

**ARAB ORIENT INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**30 SEPTEMBER 2020**



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**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY  
AMMAN –JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of **ARAB ORIENT INSURANCE COMPANY** (a public shareholding company) as at 30 September 2020, comprising of interim statement of financial position as at 30 September 2020 and the related interim statement of income, interim statement of comprehensive income, interim statement of changes in equity, and interim statement of cash flows for nine months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan

27 October 2020

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

	Notes	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Assets</b>			
Bank deposits	3	49,146,016	57,022,424
Financial assets at fair value through other comprehensive income	4	3,546,876	3,327,200
Financial assets at amortized cost	5	11,878,727	2,462,111
Investment property		170,464	170,464
<b>Total Investments</b>		<b>64,742,083</b>	<b>62,982,199</b>
Cash and cash equivalent		1,256,603	1,271,256
Checks under collection		6,450,109	5,355,202
Accounts receivable	6	30,030,722	26,396,937
Reinsurance receivables	7	2,137,806	1,615,645
Deferred tax assets	8/B	3,617,822	3,647,084
Property and equipment		4,671,109	4,687,709
Intangible assets		388,168	548,855
Right of use assets		402,841	486,603
Other assets		2,323,522	2,046,381
<b>Total Assets</b>		<b>116,020,785</b>	<b>109,037,871</b>
<b>Liabilities and Equity</b>			
<b>Liabilities –</b>			
<b>Insurance contracts liabilities:</b>			
Unearned premium reserve		18,162,980	17,512,746
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		24,007,392	21,067,253
<b>Total Insurance contract liabilities</b>		<b>43,054,372</b>	<b>39,463,999</b>
Accounts payable	9	7,309,426	6,079,023
Accrued expenses		502,468	726,091
Reinsurance payables	10	22,009,587	23,924,583
Lease contracts obligations		350,395	409,100
End of service indemnity provision		1,521,184	1,393,128
Income tax provision	8/A	1,775,904	-
Other liabilities		701,485	231,247
<b>Total Liabilities</b>		<b>77,224,821</b>	<b>72,227,171</b>
<b>Equity -</b>			
Authorized and paid-in capital	11	21,438,252	21,438,252
Statutory reserve		5,825,651	5,825,651
Fair value reserve		(2,388,904)	(2,590,746)
Retained earnings		7,920,965	3,137,543
<b>Total Equity</b>		<b>32,795,964</b>	<b>27,810,700</b>
Subordinated loan	12	6,000,000	9,000,000
		<b>38,795,964</b>	<b>36,810,700</b>
<b>Total Liabilities and Equity</b>		<b>116,020,785</b>	<b>109,037,871</b>

The attached notes 1 to 21 form part of these interim financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		JD	JD	JD	JD
<b>Revenues –</b>					
Gross written premium		15,766,197	19,082,668	63,074,326	68,663,337
Less: reinsurance share		7,587,630	8,005,983	32,517,750	34,739,812
Net written premium		8,178,567	11,076,685	30,556,576	33,923,525
Net change in unearned premium reserve		1,675,771	(1,495,307)	(650,234)	(6,021,463)
Net earned premium		9,854,338	9,581,378	29,906,342	27,902,062
Commissions received		1,466,532	1,352,385	6,588,559	5,638,790
Insurance policies issuance fees		747,653	667,699	2,820,706	2,986,056
Interest income		390,662	759,221	1,971,635	2,075,427
Net gain from financial assets and investments	13	512,558	36,421	649,376	244,700
<b>Total revenues</b>		<b>12,971,743</b>	<b>12,397,104</b>	<b>41,936,618</b>	<b>38,847,035</b>
<b>Claims, losses and expenses</b>					
Paid claims		16,763,753	14,006,755	42,882,223	44,279,822
Less: Recoveries		859,562	861,177	2,039,970	2,843,538
Less: Reinsurance share		8,842,905	6,486,560	22,251,226	21,396,232
Net paid claims		7,061,286	6,659,018	18,591,027	20,040,052
Net change in outstanding claims reserve		721,831	539,533	2,940,139	1,193,996
Allocated employees' expenses		1,555,821	1,536,593	5,116,122	4,808,344
Allocated general and administrative expenses		788,593	700,803	2,121,938	2,111,976
Excess of loss premium		261,473	147,254	625,820	457,454
Policies acquisition costs		406,631	440,222	1,467,641	1,584,239
Other expenses		40,859	36,922	153,714	158,212
<b>Net claims costs</b>		<b>10,836,494</b>	<b>10,060,345</b>	<b>31,016,401</b>	<b>30,354,273</b>
Unallocated employees' expenses		388,955	384,148	1,279,030	1,202,086
Unallocated general and administrative expenses		197,148	175,199	530,482	527,992
Depreciation and amortization		164,653	164,525	497,255	485,145
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		-	-	950,000	381,217
Provision for expected credit losses on checks under collection		50,000	-	88,073	4,610
(Gain) loss from sale of property and equipment		(49)	2,271	8,532	426
<b>Total expenses</b>		<b>800,707</b>	<b>726,143</b>	<b>3,353,372</b>	<b>2,601,476</b>
Profit for the period before tax		1,334,542	1,610,616	7,566,845	5,891,286
Income tax expense	8/A	(378,932)	(358,983)	(2,592,630)	(1,272,386)
<b>Profit for the period</b>		<b>955,610</b>	<b>1,251,633</b>	<b>4,974,215</b>	<b>4,618,900</b>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	14	0/045	0/058	0/232	0/215

The attached notes 1 to 21 form part of these interim financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

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	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the period	955,610	1,251,633	4,974,215	4,618,900
<b>Add: Other comprehensive income not be reclassified to profit and loss in subsequent periods</b>				
Changes in fair value of financial assets through other comprehensive income	269,010	(272,713)	11,049	(764,110)
<b>Total comprehensive income for the period</b>	<b>1,224,620</b>	<b>978,920</b>	<b>4,985,264</b>	<b>3,854,790</b>

The attached notes 1 to 21 form part of these interim financial statements

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total
	JD	JD	JD	JD	JD
<b>30 September 2020 -</b>					
<b>Balance as at 1 January 2020</b>	21,438,252	5,825,651	(2,590,746)	3,137,543	27,810,700
Total comprehensive income for the period	-	-	11,049	4,974,215	4,985,264
Realized losses on sale of financial assets through other comprehensive income	-	-	190,793	(190,793)	-
<b>Balance as at 30 September 2020</b>	<u>21,438,252</u>	<u>5,825,651</u>	<u>(2,388,904)</u>	<u>7,920,965</u>	<u>32,795,964</u>
<b>30 September 2019 -</b>					
<b>Balance as at 1 January 2019</b>	21,438,252	5,107,646	(2,399,231)	(542,475)	23,604,192
Total comprehensive income for the period	-	-	(764,110)	4,618,900	3,854,790
Realized losses on sale of financial assets through other comprehensive income	-	-	762,529	(762,529)	-
<b>Balance as at 30 September 2019</b>	<u>21,438,252</u>	<u>5,107,646</u>	<u>(2,400,812)</u>	<u>3,313,896</u>	<u>27,458,982</u>

\* Retained earnings include an amount of JD 3,617,822 as at 30 September 2020 (31 December 2019: JD 3,647,084), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Note	30 September 2020 JD	30 September 2019 JD
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		7,566,845	5,891,286
<b>Adjustments-</b>			
Interest income		(1,971,635)	(2,075,427)
Depreciation and amortization		497,255	485,145
Interest on lease contracts obligations		31,327	30,662
Depreciation on right of use assets		212,266	208,142
Loss from sale of property and equipment		8,532	426
Net change in outstanding claims reserve		2,940,139	1,193,996
Net change in unearned premium reserve		650,234	6,021,463
End of service indemnity provision		239,368	272,905
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		950,000	381,217
Provision for expected credit losses on checks under collection		88,073	4,610
Amortization of financial assets at amortized cost		7,282	6,860
Receivables written off		-	18,072
		<u>11,219,686</u>	<u>12,439,357</u>
<b>Cash flows from operating activities before changes in working capital</b>			
Checks under collection		(1,182,980)	(1,860,694)
Accounts receivable		(4,247,718)	(6,238,280)
Reinsurance receivables		(858,228)	(272,254)
Other assets		(277,141)	(397,256)
Accounts payable		1,230,403	(855,860)
Accrued expenses		(223,623)	(144,722)
Reinsurance payables		(1,914,996)	2,092,971
Other liabilities		470,238	806,724
Paid from end of service provision		(111,312)	(69,237)
Income tax paid		(787,465)	-
<b>Net cash flows from operating activities</b>		<u>3,316,864</u>	<u>5,500,749</u>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Deposits at banks maturing after three months		11,525,749	(5,784,945)
Purchase of property and equipment		(299,195)	(215,091)
Proceeds from sale of property and equipment		6,046	29,643
Purchase of intangible assets		(35,350)	(87,609)
Purchase of financial assets at amortized cost		(9,423,898)	-
Purchase of financial assets through statement of comprehensive income		(714,003)	769,946
Proceeds from sale of financial assets through statement of comprehensive income		505,376	-
Lease payments		(218,536)	(208,394)
Interest received		1,971,635	2,075,427
<b>Net cash flows from (used in) investing activities</b>		<u>3,317,824</u>	<u>(3,421,023)</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>			
Repayment of subordinated loan		(3,000,000)	(2,600,000)
<b>Net cash flows used in financing activities</b>		<u>(3,000,000)</u>	<u>(2,600,000)</u>
<b>Net increase (decrease) in cash and cash equivalent</b>		3,634,688	(520,274)
Cash and cash equivalents at the beginning of the period		1,271,256	2,494,466
<b>Cash and cash equivalents at the end of the period</b>	15	<u>4,905,944</u>	<u>1,974,192</u>

The attached notes 1 to 21 form part of these interim financial statements

**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD	2020 JD	2019 JD
Direct inward insurance	13,617,439	17,633,602	1,125,435	912,823	-	43,156	3,627,104	3,079,705	656,174	648,621	39,963,422	41,634,028	3,156,368	3,484,240	62,145,942	67,436,175
Facultative inward insurance business	466,335	806,672	4,987	-	-	-	439,794	400,002	893	1,018	-	-	16,375	19,470	928,384	1,227,162
<b>Total written premiums</b>	<b>14,083,774</b>	<b>18,440,274</b>	<b>1,130,422</b>	<b>912,823</b>	<b>-</b>	<b>43,156</b>	<b>4,066,898</b>	<b>3,479,707</b>	<b>657,067</b>	<b>649,639</b>	<b>39,963,422</b>	<b>41,634,028</b>	<b>3,172,743</b>	<b>3,503,710</b>	<b>63,074,326</b>	<b>68,663,337</b>
Less:																
Local reinsurance share	462,400	827,602	9,598	19,950	-	-	342,490	290,915	-	-	-	-	47,250	61,185	861,738	1,199,652
Foreign reinsurance share	235,897	275,784	840,638	705,083	-	43,156	2,672,619	2,192,881	482,168	493,957	25,248,176	27,309,393	2,176,514	2,519,906	31,656,012	33,540,160
<b>Net Written Premiums</b>	<b>13,385,477</b>	<b>17,336,888</b>	<b>280,186</b>	<b>187,790</b>	<b>-</b>	<b>-</b>	<b>1,051,789</b>	<b>995,911</b>	<b>174,899</b>	<b>155,682</b>	<b>14,715,246</b>	<b>14,324,635</b>	<b>948,979</b>	<b>922,619</b>	<b>30,556,576</b>	<b>33,923,525</b>
Add:																
Balance at the beginning of the period																
Unearned premium reserve	11,397,809	9,160,063	182,821	188,020	35,905	26,378	5,566,429	5,442,393	422,707	394,077	16,256,149	15,534,285	1,910,604	1,872,001	35,772,424	32,617,217
Less: reinsurance share	527,557	544,680	117,966	120,969	35,905	26,378	5,113,953	5,039,991	360,546	328,565	10,506,005	10,090,911	1,597,746	1,627,630	18,259,678	17,779,124
<b>Net Unearned Premium reserve</b>	<b>10,870,252</b>	<b>8,615,383</b>	<b>64,855</b>	<b>67,051</b>	<b>-</b>	<b>-</b>	<b>452,476</b>	<b>402,402</b>	<b>62,161</b>	<b>65,512</b>	<b>5,750,144</b>	<b>5,443,374</b>	<b>312,858</b>	<b>244,371</b>	<b>17,512,746</b>	<b>14,838,093</b>
Add:																
Balance at the beginning of the period																
Premiums deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premiums deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
Less:																
Balance at the end of the period																
Unearned premium reserve	9,587,886	13,057,983	241,038	218,819	3,737	20,765	3,157,626	2,954,642	327,987	298,638	21,434,146	20,782,938	1,897,855	2,107,572	36,650,275	39,441,357
Less: reinsurance share	411,991	585,551	170,167	157,079	3,737	20,765	2,590,511	2,462,748	235,185	213,670	13,569,928	13,442,046	1,505,776	1,699,942	18,487,295	18,581,801
<b>Net unearned Premiums reserve</b>	<b>9,175,895</b>	<b>12,472,432</b>	<b>70,871</b>	<b>61,740</b>	<b>-</b>	<b>-</b>	<b>567,115</b>	<b>491,894</b>	<b>92,802</b>	<b>84,968</b>	<b>7,864,218</b>	<b>7,340,892</b>	<b>392,079</b>	<b>407,630</b>	<b>18,162,980</b>	<b>20,859,556</b>
Less:																
Balance at the end of the period																
Premiums deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Premiums deficiency reserve net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>	<b>-</b>	<b>-</b>	<b>884,000</b>	<b>884,000</b>
<b>Net earned written premium</b>	<b>15,079,834</b>	<b>13,479,839</b>	<b>274,170</b>	<b>193,101</b>	<b>-</b>	<b>-</b>	<b>937,150</b>	<b>906,419</b>	<b>144,258</b>	<b>136,226</b>	<b>12,601,172</b>	<b>12,427,117</b>	<b>869,758</b>	<b>759,360</b>	<b>29,906,342</b>	<b>27,902,062</b>

The attached notes 1 to 21 form part of these interim financial statements



**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	10,692,055	12,811,184	369,948	52,667	-	-	5,486,074	838,375	38,859	50,358	25,736,584	29,178,364	558,703	1,348,874	42,882,223	44,279,822
Less:																
Recoveries	2,020,630	2,580,028	298	6,897	-	-	7,262	232,927	2,739	-	-	-	9,041	23,686	2,039,970	2,843,538
Local reinsurance share	195,543	14,962	1,183	950	-	-	613,128	57,581	-	-	-	-	5,980	71,438	815,834	144,931
Foreign reinsurance share	24,802	54,157	225,745	95,138	-	-	4,369,043	565,244	6,548	-	16,511,370	19,493,853	297,884	1,042,909	21,435,392	21,251,301
<b>Net Paid Claims</b>	<b>8,451,080</b>	<b>10,162,037</b>	<b>142,722</b>	<b>(50,318)</b>	<b>-</b>	<b>-</b>	<b>496,641</b>	<b>(17,377)</b>	<b>29,572</b>	<b>50,358</b>	<b>9,225,214</b>	<b>9,684,511</b>	<b>245,798</b>	<b>210,841</b>	<b>18,591,027</b>	<b>20,040,052</b>
Add:																
Outstanding Claims reserve at the end of the period																
Reported	18,317,969	16,626,451	758,096	1,528,844	-	-	3,036,461	4,139,720	626,602	427,722	1,812,622	3,323,633	2,620,753	2,662,615	27,172,503	28,708,985
Not reported	3,951,864	2,837,000	20,000	20,000	-	-	200,000	200,000	30,000	30,000	3,681,317	2,546,611	170,000	170,000	8,053,181	5,803,611
Less:																
Reinsurance share at the end of the period																
Reported	976,923	806,157	642,673	1,389,221	-	-	1,898,047	3,828,076	413,559	185,702	1,155,330	2,223,623	2,152,369	2,373,071	7,238,901	10,805,850
Not reported	-	-	-	-	-	-	-	-	-	-	2,263,570	1,591,253	-	-	2,263,570	1,591,253
Recoveries	1,715,821	2,143,674	-	-	-	-	-	-	-	-	-	-	-	-	1,715,821	2,143,674
<b>Net Outstanding Claims reserve at the end of the period</b>	<b>19,577,089</b>	<b>16,513,620</b>	<b>135,423</b>	<b>159,623</b>	<b>-</b>	<b>-</b>	<b>1,338,414</b>	<b>511,644</b>	<b>243,043</b>	<b>272,020</b>	<b>2,075,039</b>	<b>2,055,368</b>	<b>638,384</b>	<b>459,544</b>	<b>24,007,392</b>	<b>19,971,819</b>
Less:																
Outstanding Claims reserve at the beginning of the period																
Reported																
Not reported	17,758,449	15,932,658	827,046	105,763	-	-	5,311,038	1,915,364	608,481	394,163	3,371,886	2,978,028	2,824,363	2,728,852	30,701,263	24,054,828
Less:	2,824,242	2,694,200	20,000	20,000	-	-	200,000	200,000	30,000	30,000	2,807,560	2,376,865	170,000	170,000	6,051,802	5,491,065
Reinsurance share at the beginning of the period																
Reported	1,010,774	861,749	723,234	74,721	-	-	4,958,906	1,640,935	402,402	125,687	2,198,432	2,117,675	2,487,659	2,393,290	11,781,407	7,214,057
Not reported	-	-	-	-	-	-	-	-	-	-	1,760,719	1,544,825	-	-	1,760,719	1,544,825
Recoveries	2,143,686	2,009,188	-	-	-	-	-	-	-	-	-	-	-	-	2,143,686	2,009,188
<b>Net Outstanding Claims reserve at the beginning of the period</b>	<b>17,428,231</b>	<b>15,755,921</b>	<b>123,812</b>	<b>51,042</b>	<b>-</b>	<b>-</b>	<b>552,132</b>	<b>474,429</b>	<b>236,079</b>	<b>298,476</b>	<b>2,220,295</b>	<b>1,692,393</b>	<b>506,704</b>	<b>505,562</b>	<b>21,067,253</b>	<b>18,777,823</b>
<b>Net Claims Cost</b>	<b>10,599,938</b>	<b>10,919,736</b>	<b>154,333</b>	<b>58,263</b>	<b>-</b>	<b>-</b>	<b>1,282,923</b>	<b>19,838</b>	<b>36,536</b>	<b>23,902</b>	<b>9,079,958</b>	<b>10,047,486</b>	<b>377,478</b>	<b>164,823</b>	<b>21,531,166</b>	<b>21,234,048</b>

The attached notes 1 to 21 form part of these interim financial statements

**ARAB ORIENT INSURANCE  
PUBLIC SHAREHOLDING COMPANY  
INTERIM STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Net earned revenue from</b>																
<b>written premiums</b>	15,079,834	13,479,839	274,170	193,101	-	-	937,150	906,419	144,258	136,226	12,601,172	12,427,117	869,758	759,360	29,906,342	27,902,062
Less:																
<b>Net claims cost</b>	10,599,938	10,919,736	154,333	58,263	-	-	1,282,923	19,838	36,536	23,902	9,079,958	10,047,486	377,478	164,823	21,531,166	21,234,048
	4,479,896	2,560,103	119,837	134,838	-	-	(345,773)	886,581	107,722	112,324	3,521,214	2,379,631	492,280	594,537	8,375,176	6,668,014
Add:																
Commissions received	50,415	60,229	357,479	299,707	-	1,539	917,563	570,080	148,413	175,576	4,523,675	3,851,776	591,014	679,883	6,588,559	5,638,790
Insurance policies issuance fees	233,096	304,774	37,697	29,275	-	432	507,923	481,917	16,248	19,426	1,902,639	1,972,337	123,103	177,895	2,820,706	2,986,056
<b>Total revenues</b>	4,763,407	2,925,106	515,013	463,820	-	1,971	1,079,713	1,938,578	272,383	307,326	9,947,528	8,203,744	1,206,397	1,452,315	17,784,441	15,292,860
Less:																
Insurance policies acquisition costs	360,864	408,904	27,077	47,922	-	-	197,245	196,092	17,777	16,943	628,761	669,041	235,917	245,337	1,467,641	1,584,239
Excess of loss premium	139,288	93,918	39,955	34,683	-	-	359,002	247,499	-	-	-	-	87,575	81,354	625,820	457,454
General and administrative expenses related to underwriting accounts	1,616,176	1,858,526	129,721	92,000	-	4,350	466,695	350,707	75,401	65,475	4,585,981	4,196,137	364,086	353,125	7,238,060	6,920,320
Other expenses	-	-	2,597	1,483	-	-	8,493	7,711	-	-	139,935	146,490	2,689	2,528	153,714	158,212
<b>Total Expenses</b>	2,116,328	2,361,348	199,350	176,088	-	4,350	1,031,435	802,009	93,178	82,418	5,354,677	5,011,668	690,267	682,344	9,485,235	9,120,225
<b>Underwriting profit</b>	2,647,079	563,758	315,663	287,732	-	(2,379)	48,278	1,136,569	179,205	224,908	4,592,851	3,192,076	516,130	769,971	8,299,206	6,172,635

The attached notes 1 to 21 form part of these interim financial statements

**(1) GENERAL**

Arab Orient Insurance Public Shareholding Company was established in 1996 and registered as a Jordanian public limited shareholding company under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased many times; most recently during 2014 to reach JD 21,438,252 divided into 21,438,252 shares with a par value of JD 1 each.

The Company is engaged in insurance business against fire, accidents, marine and transportation, motor insurance, public liability, aviation and medical insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Marca "licensing services center", Mecca Street, 8<sup>th</sup> Circle, Abdali in Amman, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

Arab Orient Insurance Company is 90.45% owned by Gulf Insurance Company as at 30 September 2020 (Parent Company). The parent Company is owned by Kuwait Projects Holding (Ultimate Parent).

The interim condensed financial statements were approved by the Board of Directors in its meeting on 27 October 2020.

**(2) Basis of preparation**

The interim condensed financial statements for the nine months ended 30 September 2020 have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting".

The Jordanian Dinar is the functional and reporting currency of the financial statements.

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through comprehensive income that have been measured at fair value at the date of the financial statements.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as at 31 December 2019. In addition, the results for the nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the year ended 31 December 2020.

### **Changes in accounting policies**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

#### **Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company did not have to revisit such transactions that occurred in prior periods.

These amendments do not have any impact on the Company's interim condensed financial statements.

#### **Interest Rate Benchmark Reform Amendments to IFRS (9) and IFRS (7)**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR").

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

These amendments do not have any impact on the Company's interim condensed financial statements.

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as change in fair value presented in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The following are details of the management's fundamental assumptions:

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.
- A provision for impairment is made based on the principles and assumptions approved by the company's management to estimate the provision to be established in accordance with the requirements of IFRS 9.
- The management periodically re-assesses the useful lives of the tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and estimates of expected useful lives in the future, and the impairment loss (if any) is taken into the condensed interim income statement.
- The outstanding claims reserve, and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Administration and in accordance with actuarial studies.
- Provision for legal cases against the company is made based on a legal study prepared by the company's attorney, according to which the potential risks in the future are identified, and those studies are reviewed periodically.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2020**

**(3) BANK DEPOSITS**

	30 September 2020			31 December 2019
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total	Total
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Inside Jordan	3,649,341	45,496,675	49,146,016	57,022,424

Interest rates on bank deposit balances in Jordanian Dinar range between 1.75% to 5.75% during the period of the year 2020 (31 December 2019: 4.5% to 6.25%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amount to JD 225,000 as at 30 September 2020 and 31 December 2019.

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Regulatory Commission.

Below is the distribution of the Company's bank deposits:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	12,399,622	18,859,188
Invest Bank	6,662,876	4,296,663
Capital Bank	4,964,607	4,064,125
Cairo Amman Bank	4,874,000	3,237,628
Egyptian Arab Land Bank	4,576,919	4,576,944
Jordan Commercial Bank	3,905,783	3,706,671
Societe Generale Bank	3,818,534	3,662,466
Etihad Bank	3,433,120	3,254,079
Arab Banking Corporation Bank	2,356,095	3,766,009
Jordan Ahli Bank	1,540,788	1,500,000
Bank of Jordan	613,672	613,672
Audi Bank	-	3,484,975
Housing Bank for Trade and Finance	-	2,000,004
	<u>49,146,016</u>	<u>57,022,424</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
<b>Listed shares:</b>				
Afaq for Energy	1,140,147	1,140,147	1,162,950	1,322,570
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,618,576	1,402,765
Cairo Amman Bank	113,000	584,335	107,350	601,865
Capital Bank	700,000	-	658,000	-
			<u>3,546,876</u>	<u>3,327,200</u>

**(5) FINANCIAL ASSETS AT AMORTIZED COST**

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<b><u>Inside Jordan-</u></b>				
<b>Unlisted Bonds in financial markets</b>				
Arab Real Estate Development Company	120	120	1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost			(1,199,000)	(1,199,000)
			<u>1,000</u>	<u>1,000</u>
<b>Listed bonds in financial markets</b>				
Treasury bonds/ Hashemite Kingdom of Jordan	2,500	-	1,818,251	-
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	-	1,439,103	-
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	-	1,430,235	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	949,833	950,496
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	713,424	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	710,961	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	701,321	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	698,996	-
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	-	691,473	-
<b>Total financial assets at amortized cost inside Jordan</b>			<u>9,154,597</u>	<u>951,496</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<b>Outside Jordan-</b>				
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	976,909	982,120
Treasury bonds/ Oman Government	1,000	-	565,137	-
Treasury bonds/ Oman Government	1,000	-	546,784	-
Treasury bonds/ Kingdom of Bahrain Government	715	715	527,087	528,495
Treasury bonds/ Oman Government	200	-	108,213	-
<b>Total financial assets at amortized cost outside Jordan</b>			<u>2,724,130</u>	<u>1,510,615</u>
<b>Total financial assets at amortized cost</b>			<u>11,878,727</u>	<u>2,462,111</u>

**(6) ACCOUNTS RECEIVABLE**

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Policy holders' receivables*	35,075,115	31,215,070
Brokers' receivables	2,245,783	2,202,158
Employees' receivables	92,443	103,663
Other receivables	1,075,159	719,891
	<u>38,488,500</u>	<u>34,240,782</u>
Less: Provision for expected credit losses**	(8,457,778)	(7,843,845)
	<u>30,030,722</u>	<u>26,396,937</u>

\* Policy holders receivables include scheduled payments with the total amount of JD 17,899,286 after 30 September 2020 (JD 17,627,849 as at 31 December 2019).



**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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\*\* Movements on the provision for expected credit losses were as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	7,843,845	8,414,378
Additions	613,933	481,217
Transferred from allowance for doubtful debts to reinsurance receivables	-	173,569
Receivables written off	-	(1,225,319)
Balance at the end of the period / year	<u>8,457,778</u>	<u>7,843,845</u>

**(7) REINSURANCE RECEIVABLES**

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	1,883,336	1,648,871
Foreign reinsurance companies	889,590	265,827
	<u>2,772,926</u>	<u>1,914,698</u>
Less: Provision for doubtful debt for reinsurance receivables *	(635,120)	(299,053)
	<u>2,137,806</u>	<u>1,615,645</u>

\* Movements on the provision for doubtful debt were as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	299,053	472,622
Additions	336,067	-
Transferred to provision for expected credit losses on accounts receivable	-	(173,569)
Balance at the end of the period / year	<u>635,120</u>	<u>299,053</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(8) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Provision for the period/ year	2,613,266	-
Prior years' accumulated losses	(49,897)	-
Income tax paid during the period/ year	(787,465)	-
Balance at the end of the period / year	<u>1,775,904</u>	<u>-</u>

The income tax expense appears in the interim condensed statement of income represents the following:

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax provision for the period	2,613,266	-
Amortization of deferred tax assets	(20,636)	1,327,837
Amortization of deferred tax liabilities	-	(55,451)
	<u>2,592,630</u>	<u>1,272,386</u>

A summary of the reconciliation between accounting profit and taxable profit is as follows:

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	7,566,845	5,891,286
Non-taxable profits	(291,788)	(831,766)
Non-deductible expenses	2,775,967	924,850
Taxable income	<u>10,051,024</u>	<u>5,984,370</u>
Effective income tax rate	<u>34%</u>	<u>21%</u>
Statutory income tax rate	<u>26%</u>	<u>26%</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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Final settlement for income tax was reached with the Income and Sales Tax Department until 31 December 2016. Income tax return was submitted for the years 2018 and 2017. The Income and Sales Tax Department have reviewed the Company's tax returns but have not issued its final decision until the date of these interim condensed financial statements.

Income Tax return was submitted for the year 2019, in which the Company's tax returns has not been reviewed by the Income and Sales Department until the date of these interim condensed financial statements. In the opinion of the management and the company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

**B- Deferred tax assets**

	30 September 2020					31 December 2019
	Balance at the beginning of the period	Released Amounts	Additions	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
<b>Deferred tax assets:</b>						
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivables	6,033,117	1,633,214	-	4,399,903	1,143,975	1,568,611
Impairment loss on financial asset	1,199,000	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	4,291,082	-	1,498,529	5,789,611	1,505,299	1,115,682
Provision for end of service indemnity	1,428,129	25,312	239,368	1,642,185	426,968	371,314
Premium deficiency reserve	884,000	-	-	884,000	229,840	229,840
Accumulated losses from previous years	191,913	191,913	-	-	-	49,897
	<u>14,027,241</u>	<u>1,850,439</u>	<u>1,737,897</u>	<u>13,914,699</u>	<u>3,617,822</u>	<u>3,647,084</u>

The movement on deferred tax assets and deferred tax liabilities is as follows:

	Assets		Liabilities	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	3,647,084	5,722,030	-	55,451
Deductions, net	<u>(29,262)</u>	<u>(2,074,946)</u>	<u>-</u>	<u>(55,451)</u>
Balance at the end of the period / year	<u>3,617,822</u>	<u>3,647,084</u>	<u>-</u>	<u>-</u>

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2020**

**(9) ACCOUNTS PAYABLE**

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Trade and companies' payables	3,155,983	2,743,840
Medical network payables	3,086,225	2,244,301
Agents' payables	696,808	721,674
Garages' payables and vehicles' parts	346,217	346,159
Employees' payables	24,193	23,049
	<u>7,309,426</u>	<u>6,079,023</u>

**(10) REINSURANCE PAYABLES**

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Foreign reinsurance companies	21,931,872	23,839,859
Local insurance companies	77,715	84,724
	<u>22,009,587</u>	<u>23,924,583</u>

**(11) AUTHORIZED AND PAID-IN CAPITAL**

The authorized and paid in capital is JD 21,438,252 divided into 21,438,252 shares at par value of JD 1 each as at 30 September 2020 and 31 December 2019.

**(12) SUBORDINATED LOAN**

On November 15, 2017, Arab Orient Insurance Company borrowed from Gulf Insurance Group an amount of (USD 16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Company solvency margin in line with the Insurance Administration Instruction No.3 of 2002 and the decisions issued there under. This loan bears no interest and no maturity or repayment schedule. During 2019, the Company paid back an amount of (USD 3,667,137) equivalent to JD 2,600,000. On 19 January 2020, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000.

**ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(13) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends	136,818	135,333
Interest on financial assets at amortized costs	512,558	109,367
	<u>649,376</u>	<u>244,700</u>

**(14) BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD**

The profit per share is calculated by dividing the profit for the period by the weighted average number of shares during the period as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	955,610	1,251,633	4,974,215	4,618,900
Weighted average number of shares (Share)	21,438,252	21,438,252	21,438,252	21,438,252
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the period	<u>0/045</u>	<u>0/058</u>	<u>0/232</u>	<u>0/215</u>

**(15) CASH AND CASH EQUIVALENT**

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Cash on hand and banks balances	1,256,603	1,974,192
Add: banks deposits	49,146,016	52,855,369
Less: deposits at banks mature within the period of more than three months	(45,271,675)	(52,630,369)
Less: restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(225,000)	(225,000)
Net cash and cash equivalents at the end of the period	<u>4,905,944</u>	<u>1,974,192</u>

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**(16) RELATED PARTY TRANSACTIONS**

The Company entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the Company using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken for them as at 30 September 2020 and 31 December 2019.

During 2011 it was agreed with Gulf Insurance Company (Parent Company) to settle all treaty reinsurers' accounts through the Parent Company, where the Company's credit balance as at 30 September 2020 amounted to JD 477,396 for reinsurer (31 December 2019: JD 182,323).

Below is a summary of related parties balances and transactions during the period / year:

	Related party		Total	Total
	Jordan Kuwait Bank (An investment for the ultimate parent Company) JD	Top Executive Management JD	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<u>Interim Condensed Statement of Financial</u>				
<u>Position Items:</u>				
Time deposits	12,399,623	-	12,399,623	18,859,188
Overdraft account – under demand	334,189	-	334,189	655,970
Current accounts	1,390,882	-	1,390,882	459,105
Deposits on letters of guarantee	352,597	-	352,597	365,744
Accounts receivable/ payable	143,090	1,384	144,474	111,432
<u>Off-statement of Financial Position Items:</u>				
Letters of guarantee	3,525,977	-	3,525,977	3,657,447

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	Related party		Total	Total
	Jordan Kuwait Bank (An investment for the ultimate parent Company)	Top Executive Management	30 September 2020	30 September 2019
	JD	JD	JD (Unaudited)	JD (Unaudited)
<u>Interim Condensed Statement of Income Items:</u>				
Bank interest income	456,008	-	456,008	645,509
Insurance premiums	2,284,233	5,983	2,290,216	2,229,116
Bank expenses and commissions	115,053	-	115,053	99,245
Salaries	-	742,248	742,248	774,284
Bonuses	-	269,678	269,678	137,076
Transportation expenses for members of the Board of Directors	-	37,800	37,800	38,800

Top Executive management (salaries, bonuses, and other benefits) are as follows:

	30 September 2020	30 September 2019
	JD (Unaudited)	JD (Unaudited)
Salaries and bonuses	1,011,926	911,360

**(17) ANALYSIS OF MAIN SECTORS**

*Information on the Company's business sectors*

For management purposes the Company was organized to include the general insurance sector including (insurance on motor, marine and transportation, fire and property, liability, medical). This sector constitutes the basis that the Company uses to show information related to key sectors. The above sector also includes investments and cash management for the Company account. The activities between the business sectors are performed based on commercial basis, under the same terms as with others.

**(18) LAWSUITS BY AND AGAINST THE COMPANY**

The Company appears as defendant in a number of lawsuits, the Company booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Company's management and legal consultant, the provision for a total amount of JD 3,125,339 as at 30 September 2020 (31 December 2019: JD 3,351,336) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Company against others within its activity is JD 3,154,539 as at 30 September 2020 (31 December 2019: JD 3,621,190).

**(19) CONTINGENT LIABILITIES**

At 30 September 2020, the Company had letters of guarantee amounting JD 3,525,977 (31 December 2019: JD 3,657,447) against which cash margins of JD 352,597 are held (31 December 2019: JD 365,744).

**(20) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY**

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighboring countries and the rest of the world, it is possible that operational activities may be affected by global developments that currently affect various economic and geographical sectors.

The Coronavirus pandemic has not resulted in a material impact on the company's activities, including gross written premiums and paid claims. The Company's management believes that it maintains the necessary liquidity to meet its obligations on maturity for a period of at least one year from the date of these interim condensed financial statements.

**(21) SUBSEQUENT EVENT**

Subsequent to the date of interim condensed financial statements, the Company's board of directors approved in its meeting held on 22 October 2020 to invest in Arab Life and Accident Insurance Company (Public Shareholding Company) by increasing its capital by 4 million share (from 8 million Share to become 12 million share). The deal price has not yet been determined until the date of the interim condensed financial statements. This is as a preliminary step for future merger. This decision is subject to the approval of the board of directors of Arab Life and Accident Insurance Company.