

**Union Insurance Company P.J.S.C.**

**CONDENSED INTERIM FINANCIAL  
STATEMENTS**

**31 MARCH 2021 (UNAUDITED)**



**Ernst & Young Middle East  
(Dubai Branch)**  
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## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNION INSURANCE COMPANY P.J.S.C.**

### ***Introduction***

We have reviewed the accompanying condensed interim financial statements of Union Insurance Company P.J.S.C. (the “Company”), which comprise the interim statement of financial position as at 31 March 2021 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:  
Ashraf Abu-Sharkh  
Partner  
Registration No.: 690

10 May 2021

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.  
**INTERIM STATEMENT OF INCOME**  
For the period ended 31 March 2021 (Unaudited)

		<i>Three-months ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Note</i>		
<b>UNDERWRITING INCOME</b>			
Gross written premium		<b>250,474</b>	254,360
Reinsurance ceded		<b>(145,311)</b>	(153,757)
		<b>105,163</b>	100,603
Net change in unearned premium and policyholders' reserve		<b>(26,336)</b>	20,090
Net earned premium		<b>78,827</b>	120,693
Gross commission earned		<b>24,215</b>	18,668
<b>Total underwriting income</b>		<b>103,042</b>	139,361
<b>UNDERWRITING EXPENSES</b>			
Gross claims incurred		<b>(73,862)</b>	(92,917)
Insurance claims recovered from reinsurers		<b>40,623</b>	55,285
Net claims incurred		<b>(33,239)</b>	(37,632)
Commission incurred		<b>(23,404)</b>	(25,133)
Administrative expenses		<b>(19,926)</b>	(19,448)
Other operational costs related to underwriting activities		<b>(10,670)</b>	(11,649)
Net movement in fair value of unit linked products		<b>(3,235)</b>	(34,329)
<b>Total underwriting expenses</b>		<b>(90,474)</b>	(128,191)
<b>UNDERWRITING PROFIT</b>		<b>12,568</b>	11,170
Net investment loss		<b>(343)</b>	(29,175)
General and administrative expenses		<b>(4,104)</b>	(6,060)
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>8,121</b>	(24,065)
Basic and diluted earnings / (loss) per share (AED)	3	<b>0.0245</b>	(0.0727)

The attached explanatory notes 1 to 15 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2021 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Profit/ (loss) for the period	<b>8,121</b>	(24,065)
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that could not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of investments at fair value through other comprehensive income	<b>(336)</b>	(5,697)
Net realised gain on disposal of fair value investment held through other comprehensive income	<b>-</b>	(165)
Other comprehensive loss for the period	<b>(336)</b>	(5,862)
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>	<b>7,785</b>	(29,927)

The attached explanatory notes 1 to 15 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (Unaudited)

	<i>Notes</i>	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
<b>ASSETS</b>			
Property and equipment		103,024	102,755
Right-of-use assets		2,820	3,599
Intangible assets		5,026	5,653
Investment properties	4	72,270	72,270
Investment securities	5	109,414	113,271
Investments held on behalf of policyholders' unit linked products		385,855	363,066
Statutory deposit		10,000	10,000
Reinsurance contract assets		493,680	474,433
Insurance and other receivables		427,488	402,325
Cash and bank balances	6	225,026	220,373
<b>TOTAL ASSETS</b>		<b>1,834,603</b>	<b>1,767,745</b>
<b>LIABILITIES</b>			
Bank overdraft		7,047	584
Insurance contract liabilities		734,882	712,256
Insurance and other payables		370,617	363,729
Payable to policyholders' of unit-linked products	12	385,855	363,066
Provision for employees' end of service benefits		11,269	10,962
<b>TOTAL LIABILITIES</b>		<b>1,509,670</b>	<b>1,450,597</b>
<b>EQUITY</b>			
Share capital	7	330,939	330,939
Statutory reserve	8	14,865	14,865
Special reserve	8	14,865	14,865
Reinsurance Reserve		2,266	2,266
Fair value reserve	8	(11,610)	(11,274)
Accumulated losses		(26,392)	(34,513)
<b>TOTAL EQUITY</b>		<b>324,933</b>	<b>317,148</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,834,603</b>	<b>1,767,745</b>



Abdul Mutaleb M H M Aljaede  
Chief Executive Officer

The attached explanatory notes 1 to 15 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	Special reserve AED '000	Reinsurance reserve AED '000	Fair value reserve AED '000	Accumulated losses AED '000	Total AED '000
Balance at 1 January 2021	330,939	14,865	14,865	2,266	(11,274)	(34,513)	317,148
Profit for the period	-	-	-	-	-	8,121	8,121
Other comprehensive loss for the period	-	-	-	-	(336)	-	(336)
Gain on sale of fair value investment held through other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(336)	8,121	7,785
<b>Balance at 31 March 2021</b>	<b>330,939</b>	<b>14,865</b>	<b>14,865</b>	<b>2,266</b>	<b>(11,610)</b>	<b>(26,392)</b>	<b>324,933</b>
Balance at 1 January 2020	330,939	14,865	14,865	-	(10,268)	(24,560)	325,841
Loss for the period	-	-	-	-	-	(24,065)	(24,065)
Other comprehensive loss for the period	-	-	-	-	(5,697)	-	(5,697)
Gain on sale of fair value investment held through other comprehensive income	-	-	-	-	(165)	165	-
Total comprehensive loss for the period	-	-	-	-	(5,862)	(23,900)	(29,762)
Balance at 31 March 2020	330,939	14,865	14,865	-	(16,130)	(48,460)	296,079

The attached explanatory notes 1 to 15 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Unaudited)

	Note	<i>Three-month ended ended 31 March</i>	
		<i>2021 AED'000</i>	<i>2020 AED'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit/ (Loss) for the period		8,121	(24,065)
Adjustment for:			
Depreciation and amortisation		1,782	2,087
Gain / (loss) on disposal of investments at FVTPL		(707)	(44)
Unrealised loss / (profit) on investments at FVTPL		2,428	31,352
Net movement in fair value of investments held for for unit linked products	12	3,235	34,329
Interest income		(1,630)	(1,956)
Dividend income		-	(567)
Interest on margin trading account		9	131
Provision for employees' end of service benefits		1,014	331
		<u>14,252</u>	<u>41,598</u>
Increase in insurance and other receivables		(25,163)	(14,783)
Increase in reinsurance contract assets		(19,247)	(15,942)
Increase in insurance contract liabilities		22,626	18,352
Increase /(decrease) in insurance and other payables		29,677	(25,909)
Employees' end of service benefits paid		(707)	(331)
		<u>21,438</u>	<u>2,985</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(643)	(644)
Purchase of investments		(4,912)	(986)
Purchase of policyholders' of unit-linked products		(26,024)	(10,752)
Proceeds from disposal of investments		6,710	30,368
Interest received		1,630	1,956
Dividend received	14	-	567
Decrease in fixed deposit with banks with maturity greater than three months		(8,001)	(29,968)
		<u>(31,240)</u>	<u>(9,459)</u>
<b>FINANCING ACTIVITY</b>			
Interest on margin trading account		(9)	(131)
		<u>(9)</u>	<u>(131)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<u>(9,811)</u>	<u>(6,605)</u>
Cash and cash equivalents at 1 January		48,244	43,967
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	6	<u><u>38,433</u></u>	<u><u>37,362</u></u>

The attached explanatory notes 1 to 15 form part of these condensed interim financial statements.

# Union Insurance Company P.J.S.C.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

### 1 CORPORATE INFORMATION

Union Insurance Company P.J.S.C. (the "Company") is a public joint stock company registered under the UAE Federal Law No. (2) of 2015 and the U.A.E. Federal Law No. 6 of 2007 relating to commercial companies in the UAE. The Company is registered with the Insurance Companies Register of Insurance Authority of U.A.E., under registration number 67. The Company's registered corporate office is Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE"). The shares of the Company are listed on the Abu Dhabi Securities Exchange.

The principal activity of the Company is the writing of insurance of all types including life assurance. The Company operates through its Head Office in Dubai and Branch Offices in Abu Dhabi, Dubai, Sharjah, Ajman and Ras Al Khaimah.

The interim condensed financial statements were authorised for issue by the management in accordance with the letter received from the shareholders dated 10 May 2021.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The interim condensed financial statements of the Company are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E.

These interim condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2020. In addition, results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

#### Changes in accounting estimates

The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020.

#### New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

### 3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit/ (loss) for the period, net of directors' fees, by the weighted average number of shares outstanding during the period as follows:

	<i>Three-month ended ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
Profit/ (loss) for the period (AED'000)	<b>8,121</b>	(24,065)
Weighted average number of shares outstanding during the period ('000)	<b>330,939</b>	330,939
Earnings/ (loss) per share (AED)	<b>0.0245</b>	(0.0727)

No figures for diluted earnings per share are presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.



## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 4 INVESTMENT PROPERTIES

Investment properties represent the fair value of the properties which are located in the U.A.E.

Investment properties are stated at fair value, which has been principally determined based on valuations performed by management. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Valuations are performed on a periodic basis, at least annually, and the fair value gains and losses are recorded in the statement of income. Fair value of the Company's investment properties are based on unobservable inputs (i.e. Level 3).

#### 5 INVESTMENT SECURITIES

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	102,863	106,384
Financial assets at fair value through other comprehensive income	6,551	6,887
	<u>109,414</u>	<u>113,271</u>

##### 5.1 Investments at fair value through profit or loss

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Quoted equity securities in U.A.E.	69,679	71,287
Quoted equity securities outside U.A.E.	582	500
Quoted bond securities in U.A.E.	21,932	22,118
Quoted bond securities outside U.A.E.	-	-
Investment in funds outside U.A.E.	3,255	5,083
Unquoted equity securities outside U.A.E.	2,956	2,937
Unquoted equity securities in U.A.E.	4,459	4,459
	<u>102,863</u>	<u>106,384</u>

Investments classified at fair value through profit or loss are designated in this category upon initial recognition. As at 31 March 2021, there is a fair value loss of AED 2,428 thousand due to decrease in the market value of the investments.

##### 5.2 Investments at fair value through other comprehensive income

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	6,251	6,587
Quoted equity securities outside U.A.E.	-	-
Unquoted equity securities in U.A.E.	300	300
	<u>6,551</u>	<u>6,887</u>

As at 31 March 2021, there is a fair value loss of AED 336 thousand due to decrease in the market value of the investments.

##### Fair value hierarchy

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

5 INVESTMENT SECURITIES (continued)

5.2 Investments at fair value through other comprehensive income (continued)

Fair value hierarchy (continued)

<i>At 31 March 2021 (Unaudited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<b>Financial assets</b>				
FVTPL - financial assets	99,907	-	2,956	102,863
FVTOCI - financial assets	6,251	-	300	6,551
	<u>106,158</u>	<u>-</u>	<u>3,256</u>	<u>109,414</u>
<b>Non financial assets</b>				
Investment properties	-	-	72,270	72,270
	<u>106,158</u>	<u>-</u>	<u>75,526</u>	<u>181,684</u>
<i>At 31 December 2020 (Audited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<b>Financial assets</b>				
FVTPL - financial assets	103,447	-	2,937	106,384
FVTOCI - financial assets	6,587	-	300	6,887
	<u>110,034</u>	<u>-</u>	<u>3,237</u>	<u>113,271</u>
<b>Non financial assets</b>				
Investment properties	-	-	72,270	72,270
	<u>110,034</u>	<u>-</u>	<u>75,507</u>	<u>185,541</u>

6 CASH AND BANK BALANCES

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>	<i>31 March 2020 AED'000</i>
Cash in hand	50	50	50
Bank balances:			
- Current accounts	6,295	2,560	3,292
Fixed deposits	218,681	217,763	174,550
	<u>224,976</u>	<u>220,323</u>	<u>177,842</u>
Cash and bank balances	225,026	220,373	177,892
Less: Deposits with original maturities greater than three months	(179,546)	(171,545)	(135,463)
Bank Overdraft	(7,047)	(584)	(5,067)
Cash and cash equivalents	<u>38,433</u>	<u>48,244</u>	<u>37,362</u>
Bank balances:			
In U.A.E.	193,242	189,011	147,090
Outside UAE & G.C.C. countries	31,734	31,312	30,752
	<u>224,976</u>	<u>220,323</u>	<u>177,842</u>

Fixed deposit carried interest ranging from 0.4% to 8.5% per annum (2020: 0.4% to 8.5% per annum). Fixed deposits of AED 20.6 million (2020: 21 million) have been pledged as security against the overdraft facility.

## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 7 SHARE CAPITAL

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Issued and fully paid 330,939,180 shares of AED 1 each (2020: 330,939,180 share of AED 1 each)	<u>330,939</u>	<u>330,939</u>

#### 8 RESERVES

##### NATURE AND PURPOSE OF RESERVES

- STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the three months period ended 31 March 2021. The reserve is not available for distribution except in the circumstances stipulated by the law.

- SPECIAL RESERVE**

In accordance with its Articles of Association, the Board of Directors may transfer 10% of annual net profits, if any, to a special reserve until an Ordinary General Meeting upon a proposal suspends it. The special reserve can be utilised for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Director.

- REINSURANCE RESERVE**

In accordance with the requirements of Insurance Authority's Board of Directors Decision No. 23 of 2019 Article 34, the Company has created a special reserve to allocate an amount equal to 0.5% of the total reinsurance premiums ceded by the Company in all classes. This reserve shall be accumulated year after year and may not be disposed of without the written approval of the Director General.

- FAIR VALUE RESERVE**

The fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income.

#### 9 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - Related Party Disclosures - (Revised).

At the end of the reporting period, amounts due from/to related parties which are included in the respective account balances are detailed below:

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	26,446	26,173
Allowance for doubtful receivables	(26,173)	(26,173)
Net insurance and other receivables	<u>273</u>	<u>-</u>
Gross outstanding claims (included in claims reported unsettled)	<u>424</u>	<u>3,130</u>

## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 9 RELATED PARTY TRANSACTIONS (continued)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

During the period, the Company entered into the following transactions with related parties:

	<i>Three months ended 31 March</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Premiums written	927	953
Claims paid	417	239
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	1,110	1,110
Long-term benefits	83	83
Directors' remuneration	2,975	1,625

#### 10 CONTINGENT LIABILITIES

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Letters of guarantee*	20,583	21,121

\*Includes AED 10,000 thousand (2020: AED 10,000 thousand) issued in favour of Insurance Authority of U.A.E.

#### 11 CAPITAL COMMITMENTS

	<i>31 March 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Commitment for the construction of Investment Properties	54,979	54,979

The above commitment for the construction of development properties pertains to Meydan Real Estate Project and Dubai Silicon Oasis Project.

## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 12 PAYABLE TO POLICYHOLDERS' OF UNIT LINKED PRODUCTS

The Company issued unit linked policies which has both the risk and investment component. The investment portion is invested on behalf of the policyholders as disclosed in the statement of financial position of these condensed interim financial information.

*Movement during the period / year:*

	<b>31 March 2021 AED'000</b>	<b>31 December 2020 AED'000 (Audited)</b>
As at 1 January	<b>363,066</b>	261,026
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	<b>26,024</b>	92,995
Change in fair value of unit linked products	<b>(3,235)</b>	9,045
	<b><u>385,855</u></b>	<b><u>363,066</u></b>

## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 13 SEGMENT INFORMATION

##### *Operating segment information*

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information.

##### *Three month period ended 31 March*

	General insurance		Life assurance		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
<b>UNDERWRITING INCOME</b>						
Gross written premium	190,362	187,352	60,112	67,008	250,474	254,360
Reinsurance ceded	(126,868)	(121,253)	(18,443)	(32,504)	(145,311)	(153,757)
Net retained premium	63,494	66,099	41,669	34,504	105,163	100,603
Net change in unearned premium and policyholders' reserve	(2,513)	(3,926)	(23,823)	24,016	(26,336)	20,090
Net earned premium	60,981	62,173	17,846	58,520	78,827	120,693
Gross commission earned	24,266	18,223	(51)	445	24,215	18,668
<b>Total underwriting income</b>	<b>85,247</b>	<b>80,396</b>	<b>17,795</b>	<b>58,965</b>	<b>103,042</b>	<b>139,361</b>
<b>UNDERWRITING EXPENSES</b>						
Net claims incurred	(28,465)	(37,625)	(4,774)	(7)	(33,239)	(37,632)
Commission incurred	(17,402)	(12,307)	(6,002)	(12,826)	(23,404)	(25,133)
Administrative expenses	(13,533)	(12,760)	(6,393)	(6,688)	(19,926)	(19,448)
Other operational costs related to underwriting activities	(9,736)	(8,882)	(934)	(2,767)	(10,670)	(11,649)
Increase in fair value of investment held for unit linked products	-	-	(3,235)	(34,329)	(3,235)	(34,329)
<b>Total underwriting expenses</b>	<b>(69,136)</b>	<b>(71,574)</b>	<b>(21,338)</b>	<b>(56,617)</b>	<b>(90,474)</b>	<b>(128,191)</b>
<b>Total underwriting profit</b>	<b>16,111</b>	<b>8,822</b>	<b>(3,543)</b>	<b>2,348</b>	<b>12,568</b>	<b>11,170</b>
Net investment (loss)					(343)	(29,175)
General and administrative expenses					(4,104)	(6,060)
<b>Profit/ (loss) for the period</b>					<b>8,121</b>	<b>(24,065)</b>

## Union Insurance Company P.J.S.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

#### 13 SEGMENT INFORMATION (continued)

##### *Operating segment information (continued)*

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information.

	General insurance		Life assurance		Total	
	31 March 2021 AED'000	31 December 2020 AED'000	31 March 2021 AED'000	31 December 2020 AED'000	31 March 2021 AED'000	31 December 2020 AED'000
<b>ASSETS</b>						
Property and equipment	77,269	77,066	25,755	25,689	103,024	102,755
Right-of-use assets	2,115	2,699	705	900	2,820	3,599
Intangible assets	3,769	4,240	1,257	1,413	5,026	5,653
Investment properties	54,202	54,202	18,068	18,068	72,270	72,270
Investments securities	83,487	84,996	25,927	28,275	109,414	113,271
Investments held on behalf of policyholders' unit linked products	-	-	385,855	363,066	385,855	363,066
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	345,518	330,531	148,162	143,902	493,680	474,433
Insurance and other receivables	347,476	305,079	80,012	97,246	427,488	402,325
Cash and bank balances	131,571	129,346	93,455	91,027	225,026	220,373
<b>Total assets</b>	<b>1,051,407</b>	<b>994,159</b>	<b>783,196</b>	<b>773,586</b>	<b>1,834,603</b>	<b>1,767,745</b>
<b>LIABILITIES</b>						
Due to Banks	7,047	584	-	-	7,047	584
Insurance contract liabilities	561,804	544,695	173,078	167,561	734,882	712,256
Insurance and other payables	321,360	288,941	49,257	74,788	370,617	363,729
Provision for employees' end of service benefits	8,452	8,221	2,817	2,741	11,269	10,962
Payable to policyholders of unit linked products	-	-	385,855	363,066	385,855	363,066
<b>Total liabilities</b>	<b>898,663</b>	<b>842,441</b>	<b>611,007</b>	<b>608,156</b>	<b>1,509,670</b>	<b>1,450,597</b>

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2021 (Unaudited)

13 SEGMENT INFORMATION (continued)

*Operating segment information (continued)*

	General insurance		Life assurance		Total	
	31 March 2021 AED '000	31 December 2020 AED '000	31 March 2021 AED '000	31 December 2020 AED '000	31 March 2021 AED '000	31 December 2020 AED '000
<b>EQUITY</b>						
Share capital			330,939	330,939	330,939	330,939
Statutory reserve			14,865	14,865	14,865	14,865
Special reserve			14,865	14,865	14,865	14,865
Reinsurance Reserve			2,266	2,266	2,266	2,266
Fair value reserve			(11,610)	(11,274)	(11,610)	(11,274)
Accumulated losses			(26,392)	(34,513)	(26,392)	(34,513)
<b>Total equity</b>			<b>324,933</b>	<b>317,148</b>	<b>324,933</b>	<b>317,148</b>
<b>Total liabilities and equity</b>			<b>1,834,603</b>	<b>1,767,745</b>	<b>1,834,603</b>	<b>1,767,745</b>



#### 14 SEASONALITY OF RESULTS

No dividend income is received for the three-month period ended 31 March 2021 and dividend income amounted to AED 567 thousand for the three-month period ended 31 March 2020. Dividend income depends on market conditions, investment activities of the Company and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 31 March 2021 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2021.

#### 15 COVID-19 IMPACT ASSESSMENT

The Covid19 Pandemic that started during first quarter 2020 is still continuing. UAE has vaccinated a majority of the residents and therefore it is expected that the influence of the pandemic will reduce substantially during the current year. However, The worldwide effect is still on. The second wave and identification of new variants of the virus across the world is a worrying factor.

The various measures taken for the containment of this virus has resulted in economic disruption though the scale varies from country to country. The industries that are generally impacted are airline, travel and leisure & tourism and related activities.

UAE has been very proactive in containment measures and seamless vaccinations to its residents. This has helped in ensuring the economy is running without any difficulty. The economic opening and the preventive measures have helped in the economic growth and stability of business though business in the tourism trade such as Airlines, Leisure and hospitality sectors continue to be affected.

Union Insurance Company had a marginal impact to its business due the current circumstances. The economy of Dubai has now opened up and we expect this opening to improve the overall business. On the operational front, the Company's robust and proactive action in enabling Work from Home facility and abiding by the Government directives on movement and congregation in offices etc during the 2020 and 2021 have helped the company to run the business as usual. The company has no material exposure to airline or travel and tourism industry. There is expected impact on Medical insurance claims due to Covid-19 but is well compensated by reduction in normal claims. The company's reinsurance arrangement covers the impact of the claims. Due to possible reduction in workforce, the company expects ILOE claims, though the past year's experience show insignificant impact so far and these are well covered by reinsurance arrangements. The Company's well rated and long standing reinsurers will stand by the company in fulfilling the claims needs. On this count, the Company does not expect any net impact to its finances.

The Company is solvent and has sufficient liquidity to cater to the current needs for settlement of claims and providers. The Company has seen improvement in collections and overall receivable position has improved over previous year.

Overall the Company is in position to withstand the current impact of the Covid-19 and will emerge stronger with the experience.