



American Life Insurance Company

21st Year

**Audited
Financial Statements**

Fiscal Year - 2078/79 B.S
(2021-22)

Directors Report

A. General Information about Insurer:

1. Date of Incorporation: 2058/04/18 (August 02, 2001)
2. Date of receiving insurer registration certificate: 2058/04/18 (August 02, 2001)
3. Type & category of insurance license received by the insurer: Life Insurance
4. Date of starting business: 2058/10/17 (January 30, 2002)
5. Other information, as insurer finds important: ALICO is registered as a branch of foreign company with Office of the Company Registrar on 2062/02/23 (June 05, 2005).

B. Insurer's Board of Director Reports.

1. Company license is properly renewed vide Nepal Insurance Authority's letter no. Ka.Sa. 358/078/79) Cha. No. 4885 dated 2079/01/29 (12 May, 2022). which is valid for doing insurance business till the end of Chaitra 2079 (April 13, 2023).
2. Service fee payable of amount NPR. 52,317,869 has been paid to Nepal Insurance Authority on respective due dates and withholding tax payable of NPR. 77,96,891 related to F.Y 2021-22 at the Balance Sheet date has been paid on respective due dates.
3. American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America. The branch does not have any share capital.
4. Company is compliant with the requirement of Valuation Directive 2077 and maintains 3.88 solvency margin as of 2079 Ashad end (July 16, 2022).
5. A. Value of assets included in the insurer's financial statement on the date of balance sheet is not above the realizable/market value of the assets.
B. Investments are valued as per method given in financial directives of Insurance Board.
6. Company has made all its investment within the provisions of the existing laws.
7. Company has adequate re-insurance arrangement for insurance risks, and other situational risks are being closely monitored. Required actions are being taken in consultation with RO/HO.
8. American Life Insurance Company, Nepal is an independent branch, and it does not have to share any part of risk arising from the business operated in other territories. ALICO is a subsidiary of MetLife Inc, HO/RO and offices operated in different countries are as under:

ALICO – HO	Chile	India	Oman	UAE
Wilmington, USA	China	Ireland	Poland	Ukraine
Regional Office	Colombia	Italy	Portugal	United Kingdom
Hong Kong	Cyprus	Japan	Qatar	United States
Other MetLife operations	Czech Republic	Jordan	Romania	Uruguay
Australia	Ecuador	Kuwait	Saudi Arabia	Argentina
Bahrain	Egypt	Lebanon	Slovakia	
Bangladesh	France	Malaysia	South Korea	
Brazil	Myanmar	Mexico	Spain	
Bulgaria	Hungary	Vietnam	Turkey	

9. Total number of paid claims is 10,881. Detail of total outstanding claims number is as follows:

Fiscal Year	2073/74	2074/75	2075/76	2076/77	2077/78	2078/79
Par Product	34	3	7	7	43	17
Non-Par Product	206	135	167	388	576	477

10. The financial statements are prepared in accordance with generally accepted accounting practices in Nepal, The Insurance Act, 2049 BS and The Insurance Act, 2079 BS, The Insurance Regulations 2049 BS and guidelines issued by Nepal Insurance Authority and unless otherwise stated, is based on historical cost convention and accrual basis of accounting. The financial statements present transactions of Nepal branch only. Additional financial statement has been separately prepared based on Nepal Financial Reporting Standards (NFRS).
11. a. In preparing the financial statements the appropriate accounting policies is applied and uniformity is maintained which has been tested and appropriateness is found.
- b. The financial statement gives true & fair picture of all the financial conditions of the Company including profit and loss as of balance sheet date.
12. It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the Company's assets and to control the fraud and misappropriations.
13. Financial statements are prepared in accordance with 'going concern basis.
14. Company has strong, effective, reliable, and independent internal audit unit at Local and RO/HO level which is conducting internal audit periodically on regular basis. It has been found quite effective as a controlling mechanism for normal operation of the business activities.
15. Company has not done business with any person, firm, company, and with its director or institution having interest of the directors which is against the Insurance Act, 2079, Company Act, 2063 and regulations, order and directives under it.
16. Company is compliant with Anti money laundering Act 2064 and its directive, rules, by-laws and policies.
17. The company received approval of its actuarial valuation report for FY 2078/79 (2021-22) on January 12, 2023 (Poush 28, 2079). Shareholders' portion of profit (before allocation for proposed dividend) for the year arising from the actuarial valuation together with Profits from non-participating portfolio amounts to NPR. 406,346,321/-. The head office (ALICO Delaware) of the company has submitted a letter dated July 26, 2022 to Nepal Insurance Authority expressing commitment towards liability(ies) assumed by ALICO Nepal Branch Level because ALICO Nepal branch is a legal part of ALICO Delaware and it supports all the liabilities including those of ALICO Nepal Branch and this structure subjects ALICO Delaware to be legally responsible for liability(ies) incurred at the ALICO Nepal Branch Level. Therefore, out of the distributable profit, the company has proposed cash dividend of NPR 321,129,900 for the year.
18. Nepal Insurance Authority in its letter Bi.Bi.Sha 239/ (2072/73) dispatch no. 3087 dated April 02, 2016, advised the company to create catastrophic reserve equal to 10% of amount available for appropriation. Accordingly, NPR 59,656,744 has been transferred to catastrophic reserve account.
19. The company has set aside 1% of net profit equals to NPR. 5,965,674 in the form of Corporate Social Responsibility (CSR) Reserves as required by Section 57(Kha) of Corporate Good Governance Directive, 2075. CSR reserves shall be utilized for the activities provided in the directive. Similarly, the company has incurred more than 2% of total employee expenses of previous year i.e. NPR 9,986,888 on employee training and development as required by section 57(Ka) of Corporate Good Governance Directive, 2075.

Independent Auditor's Report

To the General Manager of American Life Insurance Company-Nepal Branch

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the American Life Insurance Company-Nepal Branch (the "Company"), which comprise the Balance Sheet as at Ashadh 32, 2079 (July 16, 2022), and Profit & Loss Account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 32, 2079 (July 16, 2022), and of its financial performance and its cash flows for the year then ended in accordance with financial reporting framework prescribed by Nepal Insurance Authority.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs) and Section 87 of Insurance Act 2079. 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 *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Basis of Accounting

We draw attention to point 1 of Significant Accounting Policies to the financial statements, which describes the basis of accounting. The financial statements are prepared as per financial reporting framework specified by Nepal Insurance Authority. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1.	<p>Provision against outstanding Claim Insurer is required to make a provision equivalent to 115% of claim outstanding as on financial year end in the form of Provision for Outstanding Claim.</p> <p>We have considered this as key audit matter given the fact that there will be impact on fair presentation of financial statements in the event of error in accounting for provision against outstanding claim and due to difficulty in determination of outstanding claim.</p>	<p>Our audit approach regarding verification of provision against outstanding claim included:</p> <p>a. Review and testing of process of claim registration and payment.</p> <p>b. Review and verification of completeness of outstanding claim reported as on financial year end based on reconciliation of record of claim department and the accounting record.</p>
2.	<p>Information Technology General Controls IT controls with respect to recording of</p>	<p>Our audit approach regarding Information technology of company is based upon the Information Technology Guidelines 2076 issued by</p>

	<p>transactions, generating various reports in compliance with Nepal Insurance Authority guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>Nepal Insurance Authority and it included:</p> <ul style="list-style-type: none"> • Understanding the coding system adopted by company for various categories of products • Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in company • Checking of the user requirements for any changes in the regulations/ policy of the company • Reviewed the reports generated by the system on sample basis. We verified the premium income/expense and claim payment in regard to policies issued and claim intimated on test basis
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Other Matter

The company has prepared a separate set of financial statements for the year ended Ashadh 32, 2079 (July 16, 2022) in accordance with Nepal Financial Reporting Standards on which we issued a separate auditor's report to the General Manager of the company dated January 11, 2023.

Responsibility 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 financial reporting framework prescribed by Nepal Insurance Authority 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 has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes 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 management,
- Conclude on the appropriateness of the management's 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 auditor' 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 auditor's 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.

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.

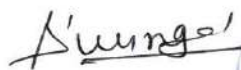
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, 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.

Report on the requirements of Companies Act 2063, Prevailing Insurance Act and Directives of Nepal Insurance Authority

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the company, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements have been prepared in accordance with the provisions of the Companies Act 2063, and they are in agreement with the books of accounts of the company; and the accounts and records of the company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that adequate amount have been set aside for insurance fund and other statutory reserves as per Nepal Insurance Authority Directives; the business of the company was conducted satisfactorily in line with the Nepal Insurance Authority Directives, the company has not conducted any business other than insurance business and has not issued any unauthorized policies and its transactions were found to be within the scope of its authority. We did not come across cases of where the company has acted against the interest of insured and investors. Further, company's internal control system is reasonably adequate, and we did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law, caused loss or damage to the company, or committed any misappropriation of the funds of company. Also, the company has provided required financial and other information to its shareholders and company appears to be able to serve its long-term liabilities out of its assets.



Sunir Kumar Dhungel
Managing Partner



Date: January 12, 2023
Place: Kathmandu

UDIN: 230112CA00109vAoI4

American Life Insurance Company

Balance Sheet as on 32nd Ashad 2079 (16 July, 2022)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
SOURCES				
1	Paid-up Capital	16	-	-
2	Reserve and Surplus	17	2,617,419,836	2,403,197,566
3	Life Insurance Fund	11	20,153,248,657	18,710,654,318
4	Catastrophe Reserve	18	370,043,739	310,386,995
5	Long Term loans and Borrowings	19	-	-
	Total Sources		23,140,712,232	21,424,238,879
USES				
6	Fixed Assets (Net)	20	43,783,566	48,570,522
7	Long Term Investments	21	17,599,820,000	3,441,520,000
8	Policy Loans	3	1,163,876,748	987,600,793
9	Other Long Term Loans	23	2,937,357	8,102,308
	Current Assets, Loans and Advances			
10	Cash & Bank Balances	22	217,595,545	220,985,887
11	Short Term Investments	21	6,019,956,661	18,983,422,580
12	Other Short Term Loans	23	-	-
13	Other Assets	24	816,696,189	819,562,843
	Total (A) (10+11+12+13)		7,054,248,395	20,023,971,310
	Current Liabilities and Provisions:			
14	Current Liabilities	25	344,752,546	383,946,414
15	Provision for Unexpired Risks	26	413,076,951	512,462,754
16	Claims Payable	9	694,655,295	917,508,419
17	Other Provisions	26A	1,271,469,042	1,271,608,467
	Total (B) (14+15+16+17)		2,723,953,834	3,085,526,054
18	Net Current Assets (C)= A-B		4,330,294,561	16,938,445,256
19	Miscellaneous Expenses (To the extent not Written off)	27	-	-
20	Loss Transferred from P&L Account		-	-
	Total Uses (6+7+8+9+18+19+20)		23,140,712,232	21,424,238,879
Contingent liabilities and annexure 3, 9, 11 and 16 to 29 are integral part of this.				
Contingent Liabilities				
SN	Particulars		This Year	Last Year
1	Investment remaining for settlement		-	-
2	Underwriting Commitment		-	-
3	Claim other than insurance business not accepted by the company		-	-
4	Guarantee issued by insured or on behalf of insured.		-	-
5	Others		-	-
	Total		-	-

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Profit & Loss Account for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
INCOME				
1	Transferred from Revenue A/c	10	228,871,244	50,267,049
2	Transferred from Life Fund	11	300,594,495	223,169,420
3	Income from Investment, Loan and Others	2	220,992,621	197,560,044
4	Written Back Provision	12	-	-
5	Other Income		-	-
Total Income (A)			750,458,360	470,996,513
EXPENSE				
6	Management Expense	7	55,579,365	47,663,096
7	Written off Expense	13	-	-
8	Share Issue Expense	13A	-	-
9	Other Expense	14	2,113,080	-
10	Provision for Loss	15	-	-
11	Provision for Housing Fund	26A	-	-
12	Provision for Staff Bonus	26A	69,276,592	42,333,342
13	Adjusted Income Tax (A)	8	-	-
14	B) Income tax		30,648,570	36,768,289
15	C) Deferred Tax Assets / (Liabilities)		(3,726,688)	(6,859,111)
16	Transfer to Life Fund	11	-	-
Total Expense (B)			153,890,919	119,905,616
17	Net Profit / (Loss) (C) = A-B		596,567,442	351,090,897
18	Expenses Related with Last Years		1,558,527	49,525,600
19	Profit/(Loss) Transferred from Last Year		1,075,972,092	1,151,593,175
Amount for Allocation			1,670,981,007	1,453,158,472
20	A) Deferred Tax Reserve	17	3,726,688	6,859,111
	B) Capital Reserve	17	-	-
	C) Special Reserve	17	-	-
	D) Other Reserve - (Capital Fund)	17	119,313,488	70,218,179
	E) Proposed Dividend			
	a) Bonus Share	17	-	-
	b) Cash Dividend	26A	321,129,900	265,000,000
	F) Catastrophe Reserve	18	59,656,744	35,109,090
	G) CSR Reserve	17	5,965,674	-
22	Profit/(Loss) Transferred to Balance Sheet		1,161,188,513	1,075,972,092

Annexure 2,7,8 & 10 to 15, 17 & 18 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Consolidated Revenue Account for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
INCOME				
1	Premium (Net)	1	4,982,312,819	4,817,460,164
2	Re-insurance Commission Income		139,036,364	128,401,791
3	Investment, Loan and Other Income	2	1,626,780,239	1,395,360,616
4	Income from Policy Loan	3	123,190,212	118,029,821
5	Other Direct Income		6,157,132	3,875,509
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		917,508,419	684,241,886
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		512,462,754	364,468,702
	Total Income (A)		8,307,447,939	7,511,838,488
EXPENDITURE				
8	Claim Payment (Net)	4	3,973,364,976	3,503,336,490
9	Agent Commission	5	487,891,466	483,541,456
10	Medical Examination Fee		1,989,836	1,720,218
11	Re-insurance Commission Expenses		-	-
12	Service Fee (Net)	6	52,317,869	50,330,975
13	Other Direct Expenses		-	-
14	Management Expenses	7	500,214,289	428,967,865
15	Income Tax	8	211,877,179	241,121,485
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	694,655,295	917,508,419
17	Provision for Unexpired Risks at the End of the Fiscal Year		413,076,951	512,462,754
	Total Expenditure (B)		6,335,387,861	6,138,989,662
18	Surplus Transferred to Life Insurance Fund		1,743,188,834	1,322,581,778
19	Surplus (Loss) Transferred to Profit & Loss A/c		228,871,244	50,267,049

Annexure 1-9 are integral part of this.

As per our report of even date.

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Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

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Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Revenue Account of Anticipated Endowment Policy for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
	INCOME			
1	Premium (Net)	1	410,615,707	444,936,553
2	Re-insurance Commission Income		511,947	448,135
3	Investment, Loan and Other Income	2	197,338,539	222,578,501
4	Income from Policy Loan	3	14,384,491	25,274,430
5	Other Direct Income		1,539,891	948,152
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		298,785,669	252,370,757
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		923,176,244	946,556,528
	EXPENDITURE			
8	Claim Payment (Net)	4	1,177,380,343	1,229,651,361
9	Agent Commission	5	35,547,614	28,851,266
10	Medical Examination Fee		172,117	127,110
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	4,135,897	4,474,387
13	Other Direct Expense		-	-
14	Management Expense	7	39,860,755	39,470,646
15	Income Tax	8	29,178,248	44,914,607
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	209,552,672	298,785,669
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure (B)		1,495,827,646	1,646,275,046
18	Surplus Transferred to Life Insurance Fund		(572,651,402)	(699,718,518)
19	Surplus (Loss) Transferred to Profit & Loss A/c		-	-

Annexure 1-9 are integral part of this.

As per our report of even date.

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Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Revenue Account of Endowment Policy for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	1,090,995,489	981,467,515
2	Re-insurance Commission Income		869,510	723,150
3	Investment, Loan and Other Income	2	503,980,262	484,347,038
4	Income from Policy Loan	3	47,982,982	53,000,295
5	Other Direct Income		2,980,503	2,003,866
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		342,506,156	315,276,212
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		1,989,314,902	1,836,818,076
EXPENDITURE				
8	Claim Payment (Net)	4	1,657,681,528	1,490,191,818
9	Agent Commission	5	120,912,105	106,097,291
10	Medical Examination Fee		527,162	416,806
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	10,946,572	9,838,492
13	Other Direct Expense		-	-
14	Management Expense	7	102,662,846	82,753,334
15	Income Tax	8	74,358,037	98,507,098
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	273,134,858	342,506,156
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure(B)		2,240,223,108	2,130,310,995
18	Surplus Transferred to Life Insurance Fund		(250,908,206)	(293,492,919)
19	Surplus (Loss) Transferred to Profit & Loss A/c		-	-

Annexure 1-9 are integral part of this.

As per our report of even date.

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 Rajiv Kumar Pathak
 Chief Financial Officer
 Date: 12 January, 2023

.....
 Nirmal Kajee Shrestha
 VP and General Manager
 Date: 12 January 2023

.....
 Sunir Kumar Dhungel
 Managing Partner
 S.A.R. Associates
 Chartered Accountants
 Date: 12 January, 2023

American Life Insurance Company

Revenue Account of Other Policy (Future Care-DPS) for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	2,762,251,320	2,595,438,114
2	Re-insurance Commission Income		100,021,697	96,665,566
3	Investment, Loan and Other Income	2	857,864,703	629,771,775
4	Income from Policy Loan	3	60,822,739	39,755,096
5	Other Direct Income		1,262,616	863,700
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		75,820,606	26,043,751
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		3,858,043,681	3,388,538,002
EXPENDITURE				
8	Claim Payment (Net)	4	533,253,862	342,950,050
9	Agent Commission	5	288,793,144	296,304,737
10	Medical Examination Fee		1,031,569	987,405
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	29,322,646	27,512,862
13	Other Direct Expense		-	-
14	Management Expense	7	278,745,782	231,469,348
15	Income Tax	8	107,301,962	97,699,780
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	52,846,274	75,820,606
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure(B)		1,291,295,239	1,072,744,788
18	Surplus Transferred to Life Insurance Fund		2,566,748,442	2,315,793,214
19	Surplus (Loss) Transferred to Profit & Loss A/c		-	-

Annexure 1-9 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Revenue Account of Micro Insurance Policy for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	260,522,548	389,967,931
2	Re-insurance Commission Income		-	-
3	Investment, Loan and Other Income	2	31,320,813	28,231,409
4	Income from Policy Loan	3	-	-
5	Other Direct Income		-	-
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		125,958,616	64,535,708
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		295,118,295	209,349,604
	Total Income (A)		712,920,272	692,084,652
EXPENDITURE				
8	Claim Payment (Net)	4	283,547,486	254,076,090
9	Agent Commission	5	17,645,374	30,468,436
10	Medical Examination Fee		-	-
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	2,614,038	3,906,037
13	Other Direct Expense		-	-
14	Management Expense	7	25,713,599	33,969,220
15	Income Tax	8	1,038,932	-
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	97,093,329	125,958,616
17	Provision for Unexpired Risks at the End of the Fiscal Year		205,009,085	295,118,295
	Total Expenditure(B)		632,661,843	743,496,694
18	Surplus Transferred to Life Insurance Fund		-	-
19	Surplus (Loss) Transferred to Profit & Loss A/c		80,258,429	(51,412,042)

Annexure 1-9 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Revenue Account of Term Insurance Policy for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	457,927,755	405,650,051
2	Re-insurance Commission Income		37,633,210	30,564,940
3	Investment, Loan and Other Income	2	36,275,922	30,431,893
4	Income from Policy Loan	3	-	-
5	Other Direct Income		374,122	59,791
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		74,437,372	26,015,458
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		217,344,459	155,119,098
	Total Income (A)		823,992,840	647,841,231
EXPENDITURE				
8	Claim Payment (Net)	4	321,501,757	186,467,172
9	Agent Commission	5	24,993,229	21,819,726
10	Medical Examination Fee		258,988	188,897
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	5,298,716	4,599,197
13	Other Direct Expense			
14	Management Expense	7	53,231,307	41,305,317
15	Income Tax	8	-	-
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	62,028,162	74,437,372
17	Provision for Unexpired Risks at the End of the Fiscal Year		208,067,866	217,344,459
	Total Expenditure(B)		675,380,025	546,162,140
18	Surplus Transferred to Life Insurance Fund		-	-
19	Surplus (Loss) Transferred to Profit & Loss A/c		148,612,815	101,679,091

Annexure 1-9 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Statement of Changes in Equity for the Fiscal Year 2078/79 (2021-22)

Amount in NPR.

Particulars	Share Capital	Accumulated profit/loss	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Special Reserve Fund	Other Reserve & Fund	Catastrophe Reserve	Total Amount
Opening Balance	-	1,854,037,566	-	-	-	15,000,000	534,159,999	310,386,995	2,713,584,560
Profit of This Year		596,567,443	-	-	-	-	-	-	596,567,443
Proposed Cash Dividend		(321,129,900)	-	-	-	-	-	-	(321,129,900)
Deferred Tax Adjustment		(3,726,688)	-	-	-	-	3,726,688	-	-
Capital Fund		(119,313,488)	-	-	-	-	119,313,488	-	-
Expenses Related with Last Years		(1,558,527)							(1,558,527)
CSR Reserve		(5,965,674)					5,965,674		-
Catastrophe Reserve		(59,656,744)	-	-	-	-	-	59,656,744	-
Closing Balance	-	1,939,253,988	-	-	-	15,000,000	663,165,849	370,043,739	2,987,463,576

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January, 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

American Life Insurance Company

Cash Flow Statement for the Period of 1st Shrawan 2078 to 32nd Ashad 2079

(16 July, 2021 to 16 July, 2022)

Amount in NPR.

SN	Particulars	This Year	Last Year
A	<u>Cash Flow from Operating Activities</u>		
	Premium Income	5,231,786,863	5,033,097,469
	Late Fee Income	6,157,132	3,875,509
	Reinsurance Premium Income	-	-
	Reinsurance Commission Income	139,036,364	128,401,791
	Other Direct Income	-	-
	Claim Recovered from Re-insurance	108,399,561	97,389,786
	Re-insurance Premium	(249,474,044)	(215,637,305)
	Re-insurance Commission	-	-
	Agent Commission	(487,891,466)	(483,541,456)
	Medical Exam Fee	(1,989,836)	(1,720,218)
	Death Claim Paid	(834,211,575)	(660,870,241)
	Maturity Claim paid	(2,649,168,103)	(2,513,909,941)
	Partial Maturity Claim Paid	(64,485,790)	(66,334,695)
	Surrender Claim Paid	(360,955,793)	(359,611,399)
	Other Claim Paid	(172,943,276)	-
	Service Fee	(52,317,869)	(50,330,975)
	Other Direct Expenses	(2,113,080)	-
	Management Expenses	(555,793,654)	(476,630,961)
	Employee Bonus	(69,276,592)	(42,333,342)
	Income Tax	(238,799,062)	(271,030,664)
	Expense related to Last Years	(1,558,527)	(49,525,600)
	Current Assets (increase)/ Decrease	2,866,655	(27,620,312)
	Current Liabilities Increase / (Decrease)	(9,563,193)	144,688,745
	Net Cash Flow from Operating Activities (A)	(262,295,284)	188,356,191
B	<u>Cash flow from Investment Activities</u>		
	Decrease (Increase) in Fixed Assets	4,786,956	5,399,528
	Decrease (Increase) in Government Securities	-	-
	Decrease (Increase) in FD of Bank & Financial Institutions	(1,221,617,682)	(1,829,405,429)
	Decrease (Increase) in Other Deposit of Bank & Financial institutions	26,783,601	233,001,391
	Decrease (Increase) in Equity Share Investment	-	(195,000)
	Decrease (Increase) in Preference Share/debenture	-	-
	Decrease (Increase) in Other Investment	-	-
	Decrease (Increase) in Policy Loan	(176,275,955)	4,747,316
	Decrease (Increase) in Advance & Other Loans	5,164,951	(4,260,422)
	Interest Received (Investment)	1,829,341,691	1,584,008,504
	Dividend Received	-	-
	Rent Income	-	-
	Interest Received (Loan)	123,190,212	118,029,821
	Other Indirect Income/Expenses	18,431,168	8,912,156
	Net Cash Flow from Investment Activities (B)	609,804,942	120,237,866
C	<u>Cash Flow from Financial Activities</u>		
	Amount Received from Share	-	-
	Decrease/(Increase) in payable of lending	-	-
	Decrease/(Increase) in Short Term Loan	-	-
	Interest paid on Loan	-	-
	Dividend Paid	(350,900,000)	(218,223,548)
	Net Cash Flow from Financial activities (C)	(350,900,000)	(218,223,548)
	Net Cash Flow from the All Activities = A+B+C	(3,390,342)	90,370,509
	Opening Cash & Bank Balance	220,985,887	130,615,378
	Closing Cash & Bank Balance	217,595,545	220,985,887

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 12 January 2023

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 12 January 2023

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants
Date: 12 January, 2023

Integral Parts of the Financial Statement are:

A. Insurance Premium (Net)

Annexure- 1

Amount in NPR.

SN	Type of Insurance	Gross Insurance Premium		RI Premium Paid (Ceded)		Insurance Premium (net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	413,589,659	447,438,669	2,973,952	2,502,116	410,615,707	444,936,553
2	Endowment Policy	1,094,657,203	983,849,218	3,661,714	2,381,703	1,090,995,489	981,467,515
3	Other Policy	2,932,264,572	2,751,286,190	170,013,252	155,848,076	2,762,251,320	2,595,438,114
4	Micro Insurance Policy	261,403,818	390,603,651	881,270	635,720	260,522,548	389,967,931
5	Term Insurance Policy	529,871,611	459,919,741	71,943,856	54,269,690	457,927,755	405,650,051
	Total	5,231,786,863	5,033,097,469	249,474,044	215,637,305	4,982,312,819	4,817,460,164

B. Gross Insurance Premium

SN	Type of Insurance	Direct Insurance Premium		Received Re-insurance Premium (Accepted)		Gross Insurance Premium	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	413,589,659	447,438,669	-	-	413,589,659	447,438,669
2	Endowment Policy	1,094,657,203	983,849,218	-	-	1,094,657,203	983,849,218
3	Other Policy	2,932,264,572	2,751,286,190	-	-	2,932,264,572	2,751,286,190
4	Micro Insurance Policy	261,403,818	390,603,651	-	-	261,403,818	390,603,651
5	Term Insurance Policy	529,871,611	459,919,741	-	-	529,871,611	459,919,741
	Total	5,231,786,863	5,033,097,469	-	-	5,231,786,863	5,033,097,469

C. Direct Insurance Premium

SN	Type of Insurance	First Year Insurance Premium		Renewal Insurance Premium		Single Insurance Premium		Total Direct Insurance Premium	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	86,908,684	67,815,474	326,680,975	379,623,195	-	-	413,589,659	447,438,669
2	Endowment Policy	266,184,452	222,373,711	828,472,751	761,475,507	-	-	1,094,657,203	983,849,218
3	Other Policy	520,878,516	526,799,575	2,411,386,056	2,224,486,615	-	-	2,932,264,572	2,751,286,190
4	Micro Insurance Policy	-	-	-	-	261,403,818	390,603,651	261,403,818	390,603,651
5	Term Insurance Policy	130,773,174	100,780,263	201,124,374	204,560,880	197,974,063	154,578,598	529,871,611	459,919,741
	Total	1,004,744,826	917,769,023	3,767,664,156	3,570,146,197	459,377,881	545,182,249	5,231,786,863	5,033,097,469

Income from Investment, Loan & Other Sources

Annexure - 2
Amount in NPR.

SN	Particular	This Year	Last Year
1	Income from Government & Secured Government securities	87,138,640	85,686,080
2	Income from Commercial Bank's Fixed Deposit (FD)	1,730,561,742	1,487,070,715
3	Income from Development Bank's Fixed Deposit (FD)	8,799,041	7,504,383
4	Income from Citizen Investment Trust Scheme	-	-
5	Income from Financial Institutions' Fixed Deposit (FD)	-	-
6	Dividend from Housing Development Company's Equity Share	-	-
7	Dividend from Other Public Company's Equity Share	-	-
8	Dividend from Bank & Financial Institution's Preference Share	-	-
9	Income from Bank & Financial Institution's Debenture	-	-
10	Other Incomes	-	-
	a. Foreign Currency Exchange Revaluation Gain/Loss	6,972,495	(1,336,244)
	b. Policy Charges & Misc.	49,680	106,944
11	Income from Loan	94,248	-
12	Income from Other Deposit (Except FD)	2,842,268	3,747,326
13	Profit on Sales of Investment	-	-
	Less: Loss on (Sale) Investment	-	-
14	Profit on (Purchase) Investment.	-	-
	Less: Loss on (Purchase) Investment	-	-
15	Profit on Sales of Fixed Assets	4,397,965	414,755
	Less: Loss on Sales of Fixed Assets	-	-
16	Account Written Off	-	-
17	Income Related to Last year	-	-
18	Other Income	6,916,781	9,726,701
Total		1,847,772,860	1,592,920,660
Appropriation of Income from Investment, Loan & Other Source			
1	Transfer to Profit & Loss Accounts	220,992,621	197,560,044
2	Transfer to Anticipated Endowment Revenue Account	197,338,539	222,578,501
3	Transfer to Endowment Revenue Account	503,980,262	484,347,038
4	Transfer to Other Policy Revenue Account	857,864,703	629,771,775
5	Transfer to Micro Insurance Revenue Account	31,320,813	28,231,409
6	Transfer to Term Insurance Revenue Account	36,275,922	30,431,893
Total		1,847,772,860	1,592,920,660

Policy Loan and Interest Income

Annexure - 3
Amount in NPR.

SN	Type of Insurance	Policy Loan		Interest Income on Policy Loan	
		This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	145,512,347	206,549,082	14,384,491	25,274,430
2	Endowment Policy	449,095,514	417,785,207	47,982,982	53,000,295
3	Other Policy	569,268,887	363,266,504	60,822,739	39,755,096
4	Micro Insurance Policy	-	-	-	-
5	Term Insurance Policy	-	-	-	-
Total		1,163,876,748	987,600,793	123,190,212	118,029,821

Claim Paid

Annexure - 4

Amount in NPR.

SN	Type of Insurance	Death Claim Paid		Maturity Claim Paid		Partial Maturity Claim Paid		Surrender Claims Paid		Other Claim paid (Partial Withdrawal)		Total Claim Paid		RI Portion in Claim Paid		Claim Paid (net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	13,611,044	24,013,160	1,075,027,852	1,107,348,662	64,485,790	66,334,695	25,826,424	34,107,370	-	-	1,178,951,110	1,231,803,887	1,570,767	2,152,526	1,177,380,343	1,229,651,361
2	Endowment Policy	16,485,488	18,418,762	1,523,077,839	1,368,165,283	-	-	119,118,201	104,136,481	-	-	1,658,681,528	1,490,720,526	1,000,000	528,708	1,657,681,528	1,490,191,818
3	Other Policy	182,643,541	168,817,268	51,062,412	38,395,996	-	-	216,011,168	221,367,549	172,943,276	-	622,660,397	428,580,813	89,406,535	85,630,763	533,253,862	342,950,050
4	Micro Insurance Policy	283,547,486	254,076,090	-	-	-	-	-	-	-	-	283,547,486	254,076,090	-	-	283,547,486	254,076,090
5	Term Insurance Policy	337,924,016	195,544,961	-	-	-	-	-	-	-	-	337,924,016	195,544,961	16,422,259	9,077,789	321,501,757	186,467,172
Total		834,211,575	660,870,241	2,649,168,103	2,513,909,941	64,485,790	66,334,695	360,955,793	359,611,399	172,943,276	-	4,081,764,537	3,600,726,276	108,399,561	97,389,786	3,973,364,976	3,503,336,490

Agent Commission

Annexure - 5

Amount in NPR.

SN	Types of Insurance	Agent Commission on First Year Premium		Agent Commission on Renewal Premium		Agent Commission on Single Premium		Total Agent Commission	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	21,096,610	16,647,491	14,451,004	12,203,775	-	-	35,547,614	28,851,266
2	Endowment Policy	63,674,367	53,918,816	57,237,738	52,178,475	-	-	120,912,105	106,097,291
3	Other Policy	119,757,269	121,217,750	169,035,875	175,086,987	-	-	288,793,144	296,304,737
4	Micro Insurance Policy	-	-	-	-	17,645,374	30,468,436	17,645,374	30,468,436
5	Term Insurance Policy	12,297,893	12,061,077	6,025,009	5,423,794	6,670,327	4,334,855	24,993,229	21,819,726
Total		216,826,139	203,845,134	246,749,626	244,893,031	24,315,701	34,803,291	487,891,466	483,541,456

Service Fee (Net)

Annexure - 6

Amount in NPR.

SN	Types of Insurance	Gross Service Fee		Reinsurance Portion in Gross Service Fee		Service Fee (Net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	4,135,897	4,474,387			4,135,897	4,474,387
2	Endowment Policy	10,946,572	9,838,492			10,946,572	9,838,492
3	Other Policy	29,322,646	27,512,862			29,322,646	27,512,862
4	Micro Insurance Policy	2,614,038	3,906,037			2,614,038	3,906,037
5	Term Insurance Policy	5,298,716	4,599,197			5,298,716	4,599,197
Total		52,317,869	50,330,975	-	-	52,317,869	50,330,975

Management Expenses
Annexure - 7

Amount in NPR.

SN	Particular	This Year	Last Year
1	Employee Expenses (Anx 7.1)	240,300,427	202,289,538
2	Building Rent	45,582,553	41,663,613
3	Water & Electricity	4,211,321	3,241,743
4	Repair & Maintenance		
	A. Building	-	-
	B. Motor Vehicle	762,578	697,668
	C. Office Equipment	-	-
	D. Others	1,949,417	835,389
5	Communication	11,071,053	9,391,346
6	Printing & Stationary	7,282,303	7,400,632
7	Office Expenses	4,056,992	3,890,580
8	Transportation	4,950,036	2,761,696
9	Travel Expenses (Including Allowance)		
	A. Internal	2,792,010	1,118,576
	B. International	-	-
10	Agents Training	3,684,451	4,017,070
11	Agents Other	133,955,226	119,520,599
12	Insurance Premium	1,153,011	1,126,378
13	Security & Outsourcing Expenses	45,668,198	37,014,664
14	Legal & Advisory Fees	-	89,553
15	Books & Periodicals	-	-
16	Advertisement & Promotion	14,464,555	8,718,291
17	Business Promotion	-	-
18	Guest Entertainments	-	-
19	Donation & Awards	-	750,000
20	Board Committee Expenses	-	-
	A. Meeting Allowance	-	-
	B. Others	-	-
21	Other Committee/Sub-Committee Expenses	-	-
	A. Meeting Allowance	-	-
	B. Others	-	-
22	General Meeting Related Expenses	-	-
23	A. Actuarial Service Fee	49,720	49,720
	B. Actuarial Expenses	-	-
24	Audit Related Expense	-	-
	A. Audit Fee	485,000	479,051
	B. Tax Audit Fee	55,000	55,000
	C. Long Form Audit Report Fee	25,000	25,000
	D. Other Fee	-	-
	E. Internal Audit Fee	-	-
	F. Other Expense (Due Diligence Audit Fee)	395,500	-
25	Interest	-	-
26	Bank Charge	3,956,864	2,532,989
27	Fee & Charges	633,097	1,032,573
28	Depreciation	23,872,834	23,654,602
29	Postal Stamps	4,120,000	4,170,000
30	Integration and Separation	-	-
31	Other	316,509	104,691
Total for Appropriation		555,793,654	476,630,961

1	Transfer to Profit & Loss Account	55,579,365	47,663,096
2	Transfer to Anticipated Endowment Revenue Account	39,860,755	39,470,646
3	Transfer to Endowment Revenue Account	102,662,846	82,753,334
4	Transfer to Other Policy Revenue Account	278,745,782	231,469,348
5	Transfer to Micro Insurance Revenue Account	25,713,599	33,969,220
6	Transfer to Term Insurance Revenue Account	53,231,307	41,305,317
Total		555,793,654	476,630,961

Employee Expenses**Annexure - 7.1**

SN	Particular	This Year	Last Year
1	Salary	175,350,908	145,812,049
2	Allowance - OT	1,131,786	684,893
3	Dashain Expense	11,458,798	10,474,422
4	Providend Fund and Social Security Fund Contribution	18,441,651	9,165,043
5	Training Expense	9,986,888	3,576,911
6	Dress Allowance	-	-
7	Medical Expense	1,069,503	2,459,548
8	Insurance	4,707,396	5,046,644
9	Provision for Pension/Gratuity	10,875,513	18,640,067
10	Expenses & Provision for Leave Encashment	3,865,493	4,362,422
11	Provision for Other Facilities (Detail)	-	-
12	Relocation Expense	23,000	75,438
13	Recruting Expense	72,614	80,682
14	Employee Benefit Misc.	3,316,877	1,911,418
Total		240,300,427	202,289,538

Income Tax**Annexure - 8**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Income Tax of This Year	239,408,696	205,608,567
2	Income Tax of Last Year	3,117,054	72,281,207
3	Total Income Tax for Allocation	242,525,749	277,889,774
4	Deferred Income Tax	(3,726,688)	(6,859,111)
Allocation			
Transfer to Profit & Loss Accounts C= A+B		26,921,882	29,909,178
A) Income Tax from Allocation		30,648,570	36,768,289
B) Deferred Tax for This Year		(3,726,688)	(6,859,111)
Transfer to Anticipated Endowment Revenue A/C		29,178,248	44,914,607
Transfer to Endowment Revenue A/C		74,358,037	98,507,098
Transfer to Other Policy Revenue A/C		107,301,962	97,699,780
Transfer to Micro Insurance Revenue A/C		1,038,932	-
Transfer to Term Insurance Revenue A/C		-	-
Total		238,799,061	271,030,663

Provision for Outstanding Claim at the end of the Fiscal Year

Annexure - 9

Amount in NPR.

SN	Type of Insurance	Outstanding Death Claim		Outstanding Maturity Claim		Outstanding Partial Maturity Claim		Outstanding Surrender Claim		Outstanding Other Claim		Claim Incurred but not Reported (Estimated)		Total Outstanding Claim		RI Portion in O/s Claim		Provision for Outstanding Claim	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	551,750	5,518,999	143,752,565	220,749,294	36,470,674	32,588,511	-	-	-	-	1,444,726	3,217,690	182,219,715	262,074,495	-	2,600,000	209,552,672	298,785,669
2	Endowment Policy	54,217,083	36,361,448	181,435,610	258,169,111	-	-	-	-	-	-	2,029,792	3,300,881	237,682,485	297,831,440	200,000	-	273,134,858	342,506,156
3	Other Policy	10,174,819	18,228,655	12,758,699	3,974,349	-	-	-	-	-	-	27,993,868	51,377,763	50,927,386	73,580,767	5,720,220	8,797,276	52,846,274	75,820,606
4	Micro Insurance Policy	2,216,970	23,394,665	-	-	-	-	-	-	-	-	82,212,011	86,134,566	84,428,982	109,529,231	-	-	97,093,329	125,958,616
5	Term Insurance Policy	33,985,880	32,632,783	-	-	-	-	-	-	-	-	20,560,348	32,660,584	54,546,228	65,293,367	700,000	650,000	62,028,162	74,437,372
	Total	101,146,503	116,136,550	337,946,874	482,892,754	36,470,674	32,588,511	-	-	-	-	134,240,745	176,691,485	609,804,796	808,309,300	6,620,220	12,047,276	694,655,295	917,508,419

Amount Transferred from Revenue Accounts to P&L Account

Annexure - 10
Amount in NPR.

SN	Particulars	This Year	Last Year
1	Transferred from Anticipated Endowment Revenue Account	-	-
2	Transferred from Endowment Revenue Account	-	-
3	Transferred from Other Policy Insurance Revenue Account	-	-
4	Transferred from Micro Insurance Revenue Account	80,258,429	(51,412,042)
5	Transferred from Term Insurance Revenue Account	148,612,815	101,679,091
Total		228,871,244	50,267,049

Annexure -11

Life Insurance Fund

Amount in NPR.

SN	Types of Insurance	Life Insurance Fund before Adjustment (Beginning of the Year)		Transferred from Revenue Accounts		Transferred from P&L A/c		Transferred from Reserve A/c		Life fund Adjustment to align with latest Policy Liability Balance		Life Insurance Fund before Adjustment (End of the Year)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	3,031,087,705	3,732,646,710	(572,651,402)	(699,718,518)	-	-	-	-	-	-	2,458,436,303	3,032,928,192
2	Endowment Policy	6,866,949,010	7,171,565,010	(250,908,206)	(293,492,919)	-	-	-	-	-	-	6,616,040,804	6,878,072,091
3	Other Policy	8,812,617,603	6,707,030,241	2,566,748,442	2,315,793,214	-	-	-	-	-	-	11,379,366,045	9,022,823,455
4	Micro Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-
5	Term Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-
Total		18,710,654,318	17,611,241,961	1,743,188,834	1,322,581,778	-	-	-	-	-	-	20,453,843,152	18,933,823,739

Adjustment in Life Insurance Fund

Amount in NPR.

SN	Types of Insurance	Life insurance Fund before Adjustment (End of the Year)		Transfer to P&L Account		Liabilities for Policies		Provision for Bonus		Provision for Solvency Margin		Unallocated Amount		Life Insurance Fund at the End of Year	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	2,458,436,303	3,032,928,192	17,596,476	1,840,487	1,202,661,261	1,565,380,827	1,095,968,138	1,351,869,111	-	-	142,210,429	113,837,767	2,440,839,827	3,031,087,705
2	Endowment Policy	6,616,040,804	6,878,072,091	47,390,783	11,123,081	3,847,500,034	4,154,252,732	2,111,970,944	2,142,457,044	-	-	609,179,043	570,239,234	6,568,650,021	6,866,949,010
3	Other Policy	11,379,366,045	9,022,823,455	235,607,236	210,205,852	11,139,709,198	8,810,785,202	-	-	-	-	4,049,611	1,832,401	11,143,758,809	8,812,617,603
4	Micro Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Term Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		20,453,843,152	18,933,823,739	300,594,495	223,169,420	16,189,870,493	14,530,418,761	3,207,939,082	3,494,326,155	-	-	755,439,083	685,909,401	20,153,248,657	18,710,654,318

Reversal of Provision**Annexure - 12**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Reversal of Provision for Loss on Investment	-	-
2	Reversal of Loan loss Provision	-	-
3	Reversal of Provision for Doubtful Debt	-	-
4	Reversal Other Provision	-	-
Total		-	-

Expense Written Off**Annexure - 13**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Preliminary Expense	-	-
2	Pre-operating Expense	-	-
3	Deferred Expenditure	-	-
4	Investment Written off	-	-
5	Loan Written off	-	-
6	Debtors Written off	-	-
7	Other Written off	-	-
Total		-	-

Share Expense**Annexure- 13A**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Share Issue Expense	-	-
2	Share Registration Expense	-	-
3	Share Publication Expense	-	-
4	Dividend Distribution Expense	-	-
5	Other Expense	-	-
Total		-	-

Other Expenses**Annexure - 14**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Fine and Penalty	-	-
2	Late Fee and Fine	2,113,080	-
3	Interest	-	-
Total		2,113,080	-

Provision for Loss**Annexure - 15**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Provision for Loss on Investment	-	-
2	Loan Loss Provision	-	-
3	Provision for Doubtful Debt	-	-
4	Other Provision	-	-
Total		-	-

A. Share Capital

Annexure - 16

Amount in NPR.

SN	Particular	This Year	Last Year
1	Authorized Capital		
	A.Equity Shares Worth Rs Each	-	-
	B.Non Redeemable Preferred Worth Rs Each	-	-
	C.Redeemable Preferred Worth Rs Each	-	-
2	Issued Capital		
	A.Equity Shares Worth Rs Each	-	-
	B.Non Redeemable Preferred Worth Rs Each	-	-
	C.Redeemable Rpreferred Worth Rs Each	-	-
3	Paid-up Capital		
	A.Equity Shares Worth Rs Each	-	-
	Less: Receivable Paid up Shares worth	-	-
	B.Non Redeemable Preferred Worth Rs Each	-	-
	C.Redeemable Rpreferred Worth Rs Each	-	-
Total		-	-

B. Ownership Structure of Share

Shareholders		This Year		Last Year	
		No. of Equity Share	Ownership %	No. of Equity Share	No. of Equity Share
Promoters	Nepali Organizations	-	-	-	-
	Nepali Citizens	-	-	-	-
	Foreign	-	-	-	-
Total		-	-	-	-
Public		-	-	-	-
Other (Details)		-	-	-	-
Total		-	-	-	-

Details of one or more Percentage of Share Owner

SN	Particular	This Year		Last Year	
		Ownership %	Amount	Ownership %	Amount
		-	-	-	-
		-	-	-	-
		-	-	-	-

Reserve & Surplus**Annexure - 17**

Amount in NPR.

SN	Particulars	This Year	Last Year
1	Reserve for Deferred Tax	33,247,748	29,521,061
2	Capital Reserve		-
3	Special Reserve		-
4	Other Reserve		-
	HO Fund	75,444,600	75,444,600
	Capital Fund	548,507,826	429,194,338
	Contingency Reserve	15,000,000	15,000,000
	Shareholder share of profit	778,065,475	778,065,475
	CSR Reserve	5,965,674	-
5	Share Premium	-	-
6	Proposed Bonus Share	-	-
7	Remaining Bonus Share for Capitalization	-	-
8	Profit Transferred from P&L A/c	1,161,188,513	1,075,972,092
	Total	2,617,419,836	2,403,197,566

Catastrophe Reserve**Annexure - 18**

Amount in NPR.

Catastrophe Reserve at the Beginning of the Year		Transferred from P&L A/c		Catastrophe Reserve at the end of the Year	
This Year	Last Year	This Year	Last Year	This Year	Last Year
310,386,995	275,277,905	59,656,744	35,109,090	370,043,739	310,386,995
-				-	-
-				-	-
-				-	-
	Total			370,043,739	310,386,995

Long Term Loan Payable**Annexure - 19**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Debenture / Bond		-
2	Bank	-	-
3	Financial Institutions	-	-
4	Others	-	-
	Total	-	-

Fixed Assets

Annexure -20

Amount in NPR.

Particulars	Cost				Depreciation Deduction				Net Price	
	Opening Balance	This Year Addition	This Year Less	Total	Up to Last Year	This Year	Sales/Adj.	Total	Up to This Year	Up to Last Year
Land	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	47,507,894	6,272,828	198,218	53,582,504	37,113,306	5,925,014	198,218	42,840,102	10,742,402	10,394,588
Office Equipments	20,204,965	3,361,781	817,618	22,749,128	16,190,738	2,378,821	817,618	17,751,941	4,997,187	4,014,227
Computer and EDP	50,894,659	4,946,989	2,969,601	52,872,047	41,532,268	4,877,769	2,969,601	43,440,436	9,431,611	9,362,391
Intangible Assets	11,143,595	4,254,379	-	15,397,974	5,260,814	2,663,591	-	7,924,405	7,473,569	5,882,781
Automobiles	54,368,800	249,900	17,597,900	37,020,800	35,452,265	8,027,638	17,597,900	25,882,003	11,138,797	18,916,535
Lease Hold Assets	3,021,860	-	-	3,021,860	3,021,860	-	-	3,021,860	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	187,141,773	19,085,877	21,583,337	184,644,313	138,571,250	23,872,833	21,583,337	140,860,746	43,783,566	48,570,522
Capital Expenditure -WIP	-	-	-	-	-	-	-	-	-	-
Grand Total	187,141,773	19,085,877	21,583,337	184,644,313	138,571,250	23,872,833	21,583,337	140,860,746	43,783,566	48,570,522
Last Year	169,976,677	18,255,074	1,089,978	187,141,773	116,006,626	23,654,602	1,089,978	138,571,250	48,570,522	53,970,050

Investment

Annexure -21

Amount in NPR.

SN	Particular	This Year	Last Year
a.	<u>Long Term Investment :</u>		
1	Government Securities	1,685,325,000	1,685,325,000
2	Fixed Deposit with Commercial Bank	15,913,300,000	1,755,000,000
3	Fixed Deposit with Development Bank	-	-
4	Citizen Investment Plan	-	-
5	Fixed deposit with Financial Institution	-	-
6	Equity Share of Housing Company	-	-
7	Equity Share of other Company (As per Annexure 21.1)	1,195,000	1,195,000
8	Debenture & Preference Share of Bank and Financial Institution	-	-
9	Other	-	-
	Total	17,599,820,000	3,441,520,000
b.	<u>Short Term Investment:</u>		
1	Government Securities	-	-
2	Fixed Deposit with Commercial Bank	5,719,341,190	18,656,023,508
3	Fixed Deposit with Development Bank	100,000,000	100,000,000
4	Citizen Investment Plan	-	-
5	Fixed deposit with Financial Institute	-	-
6	Debenture/Pref. Share of Banks & Financial Institute	-	-
7	Interest Earning other Deposit with Commercial Bank	200,615,471	227,399,072
8	Interest Earning other Deposit with Development Bank	-	-
9	Interest Earning other Deposit with Financial Institute	-	-
10	Other Interest Earning Investments	-	-
	Total	6,019,956,661	18,983,422,580
	G. Total	23,619,776,661	22,424,942,580

Share Investment

Annexure - 21.1

SN	Company	Net Value	Par Value	Cost Price	Market Value
1	Insurance Institute Nepal Ltd.				
	2000 no. of Ordinary Shares @ Rs. 100 each	100	100	200,000	200,000
	8000 no. of Right Shares @ Rs. 100 each	100	100	800,000	800,000
	1950 no. of Right Shares @ Rs. 100 each	100	100	195,000	195,000
	Total			1,195,000	1,195,000

Cash & Bank Balance**Annexure - 22**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Cash Balance		
	Cash	862,808	-
	Cheque in hand	555,827	-
	Total	1,418,635	-
2	Bank Balance		
	Commercial Banks Balance	214,253,343	219,068,241
	Development Banks Balance	1,923,567	1,917,646
	Finance Companies Balance	-	-
	Other	-	-
	Total	216,176,910	220,985,887
	G. Total	217,595,545	220,985,887

Other Loan**Annexure -23**

Amount in NPR.

SN	Particular	This Year	Last Year
A.	Long Term Loan		
1	Agent Loan	2,321,712	7,585,129
2	Employee Loan	615,645	517,179
3	Other	-	-
	Total	2,937,357	8,102,308
B.	Short Term Loan		
1	Agent Loan	-	-
2	Employee Loan	-	-
3	Other	-	-
	Total	-	-

Other Assets**Annexure - 24**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Receivable income from Investment	25,234,315	23,242,426
2	Receivable Interest from Policy Loan	47,875,109	47,158,385
3	Receivable Interest from other Loan (except Policy Loan)	-	-
4	Receivable from other Insurer	-	-
5	Receivable from Re-insurer	81,465,251	69,454,706
6	Sundry Debtors	8,623,164	2,676,405
7	Pre-payments	3,502,558	8,428,298
8	Staff Advance	55,711,908	32,688,377
9	Other Assets (Tabs)	292,000	-
10	Receivable Insurance Premium	-	-
	Less: Suspense Receivable Insurance Premium	-	-
11	Other - a. Gratuity Deposit at CIT office	101,720,307	96,790,568
	b. Leave Encashment deposit at separate Bank A/c	-	-
	c. Advance Tax Deposited	376,173,372	426,752,160
	d. Deposit for Tax Settlement	58,366,952	58,366,952
	e. Deferred Tax	33,247,748	29,521,061
	f. Deposit - Tax Litigation	24,483,505	24,483,505
	Total	816,696,189	819,562,843

Current Liabilities**Annexure - 25**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Payable to Agents	49,072,649	55,188,895
2	Payable to other Insurer	-	-
3	Payable to Re-insurer	82,480,415	63,212,326
4	Short Term Lending	-	-
5	Premium Deposit	52,512,156	86,222,611
6	Premium Deposit without Full Details	7,430,093	7,106,824
7	Sundry Creditors	4,835,382	2,140,037
8	Payable to Holding/Subsidiary Companies	-	-
9	Payable Withholding Tax	7,796,891	7,553,226
10	Payable VAT	-	-
11	Payable Service Fee	52,317,869	50,330,975
12	Payable to Staff	14,777,305	12,721,041
13	Payable to Management	-	-
14	Dividend Payable	-	-
15	Other	-	-
	a. Outstanding Cheques	73,529,786	99,435,829
	b. Payable to Municipality (Local Tax)	-	34,650
	Total	344,752,546	383,946,414

Provision for Unexpired Risk**Annexure - 26**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Unexpired Risk Reserve for Anticipated Endowment Policy	-	-
2	Unexpired Risk Reserve for Endowment Policy	-	-
3	Unexpired Risk Reserve for Other Policy	-	-
4	Unexpired Risk Reserve for Micro Insurance Policy	205,009,085	295,118,295
5	Unexpired Risk Reserve for Term Insurance Policy	208,067,866	217,344,459
	Total	413,076,951	512,462,754

Other Provision

Annexure - 26 A

Amount in NPR.

S.N.	Particular	Opening Provision		Additional Provision during the Fiscal Year		Written Off / Payment during the Fiscal Year		Adjustment of Provision during the Fiscal Year		Provision at the End of This Year	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Provision for Dividend	615,900,000	569,123,548	321,129,900	265,000,000	350,900,000	218,223,548	-	-	586,129,900	615,900,000
2	Provision for Income Tax	275,460,932	277,236,781	242,525,749	275,460,932	208,725,621	277,236,781	-	-	309,261,061	275,460,932
3	Provision for Loss on Investment	-	-	-	-	-	-	-	-	-	-
4	Provision for Loss on Debt	-	-	-	-	-	-	-	-	-	-
5	Provision for Doubtful Debtor	-	-	-	-	-	-	-	-	-	-
6	Provision for Other Loss	-	-	-	-	-	-	-	-	-	-
7	Provision for Staffs										
	Provision for Gratuity	92,612,041	78,248,458	10,875,513	18,640,067	7,919,864	4,276,484	-	-	95,567,690	92,612,041
	Provision for Leave Encashment	21,185,932	17,331,610	3,865,493	4,362,422	1,403,479	508,100	-	-	23,647,946	21,185,932
	Provision for Housing fund	96,941,329	96,941,329	-	-	-	-	-	-	96,941,329	96,941,329
	Provision for Staff Bonus	121,197,055	79,120,765	69,276,592	42,333,342	78,863,709	257,052	-	-	111,609,938	121,197,055
	Others	-	-	-	-	-	-	-	-	-	-
8	Provision for Interest on Tax	48,311,178	-	-	48,311,178	-	-	-	-	48,311,178	48,311,178
	Total	1,271,608,467	1,118,002,491	647,673,247	654,107,941	647,812,673	500,501,965	-	-	1,271,469,042	1,271,608,467

Other Expenses Balance for Written off / Adjustment**Annxure- 27**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Balance Preliminary Expenses for Written off	-	-
2	Balance Pre-operating Expenses for Written off	-	-
3	Balance Investment Premium for Written off	-	-
4	Balance Deferred Expenses for Written off	-	-
5	Others	-	-
	Total	-	-

Annexure – 28

Significant Accounting Policies on Financial statements

American Life Insurance Company is incorporated under the laws of the United States of America. The company commenced life insurance business as a branch in Nepal from the year 2002 AD under the license granted by the Nepal Insurance Authority. The Nepal branch was registered as a branch of foreign company in 2006 AD under the Company Ordinance, 2006 AD.

1. Basis of financial statements presentation

Basis of Preparation

This is a special purpose financial statements prepared in accordance with provisions of The Insurance Act, 2049 B.S, The Insurance Act, 2079 B.S, The Insurance Regulation and the guidelines issued by the Nepal Insurance Authority. This has been prepared based on historical cost convention and accrual basis of accounting unless otherwise stated. The financial statements present transactions of Nepal branch only. Additional financial statement has been separately prepared based on Nepal Financial Reporting Standards (NFRS).

Use of Estimates

The preparation of the financial statements in conformity with Nepal Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year, except otherwise stated. Previous year figures in some headings have been regrouped or rearranged wherever necessary to facilitate comparison only.

2. Fixed Assets

Fixed assets are stated on historical cost less accumulated depreciation. Original cost includes all expenses incurred up to commissioning/putting the assets in use.

3. Depreciation

Fixed assets are depreciated using straight line method at the rates prescribed by schedule 2 of Income Tax Act, 2058.

4. Non-Capitalized Items

Non consumable items normally having life less than one year and/or costing less than Rs. 5,000 is expensed off during the year of purchase.

5. Provision for Income tax & its appropriation

a. Current Tax

Provisions for taxes have been made in accordance with Income Tax Act, 2058 and amendments thereto. Provisions for taxes have been apportioned to revenue accounts in accordance with the directive of Nepal Insurance Authority.

b. Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases using the asset and liability method. Deferred tax has been calculated as per the method prescribed by Nepal Accounting Standards – 12.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income in the period that covers the enactment date.

Deferred tax assets arising from the temporary differences and unused tax losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax related to temporary differences in opening balances is adjusted directly with Life Insurance Fund and subsequent year differences are recognized in the Profit & Loss Account and Revenue Accounts the basis of weightage as prescribed by the Nepal Insurance Authority.

6. Accounting of Investment

All investments are made within guidelines of investment directive and valued as per financial directive issued by Nepal Insurance Authority as follows:

Investment made in government securities, development bonds and debentures secured by Nepal governments are valued for accounting based on cost or face value whichever is lower. The premium (i.e. excess amount over face value) paid on government securities are amortized as “Deferred Expenditure” over the period of their maturity on pro-rata basis. When the government securities are purchased in discount, difference amount on face value of securities are amortized as “Income on investment” over the period of their maturity on pro-rata basis. Investments in fixed deposit with banks and unquoted equity shares are valued at cost.

7. Accounting of foreign exchange transactions

Assets and liabilities in foreign currency at the end of fiscal year are converted using selling rate into Nepalese Rupees. Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of the transactions. Receivables or payables in foreign currency at the end of fiscal year is computed using the rate prevailing on the year end date and foreign exchange revaluation difference is shown in profit and loss account.

8. Accounting of premium income

- a. Gross premium income is recognized on cash basis as and when it is due in accordance with the insurance regulations and financial directives that is not consistent with Nepal Accounting Standard which requires revenue to be recognized on an accrual basis. Cash received in advance is recognized as premium income during the period to which they relate.
- b. Entire single premium income is recognized on cash basis and unexpired risk reserve is booked as per financial directive issued by the Nepal Insurance Authority.

9. Re-insurance commission

Re-insurance commission income is recognized on accrual basis in accordance with the re-insurance agreements.

10. Accounting and allocation of other revenue

All other revenues except late fees on overdue premium are recognized on accrual basis as per Nepal Accounting Standard and allocated as per financial directive issued by the Nepal Insurance Authority.

11. Accounting of Policy Loan

Policy loans are valued at cost plus capitalized interest at the time of anniversary of the policy.

12. Management expenses

Management expenses are allocated as per financial directive issued by Nepal Insurance Authority. 10% of the management expenses are directly charged to Profit & Loss account and balance expenses is appropriated into the respective revenue accounts as per the directive.

13. Accounting policy for the payment of insurance claim expenses

Claim expenses are accounted for the amount payable to the policy holder in accordance with the terms of the insurance policy along with the expenses directly attributable thereon for claim settlement. However, claim expenses related to the company's representative or staffs is not included.

14. Provision for outstanding insurance claim

As per section 15(d) of Insurance Regulation, 2049 (1993), provision for outstanding claim is made at 115% of the total outstanding claim. Incurred But Not Reported (IBNR) claims have been booked based on actual claim intimated till balance sheet date in accordance with the directive of Nepal Insurance Authority, Nepal Accounting Standards 10 on "Events after the Balance Sheet Date" and as per company practice.

15. Allocation of surplus on insurance business

Surplus arising from insurance businesses is allocated as follows in accordance with the directives of Nepal Insurance Authority:

- a. All the surpluses arising from participating insurance business revenue accounts (including a non-par product future care–DPS) are transferred to Life Insurance Fund for actuarial valuation purpose. Accumulated life fund is re-allocated on the basis of mathematical reserve, other reserve/provisions and cost of bonus ratio of last submitted valuation report to align with latest policy liabilities balance.
- b. All the surplus arising from non-participating insurance business revenue account is transferred to Profit & Loss Account.
- c. The company received approval of its actuarial valuation report for FY 2078/79 (2021-22) on January 12, 2022 (Poush 28, 2079). Shareholders' portion of profit (before allocation for proposed dividend) for the year arising from the actuarial valuation together with Profits from non-participating portfolio amounts to NPR. 406,346,321/-. The head office (ALICO Delaware) of the company has submitted a letter dated July 26, 2022 to Nepal Insurance Authority expressing commitment towards liability(ies) assumed by ALICO Nepal Branch Level because ALICO Nepal branch is a legal part of ALICO Delaware and it supports all the liabilities including those of ALICO Nepal Branch and this structure subjects ALICO Delaware to be legally responsible for liability(ies) incurred at the ALICO Nepal Branch Level. Therefore, out of the distributable profit, the company has proposed cash dividend of NPR 321,129,900 for the year.
- d. Nepal Insurance Authority in its letter Bi.Bi.Sha 239/ (2072/73) dispatch no 3087 dated 2 April 2016, advised the company to create catastrophic reserve equal to 10% of amount available for appropriation. Accordingly, NPR 59,656,744 has been transferred to catastrophic reserve account with accumulated balance amount as of balance sheet date is NPR. 370,043,739.
- e. The company has set aside 1% of net profit equals to NPR. 5,965,674 in the form of Corporate Social Responsibility (CSR) Reserves as required by Section 57(Kha) of Corporate Good

Governance Directive, 2075. CSR reserves shall be utilized for the activities provided in the directive. Similarly, the company has incurred more than 2% of total employee expenses of previous year i.e. NPR 9,986,888 on employee training and development as required by section 57(Ka) of Corporate Good Governance Directive, 2075.

16. Provision for employee gratuity, leave and other facility accounting policy

Provision for gratuity, leave encashment and other benefits payable to employees as per the employee service rule of the Company is accounted for on accrual basis in accordance with the Nepal Accounting Standards. Contributions to approved retirement fund are made on a regular basis as per the Retirement Fund rules and regulations.

17. Doubtful debt provision:

Company's management is applying appropriate policy for doubtful debt provision.

18. Amortization of Expenses

Expenses incurred on improvement of leasehold property are amortized over the life of the lease or within 5 years of improvement whichever is shorter on straight line basis. Investment purchased in premium amount is amortized as per Nepal Insurance Authority financial directive over the period of investment.

19. Provision of Staff Bonus

Company has created provision for staff bonus as per the provisions of the Bonus Act 2030 based on the net profit of this special purpose financial statement.

Annexure – 29

Notes to Accounts on financial statements

1. Contingent Liabilities

- a. Outstanding for settlement of investment: None
- b. Underwriting Commitments: None
- c. Not accepted/denied noninsurance litigation/claim to the company: None except ongoing tax litigation. Refer note 12 below for details.
- d. Guarantees issued by insurer or on behalf of insurer: None
- e. Other Liabilities (Give details): None

2. Basis taken by actuary for insurer's liabilities valuation.

The recent most actuarial valuation of Par Life Fund was carried out for 2078/79 (2021-22) following on Gross Premium Method which was based on Nepali mortality table published by Nepal Insurance Authority (unless otherwise mentioned) at 6.00% level discount rate. For non-par fund, reserve is based on unearned premium reserve. Reserve is kept for Incurred But Not Reported (IBNR) claims as well.

3. The Company does not have any limitation and disputes on its assets.

4. The Company does not have any commitments on Loan, Investment and Fixed Assets.

5. Value of investment pursuant to sales / purchase agreements:

- a. Ownership not obtained for purchased Assets: None
- b. Payment not received for sale of assets: None

6. Details of investment, sales/refund received of investment during the year:

S.N.	NAME OF THE BANKS	PURCHASE AMOUNT	MATURITY AMOUNT
1	BANK OF KATHMANDU LTD	1,025,500,000	853,500,000
2	CITIZENS BANK INTERNATIONAL LTD	720,000,000	525,000,000
3	EVEREST BANK LTD	1,601,000,000	1,182,000,000
4	GLOBAL IME BANK LTD	2,095,000,000	2,095,000,000
5	HIMALAYAN BANK LTD	947,000,000	1,087,000,000
6	LAXMI BANK LTD	897,000,000	897,000,000
7	MACHHAPUCHCHHRE BANK LTD	-	643,000,000
8	MEGA BANK NEPAL LTD	674,500,000	582,000,000
9	MUKTINATH BIKAS BANK LTD	100,000,000	100,000,000
10	NABIL BANK LTD	1,716,000,000	1,425,000,000
11	NEPAL BANGLADESH BANK LTD	995,000,000	835,000,000
12	NEPAL INVESTMENT BANK LTD	2,111,000,000	2,177,000,000
13	NEPAL SBI BANK LTD	1,878,000,000	1,868,000,000
14	NIC ASIA BANK LTD	805,000,000	925,000,000
15	NMB BANK LTD	724,000,000	860,000,000
16	PRIME BANK LTD	765,000,000	890,000,000
17	SANIMA BANK LTD	962,000,000	690,000,000
18	SIDDHARTHA BANK LTD	911,800,000	641,800,000
19	STANDARD CHARTERED BANK NEPAL LTD (\$ FD)	822,219	820,930
20	STANDARD CHARTERED BANK NEPAL LTD	80,000,000	-
21	SUNRISE BANK LTD	878,000,000	475,000,000
TOTAL		19,886,622,219	18,752,120,930

7. All the bank balances have been reconciled with the balance confirmation certificates obtained from them.
8. All the re-insurer balances have been reconciled with the balance confirmation certificates obtained from them.
9. All the investments made by the insurer are in line with Insurance Act, Rules and Regulation as specified by the Nepal Insurance Authority.
10. The Company does not have any transactions with the Board of Directors or their related person or organization of the Board of Directors or their related person.
11. The Company has not obtained loan against the mortgage of its property.
12. The Company filed self-tax assessment income tax return to the Large Taxpayer's Office (LTPO). LTPO has made tax assessment till FY 2074/75 and the latest status of those assessments are as follow:

Settlement against disallowed expenses and carry forward balance dispute has been proceeded in accordance with the amnesty provisions provided by the Finance Act, 2077 & Finance Act, 2078 from FY 2065-66 to FY 2071-72 and the same is pending for clearance from LTPO. The company has decided not to proceed further against assessment order issued by LTPO of their assessment of FY 2074/75 and has provisioned such increased tax liability of NPR 3,117,054 and for such increased interest and fine of NPR 1,558,527 in the financial statements. The company has gone for

Administrative Review for the disputed amount of NPR 6,506,675 against disallowed expenses of FY 2072/73. Final tax assessment from LTPO for fiscal year 2075/76, 2076/77 and 2077/78 is pending as of the Balance Sheet date. The company has received the tax clearance certificate for Fiscal year 2077/78 from Inland Revenue Department.

13. Premiums refunded

During the year, the company refunded NPR 1,724,234 due to invalid Agent license, age of proposed insured beyond acceptable range, non-submission of requirements/medical reports etc.

14. Declared and interim bonus rate

The company has declared bonus per below table rate per thousand for par Products mentioned against respective terms for Fiscal Year 2021-22.

Policy terms	Products wise declared & interim bonus rate per thousand		
	3PP	Endowment	EPP
1-15 Years	45	60	60
16-20 Years	55	70	70
21 Years & above	65	80	80

15. The company has adopted the Standard rate of 12% for fees and interest on late payment of insurance premium and policy loan which is subject to change during the reinstatement campaign.

16. The Company has no accumulated deferred investment expenditure as of 2079 Ashad end (July 16, 2022).

17. Details of paid in advance in share capital, calls in arrears and ceased but not re-issued shares-None.

18. Leasehold Assets – None.

19. Total transaction of off-balance sheet items in a year. - None.

20. There are no prior period expenses or incomes accounted in this fiscal year.

21.1 Company is compliant with the requirement of Valuation Directive 2077 and maintains solvency margin of 3.88 as per actuarial valuation report of FY 2078/79 (2021-22) as of 2079 Ashad end (July 16, 2022).

21.2 Related Parties Transactions and Balances

Fellow Subsidiary: Delaware American Life Insurance Company

Particulars	Current Year	Previous Year
Commission Income for Reinsurance	106,000,096	95,369,278
Premium Paid for Reinsurance	196,239,152	150,999,285
Receivables including Reinsurance Receivables	61,794,763	58,963,341
Payables including Reinsurance Payables	64,089,794	50,094,782

21.3 Deferred Taxes

Deferred tax is calculated on temporary differences using effective tax rate of 25% (previous year: 25%) which is separately disclosed in Annexure 17.

The items attributable to deferred tax assets and liabilities and their movement are as follows:

Particular	Balance of 15 July 2021	Movement	Balance of July 16, 2022
Deferred Tax Assets			
Accumulated depreciation in Financial Statements	1,071,568	2,372,272	3,443,839
Provision for gratuity	23,153,010	(738,912)	23,891,922
Provision for Leave Encashment	5,296,483	(615,504)	5,911,987
Net Deferred Tax Assets	29,521,061	3,726,688	33,247,748

21.4 Fund received from HO as working capital is shown under the Other Reserve. In addition, company maintained accumulated contingency reserve of NPR.15,000,000. (Refer Annexure 17)

Major Indicators

Anx-30

SN.	Particulars	Indicator	Fiscal Year				
			2078/79	2077/78	2076/77	2075/76	2074/75
			2021/22	2020/21	2019/20	2018/19	2017/18
1	Net Worth	NPR.	2,983,736,889	2,713,584,560	2,677,019,263	2,349,562,083	1,957,040,011
2	Number of Share	Count	-	-	-	-	-
3	Book Value Per Share	NPR.	-	-	-	-	-
4	Net Profit	NPR.	596,567,442	351,090,897	678,357,180	558,192,767	558,330,847
5	Earning Per Share (EPS)	NPR.	-	-	-	-	-
6	Dividend Per Share (DPS)	NPR.	-	-	-	-	-
7	Market Price Per Share (MPPS)	NPR.	-	-	-	-	-
8	Price Earning Ration (PE Ratio)	Ratio	-	-	-	-	-
9	First Year Premium	NPR.	1,464,122,707	1,462,951,272	1,266,473,900	1,545,199,535	1,330,703,673
10	Gross Premium	NPR.	5,231,786,863	5,033,097,469	4,141,215,133	4,219,514,339	3,627,160,362
11	Net premium/Gross Premium	%	95.2%	95.7%	95.8%	96.5%	97.7%
12	Net profit/Gross Premium	%	11.4%	7.0%	16.4%	13.2%	15.4%
13	Gross Premium/Total Assets	%	20.2%	20.5%	18.2%	21.0%	20.0%
14	Income from Investment & Loan/ Total Investment & Loan	%	8.2%	7.6%	10.6%	10.9%	10.3%
15	Total Investment & Loan/Life Fund	%	123.0%	125.1%	123.9%	120.0%	117.0%
16	RI Commission Income/Total RI Premium	%	55.7%	59.5%	58.6%	57.5%	57.6%
17	Management Expenses/Gross Premium	%	10.6%	9.5%	10.4%	10.3%	10.1%
18	Agent Expenses/Gross Premium	%	12.0%	12.1%	9.8%	10.2%	13.2%
19	Total Number of Agents	count	4,848	5,846	9,894	5,101	4,136
20	Number of Employee	count	174	154	149	137	133
21	Number of Offices	count	35	33	33	25	24
22	Employee Expenses/Management Expenses	%	43.2%	42.4%	41.4%	35.8%	33.6%
23	Employee Expenses/Number of Employee	NPR.	1,381,037	1,313,568	1,200,941	1,136,486	923,475
24	Payable Claim/Paid Claim	%	17.5%	26.2%	27.1%	16.0%	15.0%
25	Total Number of Inforce Policy	Count	1,312,552	1,199,392	929,909	1,410,173	737,755
26	This Year Renewed Policy/ Inforce Policy up to Last Year	%	94.5%	94.2%	88.4%	89.7%	81.7%
27	Number of Claim/ Total Inforce Policy	%	0.83%	0.68%	0.63%	0.40%	0.48%
28	Solvency Margin	%	3.88	3.76	4.61	3.27	5.80
29	Declared Bonus Rate	NPR./1000	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP
30	Interim Bonus Rate	NPR./1000	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP				

Additional ratios

SN.	Particulars	Indicator	Fiscal Years				
			2078/79	2077/78	2076/77	2075/76	2074/75
			2021/22	2020/21	2019/20	2018/19	2017/18
A. Business Perspectives:							
1	Increment in Gross Premium	%	3.9%	21.5%	-1.9%	16.3%	17.5%
a.	<i>Anticipated Endowment Policy</i>		-7.6%	0.1%	-13.6%	-14.8%	-3.3%
b.	<i>Endowment Policy</i>		11.3%	22.1%	8.6%	1.2%	6.9%
c.	<i>Other Policy</i>		6.6%	23.3%	-2.3%	26.5%	33.1%
d.	<i>Micro Insurance</i>		-33.1%	15.3%	-7.9%	48.8%	0.0%
e.	<i>Term Insurance</i>		15.2%	44.8%	3.3%	31.7%	15.8%
2	Increment in First Year (FY) Premium	%	0.1%	15.5%	-18.0%	16.1%	-3.3%
a.	<i>Anticipated Endowment Policy</i>		28.2%	61.1%	46.4%	1.1%	13.8%
b.	<i>Endowment Policy</i>		19.7%	17.5%	59.3%	7.1%	25.4%
c.	<i>Other Policy</i>		-1.1%	-3.8%	-35.9%	7.1%	6.5%
d.	<i>Micro Insurance</i>		-33.1%	15.3%	-7.9%	0.0%	0.0%
e.	<i>Term Insurance</i>		28.7%	72.0%	-15.2%	20.1%	14.7%
3	Increment in Investment held	%	5.3%	7.7%	11.7%	13.0%	20.4%
4	Increment in Life Insurance Fund	%	7.7%	6.2%	8.2%	9.5%	15.6%
a.	<i>Anticipated Endowment Policy</i>		-19.5%	-18.8%	-9.7%	-9.8%	2.1%
b.	<i>Endowment Policy</i>		-4.3%	-4.2%	-0.5%	2.8%	9.7%
c.	<i>Other Policy</i>		26.5%	31.4%	35.7%	51.3%	65.4%
d.	<i>Micro Insurance</i>		-30.5%	41.0%	-15.5%	35.8%	0.0%
e.	<i>Term Insurance</i>		-4.3%	40.1%	-3.1%	30.2%	15.0%
B. Capital Adequacy and Solvency							
5	Capital to Total Net Assets Ratio	%	10.0%	9.7%	10.5%	10.4%	10.0%
6	Capital to Technical Reserve Ratio	%	12.3%	11.9%	13.2%	13.2%	11.5%
C. Assets Quality and Control							
7	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	0.04%	0.001%	0.2%	0.1%	0.1%
8	Investment in Shares/ Total Net Assets	%	0.005%	0.001%	0.004%	-	-
9	Agent loan / Number of Agents	Per agent	15,376	18,060	48,218	72,566	99,575
D. Re-insurance and Actuarial							
10	Net Technical Reserve/ Average Net Premium of Previous Three Years	%	417.4%	403.5%	386.1%	503.5%	353.9%
a.	<i>Anticipated Endowment Policy</i>		277.4%	334.2%	352.8%	703.3%	273.3%
b.	<i>Endowment Policy</i>		401.2%	493.3%	551.9%	695.6%	538.2%
c.	<i>Other Policy</i>		448.1%	384.7%	332.6%	111.7%	249.5%
11	Provision for Unexpired Risk / Average Premium of Term Insurance of previous 3 years	%	58.2%	74.9%	63.9%	81.8%	75.9%
E. Expense Analysis							
12	Expense Ratio	%	17.8%	17.9%	18.5%	19.7%	19.3%
13	Commission Ratio	%	6.9%	7.4%	7.6%	8.5%	8.9%
14	Agent Expenses (Other) / Total Management Expenses	%	24.1%	25.1%	22.4%	28.9%	27.7%
15	Direct Business Acquisition Ratio	%	10.1%	8.8%	8.1%	8.7%	8.2%
F. Investment and returns							
16	Return on Investment	%	8.2%	7.6%	10.6%	10.9%	10.3%
	<i>From Investment</i>	%	8.0%	7.4%	9.2%	9.8%	9.1%
	<i>From Policy Loan</i>	%	11.5%	12.0%	12.0%	12.0%	11.6%
17	Return on Equity	%	16.4%	10.1%	20.97%	19.69%	15.61%
G. Others							
18	Lapse Ratio	%	5.5%	5.8%	4.8%	3.3%	3.1%
	**Lapse ratio is as per actuarial valuation report						

Statement of Sum Assured (As per Actuarial valuation report)

Annexure - 31

Amount in NPR.

S.N	Type of Insurance	Inforce Policy Count		Sum Assured of Inforce Policies		Sum at Risk		Sum at Risk Transferred to Re-insurer		Sum at risk retained by insurer	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Anticipated Endowment Policy	22,995	28,821	5,483,477,631	5,343,574,654	4,641,983,233	2,375,172,589	1,972,181,394	1,353,826,596	2,669,801,839	1,021,345,994
2	Endowment Policy	49,532	53,164	17,488,141,849	14,657,262,674	14,872,394,182	8,411,705,022	8,262,245,049	5,974,719,152	6,610,149,133	2,436,985,869
3	Other Policy	128,578	124,741	243,256,608,016	224,500,410,822	232,116,898,818	215,689,625,620	152,287,558,838	131,538,600,690	79,829,339,980	84,151,024,930
4	Micro Insurance Policy	903,383	822,040	152,433,758,741	169,108,943,325	152,153,605,985	168,737,175,367	-	-	152,153,605,985	168,737,175,367
5	Term Insurance Policy	208,064	170,626	107,666,578,680	90,871,741,526	107,533,654,484	90,731,046,731	32,139,233,341	22,154,946,715	75,394,421,144	68,576,100,016
Total		1,312,552	1,199,392	526,328,564,917	504,481,933,001	511,318,536,702	485,944,725,329	194,661,218,622	161,022,093,154	316,657,318,081	324,922,632,175



American Life Insurance Company

21st Year

Nepal Financial Reporting Standards (NFRS)

based

Audited Financial Statements

Fiscal Year - 2078/79 (2021-22)

Independent Auditor's Report

To the General Manager of American Life Insurance Company-Nepal Branch

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the American Life Insurance Company-Nepal Branch (the "Company"), which comprise the statement of financial position as at Ashadh 32, 2079 (July 16, 2022), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 32, 2079 (July 16, 2022), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). 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 *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. 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 judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1.	<p>Investment Valuation, Identification, and Impairment NRFS - Investment of the company comprises of investment in in quoted equity instruments, debentures, mutual funds, fixed deposits of financial institutions. The valuation of the aforesaid securities has been done in compliance with NRFS 9. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <p>a. Review of the investment of company and its valuation having reference to NRFS issued by the Accounting Standard Board of Nepal.</p> <p>b. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment.</p> <p>c. For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis.</p> <p>d. For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 16.07.2022.</p>
2.	<p>Information Technology General Controls IT controls with respect to recording of transactions, generating various reports in compliance with Nepal Insurance Authority guidelines and other compliances to regulators is</p>	<p>Our audit approach regarding Information technology of company is based upon the Information Technology Guidelines 2076 issued by Nepal Insurance Authority and it included:</p> <p>a. Understanding the coding system adopted by company</p>

	<p>an important part of the process. Such reporting is highly dependent on the effective working of Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>for various categories of products</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in company</p> <p>c. Checking of the user requirements for any changes in the regulations/ policy of the company</p> <p>d. Reviewed the reports generated by the system on sample basis. We verified the premium income/expense and claim payment in regard to policies issued and claim intimated on test basis</p>
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Other Information

Management is responsible for the other information. The other information comprises the information included in Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's 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 when it becomes available 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.

Responsibility 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 Nepal Financial Reporting Standards 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 has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes 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 management,



- Conclude on the appropriateness of the management's 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 auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

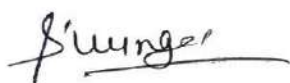
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, 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.

Report on the requirements of Companies Act 2063, Prevailing Insurance Act and Directives of Nepal Insurance Authority

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the company, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements have been prepared in accordance with the provisions of the Companies Act 2063, and they are in agreement with the books of accounts of the company; and the accounts and records of the company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that adequate amount have been set aside for insurance fund and other statutory reserves as per Nepal Insurance Authority Directives; the business of the company was conducted satisfactorily in line with the Nepal Insurance Authority Directives, the company has not conducted any business other than insurance business and has not issued any unauthorized policies and its transactions were found to be within the scope of its authority. We did not come across cases of where the company has acted against the interest of insured and investors. Further, company's internal control system is reasonably adequate, and we did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law, caused loss or damage to the company, or committed any misappropriation of the funds of company. Also, the company has provided required financial and other information to its shareholders and company appears to be able to serve its long-term liabilities out of its assets.



Sunir Kumar Dhungel
Managing Partner

Date: January 12, 2023
Place: Kathmandu

UDIN No: 230112CA00109Bjdna

Annexure I
NFRS based Financial Statements
American Life Insurance Company
Statement of Financial Position
As At Ashadh 32, 2079 (July 16, 2022)

Fig. in NPR

	Notes	Current Year	Previous Year
Assets			
Intangible Assets	4	7,473,569	5,882,781
Property, Plant and Equipment	5	140,989,002	42,687,741
Investment Properties	6	-	-
Deferred Tax Assets	7	43,283,719	38,075,900
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	23,419,161,190	22,197,543,508
Loans	11	1,166,318,211	995,461,498
Reinsurance Assets	12	6,620,220	12,047,276
Current Tax Assets (Net)	21	136,764,676	221,143,593
Insurance Receivables	13	81,465,251	69,454,706
Other Assets	14	139,925,259	124,208,735
Other Financial Assets	15	81,732,588	73,077,216
Cash and Cash Equivalents	16	418,211,016	448,384,959
Total Assets		25,641,944,701	24,227,967,913
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	370,043,739	310,386,995
Retained Earnings	17 (e)	2,227,825,276	2,101,459,513
Other Equity	17 (f)	762,322,785	638,014,863
Total Equity		3,360,191,800	3,049,861,371
Liabilities			
Provisions	18	181,591,624	169,390,304
Gross Insurance Contract Liabilities	19	21,267,601,124	20,152,672,766
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	82,480,415	63,212,326
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Financial Liabilities	23	445,282,607	542,147,028
Other Liabilities	24	304,797,131	250,684,118
Total Liabilities		22,281,752,901	21,178,106,542
Total Equity and Liabilities		25,641,944,701	24,227,967,913

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Date: 12th January, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Profit or Loss
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Fig. in NPR

	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	5,331,172,666	4,885,103,417
Premiums Ceded	26	(249,474,044)	(215,637,305)
Net Earned Premiums	27	5,081,698,622	4,669,466,112
Commission Income	28	139,036,365	128,401,791
Investment Income	0	1,959,526,766	1,711,741,615
Net Gains/(Losses) on Fair Value Changes	0	-	-
Net Realised Gains/(Losses)	0	-	-
Other Income	0	19,731,291	5,795,797
Total Income		7,199,993,044	6,515,405,315
Expenses:			
Gross Benefits and Claims Paid	0	4,081,764,537	3,600,726,276
Claims Ceded	0	(108,399,561)	(97,389,786)
Gross Change in Contract Liabilities	35	1,214,314,160	1,341,860,297
Change in Contract Liabilities Ceded to Reinsurers	35	5,427,056	(9,181,408)
Net Benefits and Claims Paid		5,193,106,192	4,836,015,379
Commission Expenses	36	487,891,466	483,541,456
Service Fees	37	52,317,869	50,330,975
Employee Benefits Expenses	38	314,998,021	252,005,471
Depreciation and Amortization Expenses	39	69,334,789	23,654,602
Impairment Losses	40	-	-
Other Expenses	41	251,890,782	303,477,359
Finance Cost	42	9,566,819	-
Total Expenses		6,379,105,938	5,949,025,242
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		820,887,106	566,380,073
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		820,887,106	566,380,073
Income Tax Expense	43	239,377,617	269,476,692
Net Profit/(Loss) For The Year		581,509,489	296,903,381
Earning Per Share	50		
Basic EPS		-	-
Diluted EPS		-	-

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Date: 12th January, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Other Comprehensive Income
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Fig. in NPR

	Current Year	Previous Year
Net Profit/(Loss) For The Year	581,509,489	296,903,381
Other Comprehensive Income		
a) Items that are or may be Reclassified to Profit or Loss		
Changes in Fair Value of FVOCI Debt Instruments	-	-
Cash Flow Hedge - Effective Portion of Changes in Fair Value	-	-
Exchange differences on translation of Foreign Operation	-	-
Share of other comprehensive income of associates accounted for using the equity method	-	-
Income Tax Relating to Above Items	-	-
Reclassified to Profit or Loss	-	-
b) Items that will not be Reclassified to Profit or Loss		
Changes in fair value of FVOCI Equity Instruments	-	-
Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-
Remeasurement of Post-Employment Benefit Obligations	(8,238,747)	(1,612,644)
Share of other comprehensive income of associates accounted for using the equity method	-	-
Income Tax Relating to Above Items	2,059,687	403,161
Total Other Comprehensive Income For the Year, Net of Tax	(6,179,060)	(1,209,483)
Total Comprehensive Income For the Year, Net of Tax	575,330,429	295,693,898

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R Associates
Chartered Accountants

Date: 12th January, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Changes In Equity
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Fig. in NPR

Previous Year	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Catastrophe Reserves	Retained Earnings	Capital Reserves	Regulatory Reserves	Fair Value Reserves	Actuarial Reserves	Revaluation Reserves	Cash Flow Hedge Reserves	Other Reserves (HO Fund)	Other Reserves (Deferred Tax)	Other Reserves (Contingency)	Other Reserves (CSR)	Other Reserves (Housing Fund)	Total
Balance as at Shrawan 1, 2077	-	-	-	-	275,277,905	2,269,599,645	358,976,159	8,072,010	-	(23,503,831)	-	-	75,444,600	29,259,656	15,000,000	-	96,941,329	3,105,067,472
Prior period adjustment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2076	-	-	-	-	275,277,905	2,269,599,645	358,976,159	8,072,010	-	(23,503,831)	-	-	75,444,600	29,259,656	15,000,000	-	96,941,329	3,105,067,472
Profit/(Loss) For the Year	-	-	-	-	-	296,903,381	-	-	-	-	-	-	-	-	-	-	-	296,903,381
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	(1,209,483)	-	-	-	-	-	-	-	-	-	-	-	(1,209,483)
Transfer to Reserves/ Funds	-	-	-	-	35,109,090	(106,536,752)	70,218,179	-	-	1,209,483	-	-	-	-	-	-	-	-
Transfer of Deferred Tax Reserves	-	-	-	-	-	(8,816,244)	-	-	-	-	-	-	-	8,816,244	-	-	-	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	-	(333,355,000)	-	-	-	-	-	-	-	-	-	-	-	(333,355,000)
iv) Dividend Distribution Tax	-	-	-	-	-	(17,545,000)	-	-	-	-	-	-	-	-	-	-	-	(17,545,000)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2078	-	-	-	-	310,386,995	2,099,040,546	429,194,338	8,072,010	-	(22,294,348)	-	-	75,444,600	38,075,900	15,000,000	-	96,941,329	3,049,861,371

* Prior period adjustments are the changes on account of NFRS implementation

American Life Insurance Company
Statement of Changes In Equity
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Current Year

	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Catastrophe Reserves	Retained Earnings	Capital Reserves	Regulatory Reserves	Fair Value Reserves	Actuarial Reserves	Revaluation Reserves	Cash Flow Hedge Reserves	Other Reserves (HO Fund)	Other Reserves (Deferred Tax)	Other Reserves (Contingency)	Other Reserves (CSR)	Other Reserves (Housing Fund)	Total
Balance as at Shrawan 1, 2078	-	-	-	-	310,386,995	2,099,040,546	429,194,338	8,072,010	-	(22,294,348)	-	-	75,444,600	38,075,900	15,000,000	-	96,941,329	3,049,861,371
Prior period adjustment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2078	-	-	-	-	310,386,995	2,099,040,546	429,194,338	8,072,010	-	(22,294,348)	-	-	75,444,600	38,075,900	15,000,000	-	96,941,329	3,049,861,371
Profit/(Loss) For the Year	-	-	-	-	-	581,509,489	-	-	-	-	-	-	-	-	-	-	-	581,509,489
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	(6,179,060)	-	-	-	-	-	-	-	-	-	-	-	(6,179,060)
Transfer to Reserves/ Funds	-	-	-	-	59,656,744	(191,114,966)	119,313,488	-	-	6,179,060	-	-	-	-	-	5,965,674	-	-
Transfer of Deferred Tax Reserves	-	-	-	-	-	(5,207,820)	-	-	-	-	-	-	-	5,207,820	-	-	-	-
Transfer of Depreciation on Revaluation of Property, Plant Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	-	(251,750,000)	-	-	-	-	-	-	-	-	-	-	-	(251,750,000)
iv) Dividend Distribution Tax	-	-	-	-	-	(13,250,000)	-	-	-	-	-	-	-	-	-	-	-	(13,250,000)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	-	-	370,043,739	2,213,048,190	548,507,826	8,072,010	-	(16,115,288)	-	-	75,444,600	43,283,720	15,000,000	5,965,674	96,941,329	3,360,191,800

* Prior period adjustment are the changes on account of NFRS implementation

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Partner
SAR & Associates
Chartered Accountants

Date: 12th January, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Cash Flows
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Fig. in NPR

	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	5,233,646,640	5,082,630,475
Commission Received	139,036,365	125,357,685
Claim Recovery Received from Reinsurers	96,389,016	65,705,798
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Others Income	7,248,715	37,524,104
Cash Paid		
Gross Benefits and Claims Paid	(4,107,670,580)	(3,615,818,727)
Reinsurance Premium Paid	(230,205,955)	(210,522,364)
Commission Paid	(494,007,712)	(488,124,231)
Service Fees Paid	(50,330,975)	(41,412,152)
Employee Benefits Expenses Paid	(317,200,990)	(188,943,688)
Other Expenses Paid	(278,706,460)	(305,899,287)
Others (TDS Paid)	-	-
Income Tax Paid	(158,146,833)	(295,859,413)
Net Cash Flow From Operating Activities [1]	(159,948,769)	164,638,200
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	-	(4,092,197)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property, Plant & Equipment	(14,831,498)	(14,162,877)
Proceeds From Sale of Property, Plant & Equipment	4,397,965	-
Payment for acquisition of Subsidiaries/ Investment in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	-	(195,000)
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(20,070,641,189)	(26,089,398,440)
Maturity of Deposits	18,849,023,507	24,259,993,011
Proceeds from Finance Lease	-	-
Loans Paid	-	-
Proceeds from Loans	(194,426,535)	12,573,801
Interest Income Received	1,956,818,153	1,746,236,168
Dividend Received	-	-
Others	-	-
Total Cash Flow From Investing Activities [2]	530,340,403	(89,045,534)
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(45,370,578)	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(337,650,000)	(207,312,371)
Dividend Distribution Tax Paid	(17,545,000)	(10,911,177)
Others (to be Specified)	-	-
Total Cash Flow From Financing Activities [3]	(400,565,578)	(218,223,548)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(30,173,943)	(142,630,882)
Cash & Cash Equivalents At Beginning of The Year/Period	448,384,959	591,015,841
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	418,211,016	448,384,959
Components of Cash & Cash Equivalents		
Cash In Hand	1,418,635	-
Cheques In Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	416,792,381	448,384,959

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Date: 12th January, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
Notes to the Financial Statements for the year ended Ashadh 32, 2079 (July 16, 2022)

1 General Information

American Life Insurance Company is incorporated under the laws of the United States of America. The company commenced life insurance business as a branch in Nepal from the year 2002 AD under the license granted by the Nepal Insurance Authority. The Nepal branch was registered as a branch of foreign company in 2006 AD under the Company Ordinance, 2006 AD. The address of its registered office is Ward no. 3, Pulchowk, Lalitpur, Nepal. The company underwrites life insurance risks, such as those associated with death, accident, disability and health.

The financial statements apply to the financial year ended Ashadh 32, 2079 (July 16, 2022). In the Financial Statements, American Life Insurance Company has been referred as “the Company”.

The accompanied financial statements have been approved for submission and publication by the Vice President and General Manager of the Company on Poush 28, 2079 B.S. (January 12, 2023 A.D.) and acknowledges the responsibility of preparation of financial statements.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Nepal Chartered Accountants Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal. Along with these Financial Statements, as per the circular Bi.Sa.61 CN.2614 (2075/076) dated Poush 15, 2075 issued by Nepal Insurance Authority, the Company has prepared a separate set of Financial Statement for the year ended Ashad 32, 2079 on historical cost convention basis in conformity with earlier issued Insurance Act 2079, Insurance Regulation 2049, circular/guidelines issued by Nepal Insurance Authority, Nepal Accounting standards (hereinafter referred to as 'Previous GAAP'), Company Act 2063 and other applicable laws and generally accepted accounting practices for all periods up to and including the year ended Ashad 32, 2079.

As per the requirements as per the circular Bi.Sa.61 CN.2614 (2075/076) dated Poush 15, 2075 issued by Nepal Insurance Authority, the company has created regulatory reserve. The excess amount of current period in comparison to the profit as per Special Purpose Financial Statement has been transferred to regulatory reserve.

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits
- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation method prescribed by Actuarial valuation directive, Finance Directive, 2065.

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(c) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

(d) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

(e) Going Concern

The financial statements are prepared on a going concern basis. The management have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

Notes to the Financial Statements (Continued...)

(f) Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

The company has adopted NFRS 16 Leases. Accordingly, the accounting of lease expenses is changed during the financial year 2078/79. The impact is presented in note 5, 24, 39 and 42 of this financial statement.

(g) Recent Accounting Pronouncements

Accounting Standard Board of Nepal has issued NFRS 9 (*Financial Instruments*) and NFRS 17(*Insurance Contracts*) which are yet to be effective.

(h) Carve-outs

There is no any carve outs.

3 Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

(a) Property, Plant and Equipment (PPE)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Alternatively, accumulated depreciation can be increased proportionately as allowed by NAS 16

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

iii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on Straight Line Method (SLM) based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/ DBM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM
Land	Not Applicable
Buildings	20
Leasehold Improvement	Lease Period
Furniture & Fixtures	4
Computers and IT Equipments	4
Office Equipment	4
Vehicles	5
Other Assets	4

Notes to the Financial Statements (Continued...)

iv) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

(b) Intangible Assets

i) Recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortisation is recognised in statement of profit or loss on Straight Line Method (SLM) over the estimated useful life of the intangible assets/ diminishing balance method (DBM), from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Useful Life of Intangible Assets based on SLM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM
Softwares	4
Licenses	Not applicable
Others (to be Specified)	Not applicable

iii) Derecognition

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Notes to the Financial Statements (Continued...)

(c) Investment Properties

Cost Model:

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

The company does not hold investment properties as on year ended Ashadh 32, 2079 (July 16, 2022).

(d) Cash & Cash Equivalent

Cash & Cash Equivalents includes Cash In Hand, Cheques in Hand, Bank Balances and short term deposits with a maturity of three months or less.

(e) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii) De-Recognition

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements (Continued...)

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(h) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in statement of profit or loss.

(i) Equity

The company is operating as branch operation of foreign company, therefore, it does not hold any equity share capital in Nepal operation.

(j) Reserves and Funds

i) Share Premium: Not applicable.

ii) Catastrophe Reserves: Nepal Insurance Authority in its letter Bi.Bi.Sha 239/ (2072/73) dispatch no 3087 dated 2 April 2016, advised the company to create catastrophic reserve equal to 10% of amount available for appropriation as per the financial statements prepared in accordance with Financial Directive for Life Insurers, 2065.

iii) Fair Value Reserves: The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

iv) Regulatory Reserves: The excess profit as per NFRS based financials compared to Special Purpose financials is transferred to regulatory reserves, as per Bi.Sa. 61 C.N. 2614(2075/76) dated 24 December 2018 (15 Poush 2075) issued by Nepal Insurance Authority.

v) Actuarial Reserves: Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

vi) Cashflow Hedge Reserves: Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

vii) Revaluation Reserves: Reserve created against revaluation gain on property, plant & equipments & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

viii) Other Reserves: Other reserves include deferred tax reserve, capital reserves, contingency reserve, housing fund reserves, CSR reserves and HO fund.

Capital reserves refers to the reserve created as per section 19(2) of Insurer's registration and Insurance Business Directive, 2073. The company has transferred 20% of current year profit (profit as per financial statements prepared as per Financial Directive for Life Insurers, 2065) to the capital Reserve.

Nepal Insurance Authority vide Corporate Governance Directive, requires the company to create Corporate Social Responsibility reserve equal to 1% of amount available for appropriation and incur CSR related expenses from that reserve. Thus the 1% of amount available for appropriation is transferred to reserve i.e. Rs. 5,965,674/-.

Notes to the Financial Statements (Continued...)

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

ii) Outstanding claims provisions

Provision for outstanding claims reported is accounted with additional 15% of reported amount as required by Insurance Regulation, 2049 including for claims incurred but not reported (IBNR). This practice is inconsistent with the requirement of NAS 37 (Provisions, Contingent Liabilities and Contingent assets) which requires provision to be booked at the estimated ultimate cost of settlement as at statement of financial position date, whether reported or not, together with related claims handling costs.

iii) Unapportioned surplus

Unapportioned surplus where the amount are yet to be allocated or distributed to policyholders by the end of the financial period, and held within the insurance contract liabilities.

Liability adequacy

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position. The liability for insurance business has been determined as per Actuarial valuation directive, 2077 issued by Nepal Insurance Authority.

Poly Systems Life Master model is used for the calculation of liabilities. Liabilities calculated by the Model are based on mortality, persistency, expense, interest rate and bonus rate assumptions which are updated annually at each fiscal year end.

Accounting Policy for LAT

The company has followed going concern basis on account of liability valuation. To be prudent, sufficient margin for adverse deviation has been considered. Active policies (including policies from which premium is received and premium due to be received) and expenses incurred in the fiscal year have been considered for liability valuation.

(l) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

Employee bonus at 10% of profit required to be paid as per Bonus act 2030, has been provided on the profit of Financial Statement prepared as per Financial Directive for Life Insurers, 2065.

ii) Post - Employment Benefits

- Defined Contribution Plan

Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution schemes for local employees are deposited with Citizen Investment Trust (CIT). Contributions to defined contribution schemes such as provident fund are charged to the income statement as incurred.

As per the provision of new Labor Act enacted and effective from September 4, 2017, gratuity plan has been converted into contribution plan from defined benefit plan. Accordingly, the company has deposited the contribution to Social Security Fund (SSF).

As mutually agreed to re-continue the gratuity benefits to the staffs who were eligible as per old Labor Act, 2048 as the management concluded that the benefits as per earlier labor act was more beneficial to the staffs. Accordingly, gratuity at the rate 8.33% of basic salary of new employees is again considered as defined contribution plan. Gratuity of staffs who are still eligible for gratuity as per old provision that required actuarial assumptions are considered as defined benefit plan and measured based on actuarial report.

Notes to the Financial Statements (Continued...)

- Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

iii) Long Term Employee Benefits

Employees have a statutory entitlement to payment of 90 days cash equivalent of accumulated un-availed annual/home leave and accumulated leave excess of 90 days will be encashed while in service. Also, employees have a statutory entitlement to payment of 45 days cash equivalent of accumulated sick leave and accumulated sick leave excess of 45 days will be encashed while in service.

The obligation for such long-term employee benefits is calculated using the projected unit credit method and is discounted to its present value based on an actuarial valuation. Service cost, interest cost and actuarial gain/loss are recognized in the profit or loss statement.

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognises termination benefits at the earlier of the following dates:

- a) when the Company can no longer withdraw the offer of those benefits; and
- b) when the entity recognises costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Premium

Gross premium income is recognized on a cash basis as and when it is due in accordance with the insurance regulations and financial directives. Cash received in advance is recognized as premium income during the period to which they relate. Premium ceded to the reinsurer during the year has been separately recognized under "Premium ceded to Reinsurer". Entire single premium income is recognized on a cash basis and unexpired risk reserve is booked as per financial directive issued by the Nepal Insurance Authority.

The above policy for recognition of gross premium income has been continued as NFRS 17 is yet to be adopted.

ii) Unearned Premium Reserves

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premiums on Reinsurance Accepted

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

As on Ashadh 32, 2079 the company has not accepted any reinsurance business.

iv) Commission Income

Commission Income is recognised on accrual basis. If the income is for future periods, then they are deferred and recognised over those future periods.

v) Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Notes to the Financial Statements (Continued...)

vi) Net Gains/ (Losses) on Fair Value Changes

Net Gains/ (Losses) on fair value changes in the statement of profit or loss include gains and losses on financial assets, investment properties, hedged items and hedging instrument in fair value hedges, due to changes in fair value of such assets. This also includes gains/(losses) on ineffective portion on cash flow hedges.

As on year end Ashadh 32, 2079, the company does not have any Net Gains/ (Losses) on Fair value changes.

vii) Net realised gains and losses

Net realised gains and losses recorded in the statement of profit or loss include realised gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

As on year end Ashadh 32, 2079, the company does not have any net realised gains/ losses.

viii) Other Income

Other income includes profit on sale of fixed assets, finance income, foreign currency exchange revaluation gain and other miscellaneous income. The revenue recognition policy relating to finance income from fair value measurement of financial assets is set out under note 46. The recognition policy relating to foreign currency exchange revaluation gain/loss is set out under note 3(u).

(n) Benefit, Claims and Expenses

i) Gross Benefits and Claims

Benefits and claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements of claims. Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

ii) Reinsurance Claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

(o) Product Classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Any contracts not considered to be insurance contracts under NFRS are classified as investment contracts.

As noted in basis of preparation above, insurance contracts in general continue to be measured and accounted for under existing accounting practices at the date of transition to NFRS ('grandfathered'), in accordance with NFRS 4.

The company deals in life insurance business as summarized below: -

Life insurance

Includes insurance business of all or any of the following classes, namely, life assurance business and business incidental to any such class of business.

Life insurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Life insurance products offered by the company can be classified into following 5 categories: -

- Anticipated Endowment Policy: This is a saving and protection plan with feature of payment of benefit amount in three installments.
- Endowment Policy: These are saving and protection plan and includes Normal Endowment Plan, Education Protection Plan and Subhawisya Aajiwani Aaya (SBAA) Plan with option of retirement benefit.
- Other Policy – Future Care DPS: This is saving and protection plan.
- Micro Insurance Policy: This is only protection plan issued to the borrowers of micro financial institutions.
- Term Insurance Policy: This is only protection plan and include products namely Life Shield, Critical Care, Group Insurance and Life Care.

Notes to the Financial Statements (Continued...)

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(q) Cash Flow Statement

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

(r) Leases

Finance Leases

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalised at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability. Recognition of finance leases is done as per the requirement of NFRS 16 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Operating Lease

Any lease agreement with non-cancellable period of upto 12 months and lease agreement with value of underlying assets identified as of low value have been identified and accounted for as operating lease. Lease payments under such leases are booked as expense in straight basis or other basis, where appropriate, normally in case of short-term leases. Company has not entered into such lease agreements during the reporting period.

(s) Income Taxes

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

i) Current Tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Income tax rates applicable to company is 25%. The current income tax for the year is calculated on the taxable profit for the year determined in accordance with Special Purpose financial statements.

ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their Tax Base. Deferred tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

(t) Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

Notes to the Financial Statements (Continued...)

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

The Company filed self-tax assessment income tax return to the Large Taxpayer's Office (LTPO). LTPO has made tax assessment till FY 2074/75 and the latest status of those assessments are as follow:

Settlement against disallowed expenses and carry forward balance dispute has been proceeded in accordance with the amnesty provisions provided by the Finance Act, 2077 & Finance Act, 2078 from FY 2065-66 to FY 2071-72 and the same is pending for clearance from LTPO. The company has decided not to proceed further against assessment order issued by LTPO during their assessment of FY 2074/75 and has provisioned such increased tax liability of NPR 3,117,054 and for such increased interest and fine of NPR 1,558,527 in the financial statements. The company has gone for Administrative Review for the disputed amount of NPR 6,506,675 against disallowed expenses of FY 2072/73. Final tax assessment from LTPO for fiscal year 2075/76, 2076/77 and 2077/78 is pending as of the Balance Sheet date. The company has received the tax clearance certificate for Fiscal year 2077/78 from Inland Revenue Department.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(u) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency.

In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise.

(v) Earnings Per Share

Since the Company is a branch office of a foreign company and does not have any issued equity share capital, the earnings per share of the company is not calculated.

(w) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the Senior Management.

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

(x) Reconciliation of Total comprehensive income

As per the requirement of the regulator, the reconciliation between Total Comprehensive income reported as per Special Purpose and NFRS is presented below:

Particulars	2078/79 (2021-22)	2077/78 (2020-21)
Total comprehensive income as per Special Purpose Financials after adjustment of last year expense (A)	595,008,915	301,565,298
Impact due to implementation of NFRS 16	(9,446,222)	-
Provision for Leave Encashment (Actuarial valuation)	16,689	(1,810,078)
Provision for Gratuity (Actuarial valuation)	(11,730,084)	(6,018,457)
Impact on Deferred Tax due to NFRS adjustments	1,481,131	1,957,132
Total NFRS Adjustment (B)	(19,678,486)	(5,871,400)
Total Comprehensive Income for the year as per NFRS (A+B)	575,330,429	295,693,898

American Life Insurance Company
Notes to the Financial Statements
As At Ashadh 32, 2079 (July 16, 2022)
(For The Year Ended July 16, 2022)

Fig. in NPR

4 Intangible Assets

Particulars	Software	License	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 2078	11,143,595	-	-	11,143,595
Additions	-	-	-	-
Acquisition	4,254,379	-	-	4,254,379
Internal Development	-	-	-	-
Business Combination (to be Specified)	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
Transfer/ adjustments	-	-	-	-
Balance as at Ashadh 31, 2079	15,397,974	-	-	15,397,974
Accumulated amortization and impairment				
As at Shrawan 1, 2078	5,260,814	-	-	5,260,814
Additions	2,663,591	-	-	2,663,591
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Impairment reversal	-	-	-	-
Transfer/ adjustments	-	-	-	-
Balance as at Ashadh 31, 2079	7,924,405	-	-	7,924,405
Net Carrying Amount				
As at Ashadh 31, 2078	5,882,781	-	-	5,882,781
As at Ashadh 32, 2079	7,473,569	-	-	7,473,569

5. Property, Plant and Equipment

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets (Right of Use Assets- NFRS 16)	Total
Gross carrying amount									-
As at Shrawan 1, 2078	-	-	3,021,860	47,507,894	50,894,659	20,204,965	54,368,800	-	175,998,178
Additions									
Acquisition	-	-	-	6,272,828	4,946,989	3,361,781	249,900	-	14,831,498
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(198,218)	(2,969,601)	(817,618)	(17,597,900)	-	(21,583,337)
Write-offs	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	3,021,860	53,582,504	52,872,047	22,749,128	37,020,800	-	169,246,339
Accumulated depreciation and impairment									
As at Shrawan 1, 2078	-	-	3,021,860	37,113,306	41,532,268	16,190,738	35,452,265	-	133,310,437
Depreciation	-	-	-	5,925,014	4,877,769	2,378,821	8,027,638	-	21,209,242
Disposals	-	-	-	(198,218)	(2,969,601)	(817,618)	(17,597,900)	-	(21,583,337)
Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	3,021,860	42,840,102	43,440,436	17,751,941	25,882,003	-	132,936,342
Capital Work-In-Progress									
As at Shrawan 1, 2078	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at Ashadh 31, 2078	-	-	-	10,394,588	9,362,391	4,014,227	18,916,535	-	42,687,741
As at Ashadh 31, 2079	-	-	-	10,742,402	9,431,611	4,997,187	11,138,797	-	36,309,997

5. Property, Plant and Equipment

Right-of-Use Assets (after Implementation of NFRS 16) or Finance Lease assets held by the Company, out of above Property, Plant and Equipment:									
Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets (Right of Use Assets- NFRS 16)	Total
Gross carrying amount									
As at Shrawan 1, 2078	-	-	-	-	-	-	-	129,450,388	129,450,388
Additions	-	-	-	-	-	-	-	6,922,053	6,922,053
Disposals	-	-	-	-	-	-	-	(98,991)	(98,991)
Write-offs	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	13,768,520	13,768,520
Balance as at Ashadh 32, 2079	-	-	-	-	-	-	-	150,041,970	150,041,970
Accumulated depreciation									
As at Shrawan 1, 2078									
Depreciation	-	-	-	-	-	-	-	45,461,956	45,461,956
Disposals/ Write-offs	-	-	-	-	-	-	-	(98,991)	(98,991)
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	-	-	-	-	-	45,362,965	45,362,965
Net Carrying Amount									
As at Ashadh 31, 2078	-	-	-	-	-	-	-	129,450,388	129,450,388
As at Ashadh 32, 2079	-	-	-	-	-	-	-	104,679,005	104,679,005

6 Investment Properties

Particulars	Land	Buildings	Total
Gross carrying amount			
As at Shrawan 1, 2078	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfer/ adjustments	-	-	-
Balance as at Ashadh 31, 2079	-	-	-
Depreciation and impairment			
As at Shrawan 1, 2078			
Depreciation	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Impairment reversal	-	-	-
Transfer/ adjustments			
Balance as at Ashadh 31, 2079	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 2078			
Additions	-	-	-
Capitalization	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Impairment reversal			
Balance as at Ashadh 31, 2079	-	-	-
Net Carrying Amount			
As at Ashadh 31, 2078	-	-	-
As at Ashadh 31, 2079	-	-	-

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that didn't generate rental income	-	-
Profit from investment properties before depreciation	-	-
Depreciation	-	-
Profit from investment properties	-	-

(ii) Contractual obligations: Not applicable

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal: Not applicable

(iv) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land	-	-
Building	-	-
Total	-	-

Estimation of Fair Value

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The company does not hold investment properties.

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that didn't generate rental income	-	-
Profit from investment properties	-	-

(ii) Contractual obligations: Not applicable

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal: Not applicable

Information Relating to Associates

Particulars	Current Year	Previous Year
Name	-	-
Place of Business	-	-
Accounting Method	-	-
% of Ownership	-	-
Current Assets	-	-
Non-Current Assets	-	-
Current Liabilities	-	-
Non-Current Liabilities	-	-
Income	-	-
Net Profit or Loss	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-
Company's share of profits	-	-
Net Profit or Loss	-	-
Other Comprehensive Income	-	-
Income Tax Expenses	-	-
Net Profit or Loss from Continuing Operations	-	-
Post tax profit or Loss from Discontinued Operations	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-
Company's share of profits	-	-
Net Profit or Loss	-	-
Other Comprehensive Income	-	-

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000
iv) Fixed Deposits in "A" Class Financial Institutions	21,632,641,190	20,411,023,508
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	100,000,000	100,000,000
vii) Fixed Deposits in "C" Class Financial Institutions	-	-
viii) Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Investments measured at FVTOCI		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	1,195,000	1,195,000
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Investments measured at FVTPL		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Others (to be Specified)	-	-
Total	23,419,161,190	22,197,543,508

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	-	-
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	-	-
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)	-	-
Investment in Equity Instruments (Unquoted)	-	-
Investment in Mutual Funds	-	-
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	5,719,341,190	18,656,023,508
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	100,000,000	100,000,000
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	5,819,341,190	18,756,023,508

c) The Company has earmarked investments amounting to NPR 23,419,161,190 to Nepal Insurance Authority.

11 Loans

Particulars	Current Year	Previous Year
Loans at Amortised Cost		
Loan to Associates	-	-
Loan to Employees	582,957	489,570
Loan to Agents	1,858,506	7,371,135
Loan to Policyholders	1,163,876,748	987,600,793
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	1,166,318,211	995,461,498

a) Expected repayment within 12 months:

Particulars	Current Year	Previous Year
Loan to Associates	-	-
Loan to Employees	163,237	22,892
Loan to Agents	1,860,215	2,492,016
Loan to Policyholders	94,682,235	166,887,902
Others (to be Specified)	-	-
Total	96,705,687	169,402,810

12 Reinsurance Assets

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Policy liabilities and provisions	-	-
Provision for unearned premiums	-	-
Premium deficiency reserve	-	-
Outstanding Claim reserve	6,620,220	12,047,276
Less: Impairment Losses	-	-
Total	6,620,220	12,047,276

12 a) Reinsurance Assets

Particulars	Line of Business										Total
	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future Care DPS)	Others (Micro)	Others (to be Specified)	
As at Ashadh 31, 2078											-
Policy liabilities and provisions	-	-	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	-	2,600,000	-	-	-	650,000	-	8,797,276	-	-	12,047,276
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 31, 2078	-	2,600,000	-	-	-	650,000	-	8,797,276	-	-	12,047,276
Changes during the year											-
Policy liabilities and provisions	-	-	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	200,000	(2,600,000)	-	-	-	50,000	-	(3,077,056)	-	-	(5,427,056)
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total changes during the year	200,000	(2,600,000)	-	-	-	50,000	-	(3,077,056)	-	-	(5,427,056)
As at Ashadh 32, 2079											-
Policy liabilities and provisions	-	-	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	200,000	-	-	-	-	700,000	-	5,720,220	-	-	6,620,220
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 32, 2079	200,000	-	-	-	-	700,000	-	5,720,220	-	-	6,620,220

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers	81,465,251	69,454,706
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	81,465,251	69,454,706

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers	81,465,251	69,454,706
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Total	81,465,251	69,454,706

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	575,000	8,428,298
Claim Advances	-	-
Advances to Suppliers	-	-
Staff Advances	48,183,394	31,660,696
VAT Receivable	-	-
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Finance Lease Receivables	-	-
Other Assets (Tabs)	292,000	-
Others (Deposits with Government under tax litigation)	24,483,505	24,483,505
Others (Deposits with Government under tax settlement scheme)	58,366,952	58,366,952
Others (Advances to Agents)	-	-
Others (Prepaid Employee Cost)	7,561,202	1,055,290
Others (Prepaid Agent Cost)	463,206	213,994
Less: Impairment Losses	-	-
Total	139,925,259	124,208,735

a) Expected to be recovered/ settled within 12 months:

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	575,000	8,428,298
Claim Advances	-	-
Advances to Suppliers	-	-
Staff Advances	3,195,734	1,974,031
VAT Receivable	-	-
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Finance Lease Receivables	-	-
Other Assets	292,000	-
Others (Deposits with Government under tax litigation)	24,483,505	24,483,505
Others (Deposits with Government under tax settlement scheme)	58,366,952	58,366,952
Others (Advances to Agents)	-	-
Others (Prepaid Employee Cost)	-	-
Others (Prepaid Agent Cost)	-	-
Less: Impairment Losses	-	-
Total	86,913,191	93,252,786

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	25,234,315	23,242,426
Interest Receivable from Policyholders	47,875,109	47,158,385
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	8,623,164	2,676,405
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	81,732,588	73,077,216

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	25,234,315	23,242,426
Interest Receivable from Policyholders	47,875,109	47,158,385
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	8,623,164	2,676,405
Other (to be Specified)	-	-
Total	81,732,588	73,077,216

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand	862,808	-
Cheques in Hand	555,827	-
Bank Balances		
i) Balance with "A" Class Financial Institutions	414,868,814	446,467,313
ii) Balance with Infrastructure Banks	-	-
iii) Balance with "B" Class Financial Institutions	1,923,567	1,917,646
iv) Balance with "C" Class Financial Institutions	-	-
Less: Impairment Losses	-	-
Deposits with initial maturity upto 3 months	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	418,211,016	448,384,959

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2078	-	-
Additions during the year	-	-
i) Bonus Share Issue	-	-
ii) Share Issue	-	-
As at Ashadh 32, 2079	-	-
Convertible Preference Shares (Equity Component Only)		
As at Shrawan 1, 2078	-	-
Additions during the year	-	-
As at Ashadh 32, 2079	-	-
Irredeemable Preference Shares (Equity Component Only)		
As at Shrawan 1, 2078	-	-
Additions during the year	-	-
As at Ashadh 32, 2079	-	-
Total	-	-

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Ordinary Shares of Rs.each	-	-
Issued Capital:		
..... Ordinary Shares of Rs.each	-	-
Subscribed and Paid Up Capital:		
..... Ordinary Shares of Rs.each	-	-
Total	-	-

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Issued Capital:		
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Subscribed and Paid Up Capital:		
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Total	-	-

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal	-	-	-	-
Nepali Organized Institutions	-	-	-	-
Nepali Citizens	-	-	-	-
Foreigners	-	-	-	-
Others (to be Specified)	-	-	-	-
Total (A)	-	-	-	-
Other than Promoters				
General Public	-	-	-	-
Others (to be Specified)	-	-	-	-
Total (B)	-	-	-	-
Total (A+B)	-	-	-	-

Details of shareholders holding 1% or more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

17 (b) Share Application Money Pending Allotment

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment	-	-
Total	-	-

17 (c) Share Premium

Particulars	Current Year	Previous Year
As at Shrawan 1, 2078	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of shares	-	-
Others (to be Specified)	-	-
As at Ashadh 32, 2079	-	-

17 (d) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 2078	310,386,995	275,277,905
Additions	59,656,744	35,109,090
Utilizations	-	-
As at Ashadh 32, 2079	370,043,739	310,386,995

17 (e) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1, 2078	2,101,459,513	2,269,599,645
Net Profit or Loss	581,509,489	296,903,381
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations	(6,179,060)	(1,209,483)
Transfer to/ from reserves		
Capital Reserves	(119,313,488)	(70,218,179)
Catastrophe Reserves	(59,656,744)	(35,109,090)
CSR Reserve	(5,965,674)	-
Regulatory Reserves	-	-
Fair Value Reserves	-	-
Actuarial Reserves	6,179,060	1,209,483
Revaluation Reserves	-	-
Cash Flow Hedge Reserves	-	-
Deferred Tax Reserves	(5,207,820)	(8,816,244)
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	-	-
Transfer on Disposal of Revalued Property, Plant and Equipment	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-
Issue of Bonus Shares	-	-
Transaction costs on issue of Shares	-	-
Dividend Paid	(251,750,000)	(333,355,000)
Dividend Distribution Tax	(13,250,000)	(17,545,000)
Transfer to Insurance Contract Liability	-	-
Others (to be Specified)	-	-
As at Ashadh 32, 2079	2,227,825,276	2,101,459,513

17 (f) Other Equity

Particulars	Current Year	Previous Year
Capital Reserves	548,507,826	429,194,338
Regulatory Reserves	8,072,010	8,072,010
Fair Value Reserves	-	-
Actuarial Reserves	(30,892,374)	(24,713,314)
Revaluation Reserves	-	-
Cash Flow Hedge Reserves	-	-
Other Reserves (HO Fund)	75,444,600	75,444,600
Other Reserves (Deferred Tax)	43,283,720	38,075,900
Other Reserves (Contingency)	15,000,000	15,000,000
Other Reserves (Housing Fund)	96,941,329	96,941,329
Transfer to Insurance Contract Liability	-	-
Other Reserves (CSR Reserve)	5,965,674	-
Total	762,322,785	638,014,863

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	33,036,817	30,591,491
ii) Defined Benefits Plan (Gratuity)	30,391,264	20,635,270
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	181,591,624	169,390,304

(a) Additional Disclosure of Provisions

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for tax related legal cases	118,163,543.00	-	-	-	-	118,163,543
Provision for non-tax legal cases	-	-	-	-	-	-

b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	1,518,345	1,941,000
ii) Defined Benefits Plan (Gratuity)	10,000,000	11,000,000
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	129,681,888	131,104,543

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Policy liabilities and provisions	16,189,870,493	14,530,418,761
Bonus Liability	3,207,939,082	3,494,326,155
Unallocated Surplus	755,439,083	685,909,401
Provision for unearned premiums	413,076,951	512,462,754
Premium deficiency reserve	-	-
Outstanding Claim Reserve	701,275,515	929,555,695
Fair Value Reserves	-	-
Cash Flow Hedge Reserves	-	-
Actuarial Reserves	-	-
Revaluation Reserves	-	-
Fair Value Gain on Investment Properties	-	-
Share of Profit of Associates accounted as per Equity Method	-	-
Share of Other Comprehensive Income of Associates Accounted for using the Equity Method	-	-
Others (to be Specified)	-	-
Total	21,267,601,124	20,152,672,766

i) Notes on the cash-flows considered for LAT

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position. The liability has been determined as per Actuarial Valuation directive, 2077 issued by Nepal Insurance Authority. For calculation of liabilities, Poly Systems Life Master model is used. Liabilities calculated by the Model are based on mortality, persistency, expense, interest rate and bonus rate assumptions which are updated annually at each fiscal year end.

Accounting policy for LAT

The company has followed going concern basis on account of liability valuation. To be prudent, sufficient margin for adverse deviation has been considered. Active policies (including policies from which premium is received and premium due to be received) and expenses incurred in the fiscal year have been considered for liability valuation.

Notes to Financial Statements (Continued...)**Inflows include:**

- a) Investment income on reserves and net cash flows at each point of time
- b) Premium: Premium is due at the beginning of the month of premium mode

Outflows include:

- a) Expected Death benefit = Probability of death x Death Benefit
- b) Expected Survival/Maturity benefit = Probability of survival x Survival/Maturity Benefit
- c) Maintenance Expenses: There are two types of Maintenance expense:
 - Percentage of premium
 - Per Policy Expense
- d) Commission

ii) Notes on valuation methods and assumptions

The valuation has been performed based on Gross Premium Valuation (GPV) method as prescribed by valuation directive issued by Nepal Insurance Authority. For non-par fund, reserve is based on unearned premium Reserve. GPV is calculated as the expected present value of future outflows less the expected present value of future inflows. GPV is then further adjusted for the following items:

- a) Zeroization – Individual reserves are floored to 0.
- b) Surrender Value Deficiency (Cash Value Adjustment) – ensuring that at product level the reserves are not less than the cash value at valuation date. In case reserves are lower, keeping the difference of cash value & reserves as additional amount of reserves.
- c) Adjustment – These are additional reserves adjustment for items like due premiums, payments due but not paid to matured policies etc.

To validate if the model has picked correct assumptions to calculate the reserves, Model point testing is performed. Model points are selected such that each and every aspect of a policy is covered. Following factors are considered while choosing appropriate model point: -

- Product
- Policy-term
- Gender
- Cohort
- Premium mode

This testing is performed annually at the time of statutory valuation. In addition, whenever there are assumption updates; model point testing is performed to ensure that correct assumptions are being picked by Poly Systems.

Following discount rate has been used in the valuation which is as prescribed by Nepal Insurance Authority.

Particulars	2078-79	2077-78
Discount rate	6%	6%

50.6% of NALM, 2009 for Male, 38.5% of NALM, 2009 for female as provided by the Nepal Insurance Authority with 10% of loading in the best estimate mortality as Provision for Adverse Deviation (PAD) is used.

iii) Notes on aggregation practises

The model used for reserve calculation calculates the reserves at Policy level. However, results can be extracted at group level or at required granularity (e.g. by LOB, by Product group, by policy, etc.). There is no additional aggregation of data performed for reserve calculation.

Sensitivity of Liabilities:

Sensitivity testing is performed based on following assumptions and scenarios:

Assumption	Scenario(s)
Mortality	Base: Liabilities with PAD (10%) - Liabilities without PAD - Liabilities with PAD (20%)
Interest	- Plus/Minus 100bps
Expenses	- Plus/Minus 10%

19 a) Gross Insurance Contract Liability

Particulars	Line of Business										Total
	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future Care DPS)	Others (Micro)	Transfer from Reserves	
Opening Balance											
Policy liabilities and provisions	4,154,252,732	1,565,380,827	-	-	-	-	-	8,810,785,202	-	-	14,530,418,761
Bonus Liability	2,142,457,044	1,351,869,111	-	-	-	-	-	-	-	-	3,494,326,155
Unallocated Surplus	570,239,234	113,837,767	-	-	-	-	-	1,832,401	-	-	685,909,401
Provision for unearned premiums	-	-	-	-	-	217,344,459	-	-	295,118,295	-	512,462,754
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	342,506,156	301,385,669	-	-	-	75,087,373	-	84,617,882	125,958,615	-	929,555,695
Fair Value Reserves	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Hedge Reserves	-	-	-	-	-	-	-	-	-	-	-
Actuarial Reserves	-	-	-	-	-	-	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-
Fair Value Gain on Investment Properties	-	-	-	-	-	-	-	-	-	-	-
Share of Profit of Associates accounted as per Equity Method	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Associates accounted for using the Equity Method	-	-	-	-	-	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2078	7,209,455,166	3,332,473,374	-	-	-	292,431,832	-	8,897,235,485	421,076,910	-	20,152,672,766
Changes during the year											
Policy liabilities and provisions	(306,752,698)	(362,719,566)	-	-	-	-	-	2,328,923,996	-	-	1,659,451,732
Bonus Liability	(30,486,101)	(255,900,973)	-	-	-	-	-	-	-	-	(286,387,074)
Unallocated Surplus	38,939,809	28,372,662	-	-	-	-	-	2,217,210	-	-	69,529,682
Provision for unearned premiums	-	-	-	-	-	(9,276,593)	-	-	(90,109,210)	-	(99,385,803)
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	(69,171,298)	(91,832,997)	-	-	-	(12,359,211)	-	(26,051,388)	(28,865,286)	-	(228,280,180)
Fair Value Reserves	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Hedge Reserves	-	-	-	-	-	-	-	-	-	-	-
Actuarial Reserves	-	-	-	-	-	-	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-
Fair Value Gain on Investment Properties	-	-	-	-	-	-	-	-	-	-	-
Share of Profit of Associates accounted as per Equity Method	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Associates accounted for using the Equity Method	-	-	-	-	-	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total changes during the year	(367,470,287)	(682,080,874)	-	-	-	(21,635,804)	-	2,305,089,818	(118,974,496)	-	1,114,928,357
As at Ashadh 32, 2079											
Policy liabilities and provisions	3,847,500,034	1,202,661,261	-	-	-	-	-	11,139,709,198	-	-	16,189,870,493
Bonus Liability	2,111,970,944	1,095,968,138	-	-	-	-	-	-	-	-	3,207,939,082
Unallocated Surplus	609,179,043	142,210,429	-	-	-	-	-	4,049,611	-	-	755,439,083
Provision for unearned premiums	-	-	-	-	-	208,067,866	-	-	205,009,085	-	413,076,951
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	273,334,858	209,552,672	-	-	-	62,728,162	-	58,566,494	97,093,329	-	701,275,515
Fair Value Reserves	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Hedge Reserves	-	-	-	-	-	-	-	-	-	-	-
Actuarial Reserves	-	-	-	-	-	-	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-
Fair Value Gain on Investment Properties	-	-	-	-	-	-	-	-	-	-	-
Share of Profit of Associates accounted as per Equity Method	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Associates accounted for using the Equity Method	-	-	-	-	-	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 32, 2079	6,841,984,879	2,650,392,500	-	-	-	270,796,028	-	11,202,325,303	302,102,414	-	21,267,601,124

19.1 Details of Outstanding Claims Reserves

SN	Insurance Type	Outstanding "Death Claim"		Outstanding "Expired Period Claim"		Outstanding "Partial Period Expired Claim"		Outstanding "Surrender Value Claim"		Outstanding "Other Claim"		IBNR Claim		Total Outstanding Claim (With additional 15%)		Re- Insurance Portion of Total Outstanding Claim		Net Claim Outstanding Reserve	
		CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
1	Anticipated Endowment Policy	551,750	5,518,999	143,752,565	220,749,294	36,470,674	15,091,970	-	-	-	-	1,444,726	3,217,690	209,552,672	301,385,669	-	2,600,000	209,552,672	298,785,669
2	Endowment Policy	54,217,083	36,361,448	181,435,610	258,169,111	-	-	-	-	-	-	2,029,792	3,300,881	273,334,858	342,506,156	200,000	-	273,134,858	342,506,156
3	Other Policy	10,174,819	18,228,655	12,758,699	3,974,349	-	-	-	-	-	-	27,993,868	51,377,763	58,566,494	84,617,882	5,720,220	8,797,276	52,846,274	75,820,606
4	Micro Insurance Policy	2,216,970	23,394,665	-	-	-	-	-	-	-	-	82,212,011	86,134,566	97,093,329	125,958,616	-	-	97,093,329	125,958,616
5	Term Insurance Policy	33,985,880	32,632,783	-	-	-	-	-	-	-	-	20,560,348	32,660,584	62,728,162	75,087,372	700,000	650,000	62,028,162	74,437,372
Total		101,146,503	116,136,550	337,946,874	482,892,754	36,470,674	15,091,970	-	-	-	-	134,240,745	176,691,485	701,275,515	929,555,695	6,620,220	12,047,276	694,655,295	917,508,419

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers	82,480,415	63,212,326
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	82,480,415	63,212,326

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers	82,480,415	63,212,326
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	82,480,415	63,212,326

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	239,408,696	205,608,567
Income Tax Assets	(376,173,372)	(426,752,160)
Total	(136,764,676)	(221,143,593)

22 Borrowings

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

23 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	49,072,649	55,188,895
Refundable Share Application Money	-	-
Sundry Creditors	4,257,715	1,580,986
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	10,253,998	5,219,547
ii) Bonus Payables	111,609,938	121,197,055
iii) SSF contribution Payables	1,526,947	1,366,446
iv) Other employee benefit payables	2,996,360	6,135,048
Audit Fees Payable	565,000	559,051
Dividend Payable	265,000,000	350,900,000
Others (to be specified)	-	-
Total	445,282,607	542,147,028

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	49,072,649	55,188,895
Refundable Share Application Money	-	-
Sundry Creditors	4,257,715	1,580,986
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	10,253,998	5,219,547
ii) Bonus Payables	111,609,938	121,197,055
iii) SSF contribution Payables	1,526,947	1,366,446

Notes to Financial Statements (Continued...)

Fig.in NPR

iv) Other employee benefit payables	2,996,360	6,135,048
Audit Fees Payable	565,000	559,051
Dividend Payable	265,000,000	350,900,000
Others (to be specified)	-	-
Total	445,282,607	542,147,028

24 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	7,796,891	7,553,226
VAT Payable	-	-
Unidentified Premiums	7,430,093	7,106,826
Advance Premiums	22,864,643	21,004,866
Insurance Service Fee Payable	52,317,869	50,330,975
Lease Liability	111,210,335	-
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others (Premium Deposits)	29,647,514	65,217,746
Others (Outstanding Cheques)	73,529,786	99,435,829
Payable to Municipality (Local Tax)	-	34,650
Total	304,797,131	250,684,118

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable	7,796,891	7,553,226
VAT Payable	-	-
Unidentified Premiums	7,430,093	7,106,826
Advance Premiums	22,864,643	21,004,866
Insurance Service Fee Payable	52,317,869	50,330,975
Lease Liability	46,840,004	-
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others (Premium Deposits)	29,647,514	65,217,746
Others (Outstanding Cheques)	73,529,786	99,435,829
Payable to Municipality (Local Tax)	-	34,650
Total	240,426,800	250,684,118

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Gross Earned Premiums

Particulars	Current Year	Previous Year
Direct Premiums	5,231,786,863	5,033,097,469
Premiums on Reinsurance Accepted	-	-
Gross Change in Unearned Premiums	99,385,803	(147,994,052)
Total	5,331,172,666	4,885,103,417

Portfolio-wise details of Gross Earned Premium

Particulars	Direct Premiums		Premiums on Reinsurance Accepted		Gross Change in Unearned Premiums		Gross Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,094,657,203	983,849,218	-	-	-	-	1,094,657,203	983,849,218
Anticipated Endowment	413,589,659	447,438,669	-	-	-	-	413,589,659	447,438,669
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	529,871,611	459,919,741	-	-	(9,276,593)	62,225,361	539,148,204	397,694,380
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	2,932,264,572	2,751,286,190	-	-	-	-	2,932,264,572	2,751,286,190
Others (Micro Insurance)	261,403,818	390,603,651	-	-	(90,109,210)	85,768,691	351,513,027	304,834,960
Total	5,231,786,863	5,033,097,469	-	-	(99,385,803)	147,994,052	5,331,172,665	4,885,103,417

Detail of Gross Earned Premium

Particulars	First Year Premium		Renewal Premium		Single Premium		Total Gross Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	266,184,452	222,373,711	828,472,751	761,475,507	-	-	1,094,657,203	983,849,218
Anticipated Endowment	86,908,684	67,815,474	326,680,975	379,623,195	-	-	413,589,659	447,438,669
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	130,773,174	100,780,263	201,124,374	204,560,880	197,974,063	154,578,598	529,871,611	459,919,741
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	520,878,516	526,799,575	2,411,386,056	2,224,486,615	-	-	2,932,264,572	2,751,286,190
Others (Micro)	-	-	-	-	261,403,818	390,603,651	261,403,818	390,603,651
Total	1,004,744,826	917,769,024	3,767,664,156	3,570,146,196	459,377,881	545,182,249	5,231,786,863	5,033,097,469

26

Premiums Ceded

Particulars	Current Year	Previous Year
Premiums Ceded to Reinsurers	249,474,044	215,637,305
Reinsurer's Share of Change in Unearned Premiums	-	-
Total	249,474,044	215,637,305

Portfolio-wise detail of Premium Ceded to Reinsurers

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned Premiums		Premiums Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	3,661,714	2,381,703	-	-	3,661,714	2,381,703
Anticipated Endowment	2,973,952	2,502,116	-	-	2,973,952	2,502,116
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	71,943,856	54,269,690	-	-	71,943,856	54,269,690
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	170,013,252	155,848,076	-	-	170,013,252	155,848,076
Others (Micro Insurance)	881,270	635,720	-	-	881,270	635,720
Total	249,474,044	215,637,305	-	-	249,474,044	215,637,305

27

Net Earned Premiums

Particulars	Current Year	Previous Year
Gross Earned Premiums	5,331,172,665	4,885,103,417
Premiums Ceded	(249,474,044)	(215,637,305)
Total	5,081,698,621	4,669,466,112

Portfolio-wise detail of Net Earned Premiums

Particulars	Gross Earned Premiums		Premiums Ceded		Net Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,094,657,203	983,849,218	3,661,714	2,381,703	1,090,995,489	981,467,515
Anticipated Endowment	413,589,659	447,438,669	2,973,952	2,502,116	410,615,707	444,936,553
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	539,148,204	397,694,380	71,943,856	54,269,690	467,204,348	343,424,690
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	2,932,264,572	2,751,286,190	170,013,252	155,848,076	2,762,251,320	2,595,438,114
Others (Micro Insurance)	351,513,027	304,834,960	881,270	635,720	350,631,757	304,199,240
Total	5,331,172,665	4,885,103,417	249,474,044	215,637,305	5,081,698,621	4,669,466,112

Commission Income

Particulars	Current Year	Previous Year
Reinsurance Commission Income	139,036,365	128,401,791
Profit Commission	-	-
Late Fees	-	-
Others (Policy Charges)	-	-
Total	139,036,365	128,401,791

Portfolio-wise detail of Commission Income

Particulars	Reinsurance Commission Income		Profit Commission		Late Fees		Others (Policy Charges)		Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	869,510	723,150	-	-	-	-	-	-	869,510	723,150
Anticipated Endowment	511,947	448,135	-	-	-	-	-	-	511,947	448,135
Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Other Term	37,633,211	30,564,940	-	-	-	-	-	-	37,633,211	30,564,940
Special Term	-	-	-	-	-	-	-	-	-	-
Others (Future Care DPS)	100,021,697	96,665,566	-	-	-	-	-	-	100,021,697	96,665,566
Others (Micro Insurance)	-	-	-	-	-	-	-	-	-	-
Total	139,036,365	128,401,791	-	-	-	-	-	-	139,036,365	128,401,791

29 Investment Income

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Measured at Amortised Costs		
i) Fixed Deposit with "A" Class Financial Institutions	1,730,561,742	1,487,070,715
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	8,799,041	7,504,383
iv) Fixed Deposit with "C" Class Financial Institutions	-	-
v) Debentures	-	-
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	87,138,640	85,686,080
vii) Preference Shares of Bank and Financial Institutions	-	-
viii) Bank Deposits other than Fixed Deposit	2,842,268	3,747,326
ix) Policyholder Loans	123,190,212	118,029,821
x) Agent Loans	75,307	150,370
xi) Employee Loans	18,941	25,881
xii) Other Interest Income	6,900,615	9,527,039
Financial Assets Measured at at FVTOCI	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Financial Assets Measured at at FVTPL	-	-
i) Dividend Income	-	-
ii) Other Interest Income (to be specified)	-	-
Rental Income	-	-
Others (To be specified)	-	-
Total	1,959,526,766	1,711,741,615

30 Net Gains/ (Losses) on Fair Value Changes

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Others (to be Specified)	-	-
Changes in Fair Value on Investment Properties	-	-
Changes in Fair Value on Hedged Items in Fair Value Hedges	-	-
Changes in Fair Value on Hedging Instruments in Fair Value Hedges	-	-
Gains/(Losses) of Ineffective Portion on Cash Flow Hedges	-	-
Others (to be Specified)	-	-
Total	-	-

31 Net Realised Gains/ (Losses)

Particulars	Current Year	Previous Year
Realised Gains/ (Losses) on Derecognition of Financial Assets Measured at FVTPL		
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Others (to be specified)	-	-
Realised Gains/ (Losses) on Derecognition of Financial Assets at Amortised Costs		
i) Debentures	-	-
ii) Bonds	-	-
iii) Others (to be specified)	-	-
Total	-	-

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Costs		
i) Employee Loans	16,735	22,758
ii) Bonds	-	-
iii) Others (Employee Advance)	1,929,617	1,143,944
iv) Others (Agent Loan)	191,500	208,475
Foreign Exchange Income	6,972,499	-
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property, Plant and Equipment	4,397,965	414,755
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Policy Charges & Miscellaneous Income)	6,222,975	4,005,865
Total	19,731,291	5,795,797

33 Gross Benefits and Claims Paid

Particulars	Current Year	Previous Year
Gross Benefits and Claims Paid	4,081,764,537	3,600,726,276
Total	4,081,764,537	3,600,726,276

34 Claims Ceded

Particulars	Current Year	Previous Year
Claims Ceded to Reinsurers	108,399,561	97,389,786
Total	108,399,561	97,389,786

Portfolio-wise detail of Gross Benefits and Claims Paid and Claims Ceded

Particulars	Gross Benefits and Claims Paid		Claims Ceded		Net Claims Paid before Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,658,681,528	1,490,720,526	1,000,000	528,708	1,657,681,528	1,490,191,818
Anticipated Endowment	1,178,951,110	1,231,803,887	1,570,767	2,152,526	1,177,380,343	1,229,651,361
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	337,924,016	195,544,961	16,422,259	9,077,789	321,501,757	186,467,172
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	622,660,396	428,580,813	89,406,535	85,630,763	533,253,861	342,950,050
Others (Micro)	283,547,486	254,076,090	-	-	283,547,486	254,076,090
Total	4,081,764,537	3,600,726,276	108,399,561	97,389,786	3,973,364,975	3,503,336,490

Details of Gross Benefits and Claims Paid

Current Year

Particulars	Death Claim	Maturity Claim	Partial Maturity Claim	Surrender Value Claim	Other Claims (Partial Withdrawl)	Gross Claim	Claim Ceded	Net Claim
Endowment	16,485,488	1,523,077,839	-	119,118,201	-	1,658,681,528	1,000,000	1,657,681,528
Anticipated Endowment	13,611,044	1,075,027,852	64,485,790	25,826,424	-	1,178,951,110	1,570,767	1,177,380,343
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	337,924,016	-	-	-	-	337,924,016	16,422,259	321,501,757
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	182,643,541	51,062,412	-	216,011,168	172,943,276	622,660,397	89,406,535	533,253,862
Others (Micro)	283,547,486	-	-	-	-	283,547,486	-	283,547,486
Total	834,211,575	2,649,168,103	64,485,790	360,955,793	172,943,276	4,081,764,537	108,399,561	3,973,364,976

Previous Year

Particulars	Death Claim	Maturity Claim	Partial Maturity Claim	Surrender Value Claim	Other Claims (Partial Withdrawl)	Gross Claim	Claim Ceded	Net Claim
Endowment	18,418,762	1,368,165,283	-	104,136,481	-	1,490,720,526	528,708	1,490,191,818
Anticipated Endowment	24,013,160	1,107,348,662	66,334,695	34,107,370	-	1,231,803,887	2,152,526	1,229,651,361
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	195,544,961	-	-	-	-	195,544,961	9,077,789	186,467,172
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	168,817,268	38,395,996	-	221,367,549	-	428,580,813	85,630,763	342,950,050
Others (Micro)	254,076,090	-	-	-	-	254,076,090	-	254,076,090
Total	660,870,241	2,513,909,941	66,334,695	359,611,399	-	3,600,726,276	97,389,786	3,503,336,490

35 Change in Contract Liabilities

Particulars	Current Year	Previous Year
(a) Gross Change in Contract Liabilities		
Policy liabilities and provisions	1,659,451,732	1,831,007,583
Bonus Liability	(286,387,074)	(335,852,639)
Unallocated Surplus	69,529,682	(395,742,587)
Premium deficiency reserve	-	-
Outstanding Claim reserve	(228,280,180)	242,447,940
Others (to be Specified)	-	-
Total Gross Change in Contract Liabilities	1,214,314,160	1,341,860,297
(b) Change in Reinsurance Assets		
Policy liabilities and provisions	-	-
Premium deficiency reserve	-	-
Outstanding Claim reserve	5,427,056	9,181,408
Others (to be Specified)	-	-
Total Change in Reinsurance Assets	5,427,056	9,181,408
Net Change in Contract Liabilities	1,208,887,104	1,332,678,889

Portfolio-wise detail of Net Change in Contract Liabilities

Particulars	Gross Change in Contract Liabilities		Change in Reinsurance Assets		Net Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	(367,470,287)	(277,386,056)	(200,000.00)	-	(367,270,287)	(277,386,056)
Anticipated Endowment	(682,080,874)	(652,544,093)	2,600,000.00	2,600,000.00	(684,680,874)	(655,144,093)
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	(12,359,211)	49,021,914	(50,000)	600,000	(12,309,211)	48,421,914
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	2,305,089,818	2,161,345,625	3,077,056	5,981,408	2,302,012,762	2,155,364,217
Others (Micro)	(28,865,286)	61,422,907	-	-	(28,865,286)	61,422,907
Total	1,214,314,160	1,341,860,297	5,427,056	9,181,408	1,208,887,104	1,332,678,889

36 Commission Expenses

Particulars	Current Year	Previous Year
Commission Expenses on Insurance Contracts	487,891,466	483,541,456
Others (To be specified)	-	-
Total	487,891,466	483,541,456

Portfolio-wise detail of Commission Expenses

Particulars	Commission Expenses on Insurance Contracts		Others		Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	120,912,105	106,097,291	-	-	120,912,105	106,097,291
Anticipated Endowment	35,547,614	28,851,266	-	-	35,547,614	28,851,266
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	24,993,229	21,819,726	-	-	24,993,229	21,819,726
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	288,793,144	296,304,737	-	-	288,793,144	296,304,737
Others (Micro)	17,645,374	30,468,436	-	-	17,645,374	30,468,436
Total	487,891,466	483,541,456	-	-	487,891,466	483,541,456

Details of Commission Expenses

Particulars	Commission Expense on First Year Premium		Commission Expense on Single Premium		Commission Expense on Renewal Premium		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	63,674,367	53,918,816	-	-	57,237,738	52,178,475	120,912,105	106,097,291
Anticipated Endowment	21,096,610	16,647,491	-	-	14,451,004	12,203,775	35,547,614	28,851,266
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	12,297,893	12,061,077	6,670,327	4,334,855	6,025,009	5,423,794	24,993,229	21,819,726
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	119,757,269	121,217,750	-	-	169,035,875	175,086,987	288,793,144	296,304,737
Others (Micro)	-	-	17,645,374	30,468,436	-	-	17,645,374	30,468,436
Total	216,826,139	203,845,134	24,315,701	34,803,291	246,749,626	244,893,031	487,891,466	483,541,456

37 Service Fees

Particulars	Current Year	Previous Year
Gross Service Fees	52,317,869	50,330,975
Reinsurer's Share of Service Fees	-	-
Total	52,317,869	50,330,975

Portfolio-wise detail of Service Fees

Particulars	Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	10,946,572	9,838,492	-	-	10,946,572	9,838,492
Anticipated Endowment	4,135,897	4,474,387	-	-	4,135,897	4,474,387
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	5,298,716	4,599,197	-	-	5,298,716	4,599,197
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	29,322,646	27,512,862	-	-	29,322,646	27,512,862
Others (Micro)	2,614,038	3,906,037	-	-	2,614,038	3,906,037
Total	52,317,869	50,330,975	-	-	52,317,869	50,330,975

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	172,703,281	144,414,581
Allowances	1,131,786	684,893
Defined Benefit Plans		
i) Gratuity	7,648,020	16,626,618
ii) Others (Leave provision)	3,848,805	6,172,497
Defined Contribution Plans		
i) Provident Fund	18,441,651	9,165,043
ii) Gratuity	6,718,830	6,419,262
Leave Encashment	2,647,627	1,397,468
Termination Benefits	-	-
Festival Allowances	11,458,798	10,474,422
Training Expenses	9,986,888	3,576,912
Uniform Expenses	-	-
Medical Expenses	1,069,503	2,459,548
Staff Insurance Expenses	4,707,396	5,046,644
Staff Welfare	5,358,844	3,234,241
Bonus	69,276,592	42,333,342
Others (to be mentioned)	-	-
Total	314,998,021	252,005,471

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note. 5)	66,671,198	21,821,793
Depreciation on Investment Properties (Refer Note. 6)	-	-
Amortization of Intangible Assets (Refer Note. 4)	2,663,591	1,832,809
Total	69,334,789	23,654,602

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property, Plant and Equipment, Investment Properties and Intangible Assets		
i) Property, Plant and Equipment	-	-
ii) Investment Properties	-	-
iii) Intangible Assets	-	-
Impairment Losses on Financial Assets		
i) Investments	-	-
ii) Loans	-	-
iii) Other Financial Assets	-	-
iv) Cash and Cash Equivalents	-	-
v) Others (to be Specified)	-	-
Impairment Losses on Other Assets		
i) Reinsurance Assets	-	-
ii) Insurance Receivables	-	-
iii) Lease Receivables	-	-
iv) Others (to be Specified)	-	-
Total	-	-

41 Other Expenses

Particulars	Current Year	Previous Year
Rent Expenses	-	41,663,613
Electricity and Water	4,211,321	3,241,743
Repair & Maintenance	-	-
i) Buildings	-	-
ii) Vehicles	762,578	697,668
iii) Office Equipments	-	-
iv) Others (Furnitures & Fixtures)	1,949,417	835,389
Telephone & Communication	11,071,053	9,391,346
Printing & Stationary	7,282,303	7,400,632
Office Consumable Expenses	4,056,992	3,890,579
Travelling Expenses	-	-
i) Domestic	2,792,010	1,118,576
ii) Foreign	-	-
Agent Training	3,684,451	4,017,070
Other Agent Expenses	134,146,722	119,729,075
Insurance Premium	1,153,011	1,126,378
Security Expenses	45,668,198	37,014,664
Legal and Consulting Expenses	-	89,553
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	14,464,555	8,718,291
Business Promotion	-	-
Guest Entertainment	-	-
Gift and Donations	-	750,000
Board Meeting Fees and Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Annual General Meeting Expenses	-	-
Audit Related Expenses	-	-
i) Statutory Audit	485,000	479,051
ii) Tax Audit	55,000	55,000
iii) Long Form Audit Report	25,000	25,000
iv) Other Fees (Due Diligence Audit Fee)	395,500	-
v) Internal Audit	-	-
vi) Others (Actuarial Service Fee)	49,720	49,720
Bank Charges	3,956,864	2,532,989
Fee and Charges	633,097	1,032,573
Postage Charges	4,120,000	4,170,000
Others (Miscellaneous)	2,429,589	104,691
Others (Medical Examination Fee)	1,989,837	1,720,218
Others (Transportation)	4,950,037	2,761,696
Others (Foreign Exchange Loss)	-	1,336,244
Others (Interest on tax cases settlement)	1,558,527	49,525,600
Total	251,890,782	303,477,359

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions	-	-
Unwinding of discount on Financial Liabilities at Amortised Costs	-	-
Interest Expenses - Bonds	-	-
Interest Expenses - Debentures	-	-
Interest Expenses - Term Loans	-	-
Interest Expenses - Leases	9,566,819	-
Interest expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	9,566,819	-

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	239,408,696	205,608,567
ii) Income Tax Relating to Prior Periods	3,117,054	72,281,207
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(3,148,133)	(8,413,082)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others (to be Specified)	-	-
Income Tax Expense for Current Year	236,260,563	197,195,485
Income Tax Expense for Prior Year	3,117,054	72,281,207

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	820,887,106	566,380,073
Applicable Tax Rate	25%	25%
Tax at the applicable rate on Accounting Profit	205,221,777	141,595,018
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Due to Non deductible expenses	1,299,104,818	1,220,558,672
ii) Due to Depreciation amount	2,358,624	2,408,323
Less: Tax effect on exempt income and additional deduction	-	-
i) Due to Non Taxable Income	(1,270,424,655)	(1,167,366,528)
ii)	-	-
Less: Adjustments to Current Tax for Prior Periods	-	-
i)	-	-
ii)	-	-
Add/ (Less): Others (to be Specified)	-	-
i) Income Tax relating to Prior Periods	-	-
ii)	-	-
Income Tax Expense	236,260,563	197,195,485
Effective Tax Rate	29%	48%

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashadh 32, 2079 (July 16, 2022) the company has recognised an amount of NPR. 25,160,481/- as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out.

c) Total Expenses Recognised in the Statement of Profit or Loss

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	10,460,438	10,233,802	-	-
Past service cost	-	-	-	-
Net interest cost (a-b)	3,105,834	2,611,775	-	-
a. Interest expense on defined benefit obligation (DBO)	8,957,247	7,793,453	-	-
b. Interest (income) on plan assets	5,851,413	5,181,678	-	-
Actuarial Remeasurement Gain/Loss to be routed through OCI (For Gratuity only)	(2,714,290)	426,499		
Defined benefit cost included in Statement of Profit or Loss	10,851,982	13,272,076	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (gain)/ loss due to financial assumption changes in DBO	-	-	-	-
b. Actuarial (gain)/ loss due to experience on DBO	9,287,949	5,958,005	-	-
c. Return on plan assets (greater)/ less than discount rate	(1,049,202)	(4,345,361)	-	-
Total actuarial (gain)/ loss included in OCI	8,238,747	1,612,644	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss	8,909,148	13,272,076	-	-
Remeasurements effects recognised in OCI	8,238,747	1,612,644	-	-
Total cost recognised in Comprehensive Income	17,147,895	14,884,720	-	-

f) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year	124,212,163	121,970,892	-	-
Service cost	10,460,438	10,233,802	-	-
Interest cost	8,957,247	7,793,453	-	-
Benefit payments from plan assets	(8,871,242)	(4,143,233)	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	6,573,659	6,384,504	-	-
Defined Benefit Obligation as at Year End	141,332,265	142,239,418	-	-

g) Change in Fair Value Of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year	91,012,657	77,950,617	-	-
Interest Income	5,851,413	5,181,678	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	5,485,930	7,185,312	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	(7,467,763)	(3,650,311)	-	-
Transfer in/ transfer out	-	-	-	-
Actuarial gain/ (loss) on plan assets	1,049,202	4,345,361	-	-
Fair value of Plan Assets as at Year End	95,931,439	91,012,657	-	-

h) Net Defined Benefit Asset/(Liability)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	(141,332,265)	(142,239,418)	-	-
Fair Value of Plan Assets	95,931,439	91,012,657	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	(45,400,826)	(51,226,761)	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year	10,000,000	10,000,000	-	-

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net asset / (liability) recognised at the beginning of the period	(51,226,761)	(44,020,275)	-	-
Company's contributions	5,485,930	7,185,312	-	-
Benefits directly paid by Company	1,403,479	492,922	-	-
Amount recognised outside profit & loss for the year	(8,238,747)	(1,612,644)	-	-
Expense recognised at the end of period	(10,851,982)	(13,272,076)	-	-
Net asset / (liability) recognised at the end of the period	(63,428,081)	(51,226,761)	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period	25,437,981	24,228,498	-	-
Total remeasurements included in OCI	8,238,747	1,612,644	-	-
Income Tax Relating to Above Items	(2,059,687)	(403,161)	-	-
Cumulative OCI - (Income)/Loss	31,617,041	25,437,981	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	11,518,345	12,941,175	-	-
Non - Current Liability	147,841,175	129,298,243	-	-
Total	159,359,520	142,239,418	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	11,518,345	11,818,000	-	-
Between 1-2 years	7,739,790	5,947,000	-	-
Between 2-5 years	30,550,085	27,543,000	-	-
From 6 to 10	81,193,382	97,841,000	-	-
Total	131,001,602	143,149,000	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
	(% Invested)	(% Invested)	(% Invested)	(% Invested)
Government Securities (Central and State)	-	-	-	-
Corporate Bonds (including Public Sector bonds)	-	-	-	-
Mutual Funds	-	-	-	-
Deposits	-	-	-	-
Cash and bank balances	-	-	-	-
Others (Gratuity Fund Scheme of Citizen Investment Trust)	100%	100%	-	-
Total	100%	100%	-	-

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	145,745,513	149,942,953	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	175,040,703	165,324,388	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	174,261,292	156,424,078	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	146,121,720	129,733,636	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	155,972,360	139,109,510	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	163,150,324	145,760,459	-	-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	6.50%	0.00%
Escalation Rate (Rate of Increase in Compensation Levels)	10.00%	0.00%
Attrition Rate (Employee Turnover)	6.09%	0.00%
Mortality Rate During Employment	NALM 2009	-

q) Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability Risks

a.) Asset- Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b.) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c.) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2. Asset Risks

All plan assets are maintained in a trust fund. Company has a separate trust for Defined Benefit Gratuity Scheme with Citizen Investment Trust (CIT). A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. But there is an investment risk which is borne by the Company.

3. Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company's financials and also benefit risk through return on the funds made

Notes to Financial Statements (Continued...)

45 Insurance Risk

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised risk management policies.

The Company considers insurance risk to be a combination of the following components of risks:

- a) Product development
- b) Pricing
- c) Underwriting and
- d) Claims Handling
- e) Reinsurance
- f) Reserving

a) Product development:

The Company principally issues the following types of Life Insurance contracts:

- Endowment
- Anticipated Endowment
- Other Term
- Others (Future Care DPS)
- Others (Micro Insurance)

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, 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 put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing:

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Company collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the company's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data, and could include trends observed in claims costs and expenses.

Pricing is done by modelling all identified risks, using appropriate methodologies depending on the complexity of the risks and available data. Adequate buffers are kept in the premiums to cushion against the risk that actual experience may turn out to be worse than expected.

c) Underwriting:

The Company's underwriting process is governed by the internal underwriting procedures. Some of the actions undertaken to mitigate underwriting risks are detailed below:

- i) Investments are made on the training and development of underwriting and claims management staff, including those attached to the distribution network.
- ii) Application of Four-Eye principle on underwriting process.
- iii) Pre-underwriting inspections are made on new business over a predetermined threshold to evaluate risk prior to acceptance.
- iv) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.
- v) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers.

d) Claims handling:

The Company considers insurance claim risk to be a combination of the following components of risks:

- i) Mortality Risk – risk of loss arising due to policyholder death experience being different than expected
- ii) Longevity Risk – risk of loss arising due to the annuitant living longer than expected
- iii) Investment Return Risk – risk of loss arising from actual returns being different than expected
- iv) Expense Risk – risk of loss arising from expense experience being different than expected
- v) Policyholder Decision Risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Notes to Financial Statements (Continued...)

Assumptions

The assumptions that have the greatest effect on the statement of financial position and statement of profit or loss of the Company are listed below:

Particulars	Current Year				Previous Year			
	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate
Life Insurance	50.6% of NALM for Male, 38.5% of NALM for female	8.2%	5.5%	6%	40% of NALM	7.7%	5.8%	6%

Sensitivities

The life insurance claim liabilities are sensitive to the key assumptions as mentioned in the table below.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Particulars	Changes in Assumptions	Current Year				Previous Year			
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) Profit Before Tax	Increase/ (Decrease) Profit After Tax
Mortality Rate	+150%	26,197,254	26,048,695	(2,604,870)	(1,953,652)	21,901,407	21,859,282	(2,185,928)	(1,639,446)
Longevity	+10%	-	-	-	-	-	-	-	-
Investment Return	+1%	-	-	-	-	-	-	-	-
Expense	+10%	-	-	-	-	-	-	-	-
Lapse and Surrender Rate	+10%	-	-	-	-	-	-	-	-
Discount Rate	+1%	(656,747,632)	(653,829,755)	65,382,976	49,037,232	(578,428,124)	(578,491,945)	57,849,195	43,386,896
Mortality Rate	-150%	(23,340,072)	(23,185,536)	2,318,554	1,738,915	(19,928,134)	(19,931,297)	1,993,130	1,494,847
Longevity	-10%	-	-	-	-	-	-	-	-
Investment Return	-1%	-	-	-	-	-	-	-	-
Expense	-10%	-	-	-	-	-	-	-	-
Lapse and Surrender Rate	-10%	-	-	-	-	-	-	-	-
Discount Rate	-1%	942,865,035	939,518,802	(93,951,880)	(70,463,910)	766,175,793	766,248,381	(76,624,838)	(57,468,629)

* Above figures are as per actuarial valuation report approved by Nepal Insurance Authority.

e) Reinsurance

The Company purchases reinsurance as part of its risks mitigation programme. Premium ceded to the reinsurers is in accordance with the terms of the programmes already agreed based on the risks written by the insurance companies. Recoveries from reinsurers on claims are based on the cession made in respect of each risk and is estimated in a manner consistent with the outstanding claims provisions made for the loss. Although we mitigate our exposures through prudent reinsurance arrangements, the obligation to meet claims emanating from policy holders rests with the Company. Default of reinsurers does not negate this obligation and in that respect the Company carries a credit risk up to the extent ceded to each reinsurer.

Notes to Financial Statements (Continued...)

f) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report.

The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Endowment	6,841,984,880	200,000	6,841,784,880	7,209,455,164	-	7,209,455,165
Anticipated Endowment	2,650,392,500	-	2,650,392,500	3,332,473,374	2,600,000	3,329,873,374
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	270,796,027	700,000	270,096,027	292,431,833	650,000	291,781,832
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	11,202,325,303	5,720,220	11,196,605,083	8,897,235,485	8,797,276	8,888,438,209
Others (Micro)	302,102,414	-	302,102,414	421,076,910	-	421,076,910
Total	21,267,601,124	6,620,220	21,260,980,904	20,152,672,766	12,047,276	20,140,625,490

Notes to Financial Statements (Continued...)

46 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which Fair Values are disclosed in the Financial Statements.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments*	3	-	1,195,000	-	-	1,195,000	-
ii) Investment in Mutual Funds	2	-	-	-	-	-	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures	3	-	-	-	-	-	-
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	3	-	-	1,685,325,000	-	-	1,685,325,000
vi) Fixed Deposits	3	-	-	21,732,641,190	-	-	20,511,023,508
vii) Others to be specified		-	-	-	-	-	-
Loans	3	-	-	1,166,318,211	-	-	995,461,498
Other Financial Assets	3	-	-	81,732,588	-	-	73,077,216
Cash and Cash Equivalents	3	-	-	418,211,016	-	-	448,384,959
Total Financial Assets		-	1,195,000	25,084,228,005	-	1,195,000	23,713,272,181
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	445,282,607	-	-	542,147,028
Total Financial Liabilities		-	-	445,282,607	-	-	542,147,028

* Investment in Equity Instruments: are generally valued at Level 1 Valuation using the active market data if the equity instruments are listed in Nepse Stock Exchange (Nepse). Since this investment in equity instrument includes investment in unlisted shares of IIN as per regulatory requirement and data to value the investment is not available for Level 1, Level 2 or Level 3, the investment has been recorded at Cost (face value) of the shares invested in.

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments
- Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Discussion on valuation processes and results are held at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- Discount rate is arrived at considering the internal and external factors.
- Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material.

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	-	-	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000	1,685,325,000	1,685,325,000
iv) Fixed Deposit	21,732,641,190	21,732,641,190	20,511,023,508	20,511,023,508
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	615,645	582,957	517,179	489,570
iii) Loan to Agent	2,321,712	1,858,506	7,585,129	7,371,135
iv) Loan to Policyholders	1,163,876,748	1,163,876,748	987,600,793	987,600,793
v) Others (to be Specified)	-	-	-	-
Other Financial Assets	81,732,588	81,732,588	73,077,216	73,077,216
Total Financial Assets at Amortised Cost	24,666,512,883	24,666,016,989	23,265,128,825	23,264,887,222
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	445,282,607	445,282,607	542,147,028	542,147,028
Total Financial Liabilities at Amortised Cost	445,282,607	445,282,607	542,147,028	542,147,028

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate.

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.

Notes to Financial Statements (Continued...)

47 Financial Risk Management

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

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

- Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements; and
- Reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, government bonds and deposits with banks and other receivables.

Reinsurance is issued to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counter party default rates. The Company classifies counterparties without an external credit rating as below.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Group1- new customers/ related parties.

Group2- existing customers/ related parties with no defaults in the past.

Group3- existing customers/ related parties with some defaults in the past. All defaults were fully recovered.

The amount that best represents the Company's maximum exposure to credit risk is made up as follows:

Incurring Credit Losses for Financial Assets at Amortised Cost as at Ashadh 32, 2079.

Maximum exposure to credit risk before collateral held	Credit Classification	2078/79
Government Bonds	Group 2	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	21,632,641,190
Fixed Deposit with Development Bank	Group 2	100,000,000
Equity Investment	Group 2	1,195,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,211,751,857
Agent Loan	Group 2	1,858,506
Employee Loan	Group 2	582,957
Employee Advance	Group 2	48,183,394
Trade and Security Deposit	Group 2	-
Reinsurance receivables	Group 2	81,465,251
Cash and cash equivalents	Group 2	418,211,016
Total		25,181,214,171

Surrender values of the life insurance policies are held as collateral for loans on life policies. None of the above assets are past due or impaired.

Incurring Credit Losses for Financial Assets at Amortised Cost as at Ashadh 31, 2078.

Maximum exposure to credit risk before collateral held	Credit Classification	2077/78
Government Bonds	Group 2	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	20,411,023,508
Fixed Deposit with Development Bank	Group 2	100,000,000
Equity Investment	Group 2	1,195,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,034,759,178
Agent Loan	Group 2	7,371,135
Employee Loan	Group 2	489,570
Employee Advance	Group 2	31,660,696
Trade and Security Deposit	Group 2	-
Reinsurance receivables	Group 2	69,454,706
Cash and cash equivalents	Group 2	448,384,959
Total		23,789,663,752

Surrender values of the life insurance policies are held as collateral for loans on life policies. None of the above assets are past due or impaired.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 32, 2079

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Credit Risk has significantly increased and Credit Risk has significantly increased and	Loss allowance measured at life-time expected credit losses	-	-	-	-
		-	-	-	-

Notes to Financial Statements (Continued...)

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2078

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Credit Risk has significantly increased and Credit Risk has significantly increased and	Loss allowance measured at life-time expected credit losses	-	-	-	-	-
		-	-	-	-	-

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh 31, 2078	-	-	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 32, 2079	-	-	-

ii) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Company is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Company maintains cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The following table summarizes the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities.

Assets

Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Government Bonds	1,685,325,000	-	212,775,000	1,472,550,000	-	1,685,325,000	1,685,325,000	-	-	1,685,325,000	-	1,685,325,000
Fixed Deposits with Commercial Banks	21,632,641,190	5,719,341,190	9,102,300,000	6,811,000,000	-	21,632,641,190	20,411,023,508	18,656,023,508	1,755,000,000	-	-	20,411,023,508
Fixed Deposits with Development Banks	100,000,000	100,000,000	-	-	-	100,000,000	100,000,000	100,000,000	-	-	-	100,000,000
Equity Investment	1,195,000	-	-	-	1,195,000	1,195,000	1,195,000	-	-	-	1,195,000	1,195,000
Loans to Life Policyholders	1,163,876,748	94,682,235	341,471,841	727,722,671	-	1,163,876,748	987,600,793	166,887,902	300,747,228	519,965,663	-	987,600,793
Agent Loan	1,858,506	1,860,215	-	-	-	1,860,215	7,371,135	2,492,016	4,879,119	-	-	7,371,135
Employee Loan	582,957	163,237	419,720	-	-	582,957	489,570	22,892,000	466,678	-	-	489,570
Other Financial Assets	81,732,588	81,732,588	-	-	-	81,732,588	73,077,216	73,077,216	-	-	-	73,077,216
Other Assets	139,925,259	86,621,191	44,987,660	-	-	131,608,851	124,208,735	93,252,786	29,686,665	-	-	122,939,451
Reinsurance assets	6,620,220	6,620,220	-	-	-	6,620,220	12,047,276	12,047,276	-	-	-	12,047,276
Insurance Receivables	81,465,251	81,465,251	-	-	-	81,465,251	69,454,706	69,454,706	-	-	-	69,454,706
Cash and Cash Equivalents	418,211,016	418,211,016	-	-	-	418,211,016	448,384,959	448,384,959	-	-	-	448,384,959
Total	25,313,433,735	6,590,697,143	9,701,954,221	9,011,272,671	1,195,000	25,305,119,036	23,920,177,898	19,621,643,261	2,090,779,690	2,205,290,663	1,195,000	23,918,908,614

Liabilities

Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Gross Insurance Contract Liabilities	21,267,601,124	701,275,515	-	-	20,566,325,609	21,267,601,124	20,152,672,766	929,555,695	-	-	19,223,117,071	20,152,672,766
Insurance Payables	82,480,415	82,480,415	-	-	-	82,480,415	63,212,326	63,212,326	-	-	-	63,212,326
Other Liabilities	304,797,131	240,426,800	99,813,539	12,047,790	-	352,288,129	250,684,118	250,684,118	-	-	-	250,684,118
Other Financial Liabilities	445,282,607	445,282,607	-	-	-	445,282,607	542,147,028	542,147,028	-	-	-	542,147,028
Total Financial Liabilities	22,100,161,277	1,469,465,337	99,813,539	12,047,790	20,566,325,609	22,147,652,275	21,008,716,238	1,785,599,167	-	-	19,223,117,071	21,008,716,238

iii) Market Risk
a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Company maintains foreign currency denominated assets in its investment portfolios.

The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities. For the purpose of Insurance Liabilities earned interest or 6% whichever is lower, is considered.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax. The company does not have any borrowings as on Ashad end, 2079.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The company is not exposed to equity securities price risk because there are no investments in quoted shares.

The company has no investments in quoted shares and hence is unaffected by the market price fluctuations of such quoted shares. Investment in unquoted shares are however not exposed to equity securities price risk. Thus, in overall the company is not exposed to equity securities price risk.

b2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Other components of equity would increase/decrease as a result of gains/ (losses) on equity securities classified as fair value through other comprehensive income.

48 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

49 Capital Management

The Company's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns to investors, and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Since the company is a branch of foreign company, the company does not have any share capital.

Regulatory minimum paid up capital

American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America, The branch does not have any share capital. The balances of reserves as at Ashadh 32, 2079 stands at NPR 2,860,018,551 before deduction of this year proposed dividend.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh 31, 2078 of NPR 265,000,000/- (Ashadh 31, 2077 NPR 350,900,000/-)	265,000,000	350,900,000
	265,000,000	350,900,000
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since the year ended the management have recommended the a final dividend of NPR 321,129,900/- for year ended Ashadh 32, 2079 (Ashadh 31, 2077 - NPR 265,000,000/-). This proposed dividend is subject to the approval of Nepal Insurance Authority.	321,129,900	265,000,000
	321,129,900	265,000,000

50 Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year used for Calculating Basic Earning per Share	-	-
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	-	-
Adjustments for calculation of Diluted Earning per Share:	-	-
i) Dilutive Shares	-	-
ii) Options	-	-
iii) Convertible Bonds	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share	-	-
Nominal Value of Equity Shares	-	-
Basic Earnings Per Share	-	-
Diluted Earnings Per Share	-	-

Notes to Financial Statements (Continued...)

51 Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

Segment asset is disclosed below based on total of all asset for each business segment.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

Business Segments of the Company's are:

- i) Endowment
- ii) Anticipated Endowment
- iii) Endowment Cum Whole Life
- iv) Whole Life
- v) Foreign Employment Term
- vi) Other Term
- vii) Special Term
- viii) Others (Future Care DPS)
- viii) Others (Micro Insurance)

a) Segmental Information for the year ended Ashadh 32, 2079 (July 16, 2022)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	1,094,657,203	413,589,659	-	-	-	539,148,204	-	2,932,264,572	351,513,027	-	5,331,172,665
Premiums Ceded	(3,661,714)	(2,973,952)	-	-	-	(71,943,856)	-	(170,013,252)	(881,270)	-	(249,474,044)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	1,090,995,489	410,615,707	-	-	-	467,204,348	-	2,762,251,320	350,631,757	-	5,081,698,621
Commission Income	869,510	511,947	-	-	-	37,633,211	-	100,021,697	-	-	139,036,365
Investment Income	543,793,852	216,381,512	-	-	-	36,726,731	-	905,537,554	36,726,731	-	1,739,166,380
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	5,327,449	2,170,442	-	-	-	394,626	-	9,076,394	394,626	-	17,363,536
Total Segmental Income	1,640,986,299	629,679,608	-	-	-	541,958,916	-	3,776,886,965	387,753,113	-	6,977,264,901
Expenses:											
Gross Benefits and Claims Paid	1,658,681,528	1,178,951,110	-	-	-	337,924,016	-	622,660,397	283,547,486	-	4,081,764,537
Claims Ceded	(1,000,000)	(1,570,767)	-	-	-	(16,422,259)	-	(89,406,535)	-	-	(108,399,561)
Gross Change in Contract Liabilities	(367,470,287)	(682,080,874)	-	-	-	(12,359,211)	-	2,305,089,818	(28,865,286)	-	1,214,314,160
Change in Contract Liabilities Ceded to Reinsurers	(200,000)	2,600,000	-	-	-	(50,000)	-	3,077,056	-	-	5,427,056
Net Benefits and Claims Paid	1,290,011,241	497,899,469	-	-	-	309,092,546	-	2,841,420,736	254,682,200	-	5,193,106,192
Commission Expenses	120,912,105	35,547,614	-	-	-	24,993,229	-	288,793,144	17,645,374	-	487,891,466
Service Fees	10,946,572	4,135,897	-	-	-	5,298,716	-	29,322,646	2,614,038	-	52,317,869
Employee Benefits Expenses	44,229,857	17,200,500	-	-	-	24,572,143	-	122,860,715	12,286,071	-	221,149,286
Depreciation and Amortization Expenses	12,480,262	4,853,435	-	-	-	6,933,479	-	34,667,395	3,466,739	-	62,401,310
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	45,340,341	17,632,355	-	-	-	25,189,078	-	125,945,391	12,594,539	-	226,701,704
Finance Cost	1,722,027	669,677	-	-	-	956,682	-	4,783,410	478,341	-	8,610,137
Total Segmental Expenses	1,525,642,405	577,938,947	-	-	-	397,035,873	-	3,447,793,435	303,767,303	-	6,252,177,964
Total Segmental Results	115,343,894	51,740,660	-	-	-	144,923,043	-	329,093,529	83,985,810	-	725,086,937
Segment Assets	7,976,542,328	3,686,956,617	-	-	-	270,441,769	-	9,849,376,136	304,942,603	-	22,088,259,452
Segment Liabilities	7,159,822,768	2,797,308,776	-	-	-	281,544,583	-	11,594,571,108	314,253,637	-	22,147,500,872

b) Segmental Information for the year ended Ashadh 31, 2078 (July 15, 2021)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	983,849,218	447,438,669	-	-	-	397,694,380	-	2,751,286,190	304,834,960	-	4,885,103,417
Premiums Ceded	(2,381,703)	(2,502,116)	-	-	-	(54,269,690)	-	(155,848,076)	(635,720)	-	(215,637,305)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	981,467,515	444,936,553	-	-	-	343,424,690	-	2,595,438,114	304,199,240	-	4,669,466,112
Commission Income	723,150	448,135	-	-	-	30,564,940	-	96,665,566	-	-	128,401,791
Investment Income	537,587,887	247,963,476	-	-	-	30,447,007	-	669,839,651	28,245,430	-	1,514,083,451
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	1,762,283	809,846	-	-	-	110,726	-	2,291,407	102,719	-	5,076,980
Total Income	1,521,540,835	694,158,009	-	-	-	404,547,363	-	3,364,234,738	332,547,389	-	6,317,028,334
Expenses:											
Gross Benefits and Claims Paid	1,490,720,526	1,231,803,887	-	-	-	195,544,961	-	428,580,813	254,076,090	-	3,600,726,276
Claims Ceded	(528,708)	(2,152,526)	-	-	-	(9,077,789)	-	(85,630,763)	-	-	(97,389,786)
Gross Change in Contract Liabilities	(277,386,056)	(652,544,093)	-	-	-	49,021,914	-	2,161,345,625	61,422,907	-	1,341,860,297
Change in Contract Liabilities Ceded to Reinsurers	-	(2,600,000)	-	-	-	(600,000)	-	(5,981,408)	-	-	(9,181,408)
Net Benefits and Claims Paid	1,212,805,762	574,507,268	-	-	-	234,889,086	-	2,498,314,267	315,498,997	-	4,836,015,379
Commission Expenses	106,097,291	28,851,266	-	-	-	21,819,726	-	296,304,737	30,468,436	-	483,541,456
Service Fees	9,838,492	4,474,387	-	-	-	4,599,197	-	27,512,862	3,906,037	-	50,330,975
Employee Benefits Expenses	36,403,568	17,363,317	-	-	-	18,170,397	-	101,824,420	14,943,214	-	188,704,916
Depreciation and Amortization Expenses	4,106,945	1,958,879	-	-	-	2,049,932	-	11,487,536	1,685,850	-	21,289,142
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	52,690,164	25,131,492	-	-	-	26,299,652	-	147,379,655	21,628,660	-	273,129,623
Finance Cost	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,421,942,221	652,286,609	-	-	-	307,827,990	-	3,082,823,476	388,131,195	-	5,853,011,492
Total Segmental Results	99,598,613	41,871,400	-	-	-	96,719,374	-	281,411,261	(55,583,806)	-	464,016,843
Segment Assets	7,559,766,080	3,496,999,868	-	-	-	307,291,236	-	9,338,353,738	441,537,240	-	21,143,948,162
Segment Liabilities	7,531,048,809	3,481,125,696	-	-	-	305,476,399	-	9,294,116,290	439,859,973	-	21,051,627,167

Notes to Financial Statements (Continued...)

c) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year	Previous Year
Segmental Profit	725,086,937	464,016,843
Less: Depreciation and Amortization	(6,933,478)	(2,365,460)
Less: Non-cash expenses other than Depreciation and Amortization	-	-
Less: Unallocable Corporate Expenditures	(119,037,813)	(93,648,291)
Add: Unallocable Other Income	222,728,142	198,376,981
Less: Finance Cost	(956,682)	-
Profit Before Tax	820,887,107	566,380,073

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	22,088,259,452	21,143,948,162
Intangible Assets	1,076,927	773,263
Property, Plant and Equipment	20,316,241	5,611,098
Investment Properties	-	-
Deferred Tax Assets	43,283,719	38,075,900
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	3,374,655,519	2,917,760,193
Loans	2,441,463	7,860,705
Current Tax Assets (Net)	19,707,523	29,068,260
Other Assets	20,162,958	16,326,641
Other Financial Assets	11,777,507	9,605,648
Cash and Cash Equivalents	60,263,393	58,938,043
Total Assets	25,641,944,701	24,227,967,913

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	22,147,500,872	21,051,627,167
Provisions	26,166,998	22,265,540
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	-
Other Financial Liabilities	64,164,356	71,262,616
Other Liabilities	43,920,674	32,951,220
Total Liabilities	22,281,752,901	21,178,106,543

Notes to Financial Statements (Continued...)

52 Related Party Disclosure

(a) Identify Related Parties

During the year, the Company identified following Related Parties:

Holding Company: Not applicable

Subsidiaries: Not applicable

Associates: Not applicable

Fellow Subsidiaries: Delaware American Life Insurance Company

Key Management Personnel: Key Management Personnel include Vice President and General Manager of the Company

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	20,237,876	18,551,107
Other long-term benefits	-	-
Termination benefits	-	-
Total	20,237,876	18,551,107

Payment to Vice President and General Manager

Particulars	Current Year	Previous Year
Annual salary and allowances	9,098,824	7,942,231
Performance based allowances	-	-
i) Employee Bonus	3,879,582	-
ii) Benefits as per prevailing provisions	838,507	963,351
iii) Incentives	3,214,250	2,431,133
Insurance related benefits	-	-
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	-	-
Total	17,031,163	11,336,715

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Commission Income						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	(106,000,096)	-	(106,000,096)
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	(95,369,278)	-	(95,369,278)
Rental Income						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Interest Income						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Sale of Property, Plant & Equipment						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Purchase of Property, Plant & Equipment						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Premium Paid						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	196,239,152	-	196,239,152
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	150,999,285	-	150,999,285
Commission Expenses						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Dividend						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Meeting Fees						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Allowances to Directors						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Others (to be specified)						
For The Year Ended Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
As at Ashadh End, 2079 (July 16, 2022)	-	-	-	61,794,763	-	61,794,763
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	58,963,341	-	58,963,341
Other Receivables (to be Specified)						
As at Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
Payables including Reinsurance Payables						
As at Ashadh End, 2079 (July 16, 2022)	-	-	-	64,089,794	-	64,089,794
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	50,094,782	-	50,094,782
Other Payables (to be Specified)						
As at Ashadh End, 2079 (July 16, 2022)	-	-	-	-	-	-
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

53 Leases

(a) Leases as Lessee

(i) Operating Leases:

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has various leases ranging from 2 to 8 years. The Company has entered into non-cancellable lease agreements. The leases are renewable by mutual consent and contain escalation clause.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	46,840,004	-
ii) Later than 1 year and not later than 5 years	99,813,539	-
iii) Later than 5 years	12,047,790	-
Total Future Minimum Lease Payments	158,701,333	-
Less: Effect of Discounting	47,490,997	-
Finance lease liability recognised	111,210,336	-

(b) Leases as Lessor

(i) Operating Lease:

The Company has not leased out any assets.

Disclosure in respect of Non-cancellable lease is as given below.

Future Minimum Lease Income	Current Year	Previous Year
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has not given any assets under finance leases.

Particulars	Current Year			Previous Year		
	Gross Investment	Unearned Finance Income	Net Investment	Gross Investment	Unearned Finance Income	Net Investment
i) Not Later than 1 year	-	-	-	-	-	-
ii) Later than 1 year and not later than 5 years	-	-	-	-	-	-
iii) Later than 5 years	-	-	-	-	-	-
Total	-	-	-	-	-	-

54 Capital Commitments

Estimated amount of contracts remaining to be executed in capital accounts and not provided for

Particulars	Current Year	Previous Year
Property, Plant and Equipment	-	-
Investment Properties	-	-
Intangible Assets	-	-
Total	-	-

55 Contingent Liabilities

Estimated amount of contracts remaining to be executed in capital accounts and not provided for (net of advances)

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts	-	-
a) Income Tax	-	-
b) Indirect Taxes	-	-
c) Others (to be Specified)	-	-
Total	-	-

56 Events occurring after Balance Sheet

There is no such events occurred after Balance Sheet

57 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables	-	-
Investments in equity	-	-
Fixed Deposits	-	-
Property, plant and equipment	-	-
Others (to be Specified)	-	-
Total	-	-

58 Miscellaneous

(i) All amounts are in Nepalese Rupees unless otherwise stated.

(ii) All figures are in the Nearest Rupee & Rounded off.

59 Others (to be Specified)

American Life Insurance Company
Annexure II
Minimum Disclosure in Management Report
(Year Ended Upto Ashadh 32, 2079)

A Information related to Life Insurer

- 1 Date of establishment: 2058/04/18 (August 02, 2001)
- 2 Date of receiving insurer registration certificate: 2058/04/18 (August 02, 2001)
- 3 Insurance business type, nature: Life Insurance
- 4 Date of commencement of business: 2058/10/17 (30 January 2002)
- 5 ALICO is registered as a branch of foreign company with Office of the Company Registrar on 2062/02/23 (June 05, 2005).

B Insurer's Board of Directors shall approve following matters

- 1 The company has obtained renewal of the license for doing insurance business till the end of Chaitra 2079 (13 April 2023) vide Insurance Authority's letter no. Ka.Sa. 358/078/79) Cha. No. 4885 dated 2079/01/29 (12 May, 2022).
- 2 Service fee payable of amount NPR. 52,317,869 has been paid to Nepal Insurance Authority and withholding tax payable of NPR. 77,96,891 related to F.Y. 2021-22 at the Balance Sheet date has been paid on respective due dates.
- 3 American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America. The branch does not have any share capital.
- 4 Company is compliant with the requirement of Valuation Directive 2077 and maintains 3.88 solvency margin as of 2079 Ashad end (16 July, 2022).
- 5 a) Value of assets included in the Statement of Financial Position upto Asadh 32, 2079 are not overstated than it's fair value.

b) Assets recognized in financial statements are measured on historical cost basis except certain Financial Assets which are required to be measured at fair value.
- 6 Company has made all its investment within the provisions of the existing laws.
- 7 Claim settled within the year: 10,881
Outstanding claim number: 494
Time frame to settle the outstanding claim: As per Insurance Act 2079 and related directives issued by Nepal Insurance
- 8 Company is in compliance with the provision of Insurance Act 2079, Insurance Regulation 2049, Company Act 2063, NFRS and other prevailing laws & regulation.
- 9 Appropriate accounting policy has been consistently adopted.
- 10 Financial Statements as at Ashad end, 2079 present true and fair view of the Financial Position and Financial Performance of the company.

American Life Insurance Company
Annexure II
Minimum Disclosure in Management Report
(Year Ended Upto Ashadh 32, 2079)

- 11 It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the assets and for identification and mitigation against losses due to fraud, embezzlement and irregularities.
- 12 Financial statements are prepared in accordance with 'going concern basis'.
- 13 Company has strong, effective, reliable and independent internal audit unit at Local and RO/HO level which is conducting internal audit periodically on regular basis. It has been found quite effective as a controlling mechanism for normal operation of the business activities.
- 14 Company has not done business with any person, firm, company, and with its director or institution having interest of the directors which is against the existing Insurance Act, 2049, Insurance Act, 2079, Company Act, 2063 and regulations, orders and directives under it.
- 15 No any penalties, levied by Nepal Insurance Authority for the particular financial year.
- 16 Company is compliant with Anti money laundering Act 2064 and its directive, rules, by-laws and policies.
- 17 The company received approval of its actuarial valuation report for FY 2078/79 (2021-22) on January 12, 2023 (Poush 28, 2079). Shareholders' portion of profit (before allocation for proposed dividend) for the year arising from the actuarial valuation together with Profits from non-participating portfolio amounts to NPR. 395,780,106/-. The head office (ALICO Delaware) of the company has submitted a letter dated July 26, 2022 to Nepal Insurance Authority expressing commitment towards liability(ies) assumed by ALICO Nepal Branch Level because ALICO Nepal branch is a legal part of ALICO Delaware and it supports all the liabilities including those of ALICO Nepal Branch and this structure subjects ALICO Delaware to be legally responsible for liability(ies) incurred at the ALICO Nepal Branch Level. Therefore, out of the distributable profit, the company has proposed cash dividend of NPR 321,129,900 for the year.
- 18 Nepal Insurance Authority in its letter Bi.Bi.Sha 239/ (2072/73) dispatch no. 3087 dated 2 April 2016, advised the company to create catastrophic reserve equal to 10% of amount available for appropriation. Accordingly NPR 59,656,744 has been transferred to catastrophic reserve account.
- 19 The company has set aside 1% of net profit equals to NPR. 5,965,674 in the form of Corporate Social Responsibility (CSR) Reserves as required by Section 57(Kha) of Corporate Good Governance Directive, 2075. CSR reserves shall be utilized for the activities provided in the directive. Similarly, the company has expensed more than 2% of total employee expenses of previous year i.e. NPR 9,986,888 on employee training and development as required by section 57(Ka) of Corporate Good Governance Directive. 2075.

American Life Insurance Company
Annexure III
Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
1	Net worth	NRs.	3,360,191,800	3,049,861,371	3,105,067,473	2,613,523,779	2,059,882,156
2	Number of Shares	Number	-	-	-	-	-
3	Book value per shares	NRs.	-	-	-	-	-
4	Net Profit	NRs.	581,509,489	296,903,381	682,873,523	555,815,623	555,815,623
5	Earning per Shares (EPS)	NRs.	-	-	-	-	-
6	Dividend per Shares (DPS)	NRs.	-	-	-	-	-
7	Market Price per Shares (MPPS)	NRs.	-	-	-	-	-
8	Price Earning Ratio (PE Ratio)	Ratio	-	-	-	-	-
9	Solvency Margin	%	388%	376%	461%	327%	580%
10	Change in Equity	%	10%	-2%	19%	27%	38%
11	Return on Revenue	%	11.4%	6.4%	17.0%	14.0%	15.7%
12	Return on Equity	%	18.1%	9.6%	23.9%	23.8%	31.3%
13	Return on Investments	%	8.2%	7.7%	9.4%	10.0%	9.9%
14	Return on Assets	%	2.3%	1.6%	3.2%	2.9%	3.4%
15	Operating Expense Ratio	%	13.7%	13.5%	13.8%	13.9%	13.1%
16	Net Insurance Premium/ Gross Insurance Premium	%	95.3%	95.6%	95.8%	96.1%	97.7%
17	Net Profit/ Gross Insurance Premium	%	10.9%	6.1%	16.3%	13.5%	15.4%
18	Gross Insurance Premium/ Total Assets	%	21.4%	20.9%	19.7%	22.3%	22.1%
19	Income from Investment & loan/ Total investment & loan amount	%	8.2%	7.7%	9.4%	10.0%	9.9%
20	Reinsurance Commission Income/ Gross Reinsurance Premium	%	55.7%	59.5%	60.3%	55.9%	57.6%
21	Management expenses/ Gross Insurance Premium	%	12.1%	11.9%	12.2%	12.4%	11.8%
22	Agent Related Expenses/ Gross Insurance Premium	%	11.7%	12.4%	12.1%	13.6%	13.2%
23	Number of Agents	Numbers	4,848	5,846	9,894	5,101	4,136
24	Number of Branch and Sub-Branch including head office	Numbers	35	33	33	25	24
25	Employee expenses/ Management expenses	%	42.6%	39.1%	40.5%	36.0%	30.4%
26	Employee expenses/ Number of Employees	%	1,412,192	1,361,507	1,173,355	1,163,868	927,519
27	Outstanding Claim/ Claim Paid	%	17.5%	26.2%	27.1%	15.6%	15.1%
28	Total Number of In Force Insurance Policies	Numbers	1,312,552	1,199,392	929,909	1,410,173	737,755
29	Gross Premium Growth Rate	%	9.1%	16.7%	1.3%	13.8%	17.5%
30	Change in Gross written Premium	%	3.9%	21.5%	-1.9%	16.3%	17.5%
31	Actuarial Provision	%	399%	413%	446%	414%	425%
32	Technical Provisions/ Total Equity	%	626%	759%	661%	698%	870%
33	Reinsurance Ratio	%	4.7%	4.4%	4.2%	3.9%	2.3%
34	Gross Premium Revenue/ Equity	%	166%	159%	146%	181%	204%
35	Net Premium Revenue/ Equity	%	159%	152%	140%	174%	199%
36	Insurance Debt/ Total Equity	%	0%	0%	0%	0%	0%
37	Liquidity Ratio	%	26%	420%	436%	525%	578%
38	Affiliate Ratio	%	-	-	-	-	-
39	(Unquoted Equities + Debtors)/ Net Total Assets	%	0.04%	0.02%	0.01%	0.00%	0.00%
40	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	94.5%	94.2%	88.4%	89.7%	81.7%
41	Number of Intimated Claim/ Total Number of In Force Policy	%	0.8%	0.7%	0.5%	0.4%	0.5%
42	Declared Bonus Rate	Per thousand	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP
43	Interim Bonus Rate	Per thousand	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP				

Annexure IV
Statement of Sum Assured (As per Actuarial Valuation report)

S.N.	Insurance Types	InForce Number of Policies		Sum Assured of In Force Policies		Sum at Risk		Sum at Risk Transferred to Reinsurer		Net Sum at Risk	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Anticipated Endowment Policy	22,995	28,821	5,483,477,631	5,343,574,654	4,641,983,233	2,375,172,589	1,972,181,394	1,353,826,596	2,669,801,839	1,021,345,994
2	Endowment Policy	49,532	53,164	17,488,141,849	14,657,262,674	14,872,394,182	8,411,705,022	8,262,245,049	5,974,719,152	6,610,149,133	2,436,985,869
3	Other Policy	128,578	124,741	243,256,608,016	224,500,410,822	232,116,898,818	215,689,625,620	152,287,558,838	131,538,600,690	79,829,339,980	84,151,024,930
4	Micro Insurance Policy	903,383	822,040	152,433,758,741	169,108,943,325	152,153,605,985	168,737,175,367	-	-	152,153,605,985	168,737,175,367
5	Term Insurance Policy	208,064	170,626	107,666,578,680	90,871,741,526	107,533,654,484	90,731,046,731	32,139,233,341	22,154,946,715	75,394,421,144	68,576,100,016
Total		1,312,552	1,199,392	526,328,564,917	504,481,933,001	511,318,536,702	485,944,725,329	194,661,218,622	161,022,093,154	316,657,318,081	324,922,632,175



नेपाल बीमा प्राधिकरण NEPAL INSURANCE AUTHORITY



मिति: २०७९/१२/०९

गैरस्थलगत सुपरीवेक्षण: ४६१ (२०७९/०८०) च.नं. ४६४५

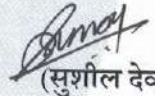
श्री मेट लाईफ एलिको
पूल्चोक, ललितपुर।

विषय: आ.व. २०७८/७९ को वित्तीय विवरणको स-शर्त स्वीकृति सम्बन्धमा।

तहाँको मिति २०७९/०९/२९ (च.नं. ४९।२०२३) को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०७८/७९ को वित्तीय विवरण सम्बन्धमा लेखिदैंछ।

उपरोक्त सम्बन्धमा तहाँबाट पेश भएको वित्तीय विवरण तथा अन्य कागजातहरू अध्ययन गर्दा साविक बीमा ऐन, २०४९ को दफा १९, २०, २१ र २२ का प्रावधानहरू पालना गरेको देखिएकोले तहाँको आ.व. २०७८/७९ को वार्षिक वित्तीय विवरणलाई बीमा ऐन, २०७९ को दफा ८७ (८) तथा प्राधिकरणबाट जारी भएको जीवन बीमा व्यवसाय गर्ने बीमकको वित्तीय विवरण सम्बन्धी निर्देशनको निर्देशन नं. ७.५, ७.६ र ७.७ बमोजिम वार्षिक प्रतिवेदनमा समावेश गर्न तथा प्रकाशित गर्न देहायका निर्देशन, शर्त र आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदैंछौं।

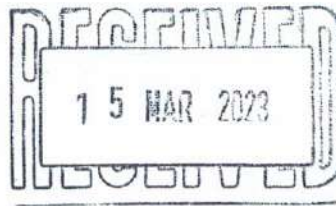
१. बीमकले लेखा परीक्षण समितिलाई प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणालि सुदृढ बनाउने।
२. बीमकको जोखिमाङ्कन तथा दाबी भुक्तानी प्रक्रियालाई थप प्रभावकारी गराउने।
३. बीमकले आंशिक अवधि समाप्ति, अवधि समाप्ति तथा बीमाशुल्क फिर्ता वापत बीमितलाई भुक्तानी गर्नुपर्ने रकम तत्काल भुक्तानी गर्ने।
४. बीमकको लेखापरीक्षकले औल्याएका सम्पूर्ण कैफियतहरू सुधार गर्न तथा उक्त कैफियतहरू पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने।


(सुशील देव सुवेदी)
निर्देशक

बोधार्थ:

श्रीमान् अध्यक्षज्यूको सचिवालय, नेपाल बीमा प्राधिकरण।

श्रीमान् कार्यकारी निर्देशकज्यूको सचिवालय, नेपाल बीमा प्राधिकरण



श्री नेपाल बीमा प्राधिकरणको मिति २०७९।१२।०१ को पत्रद्वारा आ.व. २०७८।७९ को वित्तीय विवरण स-शर्त स्वीकृति प्रदान गर्दा तोकिएका शर्तहरू उपर बीमकको स्पष्टीकरण निम्न बमोजिम रहेको छ ।

- १) बीमकको लेखा परीक्षण समितिको बैठक हरेक त्रैमासिकमा हुने गरेको र बैठकमा आन्तरिक लेखा परिक्षक तथा बाह्य लेखा परिक्षकले औल्याईएका कैफियतहरू उपर छलफल हुने गरेको छ । देखिएका कैफियतहरू आगामी दिनहरूमा पुनः दोहोरिन नदिन प्रभावकारी रूपमा गर्नु पर्ने कार्यहरूको बारेमा छलफल हुने गरेको र साथै आगामी दिनहरूमा यस कार्यहरूलाई थप प्रभावकारी बनाउने व्यहोरा अनुरोध गर्दछौं ।
- २) बीमकले तहाँबाट समय समयमा जारी गरेको निर्देशन तथा बीमकको अण्डरराईटिङ्ग म्यानुयल तथा दावी भुक्तानी सम्बन्धी Standard Operating Procedure अनुसार बीमितलाई तोकिएको Turn Around Time (TAT) भित्र सेवा प्रदान गरी रहेको व्यहोरा अनुरोध छ । उक्त कार्यहरूको मासिक रूपमा प्रगति विवरण कार्यकारी प्रमुखलाई समेत पेश गर्ने गरिएको जानकारी गर्दछौं । बीमककोमा रहेको रिस्क तथा कम्प्लायन्स विभागले बार्षिक कार्यक्रम तय गरी नियमित रूपमा अनुगमन समेत गर्ने गरेको व्यहोरा अनुरोध गर्दै उक्त कार्यहरूलाई आगामी दिनमा आवश्यकता अनुसार थप प्रभावकारी बनाउने व्यहोरा अनुरोध गर्दछौं ।
- ३) उपरोक्त सम्बन्धमा बीमितलाई भुक्तानी गर्नुपर्ने रकम फर्छ्यौटको लागि तथा SMS बाट गराईने जानकारीको frequencyलाई थप गर्ने, जारी भएका बीमालेखका अभिकर्ता निष्क्रिय भई सेवा नपाउने बीमितहरूको हकमा आन्तरिक Special Task Forceको गठन गरी सो बीमितहरूलाई सम्पर्क गर्ने, बीमकको वेबसाईट तथा विभिन्न संजालबाट आफ्नो भुक्तानी लिनुहुन सार्वजनिक सूचना जारी गर्ने लगायतका कार्यहरू गरिरहेको, बीमकसंग उपलब्ध भएको बीमितको बैंक खाता नं मा परिपक्व रकम ट्रांसफर गरिरहेको र भुक्तानी लिन बांकी रहेको बीमितलाई भुक्तानी लिन आउनु भनि राष्ट्रिय दैनिक पत्रिकामा सूचना प्रकाशित गरिएको, बीमितको पोलिसी नं बीमकको वेबसाईटमा राखिएको जस्ता कार्यहरू भइरहेको व्यहोरा अनुरोध गर्दै हालको अवस्थामा सो कार्यहरूले गर्दा भुक्तानी हुन बांकी रकमहरू कमश रूपमा घटिरहेको र यस्ता कार्यहरूलाई थप प्रभावकारी बनाउदै लगिने व्यहोरा अनुरोध छ ।
- ४) लेखा परिक्षकले औल्याईएका कैफियतहरू निरन्तर रूपमा सुधार गरिरहेको र नियन्त्रण प्रणाली अझै सशक्त बनाई कैफियतहरू पुनः दोहोरिन नदिन प्रयास जारी रहेको व्यहोरा अनुरोध छ ।