

Notes to the unaudited condensed interim financials information For the six months period ended 30 June 2022

1. Legal status and principal activities

Oman United Insurance Company SAOG (“the Company”) (or “OUIC”) is incorporated as a public listed joint stock company in the Sultanate of Oman. The principal office of the Company is located at OUIC Building, Al Khuwair Street, Al Khuwair in the Sultanate of Oman. The Company is engaged in underwriting of general and life and medical insurance business and in repair and maintenance of motor vehicles within the Sultanate of Oman.

2. Summary of significant accounting policies

The principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

2.1 Basis of preparation

The unaudited condensed interim financial information is prepared on the historical cost basis, except for available-for-sale investments and financial assets at fair value through profit or loss, which are measured at fair value. The unaudited condensed interim financial information in accordance with the International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, and comply with requirements of the Commercial Companies Law of 2019, and the disclosure requirements set out in the “Rules and Guidelines on Disclosure by issuer of Securities and Insider Trading” issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

This condensed financial information does not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to provide an understanding for the change in the Company’s financial position and performance since the last annual financial statements.

The accounting policies applied by the Company in these unaudited condensed interim financial information are consistent with those applied by the Company in its audited financial statements as at and for the year ended 31 December 2021

The preparation of unaudited condensed interim financial information in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited condensed interim financial statements include the following:

- Allowance for doubtful debts
- Claims reported but unsettled
- Claims incurred but not reported
- Unearned premiums
- Mathematical reserve

2.2 Changes in accounting policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the audited annual financial statements for the period ended 31 December 2021

New and amended standards and interpretations were adopted as at 30 June 2022. There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2022:

- (a) Amendments to IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 1 January 2021)
- (b) Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021)
- (c) Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021)

3. Net underwriting result

	30 June 2022 General RO	30 June 2022 Life RO	30 June 2022 Total RO	30 June 2021 General RO	30 June 2021 Life RO	30 June 2021 Total RO
Revenue						
Gross written premiums	16,341,350	2,148,922	18,490,272	15,921,935	2,675,574	18,597,509
Reinsurance premium ceded	(9,918,376)	(1,257,135)	(11,175,511)	(8,909,343)	(1,679,653)	(10,588,996)
Net written premium	6,422,974	891,787	7,314,761	7,012,592	995,921	8,008,513
Movement in unearned premium reserve	(303,021)	(23,065)	(326,086)	95,784	(16,358)	79,426
Commission earned on reinsurance ceded	1,766,929	112,187	1,879,116	1,513,147	153,142	1,666,289
Total insurance revenue	7,886,882	980,909	8,867,791	8,621,523	1,132,705	9,754,228
Costs						
Gross claims paid	9,967,711	1,985,384	11,953,095	5,645,198	2,494,571	8,139,769
Reinsurance share	(4,431,416)	(1,382,168)	(5,813,584)	(1,999,467)	(1,795,444)	(3,794,911)
Net claims paid	5,536,295	603,216	6,139,511	3,645,731	699,127	4,344,858
Movement in outstanding claims reserve (net)	(591,652)	(119,230)	(710,882)	654,661	(205,263)	449,398
Net claims incurred	4,944,643	483,986	5,428,629	4,300,392	493,864	4,794,256
Commission expenses	1,181,902	217,504	1,399,406	1,309,049	279,881	1,588,930
Total insurance cost	6,126,545	701,490	6,828,035	5,609,441	773,745	6,383,186
Net underwriting result	1,760,337	279,419	2,039,756	3,012,082	358,960	3,371,042

4. General business

The general business underwriting results before reinsurance recoveries can be analysed as follows:

	6 months ended 30 June 2022		6 months ended 30 June 2021	
	Net written premium RO	Underwriting result before reinsurance recoveries RO	Net written premium RO	Underwriting result before reinsurance recoveries RO
Motor	5,809,075	(1,238,248)	6,420,374	1,459,031
Fire	88,487	(406,589)	87,964	(921,819)
Marine	34,543	(750,791)	43,770	(53,125)
Household & others	490,870	(1,895,949)	460,484	1,273,431
	6,422,975	(4,291,577)	7,012,592	1,757,518

Underwriting results are defined as gross written premiums less premiums ceded, less gross claims, less net commissions.

The net claims ratios for the period are as follows:

	6 months ended 30 June 2022 (%)	6 months ended 30 June 2021 (%)
Motor	82	62
Fire	10	19
Marine	129	9
Household & others	85	68
Overall loss ratio	82	61

The net loss ratio is calculated by dividing the net claims (gross claims paid less reinsurance and other recoveries) by the net premiums (gross written premiums less premiums ceded).

5. Life business

	6 months ended 30 June 2022		6 months ended 30 June 2021	
	Net written premium RO	Underwriting result before reinsurance recoveries RO	Net written premium RO	Underwriting result before reinsurance recoveries RO
Individual life	1,341	593	2,038	2,709
Group life	52,055	(170,023)	95,319	(1,571,615)
Medical	838,391	(724,225)	898,563	(843,426)
	891,787	(893,655)	995,920	(2,412,332)

6. Investment income

	3 months ended 30 June 2022 RO	3 months ended 30 June 2021 RO	6 months ended 30 June 2022 RO	6 months ended 30 June 2021 RO
Realised gain on sale of investments - net	-	-	-	3,720
Fair value loss on investments	(226,009)	490,488	(162,943)	298,725
Dividend income	-	22,320	170,982	72,054
Interest income	621,288	696,773	1,314,563	1,441,978
Brokerage on purchase of shares	-	-	(4,598)	-
Impairment of available for sale investments	(14,400)	-	(14,400)	(43,855)
Total	380,879	1,209,581	1,303,604	1,772,622
Other operating income				
Rental income from investment property	40,044	54,517	78,892	109,936
Other income	(380)	8,312	137,295	132,203
Total	39,664	62,829	216,187	242,139

7. Investment

A) Associates - nil

B) Investments – financial assets at fair value through profit or loss - quoted (local & foreign)

	Market value on 30 June 2022 RO	Market value on 30 June 2021 RO	Book value / Fair value on 31 December 2021 RO	Cost on 30 June 2022 RO
<i>Securities</i>				
Banking (local)	2,054,327	565,582	17,318	2,043,573
Investments	44,440	238,322	44,338	20,000
Services (overseas)	-	8,155	-	-
Services (local)	1,460,619	1,721,625	1,586,640	2,985,625
Industrial	97,985	152,393	105,201	229,024
Investments (overseas)	1,863,341	1,916,977	1,886,585	1,998,304
Total	5,520,712	4,603,054	3,640,082	7,276,526

7. Investment (continued)

C) Investments – available for sale – quoted (local & foreign)

Category	Market value on 30 June 2022 RO	Market value on 30 June 2021 RO	Market value on 31 December 2021 RO	Cost on 30 June 2022 RO
Services (local)	493,802	629,929	513,441	483,044
Total	493,802	629,929	513,441	483,044

The fair value of the foreign private equity investments approximates to their carrying value.

<i>Unquoted and other Investments – available for sale</i>	Book value on 30 June 2022 RO	Book value on 30 June 2021 RO	Book value on 31 December 2021 RO	Cost on 30 June 2022 RO
Unquoted Omani shares	240,359	204,144	221,359	71,429
Total	240,359	204,144	221,359	71,429

D) Term deposits

	Market value on 30 June 2022 RO	Market value on 30 June 2021 RO	Book value / Fair value on 31 December 2021 RO
Term deposits	48,934,426	54,441,497	56,588,822
Less: current portion	(20,984,426)	(11,841,497)	(21,438,822)
	27,950,000	42,600,000	35,150,000

7. Investment (continued)

E) Details of significant investments (10% or above) - financial assets at fair value through profit or loss - quoted (local & foreign)

<i>MSM Quoted Securities</i>	Holding	No. of	Market	Market value	Cost on
	%	securities	value on 30	on 30 June	30 June 2022
			June 2022	2021	RO
			RO	RO	RO
Bank Dhofar 6.85% perpetual Bonds	34	52,000	1,863,341	1,916,975	1,998,304
Bank Muscat	20	2,100,000	1,108,800	-	1,044,674
		10,000,000			
Bank Nizwa	17	0	930,000	-	998,898
Shell Oman Marketing SAOG	12	813,130	683,029	764,342	823,370
National Bank of Oman	-	-	-	551,250	-
Sembcorp Salalah SAOG	12	10,000,000	670,000	840,000	1,877,011
Total			5,255,170	4,072,567	6,742,257

Foreign listed securities - nil

<i>MSM quoted securities - Available for sale</i>	Holding	No. of	Market	Market value	Cost on
	%	securities	value on 30	on 30 June	30 June 2022
			June 2022	2021	RO
			RO	RO	RO
SMN Power Company SAOG	33	3,587,000	165,002	240,329	154,244
Sembcorp Salalah	33	2,400,000	160,800	201,600	160,800
Shell Oman Marketing SAOG	34	200,000	168,000	188,000	168,000
Total			493,802	629,929	483,044

<i>MSM unquoted securities - available for sale</i>	Holding	No. of	Market value	Market value	Cost on
	%	securities	on 30 June	on 30 June	30 June 2022
			2022	2021	RO
			RO	RO	RO
Union office of the Orange Card Co.	100	71,429	240,359	204,144	71,429
			240,359	204,144	71,429

8. General business technical reserves

	30 June 2022 RO	30 June 2021 RO	31 December 2021 RO
<i>Outstanding claims reserve</i>			
Gross outstanding claims	23,992,309	22,803,879	25,704,297
Less: Amounts recoverable from Reinsurers	(11,326,391)	(10,054,041)	(12,832,726)
	12,665,918	12,749,838	12,871,571
<i>IBNR</i>			
Gross provision for IBNR	10,627,000	9,985,693	10,836,745
Less: Amounts recoverable from Reinsurers	(6,892,000)	(5,420,693)	(6,715,745)
	3,735,000	4,565,000	4,121,000
<i>Unearned premium reserve</i>			
Gross unearned premium reserve	13,627,111	12,759,227	10,958,643
Less: Amounts recoverable from reinsurers	(7,701,599)	(6,191,163)	(5,336,152)
	5,925,512	6,568,064	5,622,491

Outstanding claims reserve represent provisions for claims reported but not yet paid and is shown net of salvage recoveries.

IBNR represents provisions for losses incurred but not yet reported.

Reserve for unexpired risks represents a provision in respect of future losses on policies written and in force where future net claims are expected to exceed premiums earned.

Unearned premium reserve represents the element of premium income, relating to periods of cover after the reporting date.

9. Life business technical reserves

	30 June 2022	30 June 2021	31 December 2021
	RO	RO	RO
Mathematical reserve			
Mathematical reserve - gross	5,404,243	6,996,172	9,573,000
Mathematical reserve - reinsurance	(4,699,243)	(5,896,172)	(7,918,000)
	705,000	1,100,000	1,655,000
Outstanding claims reserve			
Gross outstanding claims	3,430,873	3,178,387	3,987,423
Less: Amounts recoverable from reinsurers	(2,726,382)	(2,484,312)	(3,163,702)
	704,491	694,075	823,721
Unearned premium reserve			
Gross unearned premium reserve	1,653,629	2,022,724	1,096,000
Less: Amounts recoverable from reinsurers	(996,564)	(1,254,366)	(667,000)
	657,065	768,358	429,000

10. Related parties and holders of 10% of the company's shares

A) Significant transaction with related parties

Senior management remuneration	397,282	309,855	755,311
Directors' remuneration and sitting fees	101,500	79,500	192,500

B) Expense items

SAAD Establishment (rent & other amenities paid)	7,140	6,755	14,490
Al Qurum Complex	5,250	3,900	11,100
Total	12,390	10,655	25,590

The figures presented for 31 December 2021 are for full year.

10. Related parties and holders of 10% of the company's shares (continued)

C) Loans, advances, receivables, provisions and write-offs

	30 June 2022	30 June 2021	31 December 2021
	RO	RO	RO
Entity related to a significant shareholder	29	7,576	5,049
Entity related to directors	24,156	37,210	46,167
Total	24,185	44,786	51,216

11. Shareholders

All those shareholders of the company who own 10% or more of the company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

Share holders	As at 30 June 2022	
	No. of shares	Holding
	RO	%
Sayyid Salim Bin Nassir Al Busaidi & Family & Group	34,800,096	34.8%

12. Net asset per share

Net assets (book value) per share is calculated by dividing net assets (book value) owned by ordinary shareholders at 30 June, by the number of ordinary shares in issue at 30 June.

13. Earning per share

Earnings per share for the six months period ended 30 June 2022 has been calculated based on the outstanding number of shares of 100 million, against 100 million shares in the corresponding period of previous year.