



American Life Insurance Company

20th Year

**Audited
Financial Statements**

Fiscal Year - 2077/78 B.S
(2020-21 A.D)

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 Insurance Board's letter no. Ka.Sa. 221 (077/78) Cha. No. 4927 dated 2078/03/07 (June 21, 2021) which is valid for doing insurance business till the end of Chaitra 2078 (April 13, 2022).
2. Service fee payable of amount NPR. 50,330,975 to Insurance Board and withholding tax payable of NPR. 7,553,226 related to F.Y 2020-21 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 3.76 solvency margin as of 2078 Ashad end (July 15, 2021).
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	Vietnam
Bahrain	Egypt	Lebanon	Slovakia	
Bangladesh	France	Malaysia	South Korea	
Brazil	Greece	Mexico	Spain	
Bulgaria	Hungary	Nepal	Turkey	

9. Total number of paid claims is 8,127. Detail of total outstanding claims number is as follows.

Fiscal Year	2072/73	2073/74	2074/75	2075/76	2076/77	2077/78
Par Product	39	34	3	7	7	43
Non-Par Product	242	206	135	167	388	576

10. The financial statements are prepared in accordance with generally accepted accounting practices in Nepal, The Insurance Act, 2049 BS, The Insurance Regulations 2049 BS and guidelines issued by the Insurance Board 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 existing Insurance Act, 2049, 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 2077/78 (2020-21) on March 21, 2022 (Chaitra 7, 2078). 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. 189,378,917. The company has submitted a letter dated March 28, 2022 on March 29, 2022 requesting Insurance Board to reconsider their circular dated 10 January, 2022 of not allowing to propose and distribute the cash dividend to the foreign branch operation. Therefore, out of the distributable profit and free reserve & surplus, the company has proposed cash dividend of NPR 265,000,000 for the year.
18. Insurance Board 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 35,109,090 has been transferred to catastrophic reserve account.

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To
The General Manager
American Life Insurance Company - Nepal Branch

Auditor's Report on the financial statements for the year ended July 15, 2021 (Ashad 31, 2078)

We had audited the accompanying financials statements of American Life Insurance Company - Nepal Branch for the year ended July 15, 2021 (Ashad 31, 2078) and had issued our qualified audit opinion on January 13, 2022. In response to the request for approval of the financial statements, Beema Samiti provided in principle approval of the financial statements for actuarial valuation purposes vide letter dated January 11, 2022 (Poush 27, 2078). Upon submission of the actuarial valuation report by the company, Beema Samiti, provided approval for allocation of actuarial valuation surplus to the shareholders' fund and bonus to the insured vide letter dated March 21, 2022 (Chaitra 7, 2078).

There is no change in the attached financial statements for the year ending July 15, 2021 (Ashad 31, 2078) approved on 6 April 2022 compared to financial statements for the same period approved on 13 January 2022 except modification of note 15 (c). This note relates to proposed dividend whereby the company has provided latest information about its correspondence with Insurance Board vide letter dated 28 March 2022 regarding company's understanding that prohibition of declaring dividend by Insurance Board vide its letter dated 10 January 2022 is not applicable to it. However, there is no evidence that the Insurance Board has agreed with the company's understanding. Hence, there is no change in the audit opinion.

Date: April 6, 2022
Place: Kathmandu



Jitendra Kumar Mishra
Partner

American Life Insurance Company

Balance Sheet as on 31st Ashad 2078 (15 July, 2021)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
SOURCES				
1	Paid-up Capital	16	-	-
2	Reserve and Surplus	17	2,403,197,566	2,401,741,359
3	Life Insurance Fund	11	18,710,654,318	17,611,241,961
4	Catastrophe Reserve	18	310,386,995	275,277,905
5	Long Term loans and Borrowings	19	-	-
	Total Sources		21,424,238,879	20,288,261,225
USES				
6	Fixed Assets (Net)	20	48,570,522	53,970,050
7	Long Term Investments	21	3,441,520,000	3,441,325,000
8	Policy Loans	3	987,600,793	992,348,109
9	Other Long Term Loans	23	8,102,308	3,841,887
	<u>Current Assets, Loans and Advances</u>			
10	Cash & Bank Balances	22	220,985,887	130,615,378
11	Short Term Investments	21	18,983,422,580	17,387,018,542
12	Other Short Term Loans	23	-	-
13	Other Assets	24	819,562,843	791,942,531
	Total (A) (10+11+12+13)		20,023,971,310	18,309,576,451
	<u>Current Liabilities and Provisions:</u>			
14	Current Liabilities	25	383,946,414	346,087,193
15	Provision for Unexpired Risks	26	512,462,754	364,468,702
16	Claims Payable	9	917,508,419	684,241,886
17	Other Provisions	26A	1,271,608,467	1,118,002,491
	Total (B) (14+15+16+17)		3,085,526,054	2,512,800,272
18	Net Current Assets (C)= A-B		16,938,445,256	15,796,776,179
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)		21,424,238,879	20,288,261,225

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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Profit & Loss Account for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
INCOME				
1	Transferred from Revenue A/c	10	50,267,049	310,321,212
2	Transferred from Life Fund	11	223,169,420	307,317,750
3	Income from Investment, Loan and Others	2	197,560,044	214,243,558
4	Written Back Provision	12	-	-
5	Other Income		-	-
Total Income (A)			470,996,513	831,882,520
EXPENSE				
6	Management Expense	7	47,663,096	43,245,431
7	Written off Expense	13	-	-
8	Share Issue Expense	13A	-	-
9	Other Expense	14	-	-
10	Provision for Loss	15	-	-
11	Provision for Housing Fund	26A	-	-
12	Provision for Staff Bonus	26A	42,333,342	78,863,709
13	Adjusted Income Tax (A)	8		
14	B) Income tax		36,768,289	34,388,882
15	C) Deferred Tax Assets / (Liabilities)		(6,859,111)	(2,972,682)
16	Transfer to Life Fund	11	-	-
Total Expense (B)			119,905,616	153,525,340
17	Net Profit / (Loss) (C) = A-B		351,090,897	678,357,180
18	Expenses Related with Last Years		49,525,600	-
19	Profit/(Loss) Transferred from Last Year		1,151,593,175	1,030,615,831
Amount for Allocation			1,453,158,472	1,708,973,011
20	A) Deferred Tax Reserve	17	6,859,111	2,972,682
	B) Capital Reserve	17	-	-
	C) Special Reserve	17	-	-
	D) Other Reserve - (Capital Fund)	17	70,218,179	135,671,436
	E) Proposed Dividend			
	a) Bonus Share	17	-	-
	b) Cash Dividend	26A	265,000,000	350,900,000
	F) Catastrophe Reserve	18	35,109,090	67,835,718
22	Profit/(Loss) Transferred to Balance Sheet		1,075,972,092	1,151,593,175

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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Consolidated Revenue Account for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx.	This Year	Last Year
INCOME				
1	Premium (Net)	1	4,817,460,164	3,965,434,573
2	Re-insurance Commission Income		128,401,791	103,038,392
3	Investment, Loan and Other Income	2	1,395,360,616	1,596,765,894
4	Income from Policy Loan	3	118,029,821	124,309,236
5	Other Direct Income		3,875,509	2,969,033
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		684,241,886	394,855,526
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		364,468,702	407,841,489
	Total Income (A)		7,511,838,489	6,595,214,143
EXPENDITURE				
8	Claim Payment (Net)	4	3,503,336,490	2,520,250,230
9	Agent Commission	5	483,541,456	404,323,492
10	Medical Examination Fee		1,720,218	3,025,160
11	Re-insurance Commission Expenses		-	-
12	Service Fee (Net)	6	50,330,975	41,412,152
13	Other Direct Expenses		-	-
14	Management Expenses	7	428,967,865	389,208,874
15	Income Tax	8	241,121,485	242,847,900
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	917,508,419	684,241,886
17	Provision for Unexpired Risks at the End of the Fiscal Year		512,462,754	364,468,702
	Total Expenditure (B)		6,138,989,662	4,649,778,396
18	Surplus Transferred to Life Insurance Fund		1,322,581,778	1,635,114,535
19	Surplus (Loss) Transferred to Profit & Loss A/c		50,267,049	310,321,212

Annexure 1-9 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Revenue Account of Anticipated Endowment Policy for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	444,936,553	445,155,300
2	Re-insurance Commission Income		448,135	303,512
3	Investment, Loan and Other Income	2	222,578,501	323,835,012
4	Income from Policy Loan	3	25,274,430	31,600,711
5	Other Direct Income		948,152	698,584
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		252,370,757	128,934,729
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		946,556,528	930,527,848
EXPENDITURE				
8	Claim Payment (Net)	4	1,229,651,361	947,887,950
9	Agent Commission	5	28,851,266	18,736,808
10	Medical Examination Fee		127,110	145,351
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	4,474,387	4,470,838
13	Other Direct Expense		-	-
14	Management Expense	7	39,470,646	44,634,665
15	Income Tax	8	44,914,607	56,149,082
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	298,785,669	252,370,757
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure (B)		1,646,275,046	1,324,395,451
18	Surplus Transferred to Life Insurance Fund		(699,718,518)	(393,867,603)
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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Revenue Account of Endowment Policy for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	981,467,515	804,669,862
2	Re-insurance Commission Income		723,150	504,002
3	Investment, Loan and Other Income	2	484,347,038	605,703,925
4	Income from Policy Loan	3	53,000,295	63,936,518
5	Other Direct Income		2,003,866	338,693
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		315,276,212	170,159,725
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		1,836,818,076	1,645,312,725
EXPENDITURE				
8	Claim Payment (Net)	4	1,490,191,818	1,083,454,209
9	Agent Commission	5	106,097,291	73,721,975
10	Medical Examination Fee		416,806	653,453
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	9,838,492	8,057,911
13	Other Direct Expense		-	-
14	Management Expense	7	82,753,334	76,240,936
15	Income Tax	8	98,507,098	106,478,595
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	342,506,156	315,276,212
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure(B)		2,130,310,995	1,663,883,291
18	Surplus Transferred to Life Insurance Fund		(293,492,919)	(18,570,566)
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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Revenue Account of Other Policy (Future Care-DPS) for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	2,595,438,114	2,100,607,829
2	Re-insurance Commission Income		96,665,566	78,806,496
3	Investment, Loan and Other Income	2	629,771,775	596,860,962
4	Income from Policy Loan	3	39,755,096	28,772,007
5	Other Direct Income		863,700	7,005
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		26,043,751	22,680,810
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
	Total Income (A)		3,388,538,002	2,827,735,109
EXPENDITURE				
8	Claim Payment (Net)	4	342,950,050	176,261,457
9	Agent Commission	5	296,304,737	270,470,697
10	Medical Examination Fee		987,405	1,891,588
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	27,512,862	22,317,216
13	Other Direct Expense		-	-
14	Management Expense	7	231,469,348	204,238,699
15	Income Tax	8	97,699,780	78,958,997
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	75,820,606	26,043,751
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
	Total Expenditure(B)		1,072,744,788	780,182,405
18	Surplus Transferred to Life Insurance Fund		2,315,793,214	2,047,552,704
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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Revenue Account of Micro Insurance Policy for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	389,967,931	338,897,958
2	Re-insurance Commission Income		-	-
3	Investment, Loan and Other Income	2	28,231,409	34,390,614
4	Income from Policy Loan	3	-	-
5	Other Direct Income		-	-
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		64,535,708	46,849,187
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		209,349,604	247,690,774
	Total Income (A)		692,084,652	667,828,533
EXPENDITURE				
8	Claim Payment (Net)	4	254,076,090	233,598,233
9	Agent Commission	5	30,468,436	25,967,794
10	Medical Examination Fee		-	-
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	3,906,037	3,388,980
13	Other Direct Expense		-	-
14	Management Expense	7	33,969,220	32,619,055
15	Income Tax	8	-	356,273
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	125,958,616	64,535,708
17	Provision for Unexpired Risks at the End of the Fiscal Year		295,118,295	209,349,604
	Total Expenditure(B)		743,496,694	569,815,647
18	Surplus Transferred to Life Insurance Fund		-	-
19	Surplus (Loss) Transferred to Profit & Loss A/c		(51,412,042)	98,012,886

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: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Revenue Account of Term Insurance Policy for the Fiscal Year 2077/78 (2020-21)

Amount in NPR.

SN	Particulars	Anx	This Year	Last Year
INCOME				
1	Premium (Net)	1	405,650,051	276,103,624
2	Re-insurance Commission Income		30,564,940	23,424,382
3	Investment, Loan and Other Income	2	30,431,893	35,975,381
4	Income from Policy Loan	3	-	-
5	Other Direct Income		59,791	1,924,751
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		26,015,458	26,231,075
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		155,119,098	160,150,715
	Total Income (A)		647,841,231	523,809,928
EXPENDITURE				
8	Claim Payment (Net)	4	186,467,172	79,048,381
9	Agent Commission	5	21,819,726	15,426,218
10	Medical Examination Fee		188,897	334,768
11	Re-insurance Commission Expense		-	-
12	Service Fee (Net)	6	4,599,197	3,177,207
13	Other Direct Expense			-
14	Management Expense	7	41,305,317	31,475,519
15	Income Tax	8	-	904,953
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	74,437,372	26,015,458
17	Provision for Unexpired Risks at the End of the Fiscal Year		217,344,459	155,119,098
	Total Expenditure(B)		546,162,140	311,501,602
18	Surplus Transferred to Life Insurance Fund		-	-
19	Surplus (Loss) Transferred to Profit & Loss A/c		101,679,091	212,308,326

Annexure 1-9 are integral part of this.

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

American Life Insurance Company

Statement of Changes in Equity for the Fiscal Year 2077/78 (2020-21)

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	-	1,929,658,649	-	-	-	15,000,000	457,082,709	275,277,905	2,677,019,263
Profit of This Year		301,565,297	-	-	-	-	-	-	301,565,297
Proposed Cash Dividend		(265,000,000)	-	-	-	-	-	-	(265,000,000)
Deferred Tax Adjustment		(6,859,111)	-	-	-	-	6,859,111	-	-
Capital Fund		(70,218,179)	-	-	-	-	70,218,179	-	-
Catastrophe Reserve		(35,109,090)	-	-	-	-	-	35,109,090	-
Closing Balance	-	1,854,037,566	-	-	-	15,000,000	534,159,999	310,386,995	2,713,584,560

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Rajiv Kumar Pathak
Chief Financial Officer

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Nirmal Kajee Shrestha
VP and General Manager

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 06, 2022

American Life Insurance Company

Cash Flow Statement for the Period of 1st Shrawan 2077 to 31st Ashad 2078

(16 July, 2020 to 15 July, 2021)

Amount in NPR.

SN	Particulars	This Year	Last Year
A	<u>Cash Flow from Operating Activities</u>		
	Premium Income	5,033,097,469	4,141,215,133
	Late Fee Income	3,875,509	2,969,033
	Reinsurance Premium Income	-	-
	Reinsurance Commission Income	128,401,791	103,038,392
	Other Direct Income	-	-
	Claim Recovered from Re-insurance	97,389,786	51,218,550
	Re-insurance Premium	(215,637,305)	(175,780,560)
	Re-insurance Commission	-	-
	Agent Commission	(483,541,456)	(404,323,492)
	Medical Exam Fee	(1,720,218)	(3,025,160)
	Death Claim Paid	(660,870,241)	(425,232,037)
	Maturity Claim paid	(2,513,909,941)	(1,844,211,285)
	Partial Maturity Claim Paid	(66,334,695)	(81,576,921)
	Surrender Claim Paid	(359,611,399)	(220,448,537)
	Other Claim Paid	-	-
	Service Fee	(50,330,975)	(41,412,152)
	Other Direct Expenses	-	-
	Management Expenses	(476,630,961)	(432,454,305)
	Employee Bonus	(42,333,342)	(78,863,709)
	Income Tax	(271,030,664)	(274,264,099)
	Expense related to Last Years	(49,525,600)	-
	Current Assets (increase)/ Decrease	(27,620,312)	(88,414,540)
	Current Liabilities Increase / (Decrease)	144,688,745	127,623,936
	Net Cash Flow from Operating Activities (A)	188,356,191	356,058,247
B	<u>Cash flow from Investment Activities</u>		
	Decrease (Increase) in Fixed Assets	5,399,528	(2,298,091)
	Decrease (Increase) in Government Securities	-	346,000,000
	Decrease (Increase) in FD of Bank & Financial Institutions	(1,829,405,429)	(2,280,935,367)
	Decrease (Increase) in Other Deposit of Bank & Financial institutions	233,001,391	(253,001,131)
	Decrease (Increase) in Equity Share Investment	(195,000)	(800,000)
	Decrease (Increase) in Preference Share/debenture	-	-
	Decrease (Increase) in Other Investment	-	-
	Decrease (Increase) in Policy Loan	4,747,316	(89,121,914)
	Decrease (Increase) in Advance & Other Loans	(4,260,422)	(1,953,207)
	Interest Received (Investment)	1,584,008,504	1,805,603,687
	Dividend Received	-	-
	Rent Income	-	-
	Interest Received (Loan)	118,029,821	124,309,236
	Other Indirect Income/Expenses	8,912,156	5,405,765
	Net Cash Flow from Investment Activities (B)	120,237,866	(346,791,022)
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	(218,223,548)	-
	Net Cash Flow from Financial activities (C)	(218,223,548)	-
	Net Cash Flow from the All Activities = A+B+C	90,370,509	9,267,225
	Opening Cash & Bank Balance	130,615,378	121,348,153
	Closing Cash & Bank Balance	220,985,887	130,615,378

As per our report of even date.

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 06 April 2022

.....
Nirmal Kajee Shrestha
VP and General Manager
Date: 06 April 2022

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants
Date: 06 April 2022

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	447,438,669	447,083,806	2,502,116	1,928,506	444,936,553	445,155,300
2	Endowment Policy	983,849,218	805,791,116	2,381,703	1,121,254	981,467,515	804,669,862
3	Other Policy	2,751,286,190	2,231,721,593	155,848,076	131,113,764	2,595,438,114	2,100,607,829
4	Micro Insurance Policy	390,603,651	338,897,958	635,720	-	389,967,931	338,897,958
5	Term Insurance Policy	459,919,741	317,720,660	54,269,690	41,617,036	405,650,051	276,103,624
	Total	5,033,097,469	4,141,215,133	215,637,305	175,780,560	4,817,460,164	3,965,434,573

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	447,438,669	447,083,806	-	-	447,438,669	447,083,806
2	Endowment Policy	983,849,218	805,791,116	-	-	983,849,218	805,791,116
3	Other Policy	2,751,286,190	2,231,721,593	-	-	2,751,286,190	2,231,721,593
4	Micro Insurance Policy	390,603,651	338,897,958	-	-	390,603,651	338,897,958
5	Term Insurance Policy	459,919,741	317,720,660	-	-	459,919,741	317,720,660
	Total	5,033,097,469	4,141,215,133	-	-	5,033,097,469	4,141,215,133

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	67,815,474	42,094,439	379,623,195	404,989,367	-	-	447,438,669	447,083,806
2	Endowment Policy	222,373,711	189,244,280	761,475,507	616,546,836	-	-	983,849,218	805,791,116
3	Other Policy	526,799,575	547,815,876	2,224,486,615	1,683,905,717	-	-	2,751,286,190	2,231,721,593
4	Micro Insurance Policy	-	-	-	-	390,603,651	338,897,958	390,603,651	338,897,958
5	Term Insurance Policy	100,780,263	96,951,072	204,560,880	169,299,313	154,578,598	51,470,275	459,919,741	317,720,660
	Total	917,769,023	876,105,667	3,570,146,197	2,874,741,233	545,182,249	390,368,233	5,033,097,469	4,141,215,133

Income from Investment, Loan & Other Sources

Annexure - 2
Amount in NPR.

SN	Particular	This Year	Last Year
1	Income from Government & Secured Government securities	85,686,080	94,832,490
2	Income from Commercial Bank's Fixed Deposit (FD)	1,487,070,715	1,686,300,797
3	Income from Development Bank's Fixed Deposit (FD)	7,504,383	9,894,795
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	(1,336,244)	8,943,978
	b. Policy Charges & Misc.	106,944	92,520
11	Income from Loan	-	-
12	Income from Other Deposit (Except FD)	3,747,326	5,631,627
13	Profit on Sales of Investment	-	-
	Less: Loss on (Sale) Investment	-	-
14	Profit on (Purchase) Investment.	-	-
	Less: Loss on (Purchase) Investment	-	(759,261)
15	Profit on Sales of Fixed Assets	414,755	2,066,225
	Less: Loss on Sales of Fixed Assets	-	-
16	Account Written Off	-	-
17	Income Related to Last year	-	-
18	Other Income	9,726,701	4,006,281
Total		1,592,920,660	1,811,009,452
Appropriation of Income from Investment, Loan & Other Source			
1	Transfer to Profit & Loss Accounts	197,560,044	214,243,558
2	Transfer to Anticipated Endowment Revenue Account	222,578,501	323,835,012
3	Transfer to Endowment Revenue Account	484,347,038	605,703,925
4	Transfer to Other Policy Revenue Account	629,771,775	596,860,962
5	Transfer to Micro Insurance Revenue Account	28,231,409	34,390,614
6	Transfer to Term Insurance Revenue Account	30,431,893	35,975,381
Total		1,592,920,660	1,811,009,452

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	206,549,082	254,297,068	25,274,430	31,600,711
2	Endowment Policy	417,785,207	501,173,859	53,000,295	63,936,518
3	Other Policy	363,266,504	236,877,182	39,755,096	28,772,007
4	Micro Insurance Policy	-	-	-	-
5	Term Insurance Policy	-	-	-	-
Total		987,600,793	992,348,109	118,029,821	124,309,236

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		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	24,013,160	7,599,350	1,107,348,662	827,426,595	66,334,695	81,576,921	34,107,370	31,285,084	-	-	1,231,803,887	947,887,950	2,152,526	-	1,229,651,361	947,887,950
2	Endowment Policy	18,418,762	12,096,074	1,368,165,283	988,195,400	-	-	104,136,481	83,369,599	-	-	1,490,720,526	1,083,661,073	528,708	206,864	1,490,191,818	1,083,454,209
3	Other Policy	168,817,268	87,998,776	38,395,996	28,589,290	-	-	221,367,549	105,793,854	-	-	428,580,813	222,381,920	85,630,763	46,120,463	342,950,050	176,261,457
4	Micro Insurance Policy	254,076,090	233,598,233	-	-	-	-	-	-	-	-	254,076,090	233,598,233	-	-	254,076,090	233,598,233
5	Term Insurance Policy	195,544,961	83,939,604	-	-	-	-	-	-	-	-	195,544,961	83,939,604	9,077,789	4,891,223	186,467,172	79,048,381
Total		660,870,241	425,232,037	2,513,909,941	1,844,211,285	66,334,695	81,576,921	359,611,399	220,448,537	-	-	3,600,726,276	2,571,468,780	97,389,786	51,218,550	3,503,336,490	2,520,250,230

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	16,647,491	10,215,143	12,203,775	8,521,665	-	-	28,851,266	18,736,808
2	Endowment Policy	53,918,816	45,615,964	52,178,475	28,106,011	-	-	106,097,291	73,721,975
3	Other Policy	121,217,750	125,885,034	175,086,987	144,585,663	-	-	296,304,737	270,470,697
4	Micro Insurance Policy	-	-	-	-	30,468,436	25,967,794	30,468,436	25,967,794
5	Term Insurance Policy	12,061,077	9,624,464	5,423,794	3,611,274	4,334,855	2,190,480	21,819,726	15,426,218
Total		203,845,134	191,340,605	244,893,031	184,824,613	34,803,291	28,158,274	483,541,456	404,323,492

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	4,474,387	4,470,838			4,474,387	4,470,838
2	Endowment Policy	9,838,492	8,057,911			9,838,492	8,057,911
3	Other Policy	27,512,862	22,317,216			27,512,862	22,317,216
4	Micro Insurance Policy	3,906,037	3,388,980			3,906,037	3,388,980
5	Term Insurance Policy	4,599,197	3,177,207			4,599,197	3,177,207
Total		50,330,975	41,412,152	-	-	50,330,975	41,412,152

Management Expenses

Annexure - 7

Amount in NPR.

SN	Particular	This Year	Last Year
1	Employee Expenses (Anx 7.1)	202,289,538	178,940,224
2	Building Rent	41,663,613	38,637,920
3	Water & Electricity	3,241,743	3,486,467
4	Repair & Maintenance		
	A. Building	-	-
	B. Motor Vehicle	697,668	335,356
	C. Office Equipment	-	-
	D. Others	835,389	1,356,549
5	Communication	9,391,346	9,445,711
6	Printing & Stationary	7,400,632	8,752,450
7	Office Expenses	3,890,580	3,125,116
8	Transportation	2,761,696	3,037,317
9	Travel Expenses (Including Allowance)		
	A. Internal	1,118,576	3,805,789
	B. International	-	794,072
10	Agents Training	4,017,070	3,715,210
11	Agents Other	119,520,599	96,795,748
12	Insurance Premium	1,126,378	1,328,900
13	Security & Outsourcing Expenses	37,014,664	40,742,031
14	Legal & Advisory Fees	89,553	-
15	Books & Periodicals	-	-
16	Advertisement & Promotion	8,718,291	6,314,698
17	Business Promotion	-	-
18	Guest Entertainments	-	-
19	Donation & Awards	750,000	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	99,440
	B. Actuarial Expenses	-	-
24	Audit Related Expense	-	-
	A. Audit Fee	479,051	479,061
	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	-	-
25	Interest	-	-
26	Bank Charge	2,532,989	2,228,761
27	Fee & Charges	1,032,573	648,220
28	Depreciation	23,654,602	23,531,270
29	Postal Stamps	4,170,000	3,879,376
30	Integration and Separation	-	-
31	Other	104,691	144,618
Total for Appropriation		476,630,961	432,454,305

1	Transfer to Profit & Loss Account	47,663,096	43,245,431
2	Transfer to Anticipated Endowment Revenue Account	39,470,646	44,634,665
3	Transfer to Endowment Revenue Account	82,753,334	76,240,936
4	Transfer to Other Policy Revenue Account	231,469,348	204,238,699
5	Transfer to Micro Insurance Revenue Account	33,969,220	32,619,055
6	Transfer to Term Insurance Revenue Account	41,305,317	31,475,519
Total		476,630,961	432,454,305

Employee Expenses**Annexure - 7.1**

SN	Particular	This Year	Last Year
1	Salary	145,812,049	126,998,915
2	Allowance - OT	684,893	655,853
3	Dashain Expense	10,474,422	8,967,178
4	Providend Fund and Social Security Fund Contribution	9,165,043	7,081,556
5	Training Expense	3,576,911	2,963,757
6	Dress Allowance	-	-
7	Medical Expense	2,459,548	1,073,000
8	Insurance	5,046,644	3,067,311
9	Provision for Pension/Gratuity	18,640,067	20,743,110
10	Expenses & Provision for Leave Encashment	4,362,422	5,431,794
11	Provision for Other Facilities (Detail)	-	-
12	Relocation Expense	75,438	9,100
13	Recruting Expense	80,682	122,932
14	Employee Benefit Misc.	1,911,418	1,825,718
Total		202,289,538	178,940,224

Income Tax**Annexure - 8**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Income Tax of This Year	205,608,567	277,236,781
2	Income Tax of Last Year	72,281,207	-
3	Total Income Tax for Allocation	277,889,774	277,236,781
4	Deferred Income Tax	(6,859,111)	(2,972,682)
Allocation			
	Transfer to Profit & Loss Accounts C= A+B	29,909,178	31,416,200
	A) Income Tax from Allocation	36,768,289	34,388,882
	B) Deferred Tax for This Year	(6,859,111)	(2,972,682)
	Transfer to Anticipated Endowment Revenue A/C	44,914,607	56,149,082
	Transfer to Endowment Revenue A/C	98,507,098	106,478,595
	Transfer to Other Policy Revenue A/C	97,699,780	78,958,997
	Transfer to Micro Insurance Revenue A/C	-	356,273
	Transfer to Term Insurance Revenue A/C	-	904,953
Total		271,030,663	274,264,100

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	5,518,999	1,752,333	220,749,294	201,777,156	32,588,511	15,091,970	-	-	-	-	3,217,690	831,373	262,074,495	219,452,832	2,600,000	-	298,785,669	252,370,757
2	Endowment Policy	36,361,448	28,837,476	258,169,111	244,536,837	-	-	-	-	-	-	3,300,881	778,916	297,831,440	274,153,228	-	-	342,506,156	315,276,212
3	Other Policy	18,228,655	8,442,958	3,974,349	3,020,763	-	-	-	-	-	-	51,377,763	13,631,599	73,580,767	25,095,321	8,797,276	2,815,868	75,820,606	26,043,751
4	Micro Insurance Policy	23,394,665	10,664,427	-	-	-	-	-	-	-	-	86,134,566	45,453,580	109,529,231	56,118,007	-	-	125,958,616	64,535,708
5	Term Insurance Policy	32,632,783	18,751,649	-	-	-	-	-	-	-	-	32,660,584	3,913,967	65,293,367	22,665,616	650,000	50,000	74,437,372	26,015,458
	Total	116,136,550	68,448,843	482,892,754	449,334,756	32,588,511	15,091,970	-	-	-	-	176,691,485	64,609,435	808,309,300	597,485,004	12,047,276	2,865,868	917,508,419	684,241,886

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	(51,412,042)	98,012,886
5	Transferred from Term Insurance Revenue Account	101,679,091	212,308,326
	Total	50,267,049	310,321,212

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	3,732,646,710	4,135,591,916	(699,718,518)	(393,867,603)	-	-	-	-	-	-	3,032,928,192	3,741,724,313
2	Endowment Policy	7,171,565,010	7,204,543,845	(293,492,919)	(18,570,566)	-	-	-	-	-	-	6,878,072,091	7,185,973,279
3	Other Policy	6,707,030,241	4,943,309,415	2,315,793,214	2,047,552,704	-	-	-	-	-	-	9,022,823,455	6,990,862,119
4	Micro Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-
5	Term Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-
	Total	17,611,241,961	16,283,445,176	1,322,581,778	1,635,114,535	-	-	-	-	-	-	18,933,823,739	17,918,559,711

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	3,032,928,192	3,741,724,313	1,840,487	9,077,603	1,565,380,827	1,829,639,151	1,351,869,111	1,657,108,119	-	-	113,837,767	245,899,440	3,031,087,705	3,732,646,710
2	Endowment Policy	6,878,072,091	7,185,973,279	11,123,081	14,408,269	4,154,252,732	4,165,039,020	2,142,457,044	2,173,070,675	-	-	570,239,234	833,455,315	6,866,949,010	7,171,565,010
3	Other Policy	9,022,823,455	6,990,862,119	210,205,852	283,831,878	8,810,785,202	6,704,733,007	-	-	-	-	1,832,401	2,297,234	8,812,617,603	6,707,030,241
4	Micro Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Term Insurance Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	18,933,823,739	17,918,559,711	223,169,420	307,317,750	14,530,418,761	12,699,411,178	3,494,326,155	3,830,178,794	-	-	685,909,401	1,081,651,989	18,710,654,318	17,611,241,961

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	-	-
3	Interest	-	-
Total		-	-

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	29,521,061	22,661,950
2	Capital Reserve	-	-
3	Special Reserve	-	-
4	Other Reserve	-	-
	HO Fund	75,444,600	75,444,600
	Capital Fund	429,194,338	358,976,159
	Contingency Reserve	15,000,000	15,000,000
	Shareholder share of profit	778,065,475	778,065,475
5	Share Premium	-	-
6	Proposed Bonus Share	-	-
7	Remaining Bonus Share for Capitalization	-	-
8	Profit Transferred from P&L A/c	1,075,972,092	1,151,593,175
	Total	2,403,197,566	2,401,741,359

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
275,277,905	207,442,187	35,109,090	67,835,718	310,386,995	275,277,905
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
	Total			310,386,995	275,277,905

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	45,281,019	2,226,875	-	47,507,894	31,498,037	5,615,269	-	37,113,306	10,394,588	13,782,982
Office Equipments	18,401,161	1,894,804	91,000	20,204,965	14,183,076	2,098,662	91,000	16,190,738	4,014,227	4,218,085
Computer and EDP	47,842,361	3,052,298	-	50,894,659	36,531,063	5,001,205	-	41,532,268	9,362,391	11,311,298
Intangible Assets	7,051,398	4,092,197	-	11,143,595	3,428,005	1,832,809	-	5,260,814	5,882,781	3,623,393
Automobiles	48,378,878	6,988,900	998,978	54,368,800	27,344,586	9,106,657	998,978	35,452,265	18,916,535	21,034,292
Lease Hold Assets	3,021,860	-	-	3,021,860	3,021,860	-	-	3,021,860	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	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
Capital Expenditure -WIP	-	-	-	-	-	-	-	-	-	-
Grand Total	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
Last Year	154,734,396	26,817,988	11,575,707	169,976,677	103,062,437	23,531,271	10,587,082	116,006,626	53,970,050	51,671,959

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	1,755,000,000	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	1,000,000
8	Debenture & Preference Share of Bank and Financial Institution	-	-
9	Other	-	-
	Total	3,441,520,000	3,441,325,000
b.	<u>Short Term Investment</u>		
1	Government Securities	-	-
2	Fixed Deposit with Commercial Bank	18,656,023,508	16,826,618,079
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	227,399,072	460,400,463
8	Interest Earning other Deposit with Development Bank	-	-
9	Interest Earning other Deposit with Financial Institute	-	-
10	Other Interest Earning Investments	-	-
	Total	18,983,422,580	17,387,018,542
	G. Total	22,424,942,580	20,828,343,542

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			200,000	200,000
	8000 no. of Right Shares @ Rs. 100 each			800,000	800,000
	1950 no. of Right Shares @ Rs. 100 each			195,000	-
	Total	-	-	1,195,000	1,000,000

Cash & Bank Balance**Annexure - 22**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Cash Balance		
	Cash	-	7,000
	Total	-	7,000
2	Bank Balance		
	Commercial Banks Balance	219,068,241	127,263,061
	Development Banks Balance	1,917,646	3,345,317
	Finance Companies Balance	-	-
	Other	-	-
	Total	220,985,887	130,608,378
	G. Total	220,985,887	130,615,378

Other Loan**Annexure -23**

Amount in NPR.

SN	Particular	This Year	Last Year
A.	Long Term Loan		
1	Agent Loan	7,585,129	3,085,975
2	Employee Loan	517,179	755,911
3	Other	-	-
	Total	8,102,308	3,841,886
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	23,242,426	58,215,552
2	Receivable Interest from Policy Loan	47,158,385	46,679,812
3	Receivable Interest from other Loan (except Policy Loan)	-	-
4	Receivable from other Insurer	-	-
5	Receivable from Re-insurer	69,454,706	34,726,612
6	Sundry Debtors	2,676,405	2,362,882
7	Pre-payments	8,428,298	7,816,212
8	Staff Advance	32,688,377	17,738,099
9	Other Advance (advances to agents)	-	27,037,184
10	Receivable Insurance Premium	-	-
	Less: Suspense Receivable Insurance Premium	-	-
11	Other - a. Gratuity Deposit at CIT office	96,790,568	78,223,070
	b. Leave Encashment deposit at separate Bank A/c	-	-
	c. Advance Tax Deposited	426,752,160	471,997,653
	d. Deposit for Tax Settlement	58,366,952	-
	e. Deferred Tax	29,521,061	22,661,950
	f. Deposit - Tax Litigation	24,483,505	24,483,505
	Total	819,562,843	791,942,531

Current Liabilities**Annexure - 25**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Payable to Agents	55,188,895	59,771,670
2	Payable to other Insurer	-	-
3	Payable to Re-insurer	63,212,326	58,097,385
4	Short Term Lending	-	-
5	Premium Deposit	86,222,611	43,483,903
6	Premium Deposit without Full Details	7,106,824	7,805,537
7	Sundry Creditors	2,140,037	2,113,628
8	Payable to Holding/Subsidiary Companies	-	-
9	Payable Withholding Tax	7,553,226	9,124,559
10	Payable VAT	-	-
11	Payable Service Fee	50,330,975	41,412,152
12	Payable to Staff	12,721,041	9,750,079
13	Payable to Management	-	-
14	Dividend Payable	-	-
15	Other	-	-
	a. Outstanding Cheques	99,435,829	114,528,280
	b. Payable to Municipality (Local Tax)	34,650	-
	Total	383,946,414	346,087,193

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	295,118,295	209,349,604
5	Unexpired Risk Reserve for Term Insurance Policy	217,344,459	155,119,098
	Total	512,462,754	364,468,702

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	569,123,548	218,223,548	265,000,000	350,900,000	218,223,548	-	-	-	615,900,000	569,123,548
2	Provision for Income Tax	277,236,781	245,088,095	275,460,932	277,236,781	277,236,781	245,088,095	-	-	275,460,932	277,236,781
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	78,248,458	58,666,885	18,640,067	20,743,110	4,276,484	1,161,537	-	-	92,612,041	78,248,458
	Provision for Leave Encashment	17,331,610	12,293,587	4,362,422	5,431,794	508,100	393,771	-	-	21,185,932	17,331,610
	Provision for Housing fund	96,941,329	96,941,329	-	-	-	-	-	-	96,941,329	96,941,329
	Provision for Staff Bonus	79,120,765	68,254,695	42,333,342	78,863,709	257,052	67,997,639	-	-	121,197,055	79,120,765
	Others	-	-	-	-	-	-	-	-	-	-
8	Provision for Interest on Tax	-	-	48,311,178	-	-	-	-	-	48,311,178	-
	Total	1,118,002,491	699,468,139	654,107,941	733,175,394	500,501,965	314,641,042	-	-	1,271,608,467	1,118,002,491

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 Insurance Board. 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 Regulations 2049 B.S. and the guidelines issued by the Insurance Board. 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 Insurance Board.

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 Insurance Board.

6. Accounting of Investment

All investments are made within guidelines of investment directive and valued as per financial directive issued by Insurance Board 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 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 Insurance Board.

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 Insurance Board.

11. Accounting of Policy Loan

Policy loans are valued at cost plus capitalized interest at the time of anniversary of the policy. Policy loan is reported at outstanding principal balances.

12. Management expenses

Management expenses are allocated as per financial directive issued by Insurance Board. 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 directives.

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 on the basis of actual claim intimated till balance sheet date in accordance with the directive of Insurance Board, 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 the Insurance Board:

- 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. 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 2077/78 (2020-21) on March 21, 2022 (Chaitra 7, 2078). 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. 189,378,917. The company has submitted a letter dated 28 March, 2022 on 29 March 2022 requesting Insurance Board to reconsider their circular dated 10 January, 2022 of not allowing to propose and distribute the cash dividend to the foreign branch operation. Therefore, out of the distributable profit and free reserve & surplus, the company has proposed cash dividend of NPR 265,000,000 for the year.
- d. Insurance Board 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 35,109,090 has been transferred to catastrophic reserve account with accumulated balance amount as of balance sheet date is NPR. 310,386,995.

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 Insurance Board 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 2077/78 (2020-21) following on Gross Premium Method which was based on Nepali mortality table published by Insurance Board (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 with name of organization, date, quantity and amount:

S.No.	Date of Purchase	Type	Description	Face Value NPR
1	16-Jul-20	FD	NEPAL INVESTMENT BANK	14,000,000.00
2	19-Jul-20	FD	NABIL BANK	20,000,000.00
3	22-Jul-20	FD	NEPAL INVESTMENT BANK	300,000,000.00
4	22-Jul-20	FD	SANIMA BANK	70,000,000.00
5	18-Jul-20	FD	NIC ASIA BANK	70,000,000.00
6	21-Jul-20	FD	HIMALAYAN BANK	300,000,000.00
7	27-Jul-20	FD	BANK OF KATHMANDU	100,000,000.00
8	27-Jul-20	FD	EVEREST BANK	200,000,000.00
9	27-Jul-20	FD	SIDDHARTHA BANK	140,000,000.00
10	30-Jul-20	FD	NEPAL INVESTMENT BANK	70,000,000.00
11	30-Jul-20	FD	NABIL BANK	130,000,000.00
12	19-Jul-20	FD	EVEREST BANK	100,000,000.00
13	1-Aug-20	FD	NABIL BANK	145,000,000.00
14	2-Aug-20	FD	NEPAL SBI BANK	105,000,000.00
15	4-Aug-20	FD	SIDDHARTHA BANK	100,000,000.00
16	9-Aug-20	FD	NABIL BANK	170,000,000.00
17	11-Aug-20	FD	NEPAL SBI BANK	105,000,000.00
18	10-Aug-20	FD	MEGA BANK NEPAL	110,000,000.00
19	15-Aug-20	FD	NEPAL SBI BANK	140,000,000.00
20	24-Aug-20	FD	NEPAL SBI BANK	250,000,000.00
21	18-Aug-20	FD	NMB Bank	150,000,000.00
22	25-Aug-20	FD	NMB Bank	80,000,000.00
23	1-Sep-20	FD	GLOBAL IME BANK	150,000,000.00
24	7-Sep-20	FD	NEPAL SBI BANK	200,000,000.00
25	14-Sep-20	FD	SUNRISE BANK	95,000,000.00
26	24-Sep-20	FD	SANIMA BANK	120,000,000.00
27	22-Sep-20	FD	NABIL BANK	160,000,000.00
28	26-Sep-20	FD	NEPAL SBI BANK	150,000,000.00
29	8-Oct-20	FD	PRIME COMMERCIAL BANK	300,000,000.00
30	4-Oct-20	FD	PRIME COMMERCIAL BANK	90,000,000.00
31	8-Oct-20	FD	NEPAL BANGLADESH BANK	90,000,000.00
32	8-Oct-20	FD	SANIMA BANK	125,000,000.00
33	12-Oct-20	FD	CENTURY BANK	80,000,000.00
34	14-Oct-20	FD	NIC ASIA BANK	135,000,000.00
35	14-Oct-20	FD	NIC ASIA BANK	120,000,000.00
36	14-Oct-20	FD	NIC ASIA BANK	120,000,000.00
37	16-Oct-20	FD	NABIL BANK	100,000,000.00
38	16-Oct-20	FD	GLOBAL IME BANK	110,000,000.00
39	17-Oct-20	FD	EVEREST BANK	180,000,000.00
40	18-Oct-20	FD	NIC ASIA BANK	70,000,000.00
41	18-Oct-20	FD	MACHHAPUCHHIRE BANK	70,000,000.00
42	28-Oct-20	FD	NEPAL INVESTMENT BANK	140,000,000.00
43	24-Oct-20	FD	NIC ASIA BANK	120,000,000.00
44	24-Oct-20	FD	EVEREST BANK LTD	150,000,000.00
45	24-Oct-20	FD	NEPAL SBI BANK	110,000,000.00
46	24-Oct-20	FD	BANK OF KATHMANDU	100,000,000.00
47	24-Oct-20	FD	NEPAL INVESTMENT BANK	120,000,000.00
48	22-Oct-20	FD	MACHHAPUCHHIRE BANK	100,000,000.00
49	1-Nov-20	FD	NEPAL SBI BANK	250,000,000.00
50	2-Nov-20	FD	NIC ASIA BANK	150,000,000.00
51	5-Nov-20	FD	NIC ASIA BANK	150,000,000.00
52	8-Nov-20	FD	NIC ASIA BANK	60,000,000.00
53	6-Nov-20	FD	NABIL BANK	100,000,000.00
54	6-Nov-20	FD	NEPAL INVESTMENT BANK	100,000,000.00
55	10-Nov-20	FD	NEPAL SBI BANK	270,000,000.00
56	2-Nov-20	FD	HIMALAYAN BANK	100,000,000.00
57	2-Nov-20	FD	GLOBAL IME BANK	65,000,000.00
58	24-Nov-20	FD	NEPAL INVESTMENT BANK	280,000,000.00
59	15-Nov-20	FD	EVEREST BANK LTD	150,000,000.00
60	22-Nov-20	FD	STANDARD CHARTERED BANK NEPAL	USD 820930
61	2-Nov-20	FD	BANK OF KATHMANDU	100,000,000.00
62	2-Nov-20	FD	HIMALAYAN BANK	370,000,000.00
63	4-Dec-20	FD	NEPAL BANGLADESH BANK	115,000,000.00
64	8-Dec-20	FD	HIMALAYAN BANK	187,000,000.00
65	15-Dec-20	FD	GLOBAL IME BANK	370,000,000.00
66	20-Dec-20	FD	GLOBAL IME BANK	360,000,000.00
67	21-Dec-20	FD	SIDDHARTHA BANK	132,000,000.00
68	27-Dec-20	FD	NEPAL BANGLADESH BANK	300,000,000.00
69	27-Dec-20	FD	HIMALAYAN BANK	300,000,000.00
70	27-Dec-20	FD	MACHHAPUCHHIRE BANK	123,000,000.00
71	26-Dec-20	FD	LAXMI BANK	370,000,000.00
72	23-Dec-20	FD	NEPAL BANGLADESH BANK	130,000,000.00
73	3-Jan-21	FD	SIDDHARTHA BANK	70,000,000.00
74	3-Jan-21	FD	NABIL BANK	100,000,000.00
75	6-Jan-21	FD	PRIME BANK	115,000,000.00
76	7-Jan-21	FD	MACHHAPUCHHIRE BANK	100,000,000.00
77	12-Jan-21	FD	EVEREST BANK LTD	167,000,000.00
78	12-Jan-21	FD	NABIL BANK	230,000,000.00
79	11-Jan-21	FD	BANK OF KATHMANDU	123,500,000.00
80	12-Jan-21	FD	MEGA BANK NEPAL	80,000,000.00
81	15-Jan-21	FD	MUKTINATH BIKAS BANK	100,000,000.00
82	15-Jan-21	FD	GLOBAL IME BANK	300,000,000.00
83	13-Jan-21	FD	SUNRISE BANK	39,800,000.00
84	19-Jan-21	FD	SUNRISE BANK	250,000,000.00
85	18-Jan-21	FD	SUNRISE BANK	130,000,000.00
86	17-Jan-21	FD	MACHHAPUCHHIRE BANK	120,000,000.00
87	17-Jan-21	FD	NMB Bank	95,000,000.00
88	17-Jan-21	FD	MEGA BANK NEPAL	90,000,000.00
89	16-Jan-21	FD	PRIME BANK	160,000,000.00
90	17-Jan-21	FD	NEPAL BANGLADESH BANK	120,000,000.00
91	17-Jan-21	FD	EVEREST BANK	80,000,000.00
92	19-Jan-21	FD	LAXMI BANK	300,000,000.00
93	14-Jan-21	FD	LAXMI BANK	152,000,000.00
94	15-Jan-21	FD	LAXMI BANK	150,000,000.00
95	15-Jan-21	FD	NEPAL INVESTMENT BANK	180,000,000.00
96	22-Jan-21	FD	NEPAL INVESTMENT BANK	300,000,000.00
97	21-Jan-21	FD	SIDDHARTHA BANK	80,000,000.00
98	21-Jan-21	FD	HIMALAYAN BANK	300,000,000.00
99	21-Jan-21	FD	BANK OF KATHMANDU	80,000,000.00
100	18-Jan-21	FD	SANIMA BANK	80,000,000.00
101	23-Jan-21	FD	SANIMA BANK	70,000,000.00
102	23-Jan-21	FD	LAXMI BANK	180,000,000.00
103	17-Jan-21	FD	EVEREST BANK	80,000,000.00
104	19-Jan-21	FD	EVEREST BANK	300,000,000.00
105	27-Jan-21	FD	SIDDHARTHA BANK	130,000,000.00
106	15-Jan-21	FD	SANIMA BANK	195,000,000.00
107	10-Jan-21	FD	NABIL BANK	130,000,000.00
108	29-Jan-21	FD	NEPAL INVESTMENT BANK	70,000,000.00
109	27-Jan-21	FD	EVEREST BANK	120,000,000.00
110	27-Jan-21	FD	CITIZENS BANK INTERNATIONAL	80,000,000.00
111	3-Feb-21	FD	NABIL BANK	200,000,000.00
112	1-Feb-21	FD	NABIL BANK	745,000,000.00
113	1-Feb-21	FD	SANIMA BANK	185,000,000.00
114	7-Feb-21	FD	MEGA BANK NEPAL	85,000,000.00
115	6-Feb-21	FD	MEGA BANK NEPAL	130,000,000.00
116	9-Feb-21	FD	GLOBAL IME BANK	100,000,000.00
117	4-Feb-21	FD	SIDDHARTHA BANK	100,000,000.00
118	11-Feb-21	FD	CITIZENS BANK INTERNATIONAL	150,000,000.00
119	26-Feb-21	FD	CITIZENS BANK INTERNATIONAL	115,000,000.00
120	26-Feb-21	FD	CITIZENS BANK INTERNATIONAL	115,000,000.00
121	6-Mar-21	FD	MACHHAPUCHHIRE BANK	130,000,000.00
122	19-Mar-21	FD	GLOBAL IME BANK	110,000,000.00
123	1-Mar-21	FD	GLOBAL IME BANK	150,000,000.00
124	22-Mar-21	FD	Nabil Bank	160,000,000.00
125	24-Mar-21	FD	Nabil Bank	120,000,000.00
126	25-Mar-21	FD	Nabil Bank	110,000,000.00
127	26-Mar-21	FD	NMB Bank	140,000,000.00
128	7-Apr-21	FD	NEPAL BANGLADESH BANK	70,000,000.00
129	8-Apr-21	FD	PRIME BANK	125,000,000.00
130	13-Apr-21	FD	LAXMI BANK	120,000,000.00
131	14-Apr-21	FD	GLOBAL IME BANK	140,000,000.00
132	19-Apr-21	FD	SANIMA BANK	230,000,000.00
133	18-Apr-21	FD	NEPAL INVESTMENT BANK	280,000,000.00
134	18-Apr-21	FD	CITIZENS BANK INTERNATIONAL	180,000,000.00
135	16-Apr-21	FD	NEPAL SBI BANK	180,000,000.00
136	18-Apr-21	FD	BANK OF KATHMANDU	90,000,000.00
137	19-Apr-21	FD	BANK OF KATHMANDU	100,000,000.00
138	22-Apr-21	FD	PRIME BANK	100,000,000.00
139	26-Apr-21	FD	EVEREST BANK	120,000,000.00
140	27-Apr-21	FD	LAXMI BANK	150,000,000.00
141	28-Apr-21	FD	NEPAL INVESTMENT BANK	130,000,000.00
142	4-May-21	FD	NMB BANK	145,000,000.00
143	3-May-21	FD	EVEREST BANK	160,000,000.00
144	5-May-21	FD	SANIMA BANK	125,000,000.00
145	5-May-21	FD	EVEREST BANK	235,000,000.00
146	6-May-21	FD	GLOBAL IME BANK	180,000,000.00
147	6-May-21	FD	NEPAL INVESTMENT BANK	100,000,000.00
148	10-May-21	FD	NMB BANK	250,000,000.00
149	10-May-21	FD	NEPAL INVESTMENT BANK	200,000,000.00
150	17-May-21	FD	NEPAL BANGLADESH BANK	160,000,000.00
151	24-May-21	FD	NEPAL INVESTMENT BANK	280,000,000.00
152	24-May-21	FD	MEGA BANK NEPAL	77,000,000.00
153	30-May-21	FD	MEGA BANK NEPAL	130,000,000.00
154	30-May-21	FD	NEPAL INVESTMENT BANK	110,000,000.00
155	30-May-21	FD	NEPAL INVESTMENT BANK	85,000,000.00
156	11-Jun-21	FD	NEPAL INVESTMENT BANK	297,000,000.00
157	11-Jun-21	FD	NEPAL BANGLADESH BANK	150,000,000.00
158	15-Jun-21	FD	MUKTINATH BIKAS BANK	180,000,000.00
159	15-Jul-21	FD	Global Ime Bank	235,000,000.00

S.No.	Date of Maturity	Type	Description	Face Value NPR
1	15-Jan-21	FD	GLOBAL IME BANK	300,000,000.00
2	15-Jan-21	FD	LAXMI BANK	150,000,000.00
3	15-Jan-21	FD	MUKTINATH BIKAS BANK	100,000,000.00
4	15-Jan-21	FD	NABIL BANK	180,000,000.00
5	8-Dec-20	FD	HIMALAYAN BANK	187,000,000.00
6	16-Jan-21	FD	NEPAL INVESTMENT BANK	14,000,000.00
7	19-Jan-21	FD	NABIL BANK	225,000,000.00
8	22-Jan-21	FD	NEPAL INVESTMENT BANK	300,000,000.00
9	22-Jan-21	FD	SANIMA BANK	70,000,000.00
10	18-Oct-20	FD	NIC ASIA BANK	70,000,000.00
11	21-Jan-21	FD	HIMALAYAN BANK	300,000,000.00
12	27-Jul-21	FD	BANK OF KATHMANDU	100,000,000.00
13	27-Jan-21	FD	EVEREST BANK	250,000,000.00
14	27-Jan-21	FD	SIDDHARTHA BANK	130,000,000.00
15	29-Jan-21	FD	NEPAL INVESTMENT BANK	70,000,000.00
16	30-Jan-21	FD	NABIL BANK	150,000,000.00
17	19-Jan-21	FD	EVEREST BANK	190,000,000.00
18	1-Feb-21	FD	NABIL BANK	145,000,000.00
19	2-Aug-21	FD	NEPAL SBI BANK	120,000,000.00
20	4-Feb-21	FD	SIDDHARTHA BANK	100,000,000.00
21	9-Aug-21	FD	NABIL BANK	170,000,000.00
22	11-Aug-21	FD	NEPAL SBI BANK	105,000,000.00
23	15-Aug-21	FD	NMB Bank	150,000,000.00
24	15-Aug-21	FD	NEPAL SBI BANK	140,000,000.00
25	24-Aug-21	FD	NEPAL SBI BANK	250,000,000.00
26	18-Aug-21	FD	NMB Bank	80,000,000.00
27	25-Aug-21	FD	NMB Bank	80,000,000.00
28	1-Mar-21	FD	GLOBAL IME BANK	150,000,000.00
29	2-Sep-20	FD	NEPAL SBI BANK	200,000,000.00
30	14-Sep-21	FD	SUNRISE BANK	95,000,000.00
31	24-Mar-21	FD	SANIMA BANK	120,000,000.00
32	22-Mar-21	FD	SANIMA BANK	150,000,000.00
33	26-Sep-21	FD	NEPAL SBI BANK	150,000,000.00
34	8-Oct-21	FD	PRIME COMMERCIAL BANK	300,000,000.00
35	1-Oct-21	FD	NEPAL BANGLADESH BANK	90,000,000.00
36	8-Oct-21	FD	NEPAL BANGLADESH BANK	90,000,000.00
37	8-Apr-21	FD	SANIMA BANK	125,000,000.00
38	12-May-21	FD	CENTURY BANK	80,000,000.00
39	14-Oct-21	FD	NIC ASIA BANK	135,000,000.00
40	14-Oct-21	FD	NIC ASIA BANK	120,000,000.00
41	14-Oct-21	FD	NIC ASIA BANK	120,000,000.00
42	16-Apr-21	FD	NABIL BANK	100,000,000.00
43	16-Apr-21	FD	GLOBAL IME BANK	110,000,000.00
44	17-Oct-21	FD	EVEREST BANK	180,000,000.00
45	18-Oct-21	FD	NIC ASIA BANK	70,000,000.00
46	14-Mar-21	FD	Machhapuchhire Bank	70,000,000.00
47	28-Apr-21	FD	NEPAL INVESTMENT BANK	120,000,000.00
48	24-Oct-21	FD	NIC ASIA BANK	120,000,000.00
49	26-Apr-21	FD	EVEREST BANK	120,000,000.00
50	24-Oct-21	FD	NEPAL SBI BANK	130,000,000.00
51	24-Oct-21	FD	BANK OF KATHMANDU	100,000,000.00
52	22-Oct-21	FD	BANK OF KATHMANDU	100,000,000.00
53	22-Oct-21	FD	MACHHAPUCHHIRE BANK	100,000,000.00
54	1-Nov-21	FD	NEPAL SBI BANK	250,000,000.00
55	2-Nov-21	FD	NIC ASIA BANK	150,000,000.00
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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 Insurance board.
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 2073/74 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 provisioned NPR 72,281,207 for increased tax and NPR 49,525,600 for increased interest and fine in the financial statements till FY 2073/74. The company has gone for Administrative Review for the disputed amount of NPR 6,506,675 against disallowed expenses and carry forward balance of FY 2072/73. The company has decided not to proceed further against assessment order issued by LTPO during their assessment of FY 2073/74 and provision for such increased liability has been made in the financial statements. Final tax assessment from LTPO for fiscal year 2074/75, 2075/76 and 2076/77 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 11,90,550 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 2020-21.

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 2078 Ashad end (July 15, 2021).
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 3.76 as per actuarial valuation report of FY 2077/78 (2020-21) as of 2078 Ashad end (July 15, 2021).

21.2 Related Parties Transactions and Balances

Fellow Subsidiary: Delaware American Life Insurance Company

Particulars	Current Year	Previous Year
Commission Income for Reinsurance	95,369,278	87,877,015
Premium Paid for Reinsurance	150,999,285	155,293,935
Receivables including Reinsurance Receivables	58,963,341	26,868,715
Payables including Reinsurance Payables	50,094,782	44,706,310

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 2020	Movement	Balance of July 15, 2021
Deferred Tax Assets			
Accumulated depreciation in Financial Statements	(1,233,067)	2,304,634	1,071,568
Provision for gratuity	19,562,114	3,590,896	23,153,010
Provision for Leave Encashment	4,332,903	963,581	5,296,483
Net Deferred Tax Assets	22,661,950	6,859,111	29,521,061

- 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

Annexure - 30

SN.	Particular	Indicator	Fiscal Year				
			2077/78	2076/77	2075/76	2074/75	2073/74
			2020/21	2019/20	2018/19	2017/18	2016/17
1	Net Worth	NPR.	2,713,584,561	2,677,019,263	2,349,562,083	1,957,040,011	1,390,164,859
2	Number of Share	Count	-	-	-	-	-
3	Book Value Per Share	NPR.	-	-	-	-	-
4	Net Profit	NPR.	351,090,897	678,357,180	558,192,767	558,330,847	460,410,265
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.	1,462,951,272	1,266,473,900	1,545,199,535	1,330,703,673	1,205,784,811
10	Gross Premium	NPR.	5,033,097,469	4,141,215,133	4,219,514,339	3,627,160,362	3,086,129,370
11	Net premium/Gross Premium	%	95.7%	95.8%	96.5%	97.7%	97.8%
12	Net profit/Gross Premium	%	7.0%	16.4%	13.2%	15.4%	14.9%
13	Gross Premium/Total Assets	%	20.5%	18.2%	21.0%	20.0%	20.0%
14	Income from Investment & Loan/ Total Investment & Loan	%	7.6%	8.9%	9.4%	9.1%	5.8%
15	Total Investment & Loan/Life Fund	%	125%	124%	120%	117%	113%
16	RI Commission Income/Total RI Premium	%	59.5%	58.6%	57.5%	57.6%	58.0%
17	Management Expenses/Gross Premium	%	9.5%	10.4%	10.3%	10.1%	9.6%
18	Agent Expenses/Gross Premium	%	9.6%	9.8%	10.2%	13.2%	12.2%
19	Total Number of Agents	count	5,846	9,894	5,101	4,136	3,706
20	Number of Employee	count	154	149	137	133	124
21	Number of Offices	count	33	33	25	24	23
22	Employee Expenses/Management Expenses	%	42.4%	41.4%	35.8%	33.6%	35.3%
23	Employee Expenses/Number of Employee	NPR.	1,313,568	1,200,941	1,136,486	923,475	844,996
24	Payable Claim/Paid Claim	%	26.2%	27.1%	16.0%	15.0%	16.0%
25	Total Number of Inforce Policy	Count	1,199,392	929,909	1,410,173	737,755	764,341
26	This Year Renewed Policy/ Inforce Policy up to Last Year	%	94.5%	88.4%	89.7%	81.7%	79.9%
27	Number of Claim/ Total Inforce Policy	%	0.68%	0.63%	0.40%	0.48%	0.37%
28	Solvency Margin	%	3.76	4.61	3.27	5.80	4.74
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	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	40/50/60-3PP, 45/55/65-END & 45/55/70-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 Year				
			2077/78	2076/77	2075/76	2074/75	2073/74
			2020/21	2019/20	2018/19	2017/18	2016/17
A. Business Perspectives:							
1	Increment in Gross Premium	%	21.5%	-1.9%	16.3%	17.5%	21.5%
a.	<i>Anticipated Endowment Policy</i>		0.1%	-13.6%	-14.8%	-3.3%	-11.2%
b.	<i>Endowment Policy</i>		22.1%	8.6%	1.2%	6.9%	7.2%
c.	<i>Other Policy</i>		23.3%	-2.3%	26.5%	33.1%	63.4%
d.	<i>Micro Insurance</i>		15.3%	-7.9%	48.8%	0.0%	0.0%
e.	<i>Term Insurance</i>		44.8%	3.3%	31.7%	15.8%	14.6%
2	Increment in First Year (FY) Premium	%	15.5%	-18.0%	16.1%	-3.3%	44.6%
a.	<i>Anticipated Endowment Policy</i>		61.1%	46.4%	1.1%	13.8%	22.7%
b.	<i>Endowment Policy</i>		17.5%	59.3%	7.1%	25.4%	115.8%
c.	<i>Other Policy</i>		-3.8%	-35.9%	7.1%	6.5%	64.6%
d.	<i>Micro Insurance</i>		15.3%	-7.9%	0.0%	0.0%	0.0%
e.	<i>Term Insurance</i>		72.0%	-15.2%	20.1%	14.7%	8.1%
3	Increment in Investment held	%	7.7%	11.7%	13.0%	20.4%	16.0%
4	Increment in Life Insurance Fund	%	6.2%	8.2%	9.5%	15.6%	15.0%
a.	<i>Anticipated Endowment Policy</i>		-18.8%	-9.7%	-9.8%	2.1%	6.2%
b.	<i>Endowment Policy</i>		-4.2%	-0.5%	2.8%	9.7%	9.3%
c.	<i>Other Policy</i>		31.4%	35.7%	51.3%	65.4%	79.5%
d.	<i>Micro Insurance</i>		41.0%	-15.5%	35.8%	0.0%	0.0%
e.	<i>Term Insurance</i>		40.1%	-3.1%	30.2%	15.0%	13.7%
B. Capital Adequacy and Solvency							
5	Capital to Total Net Assets Ratio	%	9.7%	10.5%	10.4%	10.0%	7.0%
6	Capital to Technical Reserve Ratio	%	11.9%	13.2%	13.2%	11.5%	9.4%
C. Assets Quality and Control							
7	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	0.001%	0.2%	0.1%	0.1%	0.1%
8	Investment in Shares/ Total Net Assets	%	0.001%	0.004%	-	-	-
9	Agent loan / Number of Agents	Per agent	18,060	48,218	72,566	99,575	113,178
D. Re-insurance and Actuarial							
10	Net Technical Reserve/ Average Net Premium of Previous Three Years	%	403.5%	386.1%	503.5%	353.9%	343.4%
a.	<i>Anticipated Endowment Policy</i>		334.2%	352.8%	703.3%	273.3%	262.6%
b.	<i>Endowment Policy</i>		493.3%	551.9%	695.6%	538.2%	541.7%
c.	<i>Other Policy</i>		384.7%	332.6%	111.7%	249.5%	225.8%
11	Provision for Unexpired Risk / Average Premium of Term Insurance of previous 3 years	%	74.9%	63.9%	81.8%	75.9%	81.9%
E. Expense Analysis							
12	Expense Ratio	%	17.9%	18.5%	19.7%	19.3%	15.6%
13	Commission Ratio	%	7.4%	7.6%	8.5%	8.9%	8.5%
14	Agent Expenses (Other) / Total Management Expenses	%	25.1%	22.4%	28.9%	27.7%	20.0%
15	Direct Business Acquisition Ratio	%	8.8%	8.1%	8.7%	8.2%	5.4%
F. Investment and returns							
16	Return on Investment	%	7.6%	10.6%	10.9%	10.3%	8.9%
	<i>From Investment</i>	%	7.4%	9.2%	9.8%	9.1%	5.8%
	<i>From Policy Loan</i>	%	12.0%	12.0%	12.0%	11.6%	12.0%
17	Return on Equity	%	10.1%	21.0%	19.7%	15.6%	27.9%
G. Others							
18	Lapse Ratio (Based on actuarial valuation report)	%	5.8%	4.8%	3.3%	3.1%	2.5%

Statement of Sum Assured (Actuary 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	28,821	36,242	5,343,574,654	5,461,575,010	2,375,172,589	3,743,484,170	1,353,826,596	744,173,194	1,021,345,994	2,999,310,976
2	Endowment Policy	53,164	58,097	14,657,262,674	11,387,671,828	8,411,705,022	5,442,258,310	5,974,719,152	2,565,529,198	2,436,985,869	2,876,729,112
3	Other Policy	124,741	119,629	224,500,410,822	207,560,510,422	215,689,625,620	200,997,393,390	131,538,600,690	120,876,541,949	84,151,024,930	80,120,851,441
4	Micro Insurance Policy	822,040	549,614	169,108,943,325	103,331,775,563	168,737,175,367	115,342,625,259	-	-	168,737,175,367	115,342,625,259
5	Term Insurance Policy	170,626	166,327	90,871,741,526	101,061,209,703	90,731,046,731	100,948,369,972	22,154,946,715	22,385,377,739	68,576,100,016	78,562,992,233
Total		1,199,392	929,909	504,481,933,001	428,802,742,525	485,944,725,329	426,474,131,101	161,022,093,154	146,571,622,080	324,922,632,175	279,902,509,021



American Life Insurance Company

20th Year

Nepal Financial Reporting Standards (NFRS)

based

Audited Financial Statements

Fiscal Year - 2077/78 (2020-21)

Mahamati Bhawan
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PO Box: 4861, Kathmandu, Nepal
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Web: www.cscnepal.com

Independent Auditor's Report

To the General Manager
American Life Insurance Company- Nepal Branch

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of American Life Insurance Company, Nepal Branch ("the Company"), which comprise the statement of financial position as of 15th July 2021 (31st Ashadh 2078), the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as of 15th July 2021 (31st Ashadh 2078) and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Qualified Opinion

Beema Samiti has prohibited all life insurance companies to declare and distribute cash dividends till next notice as per its letter dated 2078/09/26 (January 10, 2022). However, in the note number 49 of the accompanying financial statements, the Company has proposed a dividend of NPR. 265,000,000 out of profit made during the year and Reserves and Surplus of the Company. Thus, the proposed cash dividend is against the circular issued by the Insurance Board but the Company's understanding is that the restriction on declaration/distribution of cash dividend is not applicable to it and the company has also submitted a letter dated 28 March 2022 to Insurance Board on 29 March 2022 to explain its understanding.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards (NFRS), 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 a high level of assurance but is not a guarantee that an audit conducted in accordance with NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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.

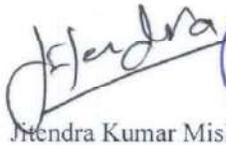
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, the statement of financial position, profit or loss, other comprehensive income, changes in equity and cash flows have been prepared in accordance with the provisions of Companies Act 2063



- and conform to the books of accounts of the Company and the books of accounts and records are properly maintained in accordance with the prevailing laws.
3. During the course of our audit, we did not come across the cases where the members of the management committee or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management.
 4. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.
 5. The Company has complied with the Directives issued by Beema Samiti except for the effects of the matter described in the Basis for Qualified Opinion section of our report.
 6. The Company's total assets are sufficient to fulfil its long-term liabilities.
 7. The Company has maintained proper internal control system.
 8. The Company has maintained sufficient Life Insurance Fund, Catastrophic reserve, unexpired risk reserve and assets in relation to its liabilities.
 9. The Company has not carried out business other than life insurance business.
 10. The Company has not done any activities against the interest of the insured.
 11. The Company has not issued any policies other than approved by the Beema Samiti.


Jitendra Kumar Mishra
Partner



Place: Kathmandu
Date: April 6, 2022
UDIN: 220407CA00264yoXij

Annexure I
NFRS based Financial Statements
American Life Insurance Company
Statement of Financial Position
As At Ashadh 31, 2078 (July 15, 2021)

Fig. in NPR

	Notes	Current Year	Previous Year
Assets			
Intangible Assets	4	5,882,781	3,623,393
Property, Plant and Equipment	5	42,687,741	50,346,657
Investment Properties	6	-	-
Deferred Tax Assets	7	38,075,900	29,259,657
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	22,197,543,508	20,367,943,079
Loans	11	995,461,498	996,013,784
Reinsurance Assets	12	12,047,276	2,865,868
Current Tax Assets (Net)	21	221,143,593	194,760,872
Insurance Receivables	13	69,454,706	34,726,612
Other Assets	14	124,208,735	77,251,211
Other Financial Assets	15	73,077,216	107,258,246
Cash and Cash Equivalents	16	448,384,959	591,015,841
Total Assets		24,227,967,913	22,455,065,220
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	310,386,995	275,277,905
Retained Earnings	17 (e)	2,101,459,513	2,269,599,645
Other Equity	17 (f)	638,014,863	560,189,923
Total Equity		3,049,861,371	3,105,067,473
Liabilities			
Provisions	18	169,390,304	43,747,822
Gross Insurance Contract Liabilities	19	20,152,672,766	18,662,818,418
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	63,212,326	58,097,385
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Financial Liabilities	23	542,147,028	368,979,690
Other Liabilities	24	250,684,118	216,354,432
Total Liabilities		21,178,106,542	19,349,997,747
Total Equity and Liabilities		24,227,967,913	22,455,065,220

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

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 6, 2022
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Profit or Loss
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

Fig. in NPR

	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	4,885,103,417	4,184,587,920
Premiums Ceded	26	(215,637,305)	(175,780,560)
Net Earned Premiums	27	4,669,466,112	4,008,807,360
Commission Income	28	128,401,791	106,007,428
Investment Income	29	1,711,741,615	1,923,227,624
Net Gains/(Losses) on Fair Value Changes	30	-	-
Net Realised Gains/(Losses)	31	-	-
Other Income	32	5,795,797	14,061,060
Total Income		6,515,405,315	6,052,103,472
Expenses:			
Gross Benefits and Claims Paid	33	3,600,726,276	2,571,468,780
Claims Ceded	34	(97,389,786)	(51,218,550)
Gross Change in Contract Liabilities	35	1,341,860,297	1,618,503,549
Change in Contract Liabilities Ceded to Reinsurers	35	(9,181,408)	(1,320,402)
Net Benefits and Claims Paid		4,836,015,379	4,137,433,377
Commission Expenses	36	483,541,456	404,323,492
Service Fees	37	50,330,975	41,412,152
Employee Benefits Expenses	38	252,005,471	253,693,571
Depreciation and Amortization Expenses	39	23,654,602	23,531,270
Impairment Losses	40	-	-
Other Expenses	41	303,477,359	233,066,541
Finance Cost	42	-	-
Total Expenses		5,949,025,242	5,093,460,403
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		566,380,073	958,643,069
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		566,380,073	958,643,069
Income Tax Expense	43	269,476,692	275,769,546
Net Profit/(Loss) For The Year		296,903,381	682,873,523
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

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 6, 2022
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Other Comprehensive Income
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

Fig. in NPR

	Current Year	Previous Year
Net Profit/(Loss) For The Year	296,903,381	682,873,523
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	(1,612,644)	(28,439,772)
Share of other comprehensive income of associates accounted for using the equity method	-	-
Income Tax Relating to Above Items	403,161	7,109,943
Total Other Comprehensive Income For the Year, Net of Tax	(1,209,483)	(21,329,829)
Total Comprehensive Income For the Year, Net of Tax	295,693,898	661,543,694

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

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 6, 2022
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Changes In Equity
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

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 (Housing Fund)	Total
Balance as at Shrawan 1, 2076	-	-	-	-	207,442,187	1,808,681,305	223,304,723	-	-	-	-	-	75,444,600	19,689,268	15,000,000	-	2,349,562,083
Prior period adjustment*	-	-	-	-	-	164,645,492	-	3,555,666	-	(2,174,002)	-	-	-	993,210	-	96,941,329	263,961,695
Restated Balance as at Shrawan 1, 2076	-	-	-	-	207,442,187	1,973,326,798	223,304,722	3,555,666	-	(2,174,002)	-	-	75,444,600	20,682,478	15,000,000	96,941,329	2,613,523,778
Profit/(Loss) For the Year	-	-	-	-	-	682,873,523	-	-	-	-	-	-	-	-	-	-	682,873,523
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	-	-	-	-	-	(21,329,829)	-	-	-	-	-	-	-	-	-	-	(21,329,829)
Transfer to Reserves/ Funds	-	-	-	-	67,835,718	(186,693,669)	135,671,436	4,516,344	-	(21,329,829)	-	-	-	-	-	-	-
Transfer of Deferred Tax Reserves	-	-	-	-	-	(8,577,178)	-	-	-	-	-	-	-	8,577,178	-	-	-
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	-	-	-	-	-	(161,500,000)	-	-	-	-	-	-	-	-	-	-	(161,500,000)
iv) Dividend Distribution Tax	-	-	-	-	-	(8,500,000)	-	-	-	-	-	-	-	-	-	-	(8,500,000)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2077	-	-	-	-	275,277,905	2,269,599,645	358,976,158	8,072,010	-	(23,503,831)	-	-	75,444,600	29,259,656	15,000,000	96,941,329	3,105,067,472

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

American Life Insurance Company
Statement of Changes In Equity
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

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 (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, 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
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	(104,117,786)	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 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	2,101,459,513	429,194,338	8,072,010	-	(24,713,314)	-	-	75,444,600	38,075,900	15,000,000	96,941,329	3,049,861,370

* 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

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 6, 2022
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Cash Flows
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

Fig. in NPR

	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	5,082,630,475	4,123,817,319
Commission Received	125,357,685	106,007,428
Claim Recovery Received from Reinsurers	65,705,798	34,574,250
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	450,239
Others Income	37,524,104	2,913,001
Cash Paid		
Gross Benefits and Claims Paid	(3,615,818,727)	(2,568,944,063)
Reinsurance Premium Paid	(210,522,364)	(136,652,988)
Commission Paid	(488,124,231)	(377,133,207)
Service Fees Paid	(41,412,152)	(42,195,144)
Employee Benefits Expenses Paid	(188,943,688)	(255,463,318)
Other Expenses Paid	(305,899,287)	(204,030,603)
Others (to be Specified)	-	-
Income Tax Paid	(295,859,413)	(271,921,382)
Net Cash Flow From Operating Activities [1]	164,638,200	411,421,533
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(4,092,197)	(1,905,180)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property, Plant & Equipment	(14,162,877)	(23,924,183)
Proceeds From Sale of Property, Plant & Equipment	-	67,225
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)	(800,000)
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	-	346,000,000
Investments in Deposits	(26,089,398,440)	(18,432,953,085)
Maturity of Deposits	24,259,993,011	16,160,821,752
Proceeds from Finance Lease	-	-
Loans Paid	-	-
Proceeds from Loans	12,573,801	(90,917,343)
Interest Income Received	1,746,236,168	1,894,457,636
Dividend Received	-	-
Others	-	-
Total Cash Flow From Investing Activities [2]	(89,045,534)	(149,153,178)
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(207,312,371)	-
Dividend Distribution Tax Paid	(10,911,177)	-
Others (to be Specified)	-	-
Total Cash Flow From Financing Activities [3]	(218,223,548)	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(142,630,882)	262,268,354
Cash & Cash Equivalents At Beginning of The Year/Period	591,015,841	328,747,487
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	448,384,959	591,015,841
Components of Cash & Cash Equivalents		
Cash In Hand	-	7,000
Cheques In Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	448,384,959	591,008,841

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

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Nirmal Kaje Shrestha
VP and General Manager

.....
Jitendra Kumar Mishra
Partner
CSC & Co.
Chartered Accountants

Date: April 6, 2022
Place: Lalitpur, Nepal

American Life Insurance Company
Notes to the Financial Statements for the year ended Ashadh 31, 2078 (July 15, 2021)

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 Beema Samiti. 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 31, 2078 (July 15, 2021). 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 Chaitra 23, 2078 B.S. (April 06, 2022 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 Beema Samiti, the Company has prepared a separate set of Financial Statement for the year ended Ashadh 31, 2078 on historical cost convention basis in conformity with earlier issued Insurance Act 2049, Insurance Regulation 2049, circular/guidelines issued by Beema Samiti, 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 Ashadh 31, 2078.

As per the requirements as per the circular Bi.Sa.61 CN.2614 (2075/076) dated Poush 15, 2075 issued by Beema Samiti, 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 for Liability Adequacy Test (LAT).

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.

There has not been any changes in the accounting policies of the entity during the financial year 2077/78.

(g) Recent Accounting Pronouncements

Accounting Standard Board of Nepal has issued NFRS 14 (*Regulatory Deferral Accounts*), NFRS 16 (*Leases*), 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 31, 2078 (July 15, 2021).

(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: Insurance Board 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 difference between the profit as per NFRS based financials and 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 Insurance Board.

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 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.

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 Beema Samiti.

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 Insurance Board.

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 31, 2078 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 31, 2078, 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 31, 2078, 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 Retirement benefit Plan.
- 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.

The company has not classified any lease agreement as Finance Lease effective during the year.

Operating Lease

Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Group are classified as operating leases. Operating lease payments for non-cancellable lease agreements are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term. However, the Company has not entered into any non-cancellable lease agreements.

(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 2073/74 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 provisioned NPR 72,281,207 for increased tax and NPR 49,525,600 for increased interest and fine in the financial statements till FY 2073/74. The company has gone for Administrative Review for the disputed amount of NPR 6,506,675 against disallowed expenses and carry forward balance of FY 2072/73. The company has decided not to proceed further against assessment order issued by LTPO during their assessment of FY 2073/74 and provision for such increased liability has been made in the financial statements. Final tax assessment from LTPO for fiscal year 2074/75, 2075/76 and 2076/77 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	2077/78 (2020-21)	2076/77 (2019-20)
Total comprehensive income as per Special Purpose Financials after adjustment of last year expense (A)	301,565,298	678,357,180
Amortization of Government bonds	-	(223,002)
Provision for Leave Encashment (Actuarial valuation)	(1,810,075)	(6,298,309)
Provision for Gratuity (Actuarial valuation)	(6,018,457)	(15,896,671)
Impact on Deferred Tax due to NFRS adjustments	1,957,132	5,604,496
Total NFRS Adjustment (B)	(5,871,400)	(16,813,486)
Total Comprehensive Income for the year as per NFRS (A+B)	295,693,898	661,543,694

American Life Insurance Company
Notes to the Financial Statements
For The Year Ended Ashadh 31, 2078
(For The Year Ended July 15, 2021)

Fig. in NPR

4 Intangible Assets

Particulars	Software	License	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 2077	7,051,398	-	-	7,051,398
Additions	-	-	-	-
Acquisition	-	-	-	-
Internal Development	4,092,197	-	-	4,092,197
Business Combination (to be Specified)	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
Transfer/ adjustments	-	-	-	-
Balance as at Ashadh 31, 2078	11,143,595	-	-	11,143,595
Accumulated amortization and impairment				
As at Shrawan 1, 2077	3,428,005	-	-	3,428,005
Additions	1,832,809	-	-	1,832,809
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Impairment reversal	-	-	-	-
Transfer/ adjustments	-	-	-	-
Balance as at Ashadh 31, 2078	5,260,814	-	-	5,260,814
Net Carrying Amount				
As at Ashadh 31, 2077	3,623,393	-	-	3,623,393
As at Ashadh 31, 2078	5,882,781	-	-	5,882,781

5. Property, Plant and Equipment

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Gross carrying amount									-
As at Shrawan 1, 2077	-	-	3,021,860	45,281,019	47,842,361	18,401,161	48,378,878	-	162,925,279
Additions									
Acquisition	-	-	-	2,226,875	3,052,298	1,894,804	6,988,900	-	14,162,877
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(91,000)	(998,978)	-	(1,089,978)
Write-offs	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2078	-	-	3,021,860	47,507,894	50,894,659	20,204,965	54,368,800	-	175,998,178
Accumulated depreciation and impairment									
As at Shrawan 1, 2077	-	-	3,021,860	31,498,037	36,531,063	14,183,076	27,344,586	-	112,578,622
Depreciation	-	-	-	5,615,269	5,001,205	2,098,662	9,106,657	-	21,821,793
Disposals	-	-	-	-	-	(91,000)	(998,978)	-	(1,089,978)
Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2078	-	-	3,021,860	37,113,306	41,532,268	16,190,738	35,452,265	-	133,310,437
Capital Work-In-Progress									
As at Shrawan 1, 2077	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2078	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at Ashadh 31, 2077	-	-	-	13,782,982	11,311,298	4,218,085	21,034,292	-	50,346,657
As at Ashadh 31, 2078	-	-	-	10,394,588	9,362,391	4,014,227	18,916,535	-	42,687,741

6 Investment Properties

Particulars	Land	Buildings	Total
Gross carrying amount			
As at Shrawan 1, 2077	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfer/ adjustments	-	-	-
Balance as at Ashadh 31, 2078	-	-	-
Depreciation and impairment			
As at Shrawan 1, 2077			
Depreciation	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Impairment reversal	-	-	-
Transfer/ adjustments	-	-	-
Balance as at Ashadh 31, 2078	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 2077			
Additions	-	-	-
Capitalization	-	-	-
Disposals	-	-	-
Impairment losses	-	-	-
Impairment reversal	-	-	-
Balance as at Ashadh 31, 2078	-	-	-
Net Carrying Amount			
As at Ashadh 31, 2077	-	-	-
As at Ashadh 31, 2078	-	-	-

(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	20,411,023,508	18,581,618,079
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	1,000,000
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	22,197,543,508	20,367,943,079

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	-	-

Notes to Financial Statements (Continued...)

Fig.in NPR

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	18,656,023,508	16,826,618,079
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	18,756,023,508	16,926,618,079

c) The Company has earmarked investments amounting to NPR 22,197,543,507 to Beema Samiti.

11 Loans

Particulars	Current Year	Previous Year
Loans at Amortised Cost		
Loan to Associates	-	-
Loan to Employees	489,570	705,543
Loan to Agents	7,371,135	2,960,132
Loan to Policyholders	987,600,793	992,348,109
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	995,461,498	996,013,784

a) Expected repayment within 12 months:

Particulars	Current Year	Previous Year
Loan to Associates	-	-
Loan to Employees	22,892	-
Loan to Agents	2,492,016	2,960,131
Loan to Policyholders	166,887,902	179,029,882
Others (to be Specified)	-	-
Total	169,402,810	181,990,013

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	12,047,276	2,865,868
Less: Impairment Losses	-	-
Total	12,047,276	2,865,868

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 Shrawan 1, 2076	-	-	-	-	-	-	-	1,545,466	-	-	1,545,466
Policy liabilities and provisions	-	-	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	-	-	-	-	-	50,000	-	1,270,402	-	-	1,320,402
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2077	-	-	-	-	-	50,000	-	2,815,868	-	-	2,865,868
Changes during the year											-
Policy liabilities and provisions	-	-	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	-	2,600,000	-	-	-	600,000	-	5,981,408	-	-	9,181,408
Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-
Total changes during the year	-	2,600,000	-	-	-	600,000	-	5,981,408	-	-	9,181,408
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

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers	69,454,706	34,726,612
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	69,454,706	34,726,612

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers	69,454,706	34,726,612
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Total	69,454,706	34,726,612

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	8,428,298	7,816,212
Claim Advances	-	-
Advances to Suppliers	-	-
Staff Advances	31,660,696	16,890,111
VAT Receivable	-	-
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Finance Lease Receivables	-	-
Others (Deposits with Government under tax litigation)	24,483,505	24,483,505
Others (Deposits with Government under tax settlement scheme)	58,366,952	-
Others (Advances to Agents)	-	27,037,184
Others (Prepaid Employee Cost)	1,055,290	898,355
Others (Prepaid Agent Cost)	213,994	125,844
Less: Impairment Losses	-	-
Total	124,208,735	77,251,211

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

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	8,428,298	7,816,212
Claim Advances	-	-
Advances to Suppliers	-	-
Staff Advances	1,974,031	7,278,219
VAT Receivable	-	-
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Finance Lease Receivables	-	-
Others (Deposits with Government under tax litigation)	24,483,505	24,483,505
Others (Deposits with Government under tax settlement scheme)	58,366,952	-
Others (Advances to Agents)	-	27,037,184
Others (Prepaid Employee Cost)	-	-
Others (Prepaid Agent Cost)	-	-
Less: Impairment Losses	-	-
Total	93,252,786	66,615,120

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	23,242,426	58,215,552
Interest Receivable from Policyholders	47,158,385	46,679,812
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	2,676,405	2,362,882
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	73,077,216	107,258,246

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	23,242,426	58,215,552
Interest Receivable from Policyholders	47,158,385	46,679,812
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	2,676,405	2,362,882
Other (to be Specified)	-	-
Total	73,077,216	107,258,246

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand	-	7,000
Cheques in Hand	-	-
Bank Balances		
i) Balance with "A" Class Financial Institutions	446,467,313	587,663,524
ii) Balance with Infrastructure Banks	-	-
iii) Balance with "B" Class Financial Institutions	1,917,646	3,345,317
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	448,384,959	591,015,841

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2077	-	-
Additions during the year	-	-
i) Bonus Share Issue	-	-
ii) Share Issue	-	-
As at Ashadh 31, 2078	-	-
Convertible Preference Shares (Equity Component Only)		
As at Shrawan 1, 2077	-	-
Additions during the year	-	-
As at Ashadh 31, 2078	-	-
Irredeemable Preference Shares (Equity Component Only)		
As at Shrawan 1, 2077	-	-
Additions during the year	-	-
As at Ashadh 31, 2078	-	-
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, 2077	-	-
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 31, 2078	-	-

17 (d) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 2077	275,277,905	207,442,187
Additions	35,109,090	67,835,718
Utilizations	-	-
As at Ashadh 31, 2078	310,386,995	275,277,905

17 (e) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1, 2077	2,269,599,645	1,973,326,798
Net Profit or Loss	296,903,381	682,873,523
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations	(1,209,483)	(21,329,829)
Transfer to/ from reserves		
Capital Reserves	(70,218,179)	(135,671,436)
Catastrophe Reserves	(35,109,090)	(67,835,718)
Regulatory Reserves	-	(4,516,344)
Fair Value Reserves	-	-
Actuarial Reserves	1,209,483	21,329,829
Revaluation Reserves	-	-
Cash Flow Hedge Reserves	-	-
Deferred Tax Reserves	(8,816,244)	(8,577,178)
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	(333,355,000)	(161,500,000)
Dividend Distribution Tax	(17,545,000)	(8,500,000)
Transfer to Insurance Contract Liability	-	-
Others (to be Specified)	-	-
As at Ashadh 31, 2078	2,101,459,513	2,269,599,645

17 (f) Other Equity

Particulars	Current Year	Previous Year
Capital Reserves	429,194,338	358,976,159
Regulatory Reserves	8,072,010	8,072,010
Fair Value Reserves	-	-
Actuarial Reserves	(24,713,314)	(23,503,831)
Revaluation Reserves	-	-
Cash Flow Hedge Reserves	-	-
Other Reserves (HO Fund)	75,444,600	75,444,600
Other Reserves (Deferred Tax)	38,075,900	29,259,656
Other Reserves (Contingency)	15,000,000	15,000,000
Other Reserves (Housing Fund)	96,941,329	96,941,329
Transfer to Insurance Contract Liability	-	-
Total	638,014,863	560,189,923

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	30,591,491	24,927,094
ii) Defined Benefits Plan (Gratuity)	20,635,270	18,820,728
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	-
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	169,390,304	43,747,822

(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	-	-	-	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	1,941,000	1,584,377
ii) Defined Benefits Plan (Gratuity)	11,000,000	10,000,000
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	-
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	131,104,543	11,584,377

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Policy liabilities and provisions	14,530,418,761	12,699,411,178
Bonus Liability	3,494,326,155	3,830,178,794
Unallocated Surplus	685,909,401	1,081,651,989
Provision for unearned premiums	512,462,754	364,468,702
Premium deficiency reserve	-	-
Outstanding Claim Reserve	929,555,695	687,107,755
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	20,152,672,766	18,662,818,418

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 Beema Samiti.

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.

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 Beema Samiti. 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 Beema Samiti.

Particulars	2077-78	2076-77
Discount rate	6%	6%

40% of Nepali Assured Mortality Table 2009 provided by the Beema Samiti 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	
As at Shrawan 1, 2076	7,374,703,567	4,264,526,643	-	-	-	186,381,791	-	4,967,535,694	294,539,961	-	17,087,687,656
Policy liabilities and provisions	117,659,500	(134,823,070)	-	-	-	-	-	1,763,285,970	-	-	1,746,122,400
Bonus Liability	61,939,133	(171,008,104)	-	-	-	-	-	-	-	-	(109,068,971)
Unallocated Surplus	(212,577,465)	(97,114,032)	-	-	-	-	-	434,853	-	-	(309,256,644)
Provision for unearned premiums	-	-	-	-	-	(5,031,617)	-	-	(38,341,170)	-	(43,372,787)
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	145,116,487	123,436,030	-	-	-	(165,617)	-	4,633,343	17,686,521	-	290,706,764
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, 2077	7,486,841,222	3,985,017,467	-	-	-	181,184,557	-	6,735,889,860	273,885,312	-	18,662,818,418
Changes during the year											
Policy liabilities and provisions	(10,786,288)	(264,258,324)	-	-	-	-	-	2,106,052,195	-	-	1,831,007,583
Bonus Liability	(30,613,631)	(305,239,008)	-	-	-	-	-	-	-	-	(335,852,639)
Unallocated Surplus	(263,216,081)	(132,061,673)	-	-	-	-	-	(464,833)	-	-	(395,742,588)
Provision for unearned premiums	-	-	-	-	-	62,225,361	-	-	85,768,691	-	147,994,052
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	-
Outstanding Claim Reserve	27,229,944	49,014,912	-	-	-	49,021,914	-	55,758,263	61,422,907	-	242,447,940
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	(277,386,056)	(652,544,093)	-	-	-	111,247,275	-	2,161,345,625	147,191,598	-	1,489,854,349
As at Ashadh 31, 2078											
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 Ashadh 31, 2078	7,209,455,166	3,332,473,374	-	-	-	292,431,832	-	8,897,235,485	421,076,910	-	20,152,672,766

19.1 Details of Outstanding Claims Reserve

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	5,518,999	1,752,333	220,749,294	201,777,156	32,588,511	15,091,970	-	-	-	-	3,217,690	831,373	301,385,669	252,370,758	2,600,000	-	298,785,669	252,370,758
2	Endowment Policy	36,361,448	28,837,476	258,169,111	244,536,837	-	-	-	-	-	-	3,300,881	778,916	342,506,156	315,276,212	-	-	342,506,156	315,276,212
3	Other Policy	18,228,655	8,442,958	3,974,349	3,020,763	-	-	-	-	-	-	51,377,763	13,631,599	84,617,882	28,859,619	8,797,276	2,815,868	75,820,606	26,043,751
4	Micro Insurance Policy	23,394,665	10,664,427	-	-	-	-	-	-	-	-	86,134,566	45,453,580	125,958,616	64,535,708	-	-	125,958,616	64,535,708
5	Term Insurance Policy	32,632,783	18,751,649	-	-	-	-	-	-	-	-	32,660,584	3,913,967	75,087,372	26,065,457	650,000	50,000	74,437,372	26,015,457
Total		116,136,550	68,448,843	482,892,754	449,334,756	32,588,511	15,091,970	-	-	-	-	176,691,485	64,609,435	929,555,695	687,107,754	12,047,276	2,865,868	917,508,419	684,241,886

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers	63,212,326	58,097,385
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	63,212,326	58,097,385

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers	63,212,326	58,097,385
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	63,212,326	58,097,385

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	205,608,567	277,236,781
Income Tax Assets	(426,752,160)	(471,997,653)
Total	(221,143,593)	(194,760,872)

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	55,188,895	59,771,670
Refundable Share Application Money	-	-
Sundry Creditors	1,580,986	1,554,567
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	5,219,547	9,750,079
ii) Bonus Payables	121,197,055	79,120,765
iii) SSF contribution Payables	1,366,446	-
iv) Other employee benefit payables	6,135,048	-
Audit Fees Payable	559,051	559,061
Dividend Payable	350,900,000	218,223,548
Others (to be specified)	-	-
Total	542,147,028	368,979,690

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	55,188,895	59,771,670
Refundable Share Application Money	-	-
Sundry Creditors	1,580,986	1,554,567
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	5,219,547	9,750,079
ii) Bonus Payables	121,197,055	79,120,765
iii) SSF contribution Payables	1,366,446	-
iv) Other employee benefit payables	6,135,048	-
Audit Fees Payable	559,051	559,061
Dividend Payable	350,900,000	218,223,548
Others (to be specified)	-	-
Total	542,147,028	368,979,690

24 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	7,553,226	9,124,559
VAT Payable	-	-
Unidentified Premiums	7,106,826	7,805,537
Advance Premiums	21,004,866	14,844,646
Insurance Service Fee Payable	50,330,975	41,412,152
Lease Liability	-	-
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others (Premium Deposits)	65,217,746	28,639,258
Others (Outstanding Cheques)	99,435,829	114,528,280
Payable to Municipality (Local Tax)	34,650	-
Total	250,684,118	216,354,432

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable	7,553,226	9,124,559
VAT Payable	-	-
Unidentified Premiums	7,106,826	7,805,537
Advance Premiums	21,004,866	14,844,646
Insurance Service Fee Payable	50,330,975	41,412,152
Lease Liability	-	-
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others (Premium Deposits)	65,217,746	28,639,258
Others (Outstanding Cheques)	99,435,829	114,528,280
Payable to Municipality (Local Tax)	34,650	-
Total	250,684,118	216,354,432

25

Gross Earned Premiums

Particulars	Current Year	Previous Year
Direct Premiums	5,033,097,469	4,141,215,133
Premiums on Reinsurance Accepted	-	-
Gross Change in Unearned Premiums	(147,994,052)	43,372,787
Total	4,885,103,417	4,184,587,920

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	983,849,218	805,791,116	-	-	-	-	983,849,218	805,791,116
Anticipated Endowment	447,438,669	447,083,806	-	-	-	-	447,438,669	447,083,806
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	459,919,741	317,720,660	-	-	62,225,361	(5,031,617)	397,694,380	322,752,277
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	2,751,286,190	2,231,721,593	-	-	-	-	2,751,286,190	2,231,721,593
Others (Micro Insurance)	390,603,651	338,897,958	-	-	85,768,691	(38,341,170)	304,834,960	377,239,128
Total	5,033,097,469	4,141,215,133	-	-	147,994,052	(43,372,787)	4,885,103,417	4,184,587,920

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	222,373,711	189,244,280	761,475,507	616,546,836	-	-	983,849,218	805,791,116
Anticipated Endowment	67,815,474	42,094,439	379,623,195	404,989,367	-	-	447,438,669	447,083,806
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	100,780,263	96,951,072	204,560,880	169,299,313	154,578,598	51,470,275	459,919,741	317,720,660
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	526,799,575	547,815,876	2,224,486,615	1,683,905,717	-	-	2,751,286,190	2,231,721,593
Others (Micro)	-	-	-	-	390,603,651	338,897,958	390,603,651	338,897,958
Total	917,769,023	876,105,667	3,570,146,197	2,874,741,233	545,182,249	390,368,233	5,033,097,469	4,141,215,133

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Premiums Ceded

Particulars	Current Year	Previous Year
Premiums Ceded to Reinsurers	215,637,305	175,780,560
Reinsurer's Share of Change in Unearned Premiums	-	-
Total	215,637,305	175,780,560

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Net Earned Premiums

Particulars	Current Year	Previous Year
Gross Earned Premiums	4,885,103,417	4,184,587,920
Premiums Ceded	(215,637,305)	(175,780,560)
Total	4,669,466,112	4,008,807,360

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	983,849,218	805,791,116	2,381,703	1,121,254	981,467,515	804,669,862
Anticipated Endowment	447,438,669	447,083,806	2,502,116	1,928,506	444,936,553	445,155,300
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	397,694,380	322,752,277	54,269,690	41,617,036	343,424,690	281,135,241
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	2,751,286,190	2,231,721,593	155,848,076	131,113,764	2,595,438,114	2,100,607,829
Others (Micro Insurance)	304,834,960	377,239,128	635,720	-	304,199,240	377,239,128
Total	4,885,103,417	4,184,587,920	215,637,305	175,780,560	4,669,466,112	4,008,807,360

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Commission Income

Particulars	Current Year	Previous Year
Reinsurance Commission Income	128,401,791	103,038,394
Profit Commission	-	-
Late Fees	-	-
Others (Policy Charges)	-	2,969,034
Total	128,401,791	106,007,428

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	723,150	504,003	-	-	-	-	-	338,694	723,150	842,697
Anticipated Endowment	448,135	303,514	-	-	-	-	-	698,584	448,135	1,002,098
Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Other Term	30,564,940	23,424,381	-	-	-	-	-	1,924,751	30,564,940	25,349,132
Special Term	-	-	-	-	-	-	-	-	-	-
Others (Future Care DPS)	96,665,566	78,806,496	-	-	-	-	-	7,005	96,665,566	78,813,501
Others (Micro Insurance)	-	-	-	-	-	-	-	-	-	-
Total	128,401,791	103,038,394	-	-	-	-	-	2,969,034	128,401,791	106,007,428

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	1,487,070,715	1,686,300,797
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	7,504,383	9,894,795
iv) Fixed Deposit with "C" Class Financial Institutions	-	-
v) Debentures	-	-
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	85,686,080	93,850,226
vii) Preference Shares of Bank and Financial Institutions	-	-
viii) Bank Deposits other than Fixed Deposit	3,747,326	5,631,627
ix) Policyholder Loans	118,029,821	124,309,236
x) Agent Loans	150,370	134,780
xi) Employee Loans	25,881	27,073
xii) Other Interest Income	9,527,039	3,079,090
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	1,711,741,615	1,923,227,624

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	22,758	9,210
ii) Bonds	-	-
iii) Others (Employee Advance)	1,143,944	2,125,219
iv) Others (Agent Loan)	208,475	58,570
Foreign Exchange Income	-	8,943,978
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property, Plant and Equipment	414,755	2,066,225
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Policy Charges & Miscellaneous Income)	4,005,865	857,859
Total	5,795,797	14,061,060

33 Gross Benefits and Claims Paid

Particulars	Current Year	Previous Year
Gross Benefits and Claims Paid	3,600,726,276	2,571,468,780
Total	3,600,726,276	2,571,468,780

34 Claims Ceded

Particulars	Current Year	Previous Year
Claims Ceded to Reinsurers	97,389,786	51,218,550
Total	97,389,786	51,218,550

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	1,490,720,526	1,083,661,073	528,708	206,864	1,490,191,818	1,083,454,209
Anticipated Endowment	1,231,803,887	947,887,950	2,152,526	-	1,229,651,361	947,887,950
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	195,544,961	83,939,604	9,077,789	4,891,223	186,467,172	79,048,381
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	428,580,812	222,381,920	85,630,763	46,120,463	342,950,049	176,261,457
Others (Micro)	254,076,090	233,598,233	-	-	254,076,090	233,598,233
Total	3,600,726,276	2,571,468,780	97,389,786	51,218,550	3,503,336,490	2,520,250,230

Details of Gross Benefits and Claims Paid

Current Year

Particulars	Death Claim	Maturity Claim	Partial Maturity Claim	Surrender Value Claim	Other Claims	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

Previous Year

Particulars	Death Claim	Maturity Claim	Partial Maturity Claim	Surrender Value Claim	Other Claims	Gross Claim	Claim Ceded	Net Claim
Endowment	12,096,074	988,195,400	-	83,369,599	-	1,083,661,073	206,864	1,083,454,209
Anticipated Endowment	7,599,350	827,426,595	81,576,921	31,285,084	-	947,887,950	-	947,887,950
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	83,939,604	-	-	-	-	83,939,604	4,891,223	79,048,381
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	87,998,776	28,589,290	-	105,793,854	-	222,381,920	46,120,463	176,261,457
Others (Micro)	233,598,233	-	-	-	-	233,598,233	-	233,598,233
Total	425,232,037	1,844,211,285	81,576,921	220,448,537	-	2,571,468,780	51,218,550	2,520,250,230

35 Change in Contract Liabilities

Particulars	Current Year	Previous Year
(a) Gross Change in Contract Liabilities		
Policy liabilities and provisions	1,831,007,583	1,746,122,400
Bonus Liability	(335,852,639)	(109,068,971)
Unallocated Surplus	(395,742,587)	(309,256,644)
Premium deficiency reserve	-	-
Outstanding Claim reserve	242,447,940	290,706,764
Others (to be Specified)	-	-
Total Gross Change in Contract Liabilities	1,341,860,297	1,618,503,549
(b) Change in Reinsurance Assets		
Policy liabilities and provisions	-	-
Premium deficiency reserve	-	-
Outstanding Claim reserve	9,181,408	1,320,402
Others (to be Specified)	-	-
Total Change in Reinsurance Assets	9,181,408	1,320,402
Net Change in Contract Liabilities	1,332,678,889	1,617,183,147

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	(277,386,056)	112,137,655	-	-	(277,386,056)	112,137,655
Anticipated Endowment	(652,544,093)	(279,509,176)	2,600,000.00	-	(655,144,093)	(279,509,176)
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	49,021,914	(165,617)	600,000	50,000	48,421,914	(215,617)
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	2,161,345,625	1,768,354,166	5,981,408	1,270,402	2,155,364,217	1,767,083,764
Others (Micro)	61,422,907	17,686,521	-	-	61,422,907	17,686,521
Total	1,341,860,297	1,618,503,549	9,181,408	1,320,402	1,332,678,889	1,617,183,147

36 Commission Expenses

Particulars	Current Year	Previous Year
Commission Expenses on Insurance Contracts	483,541,456	404,323,492
Others (To be specified)	-	-
Total	483,541,456	404,323,492

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	106,097,291	73,721,975	-	-	106,097,291	73,721,975
Anticipated Endowment	28,851,266	18,736,808	-	-	28,851,266	18,736,808
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	21,819,726	15,426,218	-	-	21,819,726	15,426,218
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	296,304,737	270,470,697	-	-	296,304,737	270,470,697
Others (Micro)	30,468,436	25,967,794	-	-	30,468,436	25,967,794
Total	483,541,456	404,323,492	-	-	483,541,456	404,323,492

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	53,918,816	45,615,964	-	-	52,178,475	28,106,011	106,097,291	73,721,975
Anticipated Endowment	16,647,491	10,215,143	-	-	12,203,775	8,521,665	28,851,266	18,736,808
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Other Term	12,061,077	9,624,464	4,334,855	2,190,480	5,423,794	3,611,274	21,819,726	15,426,218
Special Term	-	-	-	-	-	-	-	-
Others (Future Care DPS)	121,217,750	125,885,034	-	-	175,086,987	144,585,663	296,304,737	270,470,697
Others (Micro)	-	-	30,468,436	25,967,794	-	-	30,468,436	25,967,794
Total	203,845,134	191,340,605	34,803,291	28,158,274	244,893,031	184,824,613	483,541,456	404,323,492

37 Service Fees

Particulars	Current Year	Previous Year
Gross Service Fees	50,330,975	41,412,152
Reinsurer's Share of Service Fees	-	-
Total	50,330,975	41,412,152

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	9,838,492	8,057,911	-	-	9,838,492	8,057,911
Anticipated Endowment	4,474,387	4,470,838	-	-	4,474,387	4,470,838
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	4,599,197	3,177,207	-	-	4,599,197	3,177,207
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	27,512,862	22,317,216	-	-	27,512,862	22,317,216
Others (Micro)	3,906,037	3,388,980	-	-	3,906,037	3,388,980
Total	50,330,975	41,412,152	-	-	50,330,975	41,412,152

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	145,812,049	126,998,915
Allowances	684,893	655,853
Defined Benefit Plans		
i) Gratuity	16,626,618	2,574,135
ii) Others (to be Specified)	-	-
Defined Contribution Plans		
i) Provident Fund	9,165,043	7,081,556
ii) Gratuity	6,419,262	5,625,874
Leave Encashment	6,172,497	11,730,103
Termination Benefits	-	-
Festival Allowances	10,474,422	8,967,178
Training Expenses	3,576,912	2,963,757
Uniform Expenses	-	-
Medical Expenses	2,459,548	1,073,000
Staff Insurance Expenses	5,046,644	3,067,311
Staff Welfare	3,234,241	4,092,179
Bonus	42,333,342	78,863,709
Others (to be mentioned)	-	-
Total	252,005,471	253,693,571

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note. 5)	21,821,793	23,015,065
Depreciation on Investment Properties (Refer Note. 6)	-	-
Amortization of Intangible Assets (Refer Note. 4)	1,832,809	516,206
Total	23,654,602	23,531,270

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	38,637,920
Electricity and Water	3,241,743	3,486,467
Repair & Maintenance	-	-
i) Buildings	-	-
ii) Vehicles	697,668	335,356
iii) Office Equipments	-	-
iv) Others (to be Specified)	835,389	1,356,549
Telephone & Communication	9,391,346	9,445,712
Printing & Stationary	7,400,632	8,752,450
Office Consumable Expenses	3,890,579	3,125,116
Travelling Expenses	-	-
i) Domestic	1,118,576	3,805,789
ii) Foreign	-	794,072
Agent Training	4,017,070	3,715,210
Other Agent Expenses	119,729,075	96,854,317
Insurance Premium	1,126,378	1,328,899
Security Expenses	37,014,664	40,742,031
Legal and Consulting Expenses	89,553	-
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	8,718,291	6,314,698
Business Promotion	-	-
Guest Entertainment	-	-
Gift and Donations	750,000	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	479,051	479,061
ii) Tax Audit	55,000	55,000
iii) Long Form Audit Report	25,000	25,000
iv) Other Fees	-	-
v) Internal Audit	-	-
vi) Others (Actuarial Service Fee)	49,720	99,440
Bank Charges	2,532,989	2,228,761
Fee and Charges	1,032,573	648,220
Postage Charges	4,170,000	3,879,376
Others (Miscellaneous)	104,691	144,620
Others (Medical Examination Fee)	1,720,218	3,025,160
Others (Transportation)	2,761,696	3,037,317
Others (Foreign Exchange Loss)	1,336,244	-
Others (Interest on tax cases settlement)	49,525,600	-
Total	303,477,359	233,066,541

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	-	-
Interest expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	-	-

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	205,608,567	277,236,781
ii) Income Tax Relating to Prior Periods	72,281,207	-
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(8,413,082)	(1,467,235)
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	197,195,485	275,769,546
Income Tax Expense for Prior Year	72,281,207	-

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	566,380,073	958,643,069
Applicable Tax Rate	25%	25%
Tax at the applicable rate on Accounting Profit	141,595,018	239,660,767
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Due to Non deductible expenses	1,292,839,879	4,037,010,323
ii) Due to Depreciation amount	2,408,323	9,992,172
Less: Tax effect on exempt income and additional deduction	-	-
i) Due to Non Taxable Income	(1,167,366,528)	(4,010,893,717)
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	269,476,692	275,769,546
Effective Tax Rate	48%	29%

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashadh 31, 2078 (July 15, 2021) the company has recognised an amount of NPR. 15,883,873 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	10,233,802	7,969,868	-	-
Past service cost	-	-	-	-
Net interest cost (a-b)	2,611,775	492,302	-	-
a. Interest expense on defined benefit obligation (DBO)	7,793,453	4,834,613	-	-
b. Interest (income) on plan assets	5,181,678	4,342,311	-	-
Actuarial Remeasurement Gain/Loss to b routed through OCI (For leave encashment only)	426,499	8,487,075		
Defined benefit cost included in Statement of Profit or Loss	13,272,076	16,949,245	-	-

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	5,958,005	27,078,328	-	-
c. Return on plan assets (greater)/ less than discount rate	(4,345,361)	1,361,444	-	-
Total actuarial (gain)/ loss included in OCI	1,612,644	28,439,772	-	-

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	13,272,076	16,949,245	-	-
Remeasurements effects recognised in OCI	1,612,644	28,439,772	-	-
Total cost recognised in Comprehensive Income	14,884,720	45,389,017	-	-

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	121,970,892	75,156,316	-	-
Service cost	10,233,802	7,969,868	-	-
Interest cost	7,793,453	4,834,613	-	-
Benefit payments from plan assets	(4,143,233)	(1,555,308)	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	6,384,504	35,565,403	-	-
Defined Benefit Obligation as at Year End	142,239,418	121,970,892	-	-

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	77,950,617	58,639,826	-	-
Interest Income	5,181,678	4,342,311	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	7,185,312	17,491,461	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	(3,650,311)	(1,161,537)	-	-
Transfer in/ transfer out	-	-	-	-
Actuarial gain/ (loss) on plan assets	4,345,361	(1,361,444)	-	-
Fair value of Plan Assets as at Year End	91,012,657	77,950,617	-	-

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	(142,239,418)	(121,970,892)	-	-
Fair Value of Plan Assets	91,012,657	77,950,617	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	(51,226,761)	(44,020,275)	-	-

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	11,000,000	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	(44,020,275)	(16,516,490)	-	-
Company's contributions	7,185,312	17,491,461	-	-
Benefits directly paid by Company	492,922	393,771	-	-
Amount recognised outside profit & loss for the year	(1,612,644)	(40,169,875)	-	-
Expense recognised at the end of period	(13,272,076)	(5,219,142)	-	-
Net asset / (liability) recognised at the end of the period	(51,226,761)	(44,020,275)	-	-

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	24,228,498	2,898,669	-	-
Total remeasurements included in OCI	1,612,644	28,439,772	-	-
Income Tax Relating to Above Items	(403,161)	(7,109,943)	-	-
Cumulative OCI - (Income)/Loss	25,437,981	24,228,498	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	12,941,175	11,584,377	-	-
Non - Current Liability	129,298,243	110,386,515	-	-
Total	142,239,418	121,970,892	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	11,818,000	10,161,000	-	-
Between 1-2 years	5,947,000	11,105,000	-	-
Between 2-5 years	27,543,000	17,368,000	-	-
From 6 to 10	97,841,000	84,198,000	-	-
Total	143,149,000	122,832,000	-	-

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	149,942,953	110,639,106	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	165,324,388	135,157,022	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	156,424,078	134,303,062	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	129,733,636	111,124,735	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	139,109,510	94,896,455	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	145,760,459	99,444,652	-	-

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)	5.00%	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 available

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	40% of NALM	7.7%	5.8%	6%	40% of NALM	9.4%	4.8%	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%	19,449,230,003	19,476,724,295	-	-	17,574,909,674	17,596,500,606	-	-
Longevity	+10%	-	-	-	-	-	-	-	-
Investment Return	+1%	-	-	-	-	-	-	-	-
Expense	+10%	-	-	-	-	-	-	-	-
Lapse and Surrender Rate	+10%	-	-	-	-	-	-	-	-
Discount Rate	+1%	18,848,900,473	18,876,373,069	-	-	17,078,971,124	17,100,484,030	-	-
Mortality Rate	-150%	19,407,400,462	19,434,933,717	-	-	17,540,591,143	17,562,175,191	-	-
Longevity	-10%	-	-	-	-	-	-	-	-
Investment Return	-1%	-	-	-	-	-	-	-	-
Expense	-10%	-	-	-	-	-	-	-	-
Lapse and Surrender Rate	-10%	-	-	-	-	-	-	-	-
Discount Rate	-1%	20,193,504,390	20,221,113,395	-	-	18,187,471,461	18,209,142,847	-	-

* Above figures are as per actuarial valuation report approved by Beema Samiti.

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.

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	7,209,455,165	-	7,209,455,165	7,486,841,222	-	7,486,841,222
Anticipated Endowment	3,332,473,374	2,600,000	3,329,873,374	3,985,017,467	-	3,985,017,467
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Other Term	292,431,832	650,000	291,781,832	181,184,557	50,000	181,134,557
Special Term	-	-	-	-	-	-
Others (Future Care DPS)	8,897,235,485	8,797,276	8,888,438,209	6,735,889,860	2,815,868	6,733,073,992
Others (Micro)	421,076,910	-	421,076,910	273,885,312	-	273,885,312
Total	20,152,672,766	12,047,276	20,140,625,490	18,662,818,418	2,865,868	18,659,952,550

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	-	-	1,000,000	-
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	-	-	20,511,023,508	-	-	18,681,618,079
vii) Others to be specified		-	-	-	-	-	-
Loans	3	-	-	995,461,498	-	-	996,013,784
Other Financial Assets	3	-	-	73,077,216	-	-	107,258,246
Cash and Cash Equivalents	3	-	-	448,384,959	-	-	591,015,841
Total Financial Assets		-	1,195,000	23,713,272,181	-	1,000,000	22,061,230,950
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	542,147,028	-	-	368,979,690
Total Financial Liabilities		-	-	542,147,028	-	-	368,979,690

* 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	20,511,023,508	20,511,023,508	18,681,618,079	18,681,618,079
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	517,179	489,570	755,911	705,543
iii) Loan to Agent	7,585,129	7,371,135	3,085,975	2,960,132
iv) Loan to Policyholders	987,600,793	987,600,793	992,348,109	992,348,109
v) Others (to be Specified)	-	-	-	-
Other Financial Assets	73,077,216	73,077,216	107,258,246	107,258,246
Total Financial Assets at Amortised Cost	23,265,128,825	23,264,887,222	21,470,391,320	21,470,215,109
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	542,147,028	542,147,028	368,979,690	368,979,690
Total Financial Liabilities at Amortised Cost	542,147,028	542,147,028	368,979,690	368,979,690

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 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.

Incurring Credit Losses for Financial Assets at Amortised Cost as at Ashadh 31, 2077.

Maximum exposure to credit risk before collateral held	Credit Classification	2076/77
Government Bonds	Group 2	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	18,581,618,079
Fixed Deposit with Development Bank	Group 2	100,000,000
Equity Investment	Group 2	1,000,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,039,027,921
Agent Loan	Group 2	2,960,131
Employee Loan	Group 2	705,543
Employee Advance	Group 2	16,890,111
Trade and Security Deposit	Group 2	-
Reinsurance receivables	Group 2	34,726,612
Cash and cash equivalents	Group 2	591,015,841
Total		22,053,269,238

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 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	-	-	-	-	-
		-	-	-	-	-

Notes to Financial Statements (Continued...)

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2077

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, 2077	-	-	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 31, 2078	-	-	-

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	-	-	-	-	1,685,325,000	1,685,325,000	-	-	-	-	1,685,325,000
Fixed Deposits with Commercial Banks	20,411,023,508	18,656,023,508	1,755,000,000	-	-	20,411,023,508	18,581,618,079	16,826,618,079	1,755,000,000	-	-	18,581,618,079
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	1,000,000	-	-	-	1,000,000	1,000,000
Loans to Life Policyholders	987,600,793	166,887,902	300,747,228	519,965,663	-	987,600,793	992,348,109	274,314,008	317,153,742	400,880,359	-	992,348,109
Agent Loan	7,371,135	2,492,016	4,879,119	-	-	7,371,135	2,960,132	192,439	2,767,693	-	-	2,960,132
Employee Loan	489,570	22,892	466,678	-	-	489,570	705,543	-	705,543	-	-	705,543
Other Financial Assets	73,077,216	73,077,216	-	-	-	73,077,216	107,258,246	107,258,246	-	-	-	107,258,246
Other Assets	124,208,735	93,252,786	29,686,665	-	-	122,939,451	77,251,211	66,869,697	10,331,147	-	-	77,200,844
Reinsurance assets	12,047,276	12,047,276	-	-	-	12,047,276	2,865,868	2,865,868	-	-	-	2,865,868
Insurance Receivables	69,454,706	69,454,706	-	-	-	69,454,706	34,726,612	34,726,612	-	-	-	34,726,612
Cash and Cash Equivalents	448,384,959	448,384,959	-	-	-	448,384,959	591,015,841	591,015,841	-	-	-	591,015,841
Total	23,920,177,898	19,621,643,261	2,090,779,690	2,205,290,663	1,195,000	23,918,908,614	22,177,074,641	18,003,860,790	2,085,958,125	2,086,205,359	1,000,000	22,177,024,273

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	20,152,672,766	-	-	-	-	20,152,672,766	18,662,818,418	-	-	-	18,662,818,418	18,662,818,418
Insurance Payables	63,212,326	63,212,326	-	-	-	63,212,326	58,097,385	58,097,385	-	-	-	58,097,385
Other Liabilities	250,684,118	250,684,118	-	-	-	250,684,118	216,354,432	216,354,432	-	-	-	216,354,432
Other Financial Liabilities	542,147,028	542,147,028	-	-	-	542,147,028	368,979,690	368,979,690	-	-	-	368,979,690
Total Financial Liabilities	21,008,716,238	856,043,472	-	-	-	21,008,716,238	19,306,249,925	643,431,507	-	-	18,662,818,418	19,306,249,925

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.

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 31, 2078 stands at NPR 2,730,007,747 before deduction of this year proposed dividend. The company has submitted a letter dated March 28, 2022 on March 29, 2022 requesting Insurance Board to reconsider their circular dated 10 January, 2022 of not allowing to propose and distribute the cash dividend to the foreign branch operation. Therefore, out of the distributable profit and free reserve & surplus, the company has proposed cash dividend of NPR 265,000,000 for the year.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh 31, 2077 of NPR 350,900,000/- (Ashadh 31, 2076 NPR 170,000,000/-)	350,900,000	170,000,000
	350,900,000	170,000,000
(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 265,000,000/- for year ended Ashadh 31, 2078 (Ashadh 31, 2077 - NPR 350,900,000/-). This proposed dividend is subject to the approval of Insurance Board.	265,000,000	350,900,000
	265,000,000	350,900,000

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 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 Segmental 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 Segmental 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

b) Segmental Information for the year ended Ashadh 31, 2077 (July 15, 2020)

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	805,791,116	447,083,806	-	-	-	322,752,277	-	2,231,721,593	377,239,128	-	4,184,587,920
Premiums Ceded	(1,121,254)	(1,928,506)	-	-	-	(41,617,036)	-	(131,113,764)	-	-	(175,780,560)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	804,669,862	445,155,300	-	-	-	281,135,241	-	2,100,607,829	377,239,128	-	4,008,807,360
Commission Income	842,697	1,002,098	-	-	-	25,349,132	-	78,813,501	-	-	106,007,428
Investment Income	634,665,116	346,180,972	-	-	-	38,464,552	-	634,665,116	38,464,552	-	1,692,440,309
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	4,640,150	2,530,991	-	-	-	281,221	-	4,640,150	281,221	-	12,373,733
Total Income	1,444,817,825	794,869,361	-	-	-	345,230,147	-	2,818,726,596	415,984,901	-	5,819,628,829
Expenses:											
Gross Benefits and Claims Paid	1,083,661,073	947,887,950	-	-	-	83,939,604	-	222,381,920	233,598,233	-	2,571,468,780
Claims Ceded	(206,864)	-	-	-	-	(4,891,223)	-	(46,120,463)	-	-	(51,218,550)
Gross Change in Contract Liabilities	112,137,655	(279,509,176)	-	-	-	(165,617)	-	1,768,354,166	17,686,521	-	1,618,503,549
Change in Contract Liabilities Ceded to Reinsurers	-	-	-	-	-	(50,000)	-	(1,270,402)	-	-	(1,320,402)
Net Benefits and Claims Paid	1,195,591,864	668,378,774	-	-	-	78,832,764	-	1,943,345,221	251,284,754	-	4,137,433,377
Commission Expenses	73,721,975	18,736,808	-	-	-	15,426,218	-	270,470,697	25,967,794	-	404,323,492
Service Fees	8,057,911	4,470,838	-	-	-	3,177,207	-	22,317,216	3,388,980	-	41,412,152
Employee Benefits Expenses	30,822,198	18,044,617	-	-	-	12,724,722	-	82,568,315	13,187,023	-	157,346,875
Depreciation and Amortization Expenses	4,148,522	2,428,720	-	-	-	1,712,687	-	11,113,304	1,774,911	-	21,178,143
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	41,089,223	24,055,367	-	-	-	16,963,388	-	110,072,224	17,579,685	-	209,759,887
Finance Cost	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,353,431,693	736,115,124	-	-	-	128,836,986	-	2,439,886,977	313,183,146	-	4,971,453,926
Total Segmental Results	91,386,132	58,754,237	-	-	-	216,393,161	-	378,839,619	102,801,755	-	848,174,903
Segment Assets	7,769,652,541	4,135,549,315	-	-	-	188,078,704	-	6,993,150,271	284,231,180	-	19,370,662,012
Segment Liabilities	7,726,514,058	4,112,588,015	-	-	-	186,984,736	-	6,951,522,832	282,653,078	-	19,260,262,718

Notes to Financial Statements (Continued...)

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

Particulars	Current Year	Previous Year
Segmental Profit	464,016,843	848,174,903
Less: Depreciation and Amortization	(2,365,460)	(2,353,127)
Less: Non-cash expenses other than Depreciation and Amortization	-	-
Less: Unallocable Corporate Expenditures	(93,648,291)	(119,653,350)
Add: Unallocable Other Income	198,376,981	232,474,642
Less: Finance Cost	-	-
Profit Before Tax	566,380,073	958,643,069

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	21,143,948,162	19,370,662,012
Intangible Assets	773,263	516,857
Property, Plant and Equipment	5,611,098	7,181,670
Investment Properties	-	-
Deferred Tax Assets	38,075,900	29,259,657
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	2,917,760,193	2,905,373,441
Loans	7,860,705	3,665,675
Current Tax Assets (Net)	29,068,260	27,781,552
Other Assets	16,326,641	11,019,454
Other Financial Assets	9,605,648	15,299,790
Cash and Cash Equivalents	58,938,043	84,305,112
Total Assets	24,227,967,913	22,455,065,220

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	21,051,627,167	19,260,262,718
Provisions	22,265,540	6,240,383
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	-
Other Financial Liabilities	71,262,616	52,632,894
Other Liabilities	32,951,220	30,861,753
Total Liabilities	21,178,106,543	19,349,997,747

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	18,551,107	18,270,410
Other long-term benefits	-	-
Termination benefits	-	-
Total	18,551,107	18,270,410

Payment to Vice President and General Manager

Particulars	Current Year	Previous Year
Annual salary and allowances	7,942,231	7,452,641
Performance based allowances		
i) Employee Bonus	-	3,228,348
ii) Benefits as per prevailing provisions	963,351	-
iii) Incentives	2,431,133	176,460
Insurance related benefits		
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	-	-
Total	11,336,715	10,857,449

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Commission Income						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	(95,369,278)	-	(95,369,278)
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	(87,877,015)	-	(87,877,015)
Rental Income						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Interest Income						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Sale of Property, Plant & Equipment						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Purchase of Property, Plant & Equipment						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Premium Paid						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	150,999,285	-	150,999,285
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	155,293,935	-	155,293,935
Commission Expenses						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Dividend						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Meeting Fees						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Allowances to Directors						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Others (to be specified)						
For The Year Ended Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
For The Year Ended Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-

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, 2078 (July 15, 2021)	-	-	-	58,963,341	-	58,963,341
As at Ashadh End, 2077 (July 15, 2020)	-	-	-	26,868,715	-	26,868,715
Other Receivables (to be Specified)						
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
As at Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-
Payables including Reinsurance Payables						
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	50,094,782	-	50,094,782
As at Ashadh End, 2077 (July 15, 2020)	-	-	-	44,706,310	-	44,706,310
Other Payables (to be Specified)						
As at Ashadh End, 2078 (July 15, 2021)	-	-	-	-	-	-
As at Ashadh End, 2077 (July 15, 2020)	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

53 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Company has various operating leases ranging from 1 year to 7 years. The Company has not entered into any non-cancellable lease agreements. The leases are renewable by mutual consent and contain escalation clause. Rental expenses for operating leases recognised in the Statement of Profit and Loss for the year is NPR 41,663,613.

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 does not hold assets under finance leases.

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	-	-
Total Future Minimum Lease Payments	-	-
Less: Effect of Discounting		
Finance lease liability recognised	-	-

(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

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 31, 2078)

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 2078 (13 April 2022) vide Insurance Board's letter no. Ka.Sa. 221/077/78) Cha. No. 4927 dated 2078/03/07 (21 June, 2021).
- 2 Service fee payable of amount NPR. 50,330,975 to Insurance Board and withholding tax payable of NPR. 7,553,226 related to F.Y 2020-21 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 3.76 solvency margin as of 2078 Ashad end (15 July, 2021).
- 5 a) Value of assets included in the Statement of Financial Position upto Asadh 31, 2078 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: 8,127
Outstanding claim number: 619
Time frame to settle the outstanding claim: As per Insurance Act 2049 and related directives issued by Insurance Board
- 8 Company is in compliance with the provision of Insurance Act 2049, 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, 2078 present true and fair view of the Financial Position and Financial Performance of the company.
- 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, Company Act, 2063 and regulations, orders and directives under it.
- 15 No any penalties, levied by Beema Samiti 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 2077-78 (2020-21) on 21 March 2022 (Chaitra 7, 2078). 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. 295,693,897. The company has submitted a letter dated 28 March, 2022 on 29 March, 2022 requesting Insurance Board to reconsider their circular dated 10 January, 2022 of not allowing to propose and distribute the cash dividend to the foreign branch operation. Therefore, out of this distributable profit and free reserve & surplus, the company has proposed cash dividend of NPR 265,000,000/- for the year. The balance profit has been transferred to reserve & surplus in the financial statement.
- 18 Insurance Board 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 35,109,090 has been transferred to catastrophic reserve account.

American Life Insurance Company
Annexure III
Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
1	Net worth	NRs.	3,049,861,371	3,105,067,473	2,613,523,779	2,059,882,156	1,498,091,846
2	Number of Shares	Number	-	-	-	-	-
3	Book value per shares	NRs.	-	-	-	-	-
4	Net Profit	NRs.	296,903,381	682,873,523	555,815,623	555,815,623	557,319,111
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	%	376%	461%	327%	580%	474%
10	Change in Equity	%	(55,206,102)	491,543,694	553,641,622	561,790,311	483,026,478
11	Return on Revenue	%	5.7%	11.3%	9.4%	9.3%	10.8%
12	Return on Equity	%	9.6%	18.8%	18.7%	26.7%	40.4%
13	Return on Investments	%	7.7%	9.4%	10.0%	9.9%	6.1%
14	Return on Assets	%	1.6%	3.2%	2.9%	3.4%	3.5%
15	Operating Expense Ratio	%	23.8%	23.8%	24.8%	23.4%	22.3%
16	Net Insurance Premium/ Gross Insurance Premium	%	95.6%	95.8%	96.1%	97.7%	97.8%
17	Net Profit/ Gross Insurance Premium	%	7.6%	16.3%	13.5%	15.4%	15.7%
18	Gross Insurance Premium/ Total Assets	%	20.2%	18.6%	20.5%	20.4%	20.5%
19	Income from Investment & loan/ Total investment & loan amount	%	7.7%	9.4%	10.0%	9.9%	6.1%
20	Reinsurance Commission Income/ Gross Reinsurance Premium	%	59.5%	60.3%	55.9%	57.6%	58.0%
21	Management expenses/ Gross Insurance Premium	%	11.0%	10.3%	10.7%	11.2%	10.8%
22	Agent Related Expenses/ Gross Insurance Premium	%	12.4%	12.1%	13.6%	13.2%	12.2%
23	Number of Agents	Numbers	5,846	9,894	5,101	4,136	3,706
24	Number of Branch and Sub-Branch	Numbers	33	33	25	24	23
25	Employee expenses/ Management expenses	%	39.1%	40.5%	36.0%	30.4%	31.9%
26	Employee expenses/ Number of Employees	%	1,361,507	1,173,355	1,163,868	927,519	854,623
27	Outstanding Claim/ Claim Paid	%	26.2%	27.1%	15.6%	15.1%	15.9%
28	Total Number of In Force Insurance Policies	Numbers	1,199,392	929,909	1,410,173	737,755	764,341
29	Gross Premium Growth Rate	%	16.7%	1.3%	13.8%	17.5%	21.5%
30	Change in Gross Premium	%	16.7%	1.3%	13.8%	17.5%	21.5%
31	Actuarial Provision	Amount	-	-	-	-	-
32	Technical Provisions/ Total Equity	%	759%	661%	698%	870%	1059%
33	Reinsurance Ratio	%	4.4%	4.2%	3.9%	2.3%	2.2%
34	Gross Premium Revenue/ Equity	%	186%	154%	181%	202%	243%
35	Net Premium Revenue/ Equity	%	178%	147%	174%	197%	238%
36	Insurance Debt/ Total Equity	%	769%	686%	747%	859%	1048%
37	Liquidity Ratio	%	420%	436%	525%	578%	464%
38	Affiliate Ratio	%	-	-	-	-	-
39	(Unquoted Equities + Debtors)/ Net Total Assets	%	0.02%	0.01%	0.00%	0.00%	0.00%
40	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	94.5%	88.4%	89.7%	81.7%	79.9%
41	Number of Intimated Claim/ Total Number of In Force Policy	%	0.7%	0.5%	0.4%	0.5%	0.4%
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	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP	40/50/60-3PP, 45/55/65-END & 45/55/70-EPP
43	Interim Bonus Rate	Per thousand	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP				

American Life Insurance Company
Annexure IV
Statement of Sum Assured

S.N.	Insurance Types	In Force 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	28,821	36,242	5,343,574,654	5,461,575,010	2,375,172,589	3,743,484,170	1,353,826,596	744,173,194	1,021,345,994	2,999,310,976
2	Endowment Policy	53,164	58,097	14,657,262,674	11,387,671,828	8,411,705,022	5,442,258,310	5,974,719,152	2,565,529,198	2,436,985,869	2,876,729,112
3	Other Policy	124,741	119,629	224,500,410,822	207,560,510,422	215,689,625,620	200,997,393,390	131,538,600,690	120,876,541,949	84,151,024,930	80,120,851,441
4	Micro Insurance Policy	822,040	549,614	169,108,943,325	103,331,775,563	168,737,175,367	115,342,625,259	-	-	168,737,175,367	115,342,625,259
5	Term Insurance Policy	170,626	166,327	90,871,741,526	101,061,209,703	90,731,046,731	100,948,369,972	22,154,946,715	22,385,377,739	68,576,100,016	78,562,992,233
	Total	1,199,392	929,909	504,481,933,001	428,802,742,525	485,944,725,329	426,474,131,101	161,022,093,154	146,571,622,080	324,922,632,175	279,902,509,021



बीमा समिति
BEEMA SAMITI

नेपालको बीमा नियमनकारी निकाय
Insurance Regulatory Authority of Nepal



मिति: २०७९/०४/१२

गैरस्थलगत सुपरीवेक्षण: २७ (२०७९/०८०) च.नं. २५७

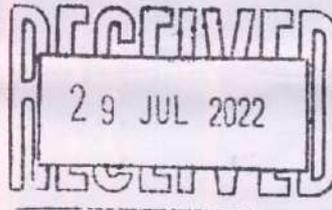
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पुल्चोक, ललितपुर।

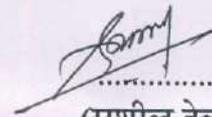
विषय: आ.व. २०७७/७८ को वित्तीय विवरण स-शर्त स्वीकृति बारे।

यस समितिमा प्राप्त तहाँको मिति २०७८/१२/२५ (च.नं.२११।२०२२) को पत्र सम्बन्धमा लेखिदैछ।

उपरोक्त सम्बन्धमा तहाँबाट पेश भएको वित्तीय विवरण तथा अन्य कागजातहरू अध्ययन गर्दा बीमा ऐन, २०४९ को दफा १९, २०, २१ र २२ का प्रावधानहरू पालना गरेको देखिएकोले तहाँको आ.व. २०७७/७८ को वार्षिक वित्तीय विवरणलाई समितिबाट 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, साधारण सभामा पेश गर्न तथा प्रकाशित गर्न देहायका निर्देशन, शर्त र आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछौं।

१. बीमकले लेखा परीक्षण समितिलाई प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणाली सुदृढ बनाउने।
२. बीमकको जोखिमाडूकन तथा दाबी भुक्तानी प्रक्रियालाई थप प्रभावकारी गराउने।
३. बीमकले समितिबाट जारी भएको निर्देशन बमोजिम NFRS मा आधारित वित्तीय विवरणमा खुलासा गर्नुपर्ने विवरणहरू आ.व. २०७८/७९ देखि पूर्ण रूपमा खुलासा गरेर मात्र वित्तीय विवरण समितिमा पेश गर्ने।
४. बीमकले आंशिक अवधि समाप्ति, अवधि समाप्ति तथा बीमाशुल्क फिर्ता वापत बीमितलाई भुक्तानी गर्नुपर्ने रकम तत्काल भुक्तानी गर्ने।
५. बीमकको लेखापरीक्षकले औंल्याएका सम्पूर्ण कैफियतहरू सुधार गर्न तथा उक्त कैफियतहरू पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने।




(सुशील देव सुवेदी)
निर्देशक

बोधार्थ :-

श्रीमान अध्यक्षज्यूको सचिवालय, बीमा समिति।

श्रीमान कार्यकारी निर्देशकज्यूको सचिवालय, बीमा समिति।

- क्र.सं. श्री बीमा समितिको मिति २०७९।०४।१२ को पत्रद्वारा आ.व. २०७७।७८ को वित्तीय विवरण स-शर्त स्वीकृति प्रदान गर्दा तोकिएका शर्तहरू उपर बीमकको जवाफ 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 तर्हानाट 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 कम्प्लान्स विभागले वार्षिक कार्यक्रम तय गरी नियमित रूपमा अनुगमन समेत गर्ने गरेको व्यहोरा गर्दै उक्त कार्यहरूलाई आगामी दिनमा आवश्यकता अनुसार थप प्रभावकारी बनाउने व्यहोरा अनुरोध गर्दछौं ।
 - ३) समितिबाट जारी भएको NFRSमा आधारित वित्तीय विवरण सम्बन्धी निर्देशन बमोजिम आ.व. २०७८।७९ देखि वित्तीय विवरणमा पूर्ण रूपमा खुलासा गरी समिति समक्ष पेश गरिने व्यहोरा अनुरोध गर्दछौं ।
 - ४) उपरोक्त सम्बन्धमा हालको अवस्थामा बीमकले तयार पारेको आन्तरिक Customer Benefit Payment Policy बमोजिम बीमालेख परिपक्व मितिभन्दा तीन वर्ष अगाडिदेखि बीमालेख परिपक्व मितिको बारेमा ग्राहकलाई वार्षिक रूपमा विभिन्न सञ्चार माध्यमहरूबाट जानकारी गराउने गरिएको तथा बीमालेख परिपक्व मिति भन्दा एक महिना अगाडि बीमितलाई भुक्तानी लिन आउनका लागि पत्र पठाउने गरिएको र SMS, टेलिफोन तथा अभिकर्ता मार्फत परिपक्व रकम भुक्तानी लिन आउनका लागि सूचित गर्ने देखि राष्ट्रिय दैनिक पत्रिकामा सूचना प्रकाशन गर्ने, भुक्तानी लिन बाँकी रहेका बीमितहरूको नामावली कम्पनीको वेबसाईटमा राख्ने, मोबाईल एप मार्फत परिपक्व भुक्तानीको स्वचालित सूचना प्रक्षेपण गर्ने सम्मको उपायहरू अवलम्बन गरी समयमा नै भुक्तानी दिने प्रयास निरन्तर रूपमा गर्दै आइरहेको व्यहोरा अनुरोध छ । साथै बीमाशुल्क बुझाउन आउने ग्राहकहरूको अवधि समाप्त पश्चातको कुनै भुक्तानी बक्यौता रहे नरहे यकिन गर्न बीमालेख व्यवस्थापन सिस्टम (PMF) मा जानकारी आउने व्यवस्था मिलाइएको छ । साथै, समिति समक्ष दावी भुक्तानी न्युनिकरण सम्बन्धि कार्ययोजना पेश भए अनुसार बीमकले कार्य गर्दै आइरहेको व्यहोरा समेत अनुरोध छ ।
 - ५) लेखा परिक्षकले औल्याईएका कैफियतहरू निरन्तर रूपमा सुधार गरिरहेको र नियन्त्रण प्रणाली अबै सशक्त बनाई कैफियतहरू पुनः दोहोरिन नदिन प्रयास जारी रहेको व्यहोरा अनुरोध छ ।