearned premiums Reinsurers' share of outstanding claims Reinsurers' share of claims incurred but not reported Minimum Deposit premium (XOL), within prepaid expenses and other assets XOL reinstatement payable, within accrued expenses and other liabilities Payable to reinsurers, within due to reinsurers, agents, brokers and third-party administrator Due from reinsurers XOL claims recoverable Unearned reinsurance commission

Statements of income

The line-item descriptions in the statement of income have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and estimates for expected premium receipts.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment. The change in additional premium reserve is eliminated and instead changes in loss component is taken.

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under Net insurance financial result in Net income. Share of surplus from insurance pool is presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

(xiii) Changes to presentation and disclosure (continued)

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative expenses since such expenses are classified either as 'Incurred claims and other directly attributable expenses' within insurance service expense or as other operating expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as general and administrative expenses under IFRS 4 are now presented as other operating expenses under IFRS 17.

The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

The impact of transition to IFRS 17 on retained earnings is given in Note 5.

3.4 Financial assets and liabilities

(i) Initial recognition

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (a)* When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b)* In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(i) *Initial recognition* (continued)

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Interest income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) *Classification and subsequent measurement of financial assets*

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI)
- Held at amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(ii) *Classification and subsequent measurement of financial assets* (continued)

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as amortized cost.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(ii) *Classification and subsequent measurement of financial assets* (continued)

Fair value through other comprehensive income (“FVOCI”):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in ‘Interest income’ using the effective profit method.

Fair value through profit or loss (“FVTPL”):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the year in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred during the year ended 31 December 2023.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company’s management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company’s policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as ‘Dividend income’ when the Company’s right to receive payments is established.

Any gain or loss on the disposal of equity classified as FVOCI will be non- recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(iii) Impairment of financial assets

Overview of Expected Credit Loss “ECL” principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company.

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers’ receivable balances and reinsurers’ share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment.

Staging of financial assets

The Company categorizes its investments portfolio classified as FVTPL, amortized cost and FVOCI into stage 1, stage 2 and stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(iii) Impairment of financial assets (continued)

Credit impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

- qualitative- e.g., breaches of covenant.
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(iii) Impairment of financial assets (continued)

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows. Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

(iii) Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is not material, hence not recognized.

(iv) Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

(v) Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

(vi) Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.1 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Debt instruments at amortised cost.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

3.4.2 Changes to the impairment calculation

Under IFRS 9, the Expected credit loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted to present value.

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.2 Changes to the impairment calculation (continued)

Exposure at Default ('EAD'): The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

3.5 Interest income from financial assets not measured at FVTPL and dividend income

Interest income from financial assets not measured at FVTPL on short-term deposits and long-term deposits is recognised on a time proportion basis using the effective interest rate method and are disclosed under 'Interest income from financial assets not measured at FVTPL' in statement of income. Dividend income is recognised when the right to receive a dividend is established under 'Dividend income' in the statement of income.

3.6 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks and time deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

3.8 Term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement.

Long-term deposit represents deposit with maturity of more than one year from the date of placement and is placed with a financial institution carrying commission income.

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3. Material accounting policies (continued)

3.9 Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Goodwill is tested for impairment annually or as and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

3.10 Property and equipment

Property and equipment are initially recorded at cost and are carried at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. Depreciation is charged to the statement of income on a straight-line basis based on the following estimated useful lives:

Category	No. of years
Leasehold improvements	5
Furniture, fixtures and office equipment	4 – 10
Motor vehicles	4

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

3.11 Intangible assets

Intangible assets are initially recorded at cost and is carried at cost less accumulated amortisation and any accumulated impairment losses. The intangible assets comprises of software and related implementation costs. All these costs relating to the software package are deferred and amortised using the straight-line method over a period of five years.

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3. Material accounting policies (continued)

3.12 Prepaid expenses and other assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses and other assets are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to statement of income as they are consumed or expire with the passage of time.

3.13 Accrued and other liabilities

Accrued expenses and other liabilities are recognised for amounts to be paid in the future for services received and billed to the Company except in case of accrued expenses recognised when it is not billed.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

3.15 Statutory reserve

In accordance with the Law on Supervision of Cooperative Insurance Companies and the by-laws of the Company, the Company shall set aside 20% of shareholders' net income in each year to the statutory reserve until it has built up a reserve equal to the share capital. This reserve is not available for dividend distribution.

3.16 Employee benefit obligations

A defined benefit plan is a employment benefit plan other than a defined contribution plan. The Company primarily has end of service indemnities, which qualify as defined benefit plans. Accruals to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year. Re-measurements, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately in the statement of financial position with a charge or credit recognised in the comprehensive income in the year in which they occur. Re-measurement recognised in the statement of comprehensive income is reflected as a reserve in statement of equity and will not be reclassified to statement of income. Past service cost is recognised in statement of income in the year of a plan amendment.

3.17 Zakat and taxes

Zakat and tax is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority ("the ZATCA") in the Kingdom of Saudi Arabia. Zakat and income tax provision is charged to the statement of income. Zakat is computed on the Saudi shareholder's share of the Zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Income tax is charged to the statement of income. The Company is settling the Zakat and income tax annually to ZATCA.

Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

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3. Material accounting policies (continued)

3.17 Zakat and taxes (continued)

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.18 Foreign currencies

Transactions in foreign currencies are initially recorded at the spot exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rate at the reporting date. All differences arising on non-trading activities are taken to the statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2022, except for Points (i) to (vi) below, which changed upon adoption of IFRS 17 and IFRS 9, for which sensitivity analysis is disclosed in Note 29.

The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

(i) Estimates of future cash flows to fulfil insurance contracts

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

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4. Significant accounting judgments, estimates and assumptions (continued)

(i) Estimates of future cash flows to fulfil insurance contracts (continued)

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts on a systematic basis. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts as per the requirements of IFRS 17 and guidelines received from local regulator.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at Company level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in statement of income as they are incurred.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts using activity-based costing techniques. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

(ii) Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims. The Company adopts a bottom-up approach. Cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company determines the risk-free rates using EIOPA rates denominated in USD and adjusted for the country risk premium. These rates are adjusted to reflect the liquidity characteristics of the group of insurance contracts. There is no allowance for the time value of money for liability for remaining coverage ("LRC").

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4. Significant accounting judgments, estimates and assumptions (continued)

(ii) Discounting methodology (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

31 December 2023	Currency	1 year	2 years	3 years	4 years	5 years
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	5.50%	4.80%	4.46%	4.31%	4.24%
31 December 2022	Currency	1 year	2 years	3 years	4 years	5 years
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	6.23%	5.82%	5.42%	5.21%	5.11%

(iii) Risk adjustments for non-financial risks

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

Bootstrapping and Mack's Chain Ladder methods are considered for the estimation of the risk adjustment. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The confidence level approach is used and the risk adjustment is calculated at the 80th percentile (the target confidence level) where applicable, keeping the level of confidence in a range from 70th to 80th otherwise.

(iv) Onerosity determination

For contracts measured using the PAA, the Company shall assume that no contracts in a portfolio of insurance contracts are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company performs the assessment of onerous contracts based on benchmark prices where available and on a combined ratio approach based on expected claims and expenses with an allowance for directly attributable expenses, on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if "facts and circumstances" indicate that there are significant changes in product pricing, product design, results of similar contracts it has recognized, forecasts or environmental factors.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted at current rates. The methodology and fact and circumstances are reviewed by the established profitability assessment Committee at regular intervals. Refer Note 3.3 (v) for further details in this regard.

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4. Significant accounting judgments, estimates and assumptions (continued)

(v) Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product and the inflation rate of the country in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 27 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

(vii) Impairment of goodwill

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, the recoverable amount is less than carrying value, the difference is charged to statement of income as impairment loss. The key assumptions used in determining the recoverable amounts and the related sensitivity analysis are set out in Note 9.

(viii) Presentation of the Hajj and Umrah insurance pool

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co-insurer (refer Note 3.3 (x)). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

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5. Impact of adoption of new accounting standards

As stated in Note 2, this is the Company's first financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

5.1 IFRS 17

The impact on total equity, total assets and total liabilities as at 31 December 2022 and 1 January 2022, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts is given below. The overall decrease in net equity is principally on account of requirements of IFRS 17 for computing risk adjustment and expected premium receipts as compared to allowance for doubtful debts under IAS 39. Also see Note 3.3 (x) for details regarding the methodology and assumptions used to determine such adjustments.

The impact of transition to IFRS 17 on retained earnings, total assets and total liabilities is, as follows:

	1 January 2023	1 January 2022
(Decrease) / increase in the Company's retained earnings		
Change in measurement of reinsurance contract assets	20,795,177	17,950,167
Change in measurement of insurance contract liabilities	(24,950,803)	(23,967,506)
Impact of adoption of IFRS 17 before zakat and income tax	(4,155,626)	(6,017,339)
	1 January 2023	1 January 2022
Increase / (reduction) in the Company's total assets impacting total equity		
Risk adjustment	30,143,212	19,418,130
Discounting	(9,092,332)	(1,361,786)
Others	(255,703)	(106,177)
Impact of adoption of IFRS 17 on total assets impacting equity	20,795,177	17,950,167

Others principally includes changes in earnings pattern.

	1 January 2023	1 January 2022
(Increase) / reduction in the Company's total Liabilities impacting total equity		
Risk adjustment	(35,420,610)	(23,264,663)
Discounting	10,998,518	1,727,970
Loss component	(1,706,558)	(5,193,513)
Reversal of additional premium reserves	4,069,544	2,824,722
Estimates for expected premium receipts	(7,445,109)	(3,686,665)
Deferred policy acquisition costs	4,524,723	3,487,081
Others	28,689	137,562
Impact of adoption of IFRS 17 on total liabilities impacting total equity	(24,950,803)	(23,967,506)

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5. Impact of adoption of new accounting standards (continued)

5.1 IFRS 17 (continued)

The impact on the net income for the year ended 31 December 2022 attributable to the shareholders, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts recomputed for premiums receivable, reinsurers' receivable, reinsurers' share of outstanding claims and claims incurred but not reported, in line with the requirements of IFRS 17, is as follows:

	For the year ended 31 December 2022
Increase (reduction) in the Company's net income	
Risk adjustment, net	(1,430,867)
Discounting, net	1,413,880
Loss component	4,731,777
Estimates for expected premium receipts	(3,430,025)
Others	<u>576,948</u>
Impact of adoption of IFRS 17 on net income	<u>1,861,713</u>

5.2 IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a full retrospective approach. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets as measured at FVOCI. This category includes financial assets that were previously designated as held for trading.

The changes in the classification of financial assets are predominantly due to IFRS 9 classification of equity instruments (including mutual funds) at FVTPL except for those which on transition the Company has elected to present the changes in fair value in OCI. Sukuks HFT are required to be classified as FVTPL, however sukuk which meet the requirements of the IFRS 9 business models hold to collect and sell are classified as FVOCI. The remaining financial assets which have been classified as amortised cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9. Loss allowance of above financial assets is not material, hence not recognized.

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5. Impact of adoption of new accounting standards (continued)

5.2 IFRS 9 (continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e. 1 January 2023 and 1 January 2022 is, as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re-measurement	New carrying amount under IFRS 9
Financial Assets as on 1 January 2023:					
Cash and cash equivalents	Loans & receivables	Held at amortised cost	24,919,814	-	24,919,814
Investments:					
-Mutual funds	Held for trading (HFT)	FVTPL	22,441,225	-	22,441,225
-Equity securities	Held for trading (HFT)	FVTPL	1,566,062	-	1,566,062
-Equity securities*	Available for sale (AFS)	FVOCI	1,932,078	37,771,049	39,703,127
-Sukuk and bonds	Held for trading (HFT)	FVOCI	70,222,624	-	70,222,624
Term Deposits	Loans & receivables	Held at amortised cost	243,331,053	-	243,331,053
Statutory deposit	Loans & receivables	Held at amortised cost	30,000,000	-	30,000,000
Accrued income on statutory deposit	Loans & receivables	Held at amortised cost	2,862,640	-	2,862,640
Other financial assets	Loans & receivables	Held at amortised cost	13,119,140	-	13,119,140
	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re-measurement	New carrying amount under IFRS 9
Financial assets as on 1 January 2022:					
Cash and cash equivalents	Loans & receivables	Held at amortised cost	186,043,885	-	186,043,885
Investments:					
-Mutual funds	Held for trading (HFT)	FVTPL	24,470,047	-	24,470,047
-Equity securities	Held for trading (HFT)	FVTPL	2,951,313	-	2,951,313
-Equity securities*	Available for sale (AFS)	FVOCI	1,932,078	35,100,482	37,032,560
-Sukuk and bonds	Held for trading (HFT)	FVOCI	74,729,318	-	74,729,318
Term Deposits	Loans & receivables	Held at amortised cost	57,236,755	-	57,236,755
Statutory deposit	Loans & receivables	Held at amortised cost	30,000,000	-	30,000,000
Accrued income on statutory deposit	Loans & receivables	Held at amortised cost	2,406,669	-	2,406,669
Other financial assets	Loans & receivables	Held at amortised cost	13,220,521	-	13,220,521

* Includes impact of revaluation of investments in Najm. Refer Note 8 for further details in this regard.

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5. Impact of adoption of new accounting standards (continued)

5.2 IFRS 9 (continued)

Most of the financial assets that were classified as loan and receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI.

The impact on opening fair value reserve and opening accumulated losses, as at 1 January 2023 and 1 January 2022, is as follows:

	Impact on opening retained earnings	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	4,686,212	(4,686,212)
- Revaluation of najm investments (Refer Note 8)	-	37,771,049
Impact of initial application of IFRS 9 as at 1 January 2023	4,686,212	33,084,837
	Impact on opening retained earnings	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	(1,292,551)	1,292,551
- Revaluation of najm investments (Refer Note 8)	-	35,100,482
Impact of initial application of IFRS 9 as at 1 January 2022	(1,292,551)	36,393,033

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5. Impact of adoption of new accounting standards (continued)

5.2 IFRS 9 (continued)

The impact on the net income and other comprehensive income for the year ended 31 December 2022 upon adoption of IFRS 9, is as follows:

	<u>Impact on net income</u>	<u>Impact on other comprehensive income</u>
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	5,978,763	(5,978,763)
- Revaluation of najm investments (Refer Note 8)	-	2,670,567
Impact of initial application of IFRS 9 for the year ended 31 December 2022	5,978,763	(3,308,196)

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at amortised cost' as per IAS 39 to 'amortised cost' as per IFRS 9, with no corresponding change in carrying value of such financial liabilities.

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5. Impact of adoption of new accounting standards (continued)

5.3 Reconciliation of statement of financial position as at:

	1 January 2022				Post adoption of IFRS 17 and IFRS 9
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17	IFRS 9	IFRS 9	
		Reclassification	Remeasurement	Reclassification	Remeasurement
ASSETS					
Cash and cash equivalents	186,043,885	-	-	-	-
Premiums and reinsurance balances receivable - net	151,583,164	(151,583,164)	-	-	-
Reinsurers' share of unearned premiums	102,701,355	(102,701,355)	-	-	-
Reinsurers' share of outstanding claims	48,128,358	(48,128,358)	-	-	-
Reinsurers' share of claims incurred but not reported	48,309,514	(48,309,514)	-	-	-
Deferred policy acquisition costs	6,429,477	(6,429,477)	-	-	-
Investments held for trading	102,150,678	-	-	(102,150,678)	-
Investments available for sale	1,932,078	-	-	(1,932,078)	-
Term deposits	57,236,755	-	-	-	57,236,755
Financial assets at fair value through profit or loss ("FVTPL")	-	-	-	27,421,360	-
Financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	76,661,396	35,100,482
Prepaid expenses and other assets	23,397,934	(2,090,300)	-	-	21,307,634
Reinsurance contract assets	-	121,112,762	17,950,167	-	139,062,929
Property and equipment	2,323,765	-	-	-	2,323,765
Intangible assets	2,798,598	-	-	-	2,798,598
Goodwill	43,774,750	-	-	-	43,774,750
Statutory deposit	30,000,000	-	-	-	30,000,000
Accrued income on statutory deposit	2,406,669	-	-	-	2,406,669
TOTAL ASSETS	809,216,980	(238,129,406)	17,950,167	-	35,100,482
					624,138,223

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5. Impact of adoption of new accounting standards (continued)

5.3 Reconciliation of statement of financial position as at (continued):

	1 January 2022				Post adoption of IFRS 17 and IFRS 9	
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17	IFRS 9	IFRS 9		
		Reclassification	Remeasurement	Reclassification	Remeasurement	
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Accrued and other liabilities	12,751,559	(1,548,780)	(10)	-	-	11,202,769
Insurance contract liabilities	-	167,678,264	26,792,238	-	-	194,470,502
Accounts payable	41,043,098	(41,043,098)	-	-	-	-
Surplus distribution payable	2,180,026	(2,180,026)	-	-	-	-
Reinsurers' balances payable	85,044,497	(85,044,497)	-	-	-	-
Unearned premiums	137,001,880	(137,001,880)	-	-	-	-
Unearned reinsurance commission	9,130,990	(9,130,990)	-	-	-	-
Outstanding claims	60,486,403	(60,486,403)	-	-	-	-
Claims incurred but not reported	64,178,785	(64,178,785)	-	-	-	-
Additional premium reserves	2,824,722	-	(2,824,722)	-	-	-
Other technical reserves	5,193,211	(5,193,211)	-	-	-	-
Employee benefit obligations	10,968,262	-	-	-	-	10,968,262
Zakat and income tax	19,305,244	-	-	-	-	19,305,244
Accrued income payable to Insurance Authority	2,406,669	-	-	-	-	2,406,669
TOTAL LIABILITIES	452,515,346	(238,129,406)	23,967,506	-	-	238,353,446
<u>EQUITY</u>						
Share capital	300,000,000	-	-	-	-	300,000,000
Statutory reserve	39,927,701	-	-	-	-	39,927,701
Retained earning	19,936,815	-	(6,017,339)	(1,292,551)	-	12,626,925
Fair value reserve	-	-	-	1,292,551	35,100,482	36,393,033
Remeasurement reserve of employee benefit obligations	(3,162,882)	-	-	-	-	(3,162,882)
TOTAL EQUITY	356,701,634	-	(6,017,339)	-	35,100,482	385,784,777
TOTAL EQUITY AND LIABILITIES	809,216,980	(238,129,406)	17,950,167	-	35,100,482	624,138,223

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5. Impact of adoption of new accounting standards (continued)

5.3 Reconciliation of statement of financial position as at (continued):

	1 January 2023					Post adoption of IFRS 17 and IFRS 9
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17		IFRS 9		
		Reclassification	Remeasurement	Reclassification	Remeasurement	
ASSETS						
Cash and cash equivalents	24,919,814	-	-	-	-	24,919,814
Term deposits	243,331,053	-	-	-	-	243,331,053
Premiums and reinsurance balances receivable - net	143,764,682	(143,764,682)	-	-	-	-
Reinsurers' share of unearned premiums	98,727,855	(98,727,855)	-	-	-	-
Reinsurers' share of outstanding claims	118,827,786	(118,827,786)	-	-	-	-
Reinsurers' share of claims incurred but not reported	50,198,832	(50,198,832)	-	-	-	-
Deferred policy acquisition costs	7,439,545	(7,439,545)	-	-	-	-
Investments held for trading	94,229,911	-	-	(94,229,911)	-	-
Investments available for sale	1,932,078	-	-	(1,932,078)	-	-
Financial assets at fair value through profit or loss ("FVTPL")	-	-	-	24,007,287	-	24,007,287
Financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	72,154,702	37,771,049	109,925,751
Prepaid expenses and other assets	27,227,396	(2,610,459)	-	-	-	24,616,937
Reinsurance contract assets	-	168,846,040	20,795,177	-	-	189,641,217
Property and equipment	2,704,838	-	-	-	-	2,704,838
Intangible asset	4,407,414	-	-	-	-	4,407,414
Goodwill	43,774,750	-	-	-	-	43,774,750
Statutory deposit	30,000,000	-	-	-	-	30,000,000
Accrued income on statutory deposit	2,862,640	-	-	-	-	2,862,640
TOTAL ASSETS	894,348,594	(252,723,119)	20,795,177	-	37,771,049	700,191,701

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5. Impact of adoption of new accounting standards (continued)
5.3 Reconciliation of statement of financial position as at (continued):

	1 January 2023					Post adoption of IFRS 17 and IFRS 9
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17	IFRS 9			
		Reclassification	Remeasurement	Reclassification	Remeasurement	
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Accrued and other liabilities	12,669,597	(1,708,516)	-	-	-	10,961,081
Insurance contract liabilities	-	235,211,455	29,020,347	-	-	264,231,802
Accounts payable	34,881,824	(34,881,824)	-	-	-	-
Surplus distribution payable	2,024,445	(2,024,445)	-	-	-	-
Reinsurers' balances payable	93,622,626	(93,622,626)	-	-	-	-
Unearned premiums	137,670,475	(137,670,475)	-	-	-	-
Unearned reinsurance commission	8,266,618	(8,266,618)	-	-	-	-
Outstanding claims	139,465,009	(139,465,009)	-	-	-	-
Claims incurred but not reported	63,499,431	(63,499,431)	-	-	-	-
Additional premium reserves	4,069,544	-	(4,069,544)	-	-	-
Other technical reserves	6,795,630	(6,795,630)	-	-	-	-
Employee benefit obligations	11,782,946	-	-	-	-	11,782,946
Zakat and income tax	15,550,754	-	-	-	-	15,550,754
Accrued income payable to Insurance Authority	2,862,640	-	-	-	-	2,862,640
TOTAL LIABILITIES	533,161,539	(252,723,119)	24,950,803	-	-	305,389,223
<u>EQUITY</u>						
Share capital	300,000,000	-	-	-	-	300,000,000
Statutory reserve	40,867,123	-	-	-	-	40,867,123
Retained earning	23,694,501	-	(4,155,626)	4,686,212	-	24,225,087
Fair value reserve for investments	-	-	-	(4,686,212)	37,771,049	33,084,837
Remeasurement reserve of employee benefit obligations	(3,374,569)	-	-	-	-	(3,374,569)
TOTAL EQUITY	361,187,055	-	(4,155,626)	-	37,771,049	394,802,478
TOTAL EQUITY AND LIABILITIES	894,348,594	(252,723,119)	20,795,177	-	37,771,049	700,191,701

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5. Impact of adoption of new accounting standards (continued)

5.4 Reconciliation of statement of income:

The line-item descriptions in the statement of income have been changed significantly compared with the prior year. Previously, the Company reported the following line items:

- Gross premiums written
- Reinsurance premiums ceded – Local
- Reinsurance premiums ceded – Foreign
- Changes in unearned premiums – net
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Reinsurance share of changes in outstanding claims
- Reinsurance share of changes in claims incurred but not reported
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses
- Selling and marketing expenses
- Other income – net
- Income attributed to the insurance operations

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Share of surplus from insurance pool
- Finance (expenses) income from insurance contracts issued
- Finance income (expenses) from reinsurance contracts held
- Other operating expenses

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5. Impact of adoption of new accounting standards (continued)

5.4 Reconciliation of statement of income: (continued)

	For the year ended 31 December 2022					
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Revenues						
Gross premiums written	303,677,133	(303,677,133)	-	-	-	-
Reinsurance premium ceded:						
- Local	(10,819,361)	10,819,361	-	-	-	-
- Foreign	(182,797,773)	182,797,773	-	-	-	-
Excess of loss expenses	(7,318,019)	7,318,019	-	-	-	-
Net premiums written	102,741,980	(102,741,980)	-	-	-	-
Changes in unearned premiums	(668,595)	668,595	-	-	-	-
Changes in reinsurers' share of unearned premiums	(3,973,500)	3,973,500	-	-	-	-
Net premiums earned	98,099,885	(98,099,885)	-	-	-	-
Reinsurance commission income	28,113,128	(28,113,128)	-	-	-	-
Net revenues	126,213,013	(126,213,013)	-	-	-	-
Insurance revenue	-	303,008,538	(3,652,639)	-	-	299,355,899
Insurance service expenses	-	(197,240,997)	(106,964)	-	-	(197,347,961)
Net expense from reinsurance contracts	-	(91,352,029)	3,429,387	-	-	(87,922,642)
Insurance service result from Company's directly written business	-	14,415,512	(330,216)	-	-	14,085,296
Share of surplus from insurance pool	-	9,442,066	-	-	-	9,442,066
Toral insurance service result	-	23,857,578	(330,216)	-	-	23,527,362

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5. Impact of adoption of new accounting standards (continued)

5.4 Reconciliation of statement of income (continued):

	For the year ended 31 December 2022					Post adoption of IFRS 17 and IFRS 9
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17 Reclassification	IFRS 9 Remeasurement	IFRS 9 Reclassification	IFRS 9 Remeasurement	
Interest income from financial assets not measured at FVTPL	-	-	-	7,739,514	100,833	7,840,347
Net losses on financial assets measured at FVTPL	-	-	-	(6,019,215)	5,877,930	(141,285)
Dividend income				580,708	-	580,708
Underwriting costs and expenses						
Gross claims paid	(55,701,885)	55,701,885	-	-	-	-
Expenses incurred related to claims	(1,642,276)	1,642,276	-	-	-	-
Reinsurers' share of gross claims paid	16,664,487	(16,664,487)	-	-	-	-
Net claims and other benefits paid	(40,679,674)	40,679,674	-	-	-	-
Changes in outstanding claims	(78,978,606)	78,978,606	-	-	-	-
Changes in reinsurers' share of outstanding claims	70,699,428	(70,699,428)	-	-	-	-
Changes in claims incurred but not reported	679,354	(679,354)	-	-	-	-
Changes in reinsurers' share of claims incurred but not reported	1,889,318	(1,889,318)	-	-	-	-
Net claims and other benefits incurred	(46,390,180)	46,390,180	-	-	-	-
Additional premium reserves	(1,244,822)	-	1,244,822	-	-	-
Other technical reserves	(1,602,419)	1,602,419	-	-	-	-
Policy acquisition costs	(19,796,937)	19,796,937	-	-	-	-
Other underwriting expenses	(7,077,549)	7,077,549	-	-	-	-
Total underwriting costs and expenses	(76,111,907)	74,867,085	1,244,822	-	-	-
Finance income from insurance contracts issued	-	-	708,497	-	-	708,497
Finance expenses from reinsurance contracts held	-	-	(582,377)	-	-	(582,377)
Net insurance expense	-	-	126,120	-	-	126,120

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5. Impact of adoption of new accounting standards (continued)

5.4 Reconciliation of statement of income (continued):

	For the year ended 31 December 2022					Post adoption of IFRS 17 and IFRS 9
	Pre-adoption of IFRS 17 and IFRS 9	IFRS 17		IFRS 9		
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Net insurance and investment results	50,101,106	(27,265,736)	818,112	2,301,007	5,978,763	31,933,252
Other expenses						
Allowance for impairment of doubtful debts	222,614	(222,614)	-	-	-	-
General and administrative expenses	(49,947,781)	49,947,781	-	-	-	-
Dividend, interest and commission income	8,421,055	-	-	(8,421,055)	-	-
Realised losses on disposal of investments held for trading	(100,833)	-	-	100,833	-	-
Unrealised losses on investments held for trading	(6,019,215)	-	-	6,019,215	-	-
Other operating expenses	-	(14,561,851)	1,043,601	-	-	(13,518,250)
Other income	10,719,111	(9,442,066)	-	-	-	1,277,045
Total other expenses	(36,705,049)	25,721,250	1,043,601	(2,301,007)	-	(12,241,205)
Total profit for the year before surplus, zakat and income tax	13,396,057	(1,544,486)	1,861,713	-	5,978,763	19,692,047
Income attributed to insurance operations	(1,544,486)	1,544,486	-	-	-	-
Total profit for the year before zakat and income tax	11,851,571	-	1,861,713	-	5,978,763	19,692,047
Zakat charge	(6,220,520)	-	-	-	-	(6,220,520)
Income tax charge	(933,943)	-	-	-	-	(933,943)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	4,697,108	-	1,861,713	-	5,978,763	12,537,584

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5. Impact of adoption of new accounting standards (continued)

5.4 Reconciliation of statement of comprehensive income:

Other comprehensive loss

Remeasurement gain on employee benefit obligations	(211,687)	-	-	-	-	(211,687)
Net changes in fair value of investments measured at FVOCI	-	-	-	-	(3,207,363)	(3,207,363)
Realised loss on investments measured at FVOCI reclassified to statement of income	-	-	-	-	(100,833)	(100,833)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	4,485,421	-	1,861,713	-	2,670,567	9,017,701

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6. Cash and cash equivalents

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

	31 December 2023	31 December 2022
Cash at banks		
- Current accounts	7,696,170	16,919,814
- Time deposits	30,783,659	8,000,000
	<u>38,479,829</u>	<u>24,919,814</u>

Cash at banks is placed with counterparties with sound credit ratings. As at 31 December 2023, time deposits were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 6.20% to 6.25% (31 December 2022: 0.7% to 4.9%) per annum.

The gross carrying amount of cash and cash equivalents represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2023 and 31 December 2022, the ECL allowance on such financial assets was immaterial

7. Term deposits

Long-term deposits, amounting to Saudi Riyals 92.0 million (31 December 2022: Saudi Riyals 86.6 million), represent deposits with maturity of more than one year from the date of placement and are placed with the financial institutions carrying commission income at the rate of 4.4% to 5.7% per annum and will mature by 23 August 2022 between 21 March 2024 (31 December 2022: 3.5% to 5.7% per annum and will mature by 15 January 2024 between 21 March 2024).

The gross carrying amount of long-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

Short-term deposits, amounting to Saudi Riyals 108.8 million (31 December 2022: Saudi Riyals 156.7 million), are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.9% to 6.4% per annum for the year ended 31 December 2023 (31 December 2022: 3.7% to 6.4%).

The gross carrying amount of short-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

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8. Investments

(a) *Investments are classified as follows:*

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Financial assets at FVTPL		
Mutual Funds	85,158,072	22,441,224
Equity	1,770,945	1,566,063
	86,929,017	24,007,287
Financial assets at FVOCI		
Equity	43,484,252	39,703,127
Debt instruments	83,826,935	70,222,624
	127,311,187	109,925,751
	214,240,204	133,933,038

Debt instruments represent investments in Sukuks that are classified as investments measured at FVOCI, as they pass SPPI assessment. The Company's business model for Sukuk classified as FVOCI is to hold to collect and sell the contractual cash flows.

Investment in mutual funds are classified as investments measured at FVTPL since these are equity instruments. As a result, these funds were classified as FVTPL from the date of initial application

The Company has classified its investments in ordinary shares at FVTPL, except for Najm investments which are being held at FVOCI. The Company holds an investment in the equity of Najm for Insurance Services (Najm) and in accordance with Company's accounting policy under Note 3, investments in equity instruments should be measured at fair value. During the year ended 31 December 2023, the Company has determined the fair value of its investment in Najm, which was previously carried at cost of Saudi Riyals 1.9 million. The fair value of Najm investment was Saudi Riyals 43.5 million, Saudi Riyals 39.7 million and 37.0 million as at 31 December 2023, 31 December 2022 and 1 January 2022 respectively. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value have been recognised in the opening equity as of 1 January 2022.

The gross carrying amount of financial assets measured at FVOCI represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

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8. Investments (continued)

(b) *Movement in investments carried at fair value through profit or loss is as follows:*

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Balance at beginning of the year	24,007,287	27,421,360
Additions during the year	73,449,491	1,618,714
Withdrawal during the year	(14,300,000)	(4,891,502)
Changes in fair value of investments	3,772,239	(141,285)
Balance at end of the year	<u>86,929,017</u>	<u>24,007,287</u>

(c) *Movement in investments carried at fair value through other comprehensive income is as follows:*

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Balance at beginning of the year	109,925,751	111,761,878
Additions during the year	21,435,921	13,474,852
Withdrawal during the year	(9,401,728)	(12,002,783)
Changes in fair value of investments	5,241,765	(3,207,363)
Realized loss (gain) reclassified to statement of income	109,478	(100,833)
Balance at end of the year	<u>127,311,187</u>	<u>109,925,751</u>

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9. Goodwill

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

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 Saudi Riyals 43.8 million.

For the impairment testing, management has identified a single cash generating unit ("CGU") and determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The calculation of value in use was most sensitive to the assumptions of insurance revenue growth, insurance service expenses and discount rate (31 December 2022: earned premiums and discount rate), which are determined keeping in view the historical performance, recent market and industry trends. As of 31 December 2023, the key assumptions were changed from the annual financial statements for the year ended 31 December 2022, to align with the principles of IFRS 17.

The key significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

Key assumptions – 31 December 2023	%
Insurance revenue growth	11
Insurance service expenses	50.9
Discount rate	14
Terminal value growth rate	2
Key assumptions – 31 December 2022	%
Premiums – Earned premium income	14
Discount rate	16.3

Although management believes that the assumptions used to evaluate potential impairment are reasonable, such assumptions are inherently subjective. Based on the assumptions made, the expected discounted future cash flows exceed the carrying amount of goodwill and accordingly no impairment has been recognised.

Sensitivity to the changes in assumptions

Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount equal to the recoverable amount.

Insurance revenue growth

The insurance revenue growth in the forecast period has been estimated to be a compound annual growth rate of 11 %. If all other assumptions kept the same, a reduction of this growth rate from 11 % to 8.5% would give a value in use equal to the current carrying amount.

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9. Goodwill (continued)

Insurance service expenses

The insurance service expenses in the forecast period has been estimated to be 51% of insurance revenue. If all other assumptions kept the same, an increase of insurance service expense from 51 % to 62% of insurance revenue would give a value in use equal to the current carrying amount.

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the other key assumptions above would cause the carrying value of CGU including goodwill to exceed its recoverable amount.

10. Prepaid expenses and other assets

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Receivable - insurance arrangements (Note 10.1)	7,556,077	9,566,153
Advance tax (Note 23)	6,824,881	7,168,733
Receivable against premia software (Note 13)	1,562,203	-
Prepaid insurance	441,631	533,161
Employees' receivables	431,255	233,878
Accrued interest on deposits	229,557	3,236,609
Prepaid for maintenance	117,483	147,079
Prepaid rent	113,025	13,836
VAT refundable	-	1,303,849
Other	2,045,816	2,413,639
	19,321,928	24,616,937

10.1 This includes receivables related to Hajj and Umrah co-insurance agreement for general accident insurance which is effective from 1 January 2020. The agreement relates to insurance of pilgrims who enter the Kingdom of Saudi Arabia. Also see Note 21.

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11. Insurance and reinsurance contracts

11.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
31 December 2023								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	23,220,838	121,821,792	74,902,244	28,474,516	4,911,754	18,095,231	11,668,771	283,095,146
								283,095,146
Reinsurance contracts								
Reinsurance contract assets	20,229,732	109,011,931	64,906,904	(58,214)	(16,845)	1,092,563	7,109,979	202,276,050
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
								202,276,050
31 December 2022 (Restated - Notes 3 and 5)								
Insurance Contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	38,438,504	159,579,875	11,027,361	25,142,486	1,599,421	22,841,062	5,603,093	264,231,802
								264,231,802
Reinsurance contracts								
Reinsurance contract assets	31,214,709	142,153,875	3,385,532	1,378,332	(3,326)	7,137,825	4,374,270	189,641,217
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
								189,641,217

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11. Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims

11.2.1 Insurance contracts

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802	6,098,835	5,193,513	159,913,485	23,264,663	194,470,496
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802	6,098,835	5,193,513	159,913,485	23,264,663	194,470,496
Insurance revenue	(329,438,071)	-	-	-	(329,438,071)	(299,355,899)	-	-	-	(299,355,899)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses*	-	-	190,996,323	10,551,212	201,547,535	-	-	195,515,439	25,091,562	220,607,001
Reversal of onerous contracts	-	(702,482)	-	-	(702,482)	-	(3,486,955)	-	-	(3,486,955)
Changes that relate to past service - adjustments to the LIC	-	-	(63,413,351)	(26,560,491)	(89,973,842)	-	-	(43,708,049)	(12,935,615)	(56,643,664)
Insurance acquisition cashflows amortisation	43,561,373	-	-	-	43,561,373	36,871,579	-	-	-	36,871,579
Insurance service expenses	43,561,373	(702,482)	127,582,972	(16,009,279)	154,432,584	36,871,579	(3,486,955)	151,807,390	12,155,947	197,347,961
Finance expense (income) from insurance contracts	-	-	7,811,955	-	7,811,955	-	-	(708,497)	-	(708,497)
Total changes in the statement of income	(285,876,69[^])	(702,482)	135,394,927	(16,009,279)	(167,193,532)	(262,484,320)	(3,486,955)	151,098,893	12,155,947	(102,716,435)
Cashflows										
Premiums received	338,752,019	-	-	-	338,752,019	298,548,028	-	-	-	298,548,028
Claims and other incurred insurance service expenses paid	-	-	(112,623,159)	-	(112,623,159)	-	-	(91,682,901)	-	(91,682,901)
Insurance acquisition cashflows paid	(40,071,984)	-	-	-	(40,071,984)	(34,387,386)	-	-	-	(34,387,386)
Total cash inflows (outflows)	298,680,035	-	(112,623,159)	-	186,056,876	264,160,642	-	(91,682,901)	-	172,477,741
Insurance contracts										
Insurance contract liabilities – closing	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802

* This includes surplus distribution for the year ended 31 December 2023 amounting to Saudi Riyals 2.9 million (2022: Saudi Riyals 1.5 million) (Refer Note 36)

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.1 Engineering

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	6,778,370	-	28,275,945	3,384,189	38,438,504	6,299,590	-	24,669,745	4,065,229	35,034,564
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	6,778,370	-	28,275,945	3,384,189	38,438,504	6,299,590	-	24,669,745	4,065,229	35,034,564
Insurance revenue	(40,181,362)	-	-	-	(40,181,362)	(36,719,661)	-	-	-	(36,719,661)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	16,007,428	1,424,446	17,431,874	-	-	18,321,283	1,747,725	20,069,008
Reversal of onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(18,144,596)	(3,230,001)	(21,374,597)	-	-	(8,751,526)	(2,428,765)	(11,180,291)
Insurance acquisition cashflows amortisation	4,541,616	-	-	-	4,541,616	3,988,610	-	-	-	3,988,610
Insurance service expenses	4,541,616	-	(2,137,168)	(1,805,555)	598,893	3,988,610	-	9,569,757	(681,040)	12,877,327
Finance expense (income) from insurance contracts	-	-	798,026	-	798,026	-	-	(100,346)	-	(100,346)
Total changes in the statement of income	(35,639,746)	-	(1,339,142)	(1,805,555)	(38,784,443)	(32,731,051)	-	9,469,411	(681,040)	(23,942,680)
Cashflows										
Premiums received	41,329,284	-	-	-	41,329,284	37,185,525	-	-	-	37,185,525
Claims and other incurred insurance service expenses paid	-	-	(12,915,928)	-	(12,915,928)	-	-	(5,863,211)	-	(5,863,211)
Insurance acquisition cashflows paid	(4,846,579)	-	-	-	(4,846,579)	(3,975,694)	-	-	-	(3,975,694)
Total cash inflows (outflows)	36,482,705	-	(12,915,928)	-	23,566,777	33,209,831	-	(5,863,211)	-	27,346,620
Insurance contracts										
Insurance contract liabilities – closing	7,621,329	-	14,020,875	1,578,634	23,220,838	6,778,370	-	28,275,945	3,384,189	38,438,504
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	7,621,329	-	14,020,875	1,578,634	23,220,838	6,778,370	-	28,275,945	3,384,189	38,438,504

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.2 Property

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	(8,577,492)	-	139,060,450	29,096,917	159,579,875	(8,711,287)	-	68,732,333	14,433,540	74,454,586
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(8,577,492)	-	139,060,450	29,096,917	159,579,875	(8,711,287)	-	68,732,333	14,433,540	74,454,586
Insurance revenue	(126,422,016)	-	-	-	(126,422,016)	(123,765,734)	-	-	-	(123,765,734)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	28,369,352	1,816,517	30,185,869	-	-	104,699,821	21,429,664	126,129,485
Reversal of onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(30,232,265)	(21,160,459)	(51,392,724)	-	-	(24,866,855)	(6,766,287)	(31,633,142)
Insurance acquisition cashflows amortisation	11,196,518	-	-	-	11,196,518	10,458,357	-	-	-	10,458,357
Insurance service expenses	11,196,518	-	(1,862,913)	(19,343,942)	(10,010,337)	10,458,357	-	79,832,966	14,663,377	104,954,700
Finance expense (income) from insurance contracts	-	-	5,653,478	-	5,653,478	-	-	(567,482)	-	(567,482)
Total changes in the statement of income	(115,225,498)	-	3,790,565	(19,343,942)	(130,778,875)	(113,307,377)	-	79,265,484	14,663,377	(19,378,516)
Cashflows										
Premiums received	127,070,783	-	-	-	127,070,783	123,155,803	-	-	-	123,155,803
Claims and other incurred insurance service expenses paid	-	-	(24,582,975)	-	(24,582,975)	-	-	(8,937,367)	-	(8,937,367)
Insurance acquisition cashflows paid	(9,467,016)	-	-	-	(9,467,016)	(9,714,631)	-	-	-	(9,714,631)
Total cash inflows (outflows)	117,603,767	-	(24,582,975)	-	93,020,792	113,441,172	-	(8,937,367)	-	104,503,805
Insurance contracts										
Insurance contract liabilities – closing	(6,199,223)	-	118,268,040	9,752,975	121,821,792	(8,577,492)	-	139,060,450	29,096,917	159,579,875
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(6,199,223)	-	118,268,040	9,752,975	121,821,792	(8,577,492)	-	139,060,450	29,096,917	159,579,875

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.3 Marine

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	1,942,673	-	8,415,078	669,610	11,027,361	1,603,078	-	11,004,788	423,810	13,031,676
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	1,942,673	-	8,415,078	669,610	11,027,361	1,603,078	-	11,004,788	423,810	13,031,676
Insurance revenue	(20,654,950)	-	-	-	(20,654,950)	(20,167,447)	-	-	-	(20,167,447)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	69,049,827	5,569,945	74,619,772	-	-	7,869,415	454,182	8,323,597
Reversal of onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(2,551,531)	(450,500)	(3,002,031)	-	-	(2,098,509)	(208,382)	(2,306,891)
Insurance acquisition cashflows amortisation	2,467,148	-	-	-	2,467,148	1,850,993	-	-	-	1,850,993
Insurance service expenses	2,467,148	-	66,498,296	5,119,445	74,084,889	1,850,993	-	5,770,906	245,800	7,867,699
Finance expense from insurance contracts	-	-	161,813	-	161,813	-	-	10,538	-	10,538
Total changes in the statement of income	(18,187,802)	-	66,660,109	5,119,445	53,591,752	(18,316,454)	-	5,781,444	245,800	(12,289,210)
Cashflows										
Premiums received	18,971,303	-	-	-	18,971,303	20,127,186	-	-	-	20,127,186
Claims and other incurred insurance service expenses paid	-	-	(7,138,326)	-	(7,138,326)	-	-	(8,371,154)	-	(8,371,154)
Insurance acquisition cashflows paid	(1,549,846)	-	-	-	(1,549,846)	(1,471,137)	-	-	-	(1,471,137)
Total cash inflows (outflows)	17,421,457	-	(7,138,326)	-	10,283,131	18,656,049	-	(8,371,154)	-	10,284,895
Insurance contracts										
Insurance contract liabilities – closing	1,176,328	-	67,936,861	5,789,055	74,902,244	1,942,673	-	8,415,078	669,610	11,027,361
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	1,176,328	-	67,936,861	5,789,055	74,902,244	1,942,673	-	8,415,078	669,610	11,027,361

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.4 Motor Standard

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	4,070,914	1,706,558	18,286,987	1,078,027	25,142,486	3,376,467	4,997,613	17,318,087	1,386,268	27,078,435
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	4,070,914	1,706,558	18,286,987	1,078,027	25,142,486	3,376,467	4,997,613	17,318,087	1,386,268	27,078,435
Insurance revenue	(55,820,570)	-	-	-	(55,820,570)	(43,254,334)	-	-	-	(43,254,334)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	46,648,926	787,945	47,436,871	-	-	38,954,678	695,333	39,650,011
Reversal of onerous contracts	-	(702,482)	-	-	(702,482)	-	(3,291,055)	-	-	(3,291,055)
Changes that relate to past service - adjustments to the LIC	-	-	(1,946,215)	(897,574)	(2,843,789)	-	-	(559,586)	(1,003,574)	(1,563,160)
Insurance acquisition cashflows amortisation	11,228,930	-	-	-	11,228,930	8,963,692	-	-	-	8,963,692
Insurance service expenses	11,228,930	(702,482)	44,702,711	(109,629)	55,119,530	8,963,692	(3,291,055)	38,395,092	(308,241)	43,759,488
Finance expense (income) from insurance contracts	-	-	476,858	-	476,858	-	-	(15,255)	-	(15,255)
Total changes in the statement of income	(44,591,640)	(702,482)	45,179,569	(109,629)	(224,182)	(34,290,642)	(3,291,050)	38,379,837	(308,241)	489,899
Cashflows										
Premiums received	56,073,113	-	-	-	56,073,113	43,496,838	-	-	-	43,496,838
Claims and other incurred insurance service expenses paid	-	-	(42,946,634)	-	(42,946,634)	-	-	(37,410,937)	-	(37,410,937)
Insurance acquisition cashflows paid	(9,570,267)	-	-	-	(9,570,267)	(8,511,749)	-	-	-	(8,511,749)
Total cash inflows (outflows)	46,502,846	-	(42,946,634)	-	3,556,212	34,985,089	-	(37,410,937)	-	(2,425,848)
Insurance contracts										
Insurance contract liabilities – closing	5,982,120	1,004,076	20,519,922	968,398	28,474,516	4,070,914	1,706,558	18,286,987	1,078,027	25,142,486
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	5,982,120	1,004,076	20,519,922	968,398	28,474,516	4,070,914	1,706,558	18,286,987	1,078,027	25,142,486

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.5 Motor Third Party

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	(42,960)	-	1,573,101	69,280	1,599,421	(622,359)	195,900	1,752,901	171,962	1,498,404
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(42,960)	-	1,573,101	69,280	1,599,421	(622,359)	195,900	1,752,901	171,962	1,498,404
Insurance revenue	(14,919,298)	-	-	-	(14,919,298)	(10,875,060)	-	-	-	(10,875,060)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	8,496,817	128,250	8,625,067	-	-	6,094,133	46,075	6,140,208
Reversal of onerous contracts	-	-	-	-	-	-	(195,900)	-	-	(195,900)
Changes that relate to past service - adjustments to the LIC	-	-	1,132,406	26,833	1,159,239	-	-	1,039,261	(148,757)	890,504
Insurance acquisition cashflows amortisation	4,320,760	-	-	-	4,320,760	3,435,671	-	-	-	3,435,671
Insurance service expenses	4,320,760	-	9,629,223	155,083	14,105,066	3,435,671	(195,900)	7,133,394	(102,682)	10,270,483
Finance expense (income) from insurance contracts	-	-	61,016	-	61,016	-	-	(11,190)	-	(11,190)
Total changes in the statement of income	(10,598,538)	-	9,690,239	155,083	(753,216)	(7,439,389)	(195,900)	7,122,204	(102,682)	(615,767)
Cashflows										
Premiums received	16,378,356	-	-	-	16,378,356	11,448,921	-	-	-	11,448,921
Claims and other incurred insurance service expenses paid	-	-	(7,779,496)	-	(7,779,496)	-	-	(7,302,004)	-	(7,302,004)
Insurance acquisition cashflows paid	(4,533,311)	-	-	-	(4,533,311)	(3,430,133)	-	-	-	(3,430,133)
Total cash inflows (outflows)	11,845,045	-	(7,779,496)	-	4,065,549	8,018,788	-	(7,302,004)	-	716,784
Insurance contracts										
Insurance contract liabilities – closing	1,203,547	-	3,483,844	224,363	4,911,754	(42,960)	-	1,573,101	69,280	1,599,421
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	1,203,547	-	3,483,844	224,363	4,911,754	(42,960)	-	1,573,101	69,280	1,599,421

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.6 Casualty

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	2,670,316	-	19,628,285	542,461	22,841,062	2,141,140	-	34,211,765	2,649,809	39,002,714
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	2,670,316	-	19,628,285	542,461	22,841,062	2,141,140	-	34,211,765	2,649,809	39,002,714
Insurance revenue	(59,178,731)	-	-	-	(59,178,731)	(54,260,454)	-	-	-	(54,260,454)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	14,021,899	477,901	14,499,800	-	-	12,163,912	308,222	12,472,134
Reversal of onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(8,619,271)	(287,097)	(8,906,368)	-	-	(8,192,455)	(2,415,570)	(10,608,025)
Insurance acquisition cashflows amortisation	7,460,696	-	-	-	7,460,696	6,526,724	-	-	-	6,526,724
Insurance service expenses	7,460,696	-	5,402,628	190,804	13,054,128	6,526,724	-	3,971,457	(2,107,348)	8,390,833
Finance expense (income) from insurance contracts	-	-	501,259	-	501,259	-	-	(1,545)	-	(1,545)
Total changes in the statement of income	(51,718,035)	-	5,903,887	190,804	(45,623,344)	(47,733,730)	-	3,969,912	(2,107,348)	(45,871,166)
Cashflows										
Premiums received	60,662,922	-	-	-	60,662,922	54,243,908	-	-	-	54,243,908
Claims and other incurred insurance service expenses paid	-	-	(12,262,294)	-	(12,262,294)	-	-	(18,553,392)	-	(18,553,392)
Insurance acquisition cashflows paid	(7,523,115)	-	-	-	(7,523,115)	(5,981,002)	-	-	-	(5,981,002)
Total cash inflows (outflows)	53,139,807	-	(12,262,294)	-	40,877,513	48,262,906	-	(18,553,392)	-	29,709,514
Insurance contracts										
Insurance contract liabilities – closing	4,092,088	-	13,269,878	733,265	18,095,231	2,670,316	-	19,628,285	542,461	22,841,062
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	4,092,088	-	13,269,878	733,265	18,095,231	2,670,316	-	19,628,285	542,461	22,841,062

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11. Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.1 Insurance contracts (continued)

11.2.1.7 Group life

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	933,336	-	4,089,631	580,126	5,603,093	2,012,206	-	2,223,866	134,045	4,370,117
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	933,336	-	4,089,631	580,126	5,603,093	2,012,206	-	2,223,866	134,045	4,370,117
Insurance revenue	(12,261,144)	-	-	-	(12,261,144)	(10,313,209)	-	-	-	(10,313,209)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	8,402,074	346,208	8,748,282	-	-	7,412,197	410,361	7,822,558
Reversal of onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(3,051,879)	(561,693)	(3,613,572)	-	-	(278,379)	35,720	(242,659)
Insurance acquisition cashflows amortisation	2,345,705	-	-	-	2,345,705	1,647,532	-	-	-	1,647,532
Insurance service expenses	2,345,705	-	5,350,195	(215,485)	7,480,415	1,647,532	-	7,133,818	446,081	9,227,431
Finance expense (income) from insurance contracts	-	-	159,505	-	159,505	-	-	(23,217)	-	(23,217)
Total changes in the statement of income	(9,915,439)	-	5,509,700	(215,485)	(4,621,224)	(8,665,677)	-	7,110,601	446,081	(1,108,995)
Cashflows										
Premiums received	18,266,258	-	-	-	18,266,258	8,889,847	-	-	-	8,889,847
Claims and other incurred insurance service expenses paid	-	-	(4,997,506)	-	(4,997,506)	-	-	(5,244,836)	-	(5,244,836)
Insurance acquisition cashflows paid	(2,581,850)	-	-	-	(2,581,850)	(1,303,040)	-	-	-	(1,303,040)
Total cash inflows (outflows)	15,684,408	-	(4,997,506)	-	10,686,902	7,586,807	-	(5,244,836)	-	2,341,971
Insurance contracts										
Insurance contract liabilities – closing	6,702,305	-	4,601,825	364,641	11,668,771	933,336	-	4,089,631	580,126	5,603,093
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	6,702,305	-	4,601,825	364,641	11,668,771	933,336	-	4,089,631	580,126	5,603,093

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	(3,406,939)	-	162,904,943	30,143,213	189,641,217	8,419,686	-	111,225,108	19,418,131	139,062,925
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(3,406,939)	-	162,904,943	30,143,213	189,641,217	8,419,686	-	111,225,108	19,418,131	139,062,925
Allocation of reinsurance premium	(189,713,836)	-	-	-	(189,713,836)	(180,288,511)	-	-	-	(180,288,511)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	99,257,822	8,714,802	107,972,624	-	-	113,008,405	21,006,928	134,015,333
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(48,777,949)	(22,473,165)	(71,251,114)	-	-	(31,367,618)	(10,281,846)	(41,649,464)
Amounts recoverable from reinsurers - net	-	-	50,479,873	(13,758,363)	36,721,510	-	-	81,640,787	10,725,082	92,365,869
Finance income (expenses) from reinsurance contracts	-	-	6,259,726	-	6,259,726	-	-	(582,377)	-	(582,377)
Total changes in the statement of income	(189,713,836)	-	56,739,599	(13,758,363)	(146,732,600)	(180,288,511)	-	81,058,410	10,725,082	(88,505,019)
Cashflows										
Premiums ceded and acquisition cashflows paid	191,809,777	-	-	-	191,809,777	168,461,886	-	-	-	168,461,886
Recoveries from reinsurance	-	-	(32,442,344)	-	(32,442,344)	-	-	(29,378,575)	-	(29,378,575)
Total cash inflows (outflows)	191,809,777	-	(32,442,344)	-	159,367,433	168,461,886	-	(29,378,575)	-	139,083,311
Reinsurance contracts										
Reinsurance contract assets – closing	(1,310,998)	-	187,202,198	16,384,850	202,276,050	(3,406,939)	-	162,904,943	30,143,213	189,641,217
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(1,310,998)	-	187,202,198	16,384,850	202,276,050	(3,406,939)	-	162,904,943	30,143,213	189,641,217

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.1 Engineering

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	5,635,078	-	22,621,601	2,958,030	31,214,709	12,145,370	-	21,649,717	3,414,750	37,209,837
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	5,635,078	-	22,621,601	2,958,030	31,214,709	12,145,370	-	21,649,717	3,414,750	37,209,837
Allocation of reinsurance premium	(28,902,535)	-	-	-	(28,902,535)	(26,235,511)	-	-	-	(26,235,511)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	10,164,246	1,174,353	11,338,599	-	-	12,456,079	1,463,212	13,919,291
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(13,326,770)	(2,872,614)	(16,199,384)	-	-	(5,967,371)	(1,919,931)	(7,887,302)
Amounts recoverable from reinsurers - net	-	-	(3,162,524)	(1,698,261)	(4,860,785)	-	-	6,488,708	(456,719)	6,031,989
Finance income (expenses) from reinsurance contracts	-	-	652,420	-	652,420	-	-	(81,860)	-	(81,860)
Total changes in the statement of income	(28,902,535)	-	(2,510,104)	(1,698,261)	(33,110,900)	(26,235,511)	-	6,406,848	(456,719)	(20,285,382)
Cashflows										
Premiums ceded and acquisition cashflows paid	29,757,803	-	-	-	29,757,803	19,725,220	-	-	-	19,725,220
Recoveries from reinsurance	-	-	(7,631,880)	-	(7,631,880)	-	-	(5,434,966)	-	(5,434,966)
Total cash inflows (outflows)	29,757,803	-	(7,631,880)	-	22,125,923	19,725,220	-	(5,434,966)	-	14,290,254
Reinsurance contracts										
Reinsurance contract assets – closing	6,490,347	-	12,479,615	1,259,770	20,229,732	5,635,079	-	22,621,599	2,958,031	31,214,709
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	6,490,347	-	12,479,615	1,259,770	20,229,732	5,635,079	-	22,621,599	2,958,031	31,214,709

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.2 Property

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	(6,494,134)	-	123,181,869	25,466,140	142,153,875	(1,737,731)	-	65,789,074	13,747,240	77,798,583
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(6,494,134)	-	123,181,869	25,466,140	142,153,875	(1,737,731)	-	65,789,074	13,747,240	77,798,583
Allocation of reinsurance premium	(106,773,126)	-	-	-	(106,773,126)	(105,277,416)	-	-	-	(105,277,416)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	18,279,802	1,578,443	19,858,245	-	-	87,774,727	18,551,901	106,326,628
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(26,151,661)	(18,164,546)	(44,316,207)	-	-	(20,138,052)	(6,833,001)	(26,971,053)
Amounts recoverable from reinsurers - net	-	-	(7,871,859)	(16,586,103)	(24,457,962)	-	-	67,636,675	11,718,900	79,355,575
Finance income (expenses) from reinsurance contracts	-	-	5,050,211	-	5,050,211	-	-	(508,918)	-	(508,918)
Total changes in the statement of income	(106,773,126)	-	(2,821,648)	(16,586,103)	(126,180,877)	(105,277,416)	-	67,127,757	11,718,900	(26,430,759)
Cashflows										
Premiums ceded and acquisition cashflows paid	109,440,646	-	-	-	109,440,646	100,521,013	-	-	-	100,521,013
Recoveries from reinsurance	-	-	(16,401,713)	-	(16,401,713)	-	-	(9,734,962)	-	(9,734,962)
Total cash inflows (outflows)	109,440,646	-	(16,401,713)	-	93,038,933	100,521,013	-	(9,734,962)	-	90,786,051
Reinsurance contracts										
Reinsurance contract assets – closing	(3,826,614)	-	103,958,508	8,880,037	109,011,931	(6,494,134)	-	123,181,869	25,466,140	142,153,875
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(3,826,614)	-	103,958,508	8,880,037	109,011,931	(6,494,134)	-	123,181,869	25,466,140	142,153,875

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.3 Marine

	As at 31 December 2023					As at 31 December 2022 - Restated				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	(1,378,918)	-	4,209,706	554,744	3,385,532	1,217,801	-	5,936,947	102,196	7,256,944
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(1,378,918)	-	4,209,706	554,744	3,385,532	1,217,801	-	5,936,947	102,196	7,256,944
Allocation of reinsurance premium	(12,963,789)	-	-	-	(12,963,789)	(11,611,591)	-	-	-	(11,611,591)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	61,950,942	5,402,271	67,353,213	-	-	4,605,969	416,683	5,022,652
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(1,672,527)	(454,908)	(2,127,435)	-	-	(611,460)	35,865	(575,595)
Amounts recoverable from reinsurers - net	-	-	60,278,415	4,947,363	65,225,778	-	-	3,994,509	452,548	4,447,057
Finance income from reinsurance contracts	-	-	96,494	-	96,494	-	-	14,947	-	14,947
Total changes in the statement of income	(12,963,789)	-	60,374,909	4,947,363	52,358,483	(11,611,591)	-	4,009,456	452,548	(7,149,587)
Cashflows										
Premiums ceded and acquisition cashflows paid	11,327,839	-	-	-	11,327,839	9,014,872	-	-	-	9,014,872
Recoveries from reinsurance	-	-	(2,164,950)	-	(2,164,950)	-	-	(5,736,697)	-	(5,736,697)
Total cash inflows (outflows)	11,327,839	-	(2,164,950)	-	9,162,889	9,014,872	-	(5,736,697)	-	3,278,175
Reinsurance contracts										
Reinsurance contract assets – closing	(3,014,868)	-	62,419,665	5,502,107	64,906,904	(1,378,918)	-	4,209,706	554,744	3,385,532
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(3,014,868)	-	62,419,665	5,502,107	64,906,904	(1,378,918)	-	4,209,706	554,744	3,385,532

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.4 Motor Standard

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	-	-	1,167,313	211,019	1,378,332	-	-	2,083,345	30,129	2,113,474
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	-	-	1,167,313	211,019	1,378,332	-	-	2,083,345	30,129	2,113,474
Allocation of reinsurance premium	(712,833)	-	-	-	(712,833)	(685,907)	-	-	-	(685,907)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(17,625)	-	(17,625)	-	-	(30,843)	(5,298)	(36,141)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	367,794	(209,454)	158,340	-	-	(678,739)	186,188	(492,551)
Amounts recoverable from reinsurers - net	-	-	350,169	(209,454)	140,715	-	-	(709,582)	180,890	(528,692)
Finance income from reinsurance contracts	-	-	23,881	-	23,881	-	-	6,264	-	6,264
Total changes in the statement of income	(712,833)	-	374,050	(209,454)	(548,237)	(685,907)	-	(703,318)	180,890	(1,208,335)
Cashflows										
Premiums ceded and acquisition cashflows paid	630,997	-	-	-	630,997	685,907	-	-	-	685,907
Recoveries from reinsurance	-	-	(1,519,306)	-	(1,519,306)	-	-	(212,714)	-	(212,714)
Total cash inflows (outflows)	630,997	-	(1,519,306)	-	(888,309)	685,907	-	(212,714)	-	473,193
Reinsurance contracts										
Reinsurance contract assets – closing	(81,836)	-	22,057	1,565	(58,214)	-	-	1,167,313	211,019	1,378,332
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(81,836)	-	22,057	1,565	(58,214)	-	-	1,167,313	211,019	1,378,332

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.5 Motor Third Party

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total		
	Excluding loss recovery component	Loss recovery component			Estimates of present value of FCF	Risk adjustment for non-financial risk			Excluding loss recovery component	Loss recovery component
Reinsurance contracts										
Reinsurance contract assets – opening	-	-	(3,326)	-	(3,326)	-	-	111,888	11,475	123,363
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	-	-	(3,326)	-	(3,326)	-	-	111,888	11,475	123,363
Allocation of reinsurance premium	(195,717)	-	-	-	(195,717)	(174,982)	-	-	-	(174,982)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(4,877)	-	(4,877)	-	-	(3,523)	-	(3,523)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	1,023	-	1,023	-	-	(41,274)	(11,475)	(52,749)
Amounts recoverable from reinsurers - net	-	-	(3,854)	-	(3,854)	-	-	(44,797)	(11,475)	(56,272)
Finance income from reinsurance contracts	-	-	2,303	-	2,303	-	-	938	-	938
Total changes in the statement of income	(195,717)	-	(1,551)	-	(197,268)	(174,982)	-	(43,859)	(11,475)	(230,316)
Cashflows										
Premiums ceded and acquisition cashflows paid	178,873	-	-	-	178,873	174,982	-	-	-	174,982
Recoveries from reinsurance	-	-	4,876	-	4,876	-	-	(71,355)	-	(71,355)
Total cash inflows (outflows)	178,873	-	4,876	-	183,749	174,982	-	(71,355)	-	103,627
Reinsurance contracts										
Reinsurance contract assets – closing	(16,844)	-	(1)	-	(16,845)	-	-	(3,326)	-	(3,326)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(16,844)	-	(1)	-	(16,845)	-	-	(3,326)	-	(3,326)

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.6 Casualty

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	(2,480,987)	-	9,139,065	479,747	7,137,825	(3,939,610)	-	11,751,826	2,039,753	9,851,969
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(2,480,987)	-	9,139,065	479,747	7,137,825	(3,939,610)	-	11,751,826	2,039,753	9,851,969
Allocation of reinsurance premium	(33,485,359)	-	-	-	(33,485,359)	(30,644,357)	-	-	-	(30,644,357)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	4,094,018	323,969	4,417,987	-	-	3,932,414	267,131	4,199,545
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(5,759,086)	(308,779)	(6,067,865)	-	-	(3,901,224)	(1,827,137)	(5,728,361)
Amounts recoverable from reinsurers - net	-	-	(1,665,068)	15,190	(1,649,878)	-	-	31,190	(1,560,006)	(1,528,816)
Finance income (expenses) from reinsurance contracts	-	-	312,174	-	312,174	-	-	(2,077)	-	(2,077)
Total changes in the statement of income	(33,485,359)	-	(1,352,894)	15,190	(34,823,063)	(30,644,357)	-	29,113	(1,560,006)	(32,175,250)
Cashflows										
Premiums ceded and acquisition cashflows paid	30,302,720	-	-	-	30,302,720	32,102,980	-	-	-	32,102,980
Recoveries from reinsurance	-	-	(1,524,919)	-	(1,524,919)	-	-	(2,641,874)	-	(2,641,874)
Total cash inflows (outflows)	30,302,720	-	(1,524,919)	-	28,777,801	32,102,980	-	(2,641,874)	-	29,461,106
Reinsurance contracts										
Reinsurance contract assets – closing	(5,663,626)	-	6,261,252	494,937	1,092,563	(2,480,987)	-	9,139,065	479,747	7,137,825
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	(5,663,626)	-	6,261,252	494,937	1,092,563	(2,480,987)	-	9,139,065	479,747	7,137,825

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

11.2.2.7 Group life

	As at 31 December 2023				As at 31 December 2022 - Restated					
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	1,312,021	-	2,588,717	473,532	4,374,270	733,856	-	3,902,311	72,588	4,708,755
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	1,312,021	-	2,588,717	473,532	4,374,270	733,856	-	3,902,311	72,588	4,708,755
Allocation of reinsurance premium	(6,680,477)	-	-	-	(6,680,477)	(5,658,747)	-	-	-	(5,658,747)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	4,791,316	235,766	5,027,082	-	-	4,273,582	313,299	4,586,881
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(2,236,722)	(462,864)	(2,699,586)	-	-	(29,498)	87,645	58,147
Amounts recoverable from reinsurers - net	-	-	2,554,594	(227,098)	2,327,496	-	-	4,244,084	400,944	4,645,028
Finance income (expenses) from reinsurance contracts	-	-	122,243	-	122,243	-	-	(11,671)	-	(11,671)
Total changes in the statement of income	(6,680,477)	-	2,676,837	(227,098)	(4,230,738)	(5,658,747)	-	4,232,413	400,944	(1,025,390)
Cashflows										
Premiums ceded and acquisition cashflows paid	10,170,899	-	-	-	10,170,899	6,236,912	-	-	-	6,236,912
Recoveries from reinsurance	-	-	(3,204,452)	-	(3,204,452)	-	-	(5,546,007)	-	(5,546,007)
Total cash inflows (outflows)	10,170,899	-	(3,204,452)	-	6,966,447	6,236,912	-	(5,546,007)	-	690,905
Reinsurance contracts										
Reinsurance contract assets – closing	4,802,443	-	2,061,102	246,434	7,109,979	1,312,021	-	2,588,717	473,532	4,374,270
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	4,802,443	-	2,061,102	246,434	7,109,979	1,312,021	-	2,588,717	473,532	4,374,270

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12. Property and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:				
At 1 January 2023	1,846,558	7,438,674	331,553	9,616,785
Additions	30,356	263,199	65,891	359,446
Disposals	-	-	(240,925)	(240,925)
Write off	(171,155)	(1,235,273)	-	(1,406,428)
At 31 December 2023	1,705,759	6,466,600	156,519	8,328,878
Accumulated depreciation:				
At 1 January 2023	1,298,628	5,387,170	226,149	6,911,947
Charge for the year	121,425	620,735	21,450	763,610
Disposals	-	-	(155,599)	(155,599)
Write off	(171,155)	(1,235,273)	-	(1,406,428)
At 31 December 2023	1,248,898	4,772,632	92,000	6,113,530
Net book value:				
At 31 December 2023	456,861	1,693,968	64,519	2,215,348
	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:				
At 1 January 2022	1,269,790	6,958,326	331,553	8,559,669
Additions	576,768	480,348	-	1,057,116
At 31 December 2022	1,846,558	7,438,674	331,553	9,616,785
Accumulated depreciation:				
At 1 January 2022	1,269,790	4,800,196	165,918	6,235,904
Charge for the year	28,838	586,974	60,231	676,043
At 31 December 2022	1,298,628	5,387,170	226,149	6,911,947
Net book value:				
At 31 December 2022	547,930	2,051,504	105,404	2,704,838

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13. Intangible assets

	Software	Capital work in progress	Total
Cost:			
At 1 January 2023	7,716,237	2,295,254	10,011,491
Additions	1,518,167	-	1,518,167
Impairment	-	(2,295,254)	(2,295,254)
At 31 December 2023	9,234,404	-	9,234,404
Accumulated depreciation:			
At 1 January 2023	5,604,077	-	5,604,077
Charge for the year	865,487	-	865,487
At 31 December 2023	6,469,564	-	6,469,564
Net book value:			
At 31 December 2023	2,764,840	-	2,764,840
	Software	Capital work in progress	Total
Cost:			
At 1 January 2022	5,532,982	2,515,248	8,048,230
Additions	1,003,750	478,843	1,482,593
Transferred from prepayments	-	480,668	480,668
Transfer	1,179,505	(1,179,505)	-
At 31 December 2022	7,716,237	2,295,254	10,011,491
Accumulated depreciation:			
At 1 January 2022	5,249,632	-	5,249,632
Charge for the year	354,445	-	354,445
At 31 December 2022	5,604,077	-	5,604,077
Net book value:			
At 31 December 2022	2,112,160	2,295,254	4,407,414

Software mainly includes AIMS and other programs which are used for financial reporting purposes.

Amortisation charge for the year ended 31 December 2023 and 2022 has been fully attributed to insurance service expenses.

Capital work in progress related to new software under development, which was reversed during the year ended 31 December 2023 as the Company discontinued its plans to implement this software. Such amount was offset with the amount agreed to be reimbursed by the vendor, amounting to Saudi Riyals 1.6 million, and net amount formed part of "Other operating expenses". Subsequent to the year ended 31 December 2023, such amount was received by the Company.

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14. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent. In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 December 2023 as an asset and a liability in these financial statements. As requested by SAMA, the Company has released the accrued income on statutory deposit to SAMA up to 31 December 2022 amounting to Saudi Riyals 2.9 million. Also see Note 2 (a).

The gross carrying amount of statutory deposit represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

15. Accrued and other liabilities

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Accrued bonus	3,183,395	2,998,105
Remuneration of board and other committee's members	3,026,253	3,088,003
VAT payable	2,343,863	-
Withholding tax payable	1,845,047	1,809,757
Accrued legal and professional fees	1,391,838	1,171,773
Other	1,906,470	1,893,443
	13,696,866	10,961,081

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16. Employee benefit obligations

16.1 General description of the plan

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

	2023	2022
1 January	11,782,946	10,968,262
Current service cost	1,353,357	1,433,790
Finance costs	538,845	283,499
Remeasurement loss	1,130,964	211,687
Payments during the year	(288,208)	(1,114,292)
31 December	14,517,904	11,782,946

16.2 Amounts recognised in the statements of income and comprehensive income

	2023	2022
Current service result	1,353,357	1,433,790
Interest expense	538,845	283,499
Total amount recognised in the statement of income	1,892,202	1,717,289
Remeasurement		
(Gain) loss due to change in financial assumptions	(69,085)	210,879
Loss (gain) due to change in demographic assumptions	377,950	(559,087)
Loss due to change in experience adjustments	822,099	559,895
Total amount recognised in the statement of comprehensive income	1,130,964	211,687

16.3 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	2023	2022
Discount rate	4.95%	4.60%
Salary growth rate	4.95%	4.60%

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16. Employee benefit obligations (continued)

16.4 Sensitivity analysis for actuarial assumptions

	2023	
	Change in assumption	Impact on employee benefits obligations
Discount rate		
Increase	+0.5%	(466,755)
Decrease	-0.5%	497,363
Salary growth rate		
Increase	+0.5%	393,714
Decrease	-0.5%	(373,409)
	2022	
	Change in assumption	Impact on employee benefits obligations
Discount rate		
Increase	+0.5%	(291,592)
Decrease	-0.5%	306,967
Salary growth rate		
Increase	+0.5%	225,865
Decrease	-0.5%	(216,696)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligation.

16.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 6.63 years (2022: 5.07 years). The expected maturity analysis of undiscounted employee benefit obligations is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 6 - 10 years	Total
2023	1,239,506	3,228,803	4,359,651	11,424,937	20,252,897
2022	1,492,745	3,297,783	4,549,107	8,275,528	17,615,163

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17. Share capital

The authorized, issued and paid up capital of the Company was Saudi Riyals 300 million at 31 December 2023 (31 December 2022: Saudi Riyals 300 million) consisting of 30 million shares (31 December 2022: 30 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of 31 December 2023 and 31 December 2022 is as below:

	Company incorporated in	Authorised and issued		Paid up
		No. of Shares	Saudi Riyals	
Chubb International Holding Co.	United States of America	9,000,000	90,000,000	90,000,000
El-Khereiji Investment Company International	Kingdom of Saudi Arabia	7,500,000	75,000,000	75,000,000
Corporation For Trade and Contract Services General Public	Kingdom of Saudi Arabia	1,500,000	15,000,000	15,000,000
		12,000,000	120,000,000	120,000,000
		30,000,000	300,000,000	300,000,000

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18. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for year ended 31 December 2023 and 31 December 2022 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance contract balances reconciliation.

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2023								
Insurance revenue from contracts measured under PAA	40,181,362	126,422,016	20,654,950	55,820,570	14,919,298	59,178,731	12,261,144	329,438,071
Incurring claims and other incurred insurance service expenses*	(17,431,874)	(30,185,869)	(74,619,772)	(47,436,871)	(8,625,067)	(14,499,800)	(8,748,282)	(201,547,535)
Changes that relate to past service - adjustments to the LIC	21,374,597	51,392,724	3,002,031	2,843,789	(1,159,239)	8,906,368	3,613,572	89,973,842
Reversal of onerous contracts	-	-	-	702,482	-	-	-	702,482
Insurance acquisition cash flows amortisation	(4,541,616)	(11,196,518)	(2,467,148)	(11,228,930)	(4,320,760)	(7,460,696)	(2,345,705)	(43,561,373)
Total insurance service expenses	(598,893)	10,010,337	(74,084,889)	(55,119,530)	(14,105,066)	(13,054,128)	(7,480,415)	(154,432,584)

* This includes surplus distribution amounting to Saudi Riyals 2.9 million for the year ended December 31, 2023 (Refer Note 36).

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18. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
Reinsurance income contracts measured under the PAA								
Reinsurance premium ceded	(28,902,535)	(106,773,126)	(12,963,789)	(712,833)	(195,717)	(33,485,359)	(6,680,477)	(189,713,836)
Claims recovered	11,338,599	19,858,245	67,353,213	(17,625)	(4,877)	4,417,987	5,027,082	107,972,624
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	(16,199,384)	(44,316,207)	(2,127,435)	158,340	1,023	(6,067,865)	(2,699,586)	(71,251,114)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(33,763,320)	(131,231,088)	52,261,989	(572,118)	(199,571)	(35,135,237)	(4,352,981)	(152,992,326)
Insurance service result from Company's directly written business	5,819,149	5,201,265	(1,167,950)	128,922	614,661	10,989,366	427,748	22,013,161
Share of surplus from insurance pool	-	-	-	-	-	-	-	7,179,222
Total insurance service result	5,819,149	5,201,265	(1,167,950)	128,922	614,661	10,989,366	427,748	29,192,383

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18. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2022								
Insurance revenue from contracts measured under PAA	36,719,661	123,765,734	20,167,447	43,254,334	10,875,060	54,260,454	10,313,209	299,355,899
Incurring claims and other incurred insurance service expenses*	(20,069,008)	(126,129,485)	(8,323,597)	(39,650,011)	(6,140,208)	(12,472,134)	(7,822,558)	(220,607,001)
Changes that relate to past service - adjustments to the LIC	11,180,291	31,633,142	2,306,891	1,563,160	(890,504)	10,608,025	242,659	56,643,664
Reversal of losses on onerous contracts - net	-	-	-	3,291,055	195,900	-	-	3,486,955
Insurance acquisition cash flows amortisation	(3,988,610)	(10,458,357)	(1,850,993)	(8,963,692)	(3,435,671)	(6,526,724)	(1,647,532)	(36,871,579)
Total insurance service expenses	(12,877,327)	(104,954,700)	(7,867,699)	(43,759,488)	(10,270,483)	(8,390,833)	(9,227,431)	(197,347,961)

* This includes surplus distribution amounting to Saudi Riyals 1.5 million for the year ended December 31, 2022 (Refer Note 36).

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18. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
Reinsurance income / (expenses) - contracts measured under the PAA								
Reinsurance premium ceded	(26,235,511)	(105,277,416)	(11,611,591)	(685,907)	(174,982)	(30,644,357)	(5,658,747)	(180,288,511)
Claims recovered	13,919,291	106,326,628	5,022,652	(36,141)	(3,523)	4,199,545	4,586,881	134,015,333
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	(7,887,302)	(26,971,053)	(575,595)	(492,551)	(52,749)	(5,728,361)	58,147	(41,649,464)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(20,203,522)	(25,921,841)	(7,164,534)	(1,214,599)	(231,254)	(32,173,173)	(1,013,719)	(87,922,642)
Insurance service result from Company's directly written business	3,638,812	(7,110,807)	5,135,214	(1,719,753)	373,323	13,696,448	72,059	14,085,296
Share of surplus from insurance pool	-	-	-	-	-	-	-	9,442,066
Total insurance service result	3,638,812	(7,110,807)	5,135,214	(1,719,753)	373,323	13,696,448	72,059	23,527,362

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19. Insurance finance expense - net

An analysis of the net insurance finance income (expenses) by product line for the year ended 31 December 2023 and 31 December 2022 respectively is presented below:

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2023								
Finance expenses from insurance contracts issued								
Interest accreted	(794,528)	(5,575,924)	(160,197)	(472,836)	(60,386)	(498,029)	(158,633)	(7,720,533)
Effects of changes in interest rates and other financial assumptions	(3,498)	(77,554)	(1,616)	(4,022)	(630)	(3,230)	(872)	(91,422)
Finance expenses from insurance contracts issued	(798,026)	(5,653,478)	(161,813)	(476,858)	(61,016)	(501,259)	(159,505)	(7,811,955)
Finance expenses from reinsurance contracts held								
Interest accreted	649,663	4,980,612	95,608	23,871	2,303	311,506	121,834	6,185,397
Effects of changes in interest rates and other financial assumptions	2,757	69,599	886	10	-	668	409	74,329
Finance income from reinsurance contracts held	652,420	5,050,211	96,494	23,881	2,303	312,174	122,243	6,259,726
Net insurance finance expenses	(145,606)	(603,267)	(65,319)	(452,977)	(58,713)	(189,085)	(37,262)	(1,552,229)

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19. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2022								
Finance income from insurance contracts issued								
Interest accreted	(154,482)	(579,059)	(42,927)	(98,079)	(17,774)	(169,174)	(16,905)	(1,078,400)
Effects of changes in interest rates and other financial assumptions	254,828	1,146,541	32,389	113,334	28,964	170,719	40,122	1,786,897
Finance income (expenses) from insurance contracts issued	100,346	567,482	(10,538)	15,255	11,190	1,545	23,217	708,497
Finance expenses from reinsurance contracts held								
Interest accreted	132,012	530,824	25,483	10,574	1,027	92,839	20,802	813,561
Effects of changes in interest rates and other financial assumptions	(213,872)	(1,039,742)	(10,536)	(4,310)	(89)	(94,916)	(32,473)	(1,395,938)
Finance (expenses) income from reinsurance contracts held	(81,860)	(508,918)	14,947	6,264	938	(2,077)	(11,671)	(582,377)
Net insurance finance expenses	18,486	58,564	4,409	21,519	12,128	(532)	11,546	126,120

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20. Other operating expenses

	31 December 2023	31 December 2022 (Restated - Note 3 and 5)
Salaries and related costs	35,510,616	31,187,590
Commission incurred	24,186,947	19,796,937
Professional fees	3,841,787	2,984,992
Information Technology	3,722,772	2,553,295
Remuneration of Board of Directors	3,319,856	3,455,722
Insurance (Note 20.2)	1,808,720	1,513,799
Training	1,334,353	1,058,838
Communication expenses	705,689	601,528
Travelling	289,276	177,868
Entertainment	261,529	210,141
Other expenses	9,813,280	6,710,870
Other acquisition expenses	8,979,567	7,077,549
	93,774,392	77,329,129

20.1 Allocation of expenses is as follows:

	31 December 2023	31 December 2022 (Restated - Note 3 and 5)
Other incurred insurance service expenses (Note 20.3)	32,770,453	23,129,564
Insurance acquisition cashflows amortisation (Note 20.3)	43,561,373	36,871,579
Amounts recoverable from reinsurers (Note 20.4)	2,351,950	3,809,736
Other operating expenses (Note 20.5)	15,090,616	13,518,250
	93,774,392	77,329,129

20.2 The insurance expense covers essential insurance policies related to employees and other operational purposes.

20.3 Reported as part of insurance service expenses.

20.4 Reported as part of allocation of reinsurance premium paid.

20.5 Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

21. Share of surplus from insurance pool

This represents the Company's share in the surplus for general accident product arising from the Hajj and Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued. The Company's share of income in the Hajj and Umrah scheme is derived from insurance revenues of Saudi Riyals 12.8 million (2022: Saudi Riyals 16.0 million) and net expenses of Saudi Riyals 5.6 million (2022: Saudi Riyals 6.6 million).

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22. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by key management personnel. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

(a) *The following are the details of the major related party transactions during the year ended 31 December:*

	Transactions for the year ended	
	31 December 2023	31 December 2022
<u>Affiliates</u>		
Insurance revenue	1,190,954	791,954
Rent expense	1,661,227	1,606,227
Insurance service expense	3,362,423	3,185,403
Other operating expenses	143,660	6,500
<u>Board of Directors</u>		
Remuneration	1,425,000	1,425,000
Meeting fees	1,561,250	1,613,000
Travelling and other related expenses	321,606	413,702
<u>Shareholders</u>		
Net expense from reinsurance contracts	62,551,590	68,946,051

(b) *The following are the details of the major related party due to/ from as at 31 December:*

	Balances receivable (payable) as at	
	31 December 2023	31 December 2022
<u>Affiliates</u>		
Insurance contract liabilities (expected premium receipts)	531,713	257,148
<u>Board of Directors</u>		
Remuneration and meeting fees	3,026,250	2,336,000
<u>Shareholders</u>		
Reinsurance contract assets (including expected reinsurance recoveries)	22,018,555	19,537,825

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22. Related party transactions and balances (continued)

(c) *The compensation of key management personnel during the year ended 31 December is as follows:*

	2023	2022
<u>Key management personnel</u>		
Salaries and benefits	4,584,574	4,070,689
Employee benefit obligations	420,069	325,897
	<u>5,004,643</u>	<u>4,396,586</u>

Key management personnel includes senior management, department heads and board of directors. Board of Directors' fees for the year ended 31 December 2023 was Saudi Riyals 5 million (31 December 2022: Saudi Riyals 4.4 million).

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

23. Zakat and income tax

(a) *Shareholding percentage*

The shareholding percentage of the Company at 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
Shareholding percentage subject to zakat	70	70
Shareholding percentage subject to income tax	30	30
	<u>100</u>	<u>100</u>

(b) *Zakat*

The current year's zakat provision is based on the following:

	2023	2022
Share capital	210,000,000	210,000,000
Reserves, opening provisions and other adjustments	39,101,532	43,431,180
Provisions	29,016,500	13,670,961
Book value of long-term assets	(3,486,132)	(3,371,899)
Investments	(35,444,332)	(1,352,455)
Goodwill	(30,642,325)	(30,642,325)
Statutory deposits	(21,000,000)	(21,000,000)
Adjusted profit for the year	24,905,734	9,377,240
Zakat base	<u>212,450,977</u>	<u>220,112,702</u>
Zakat due at 2.578% (Saudi Shareholders' share of zakat base @ 70%)	5,476,314	5,673,809
Prior year charge	-	546,711
	<u>5,476,314</u>	<u>6,220,520</u>

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23. Zakat and income tax (continued)

The differences between the financial and results subject to zakat are mainly due to provisions, which are not allowed in the calculation of adjusted income. The movement in the zakat provision for the year was as follows:

	2023	2022
1 January	14,104,169	18,054,171
Provided during the year	5,476,314	6,220,520
Payments during the year	(727,051)	(10,170,522)
31 December	18,853,432	14,104,169

(c) *Income tax*

	2023	2022
Total profit for the year before zakat and income tax*	32,302,258	13,396,057
Accounting depreciation	1,629,097	1,030,488
Provisions	2,774,142	172,803
Fines and penalties paid in the Kingdom of Saudi Arabia	490,000	40,000
Unrealised exchange loss	13,220	1,159
Gain on disposal	(112,674)	-
Tax depreciation	(3,334,702)	(2,684,935)
Payments of employee benefit obligations	(288,208)	(1,114,292)
Adjusted profit for the year	33,473,133	10,841,280
Tax at 20% (Foreign Shareholders' share @ 30%)	2,008,388	650,477
Prior year charge	-	283,466
	2,008,388	933,943

*The profit before tax for the year ended 31 December 2022 used for the purpose of the zakat and income tax is based on IFRS 4.

Income tax charge for the current year is calculated at 20% of the adjusted taxable income on the portion of equity owned by the foreign shareholders. The movement in the tax provision for the year was as follows:

	2023	2022
1 January	1,446,585	1,251,073
Provided during the year	2,008,388	650,477
Prior year charge	-	283,466
Payments during the year	(650,477)	(738,431)
31 December	2,804,496	1,446,585

Combined movement of zakat and income tax was as follows:

	2023	2022
1 January	15,550,754	19,305,244
Provided during the year	7,484,702	6,870,997
Prior year charge	-	283,466
Payments during the year	(1,377,528)	(10,908,953)
31 December	21,657,928	15,550,754

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23. Zakat and income tax (continued)

(d) Status of assessments

In 2015, ZATCA raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional zakat and income tax liability including withholding tax amounting to Saudi Riyals 13.8 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 paid Saudi Riyals 14.9 million (including delay penalties and withholding tax) and also had furnished a bank guarantee of Saudi Riyals 3.3 million in favor of ZATCA to avoid any further delay penalties until the appeal against the assessments is finalized. In 2021, the Company received final decision from General Secretariat of Tax Committees (GSTC) – Appellate Committee with settlement amount of Saudi Riyals 12.8 million (Saudi Riyals 3.4 million refundable against income tax and WHT from the additional amount of Saudi Riyals 14.9 million paid and Saudi Riyals 1.2 million payable against additional zakat). During the last year, the Company had paid an additional zakat liability of Saudi Riyals 1.2 million. Based on it, the Company has filed a settlement letter with ZATCA and waiting their concurrence to it.

The Company has also received a provisional assessment for the years 2013 to 2015 where ZATCA had requested for an additional zakat and income tax liability of Saudi Riyals 6.2 million. The management has filed an appeal against this assessment. However, the Company had submitted an additional bank guarantee amounting to Saudi Riyals 6.2 million to cover the full additional liability and to avoid delay penalties. Furthermore, the company had settled the additional Zakat and tax liability for mentioned years with an amount of Saudi Riyals 5.4 million as had been finally resolved. Based on final settlement and with ZATCA approval, all guarantees amounting to Saudi Riyals 9.5 million have been liquidated / returned during the 2022.

Furthermore, in 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional zakat and income tax liability amounting to Saudi Riyals 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional zakat and income tax liability amounting to Saudi Riyals 8.5 million. Subsequently, based on the appeal filed by the Company against the revised assessments, the Tax violation and Dispute Resolution Committee (TVDRC) partially accepted the Company's contentions, cancelled the additional tax liability, and reduced the additional zakat liability to Saudi Riyals 7.1 million. The Company has filed appeal against TVDRC's unfavorable rulings with the Tax Violation and Dispute Appellate Committee (TVDAC). The management believes that the outcome of these appeal will be in the favor of the Company.

The ZATCA in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to Saudi Riyals 6.8 million. The Company filed an appeal against the above-mentioned assessment which has been rejected by TVDRC. Accordingly, the Company filed an appeal with TVDAC against the TVDRC decision. Additionally, in March 2021, the Company settled the additional WHT liability amounting to Saudi Riyals 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid. The company will request a refund of this amount after favorable outcome of the case.

Furthermore, during the year 2021, ZATCA has raised assessment for the years 2019 and 2020 with additional income tax and zakat liability of Saudi Riyals 7.3 million. Accordingly, the Company filed an appeal with the ZATCA, which was rejected by the ZATCA. Accordingly, the Company filed an appeal with the TVDRC against the ZATCA assessments. During December 2022, the TVDRC issued its decision partially in favor of the Company reducing the income tax and zakat liability to Saudi Riyals 7 million. However, the Company was not notified by the TVDRC of its decision and therefore, the Company was unable to escalate its appeal within the statutory deadline of 30 days. Nevertheless, the Company has filed an appeal with the TVDAC and requested to accept its appeal on the basis that it was not notified of the TVDRC's decision issuance. The TVDAC's review/decision is awaited.

The Company has filed zakat and tax returns up to year ended 31 December 2022 and obtained the required certificate.

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24. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

25. Interest income from financial assets not measured at FVTPL

	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
Interest income on deposits	12,736,786	6,081,597
Debt instruments measured at FVOCI	2,076,121	1,657,917
Realised loss (gain) on investments measured at FVOCI reclassified to statement of income	(109,478)	100,833
	14,703,429	7,840,347

26. Basic and diluted earnings per share

Basic and diluted earnings per share for the year ended 31 December 2023 and 2022 is calculated by dividing total loss for the year attributable to the shareholders by the weighted average number of outstanding shares during the year.

The basic and diluted earnings per share is calculated as follows:

	2023	31 December 2022 (Restated - Notes 3 and 5)
Net profit for the year attributable to the shareholders	24,817,556	12,537,584
Weighted average number of ordinary shares for basic and diluted income per share (Note 17)	30,000,000	30,000,000
Basic and diluted earnings per share	0.83	0.42

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27. Fair value of financial instruments

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

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

The fair values of on-balance sheet financial instruments that are not carried at fair value are not significantly different from their carrying amounts included in the financial statements.

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

(a) *Carrying amounts and fair value*

	31 December 2023			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Investments at FVTPL	86,929,017	-	-	86,929,017
Investments at FVOCI	73,826,935	10,000,000	43,484,252	127,311,187
Total investments	160,755,952	10,000,000	43,484,252	214,240,204
	31 December 2022 (Restated - Note 3 and 5)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVTPL	24,007,287	-	-	24,007,287
Investments at FVOCI	65,235,124	4,987,500	39,703,127	109,925,751
Total investments	89,242,411	4,987,500	39,703,127	133,933,038

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27. Fair value of financial instruments (continued)

(a) *Carrying amounts and fair value* (continued)

The fair value of investment in quoted instruments including mutual funds and quoted sukuks at level 1 is based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques. The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuk communicated by the fund manager.

Specific valuation techniques used by management’s independent experts to value financial instruments in Level 3 i.e. najm investments, are as follows:

- **Discounted cashflows (“DCF”) method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate (“WACC”). The value derived from such an analysis results into a value for the enterprise (the “Enterprise Value”). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the “Equity Value”), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and
- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the equity valuation of najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, deposits, statutory deposit, accrued income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Furthermore, there were no transfers into and out of level 3 measurements.

(b) *Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy*

	31 December 2023	31 December 2022 (Restated - Note 3 and 5)
Balance at the beginning of the year	39,703,127	37,032,560
Unrealised gain on fair value of FVOCI	3,781,125	2,670,567
Balance at the end of the year	43,484,252	39,703,127

Such unrealised gain on fair value of FVOCI is routed through other comprehensive income.

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27. Fair value of financial instruments (continued)

(c) *The below table shows significant unobservable inputs used in the valuation of level 3 investments and their respective sensitivities.*

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	31 December 2023	31 December 2022 - Restated	31 December 2023	31 December 2022	31 December 2023	31 December 2022	
Unquoted equity investment in Najm	43,484,252	39,703,127	Earnings growth factor	Earnings growth factor	6.9%	13.7%	Reducing the Earnings growth factor to 5%, would decrease the fair value by Saudi Riyals 0.8 million. (2022: Reducing the Earnings growth factor to 10%, would decrease the fair value by Saudi Riyals 1.2 million)
			WACC	WACC	16.5%	16.0%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.2 million. (2022: Saudi Riyals 1.1 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 0.7 million. (2022: Saudi Riyals 0.7 million)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(d) Valuation process

The finance department of the Company performs the valuations of level 3 fair values required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical result.

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28. Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitors the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

Accordingly, segmental analysis of the statement of income and other comprehensive income and statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer Notes 11, 18 and 19 for such analysis.

29. Risk management

Risk governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. The Company is exposed to insurance, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission rate, and market risk.

Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

Board of Directors

The apex of risk governance is the centralised oversight of Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Audit Committee and Internal Audit Department

Risk management processes throughout the Company are audited annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures.

The internal audit department discusses the results of all assessments with senior management, and reports its findings and recommendations directly to the Audit Committee.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

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29. Risk management (continued)

The risks faced by the Company and the manner in which these risks are mitigated by management are summarised below:

29.1 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages this risk through the measures described above. The company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors. The Company monitors concentration of insurance risks primarily by class of business.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in the Property and Casualty segments.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates primarily in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

Reinsurance Risk

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- Minimum acceptable credit rating by agencies that is not lower than prescribed in the Regulations;
- Reputation of particular reinsurance companies; and
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for reinsurance business. As at 31 December 2023, 46% of reinsurance receivables balance was due from one party (31 December 2022: 40% due from one party).

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of insurance contract liabilities reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

There is no single counterparty exposure that exceeds 46% of total reinsurance assets at the reporting date.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Reinsurance Risk (continued)

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

The following tables show the concentration of net insurance contract liabilities by type of contract:

	31 December 2023			31 December 2022		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
Engineering	23,220,838	(20,229,732)	2,991,106	38,438,504	(31,214,709)	7,223,795
Property	121,821,792	(109,011,931)	12,809,861	159,579,875	(142,153,875)	17,426,000
Marine	74,902,244	(64,906,904)	9,995,340	11,027,361	(3,385,532)	7,641,829
Motor Standard	28,474,516	58,214	28,532,730	25,142,486	(1,378,332)	23,764,154
Motor Third Party	4,911,754	16,845	4,928,599	1,599,421	3,326	1,602,747
Casualty	18,095,231	(1,092,563)	17,002,668	22,841,062	(7,137,825)	15,703,237
Group life	11,668,771	(7,109,979)	4,558,792	5,603,093	(4,374,270)	1,228,823
Total	283,095,146	(202,276,050)	80,819,096	264,231,802	(189,641,217)	74,590,585

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty. Actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims at the statement of financial position date. The details of estimation of insurance contract liabilities are given under Note 4.

Process used to determine assumptions

The process used to determine the assumptions for calculating the estimate of present value of cash flows is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of estimate of present value of cash flows is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. Such estimates are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

Sensitivities on major assumptions considered while applying IFRS 17

The Company believes that the claim liabilities under insurance contracts outstanding at the reporting periods below are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the financial statements. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before zakat and tax for reasonably possible movements in key assumptions with all other assumptions in Notes 4. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Sensitivities on major assumptions considered while applying IFRS 17 (continued)

	31 December 2023	31 December 2022
Liability for incurred claims		
Estimates of present value of FCF	242,101,245	219,329,477
Risk adjustment for non-financial risk	19,411,331	35,420,610
Asset for incurred claims		
Estimates of present value of FCF	187,202,200	162,904,945
Risk adjustment for non-financial risk	16,384,849	30,143,212

Following are the sensitivities derived for the portfolios computed under PAA approach before risk mitigation by reinsurance contracts held:

	2023	2022
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	(12,105,062)	(10,966,474)
Unpaid claims and expenses decrease by 5%	12,105,062	10,966,474
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	(14,940,989)	(17,356,575)
5 percentiles decrease in the confidence level	10,400,895	14,212,680

Following are the sensitivities derived for the portfolios computed under PAA approach for the reinsurance contracts held:

	2023	2022
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	9,360,110	8,145,247
Unpaid claims and expenses decrease by 5%	(9,360,110)	(8,145,247)
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	13,470,419	15,054,297
5 percentiles decrease in the confidence level	(9,336,007)	(12,337,644)

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date.

	2023	2022
Impact on net income of change in direct expense ratio – loss component*		
2% Increase	(20,634)	(34,131)
2% Decrease	20,634	34,131

*Direct expense ratio is the ratio of sum of directly attributable expenses, acquisition cashflows and surplus for the period to earned premium.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and claims not reported for each successive accident year at each reporting date, together with cumulative payments to date. As required under IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2023

Accident year	2020 & earlier	2021	2022	2023	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	680,920,870	133,435,579	178,126,887	161,645,786	-
1 year later	551,096,432	112,445,457	134,674,519	-	-
2 years later	467,921,111	91,286,864	-	-	-
3 years later	419,660,722	-	-	-	-
4 years later	356,933,590	-	-	-	-
5 years later	417,174,667	-	-	-	-
Gross estimates of the undiscounted amount of the claims	417,174,667	91,286,864	134,674,519	161,645,786	804,781,836
Cumulative gross claims and other incurred insurance service expenses paid	(403,240,639)	(77,356,003)	(62,322,132)	(43,259,962)	(586,178,736)
Gross undiscounted liabilities for incurred claims	13,934,028	13,930,861	72,352,387	118,385,824	218,603,100
Gross undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	28,111,346
Other liabilities	-	-	-	-	3,524,343
Effect of discounting	-	-	-	-	(8,137,546)
Gross discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	242,101,243
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	19,411,333
Gross liabilities for incurred claims	-	-	-	-	261,512,576

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2022

Accident year	2019 & earlier	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	605,549,074	75,371,796	133,435,579	178,126,887	-
1 year later	477,498,051	73,598,381	112,445,457		-
2 years later	406,215,714	61,705,397			-
3 years later	357,200,270				-
4 years later	296,689,477				-
5 years later	351,545,090				-
Gross estimates of the undiscounted amount of the claims	351,545,090	61,705,397	112,445,457	178,126,887	703,822,831
Cumulative gross claims and other incurred insurance service expenses paid	(336,508,337)	(51,744,604)	(75,192,970)	(37,412,480)	(500,858,391)
Gross undiscounted liabilities for incurred claims	15,036,753	9,960,793	37,252,487	140,714,407	202,964,440
Gross undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	25,205,316
Other liabilities	-	-	-	-	2,158,239
Effect of discounting	-	-	-	-	(10,998,518)
Gross discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	219,329,477
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	35,420,610
Gross liabilities for incurred claims	-	-	-	-	254,750,087

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2023	2020 & earlier	2021	2022	2023	Total
Accident year					
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	310,947,222	57,610,569	54,630,585	56,403,366	-
1 year later	235,816,266	52,898,557	48,289,175	-	-
2 years later	248,008,684	51,758,019	-	-	-
3 years later	237,657,454	-	-	-	-
4 years later	208,290,744	-	-	-	-
5 years later	236,392,143	-	-	-	-
Net estimates of the undiscounted amount of the claims	236,392,143	51,758,019	48,289,175	56,403,366	392,842,703
Cumulative net claims and other incurred insurance service expenses paid	(234,115,588)	(49,999,920)	(40,612,893)	(34,756,181)	(359,484,582)
Net undiscounted liabilities for incurred claims	2,276,555	1,758,099	7,676,282	21,647,185	33,358,121
Net undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	20,091,584
Other liabilities	-	-	-	-	3,393,414
Effect of discounting	-	-	-	-	(1,944,076)
Net discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	54,899,043
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	3,026,484
Net liabilities for incurred claims	-	-	-	-	57,925,527

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2022

Accident year	2019 & earlier	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	275,311,310	35,635,912	57,610,569	54,630,585	-
1 year later	205,203,790	30,612,476	52,898,557	-	-
2 years later	218,502,413	29,506,272	-	-	-
3 years later	208,684,190	-	-	-	-
4 years later	174,901,522	-	-	-	-
5 years later	208,473,265	-	-	-	-
Net estimates of the undiscounted amount of the claims	208,473,265	29,506,272	52,898,557	54,630,585	345,508,679
Cumulative net claims and other incurred insurance service expenses paid	(204,352,892)	(27,604,603)	(49,730,636)	(29,882,727)	(311,570,858)
Net undiscounted liabilities for incurred claims	4,120,373	1,901,669	3,167,921	24,747,858	33,937,821
Net undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	22,368,454
Other liabilities	-	-	-	-	2,024,443
Effect of discounting	-	-	-	-	(1,906,186)
Net discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	56,424,532
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	5,277,398
Net liabilities for incurred claims	-	-	-	-	61,701,930

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29. Risk management (continued)

29.1 Insurance risk (continued)

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
31 December 2023			
Gross liabilities for incurred claims	242,101,243	19,411,333	261,512,576
Amounts recoverable from reinsurers	(187,202,200)	(16,384,849)	(203,587,049)
Net liabilities for incurred claims	54,899,043	3,026,484	57,925,527
31 December 2022			
Gross liabilities for incurred claims	219,329,477	35,420,610	254,750,087
Amounts recoverable from reinsurers	(162,904,945)	(30,143,212)	(193,048,157)
Net liabilities for incurred claims	56,424,532	5,277,398	61,701,930

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29. Risk management (continued)

29.2 Financial risk

The Company's principal financial assets and liabilities are cash and cash equivalents, term deposits, premiums and insurance balances receivable - net, investments, accrued income on statutory deposit, reinsurer's share of outstanding claims, reinsurers' share of claims incurred but not reported and other assets (included in prepaid expenses and other assets). The Company's principal financial liabilities are reinsurance balances payable, outstanding claims, claims incurred but not reported, accrued and other liabilities, accounts payable, dividend payable, surplus distribution payable and amounts due to a related party.

29.2.1 Market risk

The main risks arising from the Company's financial instruments are market risks (including commission rate risk, price risk and currency risk), credit risk, liquidity risk and, which are summarized below:

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

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area.

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and United States Dollars, during the year. As the Saudi Riyal is pegged to the United States Dollar, balances in United States Dollars are not considered to represent significant currency risk.

(b) Commission rate risk

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value commission rate risk.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.1 Market risk (continued)

(b) *Commission rate risk* (continued)

There is no direct contractual relationship between financial assets and insurance and reinsurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net commission rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company has no significant concentration of interest rate risk.

The Company is exposed to commission rate risk through its debt instruments held, deposits and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

The Company's exposure to commission rate risk sensitive insurance and reinsurance contracts, deposits and debt instruments are, as follows:

	2023	2022 - Restated
Insurance contract liabilities, net	261,512,576	254,750,087
Reinsurance contract assets, net	203,587,049	193,048,157
Cash and cash equivalents	30,783,659	8,000,000
Term deposits	200,872,568	243,331,053

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact of commission rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

	Changes in commission rate	2023	2022
Insurance contract liabilities, net	+/-2%	3,222,170	3,991,884
Reinsurance contract assets, net	+/-2%	2,456,197	3,331,255
Cash and cash equivalents	+/-2%	5,067	1,899
Term deposits	+/-2%	138,811	285,387

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.1 Market risk (continued)

(c) *Price risk*

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's FVTPL and FVOCI investments amounting to Saudi Riyals 214 million (2022: Saudi Riyals 133.9 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of a hypothetical change of a 5% increase and 5% decrease in the market prices of investments on comprehensive income would be as follows:

% change in price	2023	2022
+5	10,712,010	6,696,652
-5	(10,712,010)	(6,696,652)

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2023 and 2022. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

The table below shows the maximum exposure to credit risk for the relevant components of the statement of financial position:

	31 December 2023	31 December 2022 (Restated)
Cash and cash equivalents	38,479,829	24,919,814
Reinsurance contract assets	202,276,050	189,641,217
Investments carried at FVTPL	86,929,017	24,007,287
Investments carried at FVOCI	127,311,187	109,925,751
Term deposit	200,872,568	243,331,053
Statutory deposits	30,000,000	30,000,000
Accrued income on statutory deposit	4,457,161	2,862,640
Other assets (included in Prepaid expenses and other assets)	16,166,053	20,205,373
	<u>706,491,865</u>	<u>644,893,135</u>

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.2 Credit risk (continued)

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Approximately all of the Company's underwriting activities are carried out in Saudi Arabia.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade is considered the highest possible rating. Assets falling outside the range of investment grade are classified as non-investment grade (satisfactory) or past due but not impaired.

	31 December 2023	31 December 2022 (Restated)	31 December 2023	31 December 2022 (Restated)	31 December 2023	31 December 2022 (Restated)
	Investment grade		Non-Investment Grade			
			Satisfactory		Past due impaired	
Cash and cash equivalent	38,479,829	24,919,814	-	-	-	-
Reinsurance contract assets	202,276,050	189,641,217	-	-	-	-
Other assets (included in Prepaid expenses and other assets)	-	-	16,166,053	20,205,373	-	-
Term deposits	200,872,568	243,331,053	-	-	-	-
Investments carried at FVTPL	86,929,017	24,007,287	-	-	-	-
Investments carried at FVOCI	83,826,935	70,222,624	43,484,252	39,703,127	-	-
Statutory deposits	30,000,000	30,000,000	-	-	-	-
Accrued income on statutory deposit	4,457,161	2,862,640	-	-	-	-
Total	646,841,560	584,984,635	59,650,305	59,908,500	-	-

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.2 Credit risk (continued)

Credit quality of investments as at 31 December:

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers' receivable balances and reinsurers' share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment. Also see Notes 3.4 and 4 (vi), for further details in this regard.

The Company applies the three-stage model for impairment of financial assets measured at amortised cost and FVOCI, based on changes in credit quality since initial recognition. Also see Note 3.4 (iii) for further details regarding impairment.

The Company uses "low credit risk" practical expedient for the cash and cash equivalents, term deposits and statutory deposits with the assumption that the credit risk on such financial instruments has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months.

Cash and cash equivalents, term deposits and statutory deposits are placed with banks having minimum credit ratings of A3 or better, and therefore are not subject to significant credit risk. The stated rating is as per the global bank ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties. At 31 December 2023 and 2022, the ECL allowance on cash at bank was immaterial.

Other financial assets at amortised cost include other receivables. These instruments are considered to be low credit risk since they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. At 31 December 2023 and 2022, the ECL allowance on other financial assets was immaterial.

29.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. Further, the Company manages liquidity risk as follows:

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

The table below summarizes the maturities of the Company's undiscounted contractual obligations at 31 December 2023 and 2022. As the Company does not have any commission bearing liabilities, contractual cash flow of financial liabilities approximates their carrying value.

31 December 2023	Less than one year	More than 12 months	Total
Cash and cash equivalent	38,479,829	-	38,479,829
Term deposits	200,872,568	-	200,872,568
Statutory deposit	30,000,000	-	30,000,000
Accrued income on statutory deposit	4,457,161	-	4,457,161
Other assets (included in Prepaid expenses and other assets)	16,166,053	-	16,166,053
Investments carried at FVTPL	86,929,017	-	86,929,017
Investments carried at FVOCI	-	127,311,187	127,311,187
Total	376,904,628	127,311,187	504,215,815

31 December 2023	Less than 12 months	More than 12 months	Total
Accrued and other liabilities	13,696,866	-	13,696,866
Accrued commission income payable to Insurance Authority	1,594,521	-	1,594,521
Employee benefit obligations	1,239,506	19,013,391	20,252,897
Total	16,530,893	19,013,391	35,544,284
Total liquidity gap	360,373,735	108,297,796	468,671,531

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

31 December 2022 (Restated)	Less than one year	More than 12 months	Total
Cash and cash equivalent	24,919,814	-	24,919,814
Term deposits	243,331,053	-	243,331,053
Statutory deposit	30,000,000	-	30,000,000
Accrued income on statutory deposit	2,862,640	-	2,862,640
Other assets (included in Prepaid expenses and other assets)	21,509,222	-	21,509,222
Investments carried at FVTPL	24,007,287	-	24,007,287
Investments carried at FVOCI	-	109,925,751	109,925,751
Total	346,630,016	109,925,751	456,555,767

31 December 2022 (Restated)	Less than 12 months	More than 12 months	Total
Accrued and other liabilities	10,961,081	-	10,961,081
Accrued commission income payable to Insurance Authority	2,862,640	-	2,862,640
Employee benefit obligations	1,492,745	16,122,418	17,615,163
Total	15,316,466	16,122,418	31,438,884
Total liquidity gap	331,313,550	93,803,333	425,116,883

For the purpose of the financial assets, non-financial assets amounting to Saudi Riyals 3.2 million (2022: Saudi Riyals 4.4 million) have been excluded from prepaid expenses.

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	87,830,476	18,329,433	9,924,456	5,871,172	1,159,847
Property	8,772,151	4,746,556	579,634	254,244	225,599
Marine	65,633,868	2,077,318	1,179,455	252,975	-
Motor Standard	18,385,977	1,579,150	776,415	304,743	-
Motor Third Party	2,998,910	466,295	111,171	15,542	-
Casualty	9,079,718	2,867,095	1,816,250	75,902	25,974
Group life	4,499,657	179,669	1,772	-	-
31 December 2023	197,200,757	30,245,516	14,389,153	6,774,578	1,411,420

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	76,852,579	16,236,982	8,752,429	5,321,545	1,077,488
Property	9,071,114	3,747,470	42,612	4,273	59,471
Marine	61,262,207	1,405,211	751,388	100,600	-
Motor Standard	22,510	-	-	-	-
Motor Third Party	-	-	-	-	-
Casualty	3,475,668	2,238,137	857,333	-	19,381
Group life	2,015,219	81,531	522	-	-
31 December 2023	152,699,297	23,709,331	10,404,284	5,426,418	1,156,340

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	90,439,311	34,144,834	14,590,168	6,156,750	2,243,634
Property	25,796,542	3,029,414	298,555	26,879	1,745
Marine	8,317,676	255,287	6,702	-	-
Motor Standard	16,100,092	2,197,552	455,621	84,242	14,612
Motor Third Party	1,061,349	280,949	185,868	106,480	34,703
Casualty	18,060,686	1,828,834	259,807	33,010	4,255
Group life	2,861,218	964,754	334,337	119,165	32,964
31 December 2022	162,636,874	42,701,624	16,131,058	6,526,526	2,331,913

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	78,794,709	30,764,416	13,393,643	5,732,005	2,133,280
Property	20,423,710	2,625,355	268,639	24,776	1,619
Marine	4,101,008	203,040	4,708	-	-
Motor Standard	983,565	137,885	45,848	22,365	12,456
Motor Third Party	39,671	3,402	-	1,004	3,961
Casualty	7,566,623	1,663,104	241,903	30,603	3,925
Group life	1,460,409	851,599	313,832	113,069	31,145
31 December 2022	113,369,695	36,248,801	14,268,573	5,923,822	2,186,386

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Fair value through profit or loss investments includes investments in mutual funds, equity and sukuk and are held for cash management purposes and expected to be matured or settled within 12 months from the balance sheet date.
- Term deposits includes deposits placed with high credit rating financial institutions with maturity of less than 12 months from the date of placement.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to property and casualty segment and are generally realized within 6 to 9 months based on settlement of claims.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

The liabilities with maturity less than one year are expected to settle as follows:

- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and casualty policies due to the inherent nature are generally settled within 12 months from the date of receipt of loss adjustor report.
- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date.
- Employee benefit obligations are expected to settle based on the maturity analysis disclosed in Note 16.

29.3 Capital risk management

The objectives are set by the Board of Directors of the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

As of 31 December 2023, the Company is in compliance with the minimum solvency margin as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

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30. Commitments and contingencies

The Company's commitments and contingencies are as follows:

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 result or financial position.

Capital commitments

The Company had capital commitments related to a new software as at 31 December 2022. As on 31 December 2023, the Company had no capital commitments as the contract related to software has been terminated. (31 December 2022: Saudi Riyals 3.6 million).

31. Auditors' remuneration

Auditors' fee for 2023 audit and review services amounts to Saudi Riyals 2.6 million (2022: Saudi Riyals 1.0 million) and their fee for other statutory services amounts to Saudi Riyals 0.05 million (2022: Saudi Riyals 1.4 million).

32. Subsequent event

No events have arisen subsequent to 31 December 2023, and before the date of signing the independent auditors' report, that could have a significant effect on the financial statements as at 31 December 2023.

33. Approval of the financial statements

The financial statements have been authorized for issue by the Board of Directors on 4 Ramadan 1445H (corresponding to 14 March 2024).

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34. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of Insurance Authority and are not calculated as per the requirements of IFRS 17.

Breakdown of GWP	31 December 2023			Total
	Motor	Property & casualty	Protection & Savings Group (Term life)	
Retail	15,997,841	305,658	-	16,303,499
Very small	2,866,834	2,052,690	77,874	4,997,398
Small	2,000,961	7,965,879	209,976	10,176,816
Medium	5,837,200	5,521,945	556,005	11,915,150
Corporate	55,054,900	239,149,625	13,272,889	307,477,414
Total	81,757,736	254,995,797	14,116,744	350,870,277

Breakdown of GWP	31 December 2022			Total
	Motor	Property & casualty	Protection & Savings Group (Term life)	
Retail	12,187,480	385,742	-	12,573,222
Very small	1,351,451	1,636,826	-	2,988,277
Small	1,571,830	7,896,456	158,784	9,627,070
Medium	5,653,591	6,172,772	415,888	12,242,251
Corporate	35,891,963	217,584,614	12,769,736	266,246,313
Total	56,656,315	233,676,410	13,344,408	303,677,133

35. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of Insurance Authority and are not calculated as per the requirements of IFRS 17.

Item	31 December 2023			Total
	Motor	Property & casualty	Protection & Savings Group (Term life)	
Gross written premium	81,757,736	254,995,797	14,116,744	350,870,277
Reinsurance premium ceded – globally (including excess of loss)	(939,375)	(197,156,583)	(6,041,835)	(204,137,793)
Reinsurance premium ceded – locally (including excess of loss)	-	(14,966,352)	(1,403,655)	(16,370,007)
Net written premium - total	80,818,361	42,872,862	6,671,254	130,362,477

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35. Net written premium (continued)

Item	31 December 2022			Total
	Motor	Property & casualty	Protection & Savings Group (Term life)	
Gross written premium	56,656,315	233,676,410	13,344,408	303,677,133
Reinsurance premium ceded – globally (including excess of loss)	(860,889)	(182,274,225)	(6,980,678)	(190,115,792)
Reinsurance premium ceded – locally (including excess of loss)	-	(10,032,693)	(786,668)	(10,819,361)
Net written premium - total	55,795,426	41,369,492	5,577,062	102,741,980

36. Surplus distribution

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	<u>100%</u>

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

The surplus distribution payable to the policyholders for the year 31 December 2023 amounts to Saudi Riyals 2.9 million. (2022: Saudi Riyals 1.5 million) This has been allocated as follow:

	31 December 2023	31 December 2022
Engineering	354,072	194,425
Property	1,118,823	470,556
Marine	185,465	136,345
Motor Standard	499,265	171,563
Motor Third Party	129,840	63,502
Casualty	517,594	492,235
Group Life	108,403	15,860
	<u>2,913,462</u>	<u>1,544,486</u>

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37. Supplementary information

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

STATEMENT OF FINANCIAL POSITION

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS									
Cash and cash equivalents	6,170,710	32,309,119	38,479,829	24,179,107	740,707	24,919,814	37,267,250	148,776,635	186,043,885
Term deposits	48,233,043	152,639,525	200,872,568	25,899,143	217,431,910	243,331,053	-	57,236,755	57,236,755
Investments									
Financial assets at fair value through profit or loss ("FVTPL")	10,090,773	76,838,244	86,929,017	9,768,665	14,238,622	24,007,287	10,594,736	16,826,624	27,421,360
Financial assets at fair value through other comprehensive income ("FVOCI")	33,252,326	94,058,861	127,311,187	27,400,121	82,525,630	109,925,751	29,160,418	82,601,460	111,761,878
Prepaid expenses and other assets	19,092,371	229,557	19,321,928	21,657,377	2,959,560	24,616,937	10,209,518	11,098,116	21,307,634
Reinsurance contract assets	202,276,050	-	202,276,050	189,641,217	-	189,641,217	139,062,929	-	139,062,929
Property and equipment	2,215,348	-	2,215,348	2,704,838	-	2,704,838	2,323,765	-	2,323,765
Intangible assets	2,764,840	-	2,764,840	4,407,414	-	4,407,414	2,798,598	-	2,798,598
Accrued income on statutory deposit	-	4,457,161	4,457,161	-	2,862,640	2,862,640	-	2,406,669	2,406,669
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	30,000,000	30,000,000	-	30,000,000	30,000,000	-	30,000,000	30,000,000
Due From Insurance Operation	-	21,910,807	21,910,807	-	27,180,666	27,180,666	-	21,286,321	21,286,321
TOTAL ASSETS	324,095,461	456,218,024	780,313,485	305,657,882	421,714,485	727,372,367	231,417,214	414,007,330	645,424,544
Due from Insurance Operation	-	(21,910,807)	(21,910,807)	-	(27,180,666)	(27,180,666)	-	(21,286,321)	(21,286,321)
TOTAL ASSETS AS PER FINANCIAL STATEMENTS	324,095,461	434,307,217	758,402,678	305,657,882	394,533,819	700,191,701	231,417,214	392,721,009	624,138,223

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37. Supplementary information (continued)

STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES									
Accrued and other liabilities	9,988,169	3,708,697	13,696,866	7,361,790	3,599,291	10,961,081	7,283,926	3,918,843	11,202,769
Insurance contract liabilities	283,095,146	-	283,095,146	264,231,802	-	264,231,802	194,470,502	-	194,470,502
Zakat and income tax payable	-	21,657,928	21,657,928	-	15,550,754	15,550,754	-	19,305,244	19,305,244
Employee benefit obligations	14,517,904	-	14,517,904	11,782,946	-	11,782,946	10,968,262	-	10,968,262
Accrued Income payable to Insurance Authority	-	1,594,521	1,594,521	-	2,862,640	2,862,640	-	2,406,669	2,406,669
Due to shareholders' operations	21,910,807	-	21,910,807	27,180,666	-	27,180,666	21,286,321	-	21,286,321
TOTAL LIABILITIES	329,512,026	26,961,146	356,473,172	310,557,204	22,012,685	332,569,889	234,009,011	25,630,756	259,639,767
Due to shareholders' operations	(21,910,807)	-	(21,910,807)	(27,180,666)	-	(27,180,666)	(21,286,321)	-	(21,286,321)
TOTAL LIABILITIES AS PER FINANCIAL STATEMENTS	307,601,219	26,961,146	334,562,365	283,376,538	22,012,685	305,389,223	212,722,690	25,630,756	238,353,446
EQUITY									
Share capital	-	300,000,000	300,000,000	-	300,000,000	300,000,000	-	300,000,000	300,000,000
Statutory reserve	-	45,830,634	45,830,634	-	40,867,123	40,867,123	-	39,927,701	39,927,701
Retained earnings	-	44,079,132	44,079,132	-	24,225,087	24,225,087	-	12,626,925	12,626,925
Fair value reserve	(911,032)	39,347,112	38,436,080	(1,524,753)	34,609,590	33,084,837	571,085	35,821,948	36,393,033
Remeasurement reserve of employee benefit obligations	(4,505,533)	-	(4,505,533)	(3,374,569)	-	(3,374,569)	(3,162,882)	-	(3,162,882)
TOTAL EQUITY	(5,416,565)	429,256,878	423,840,313	(4,899,322)	399,701,800	394,802,478	(2,591,797)	388,376,574	385,784,777
TOTAL LIABILITIES AND EQUITY AS PER FINANCIAL STATEMENTS	302,184,654	456,218,024	758,402,678	278,477,216	421,714,485	700,191,701	210,130,893	414,007,330	624,138,223

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37. Supplementary information (continued)

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Insurance revenue	329,438,071	-	329,438,071	299,355,899	-	299,355,899
Insurance service expenses*	(154,432,584)	-	(154,432,584)	(197,347,961)	-	(197,347,961)
Net expenses from reinsurance contracts	(152,992,326)	-	(152,992,326)	(87,922,642)	-	(87,922,642)
Insurance service result from Company's directly written business	22,013,161	-	22,013,161	14,085,296	-	14,085,296
Share of surplus from insurance pool	7,179,222	-	7,179,222	9,442,066	-	9,442,066
Total insurance service result	29,192,383	-	29,192,383	23,527,362	-	23,527,362
Interest income from financial assets not measured at FVTPL	2,920,736	11,782,693	14,703,429	1,421,028	6,419,319	7,840,347
Net gains (losses) on financial assets measured at FVTPL	140,214	3,632,025	3,772,239	(79,784)	(61,501)	(141,285)
Dividend income	385,808	581,852	967,660	225,612	355,096	580,708
Net investment income	3,446,758	15,996,570	19,443,328	1,566,856	6,712,914	8,279,770
Finance (expenses) income from insurance contracts issued	(7,811,955)	-	(7,811,955)	708,497	-	708,497
Finance income (expenses) from reinsurance contracts held	6,259,726	-	6,259,726	(582,377)	-	(582,377)
Net insurance finance (expense) income	(1,552,229)	-	(1,552,229)	126,120	-	126,120
Net insurance and investment result	31,086,912	15,996,570	47,083,482	25,220,338	6,712,914	31,933,252
Other operating expenses	(5,142,228)	(9,948,388)	(15,090,616)	(7,601,632)	(5,916,618)	(13,518,250)
Other income	309,392	-	309,392	1,277,045	-	1,277,045
Net surplus from operations	26,254,076	6,048,182	32,302,258	18,895,751	796,296	19,692,047
Surplus transfer to shareholders	(26,254,076)	26,254,076	-	(18,895,751)	18,895,751	-
Total profit for the year before zakat and income tax	-	32,302,258	32,302,258	-	19,692,047	19,692,047
Zakat expense	-	(5,476,314)	(5,476,314)	-	(6,220,520)	(6,220,520)
Income tax expense	-	(2,008,388)	(2,008,388)	-	(933,943)	(933,943)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	24,817,556	24,817,556	-	12,537,584	12,537,584
Earnings per share (expressed in Saudi Riyals per share)						
Basic earnings per share			<u>0.83</u>			<u>0.42</u>
Diluted earnings per share			<u>0.83</u>			<u>0.42</u>

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37. Supplementary information (continued)

* This includes surplus distribution for the year ended 31 December 2023 amounting to Saudi Riyals 2.9 million. (2022: Saudi Riyals 1.5 million) (Refer Note 36)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	24,817,556	24,817,556	-	12,537,584	12,537,584
Other comprehensive income						
<i>Items that will not be reclassified to the statement of income in subsequent years</i>						
Remeasurement loss on employee benefit obligations	(1,130,964)	-	(1,130,964)	(211,687)	-	(211,687)
<i>Items that will be reclassified to the statement of income in subsequent years</i>						
Net changes in fair value of investments measured at FVOCI	566,065	4,675,700	5,241,765	(2,030,959)	(1,176,404)	(3,207,363)
Realised loss (gain) on investments measured at FVOCI reclassified to statement of income	47,656	61,822	109,478	(64,879)	(35,954)	(100,833)
Total other comprehensive (loss) income	(517,243)	4,737,522	4,220,279	(2,307,525)	(1,212,358)	(3,519,883)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	(517,243)	29,555,078	29,037,835	(2,307,525)	11,325,226	9,017,701

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37. Supplementary information (continued)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total profit for the year before zakat and income tax	-	32,302,258	32,302,258	-	19,692,047	19,692,047
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	763,610	-	763,610	676,043	-	676,043
Amortisation of intangible assets	865,487	-	865,487	354,445	-	354,445
Impairment of intangible assets	2,295,254	-	2,295,254	-	-	-
Net (gains) losses on financial assets measured at FVTPL	(322,108)	(3,450,131)	(3,772,239)	79,784	61,501	141,285
Loss (gain) on disposal of financial assets measured at FVOCI	47,656	61,822	109,478	(64,879)	(35,954)	(100,833)
Gain on disposal of property and equipment	(112,674)	-	(112,674)	-	-	-
Provision for employees benefit obligations	1,892,202	-	1,892,202	1,717,289	-	1,717,289
Dividend income	(385,808)	(581,852)	(967,660)	(225,612)	(355,096)	(580,708)
Interest income from financial assets not measured at FVTPL	(2,858,914)	(11,844,515)	(14,703,429)	(1,421,028)	(6,419,319)	(7,840,347)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	2,022,228	265,733	2,287,961	(11,355,962)	9,500,815	(1,855,147)
Reinsurance contract assets	(12,634,833)	-	(12,634,833)	(50,578,288)	-	(50,578,288)
Accrued income on statutory deposit	-	(1,594,521)	(1,594,521)	-	(455,971)	(455,971)
Accrued and other liabilities	2,626,379	109,406	2,735,785	77,864	(319,552)	(241,688)
Insurance contract liabilities	18,863,344	-	18,863,344	69,761,300	-	69,761,300
Accrued income payable to Insurance Authority	-	(1,268,119)	(1,268,119)	-	455,971	455,971
Cash generated from operations	13,061,823	14,000,081	27,061,904	9,020,956	22,124,442	31,145,398

(Continued)

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37. Supplementary information (continued)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (continued)

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Employee benefit obligations paid	(288,208)	-	(288,208)	(1,114,292)	-	(1,114,292)
Zakat and income tax paid	-	(1,377,528)	(1,377,528)	-	(10,908,953)	(10,908,953)
Interest income received from financial assets not measured at FVTPL	2,207,461	8,562,465	10,769,926	848,463	5,057,060	5,905,523
Net cash generated from operating activities	14,981,076	21,185,018	36,166,094	8,755,127	16,272,549	25,027,676
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in term deposits	(47,038,812)	(60,259,551)	(107,298,363)	(25,899,143)	(554,343,625)	(580,242,768)
Redemption of term deposits	25,899,143	130,798,256	156,697,399	-	394,148,470	394,148,470
Payment against purchase of financial assets at FVOCI	(9,331,056)	(12,104,865)	(21,435,921)	(7,609,249)	(5,865,603)	(13,474,852)
Payment against purchase of financial assets at FVTPL	-	(73,449,491)	(73,449,491)	(1,618,714)	-	(1,618,714)
Payments for purchases of property and equipment	(359,446)	-	(359,446)	(1,057,116)	-	(1,057,116)
Proceeds from sale of property and equipment	198,000	-	198,000	-	-	-
Additions to intangible assets	(1,518,167)	-	(1,518,167)	(1,482,593)	-	(1,482,593)
Proceed from sale of financial assets at FVOCI	4,044,916	5,247,334	9,292,250	6,842,851	5,260,765	12,103,616
Proceed from sale of financial assets at FVTPL	-	14,300,000	14,300,000	2,860,738	2,030,764	4,891,502
Dividend income received	385,808	581,852	967,660	225,612	355,096	580,708
Net cash (used in) generated from investing activities	(27,719,614)	5,113,535	(22,606,079)	(27,737,614)	(158,414,133)	(186,151,747)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due to operations	(5,269,859)	5,269,859	-	5,894,345	(5,894,345)	-

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37. Supplementary information (continued)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (Continued)

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net change in cash and cash equivalents	(18,008,397)	31,568,412	13,560,015	(13,088,142)	(148,035,929)	(161,124,071)
Cash and cash equivalents at the beginning of the year	24,179,107	740,707	24,919,814	37,267,250	148,776,635	186,043,885
Cash and cash equivalents at end of the year	6,170,710	32,309,119	38,479,829	24,179,108	740,706	24,919,814
<u>Supplemental non-cash information:</u>						
Remeasurement loss on employee benefit obligations	(1,130,964)	-	(1,130,964)	(211,687)	-	(211,687)
Write off of fully depreciated property and equipment	1,406,428	-	1,406,428	-	-	-
Transferred to intangible assets from prepayments	-	-	-	480,668	-	480,668