

**LIVA INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **Independent Auditors' Report on the Audit of the Financial Statements**

**To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company)**

### **Opinion**

We have audited the financial statements of LIVA Insurance Company - a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in the Kingdom of Saudi Arabia").

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code") that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Independent Auditors' Report on the Audit of the Financial Statements (continued)**

**To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company) (continued)**

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities</b></p> <p>As at 31 December 2024, the total estimate of the present value of cash flows, risk adjustment for non-financial risk and loss component amounts to Saudi Riyals 141 million, Saudi Riyals 5.2 million and Saudi Riyals 13.4 million, respectively, as further disclosed in Note 4 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty around the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>Accordingly, the complexity arises from calculating the actuarial best estimate using historical data which is sensitive to external inputs, such as claims cost and inflation, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested key controls around the claims handling and provision setting processes.</li> <li>• Evaluated the competence, capabilities and objectivity of the management's appointed actuary based on their professional qualifications and experience and assessed their independence.</li> <li>• Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of the ultimate expected claims.</li> <li>• Assessed the integrity of data used as inputs into the actuarial valuations by testing, on sample basis, the accuracy of underlying claims data utilised by management's appointed actuary in estimating the present value of the future cashflows and the risk adjustment for non-financial risk and tracing it to the accounting and other records.</li> <li>• Engaged our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established, including the actuarial report issued by management's appointed actuary, by performing the following:</li> </ul>

**Independent Auditors’ Report on the Audit of the Financial Statements (continued)**

**To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company) (continued)**

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of the valuation of the liability for incurred claims arising from insurance contracts, along with these amounts being material, we have considered this as a key audit matter.</p> <p><i>Refer to notes 3(b)(i) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 6 for the movement in insurance contract liabilities.</i></p>	<ul style="list-style-type: none"> <li>i. Evaluated whether the actuarial methodologies adopted by the Company were consistent with generally accepted actuarial practices and with prior years. We sought justification for any significant differences; and</li> <li>ii. Assessed the appropriateness of key actuarial assumptions including expected loss ratios. We tested these assumptions by comparing them with the Company's historical experience and our own industry knowledge. We also performed rejections of the present value of future cashflows using these assumptions and methods, and compared them with the amounts recorded by the management.</li> </ul> <ul style="list-style-type: none"> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li> </ul>

**Other information**

Those charged with governance (the “Board of Directors”) are responsible for the other information. The other information comprises the information included in the Company’s 2024 annual report, but does not include the financial statements and our auditors’ report thereon. The Company’s annual report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company’s 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## **Independent Auditors' Report on the Audit of the Financial Statements (continued)**

### **To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company) (continued)**

#### **Responsibilities of Management and Those Charged with Governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the 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 i.e., the Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

#### **Auditors' 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 auditors' 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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, 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.



## **Independent Auditors' Report on the Audit of the Financial Statements (continued)**

### **To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company) (continued)**

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of 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 auditors' 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 auditors' 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.

**Independent Auditors' Report on the Audit of the Financial Statements (continued)**  
**To the Shareholders of LIVA Insurance Company (A Saudi Joint Stock Company) (continued)**

**Auditors' responsibilities for the audit of the financial statements (continued)**

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For PricewaterhouseCoopers  
(Public Accountants)**



Khalid A. Mahdhar  
License No. 368

**For RSM Allied Accountants  
Professional Services**



Mohammed Farhan Bin Nader  
License No. 435

Riyadh, Kingdom of Saudi Arabia  
20 Shaban 1446H  
19 February 2025



**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**

**(All amounts in Saudi Riyals thousands unless otherwise stated)**

		<b>31</b>	31 December	1 January 2023
	<u>Notes</u>	<b>December</b>	2023 (Restated -	(Restated - Note
		<b>2024</b>	Note 25)	25)
<b>ASSETS</b>				
Bank balances and cash	5	<b>85,512</b>	105,128	37,424
Term deposits	6	<b>358,573</b>	340,345	477,911
Insurance contract assets	4.1	-	73	-
Reinsurance contract assets	4.2	<b>145,661</b>	59,263	66,534
Prepaid expenses and other assets	7	<b>29,157</b>	41,041	37,336
Investments	8	<b>352,146</b>	249,089	163,778
Due from related parties	9	<b>1,074</b>	52	14
Property and equipment	10	<b>1,114</b>	1,460	1,550
Intangible assets	10	<b>1,783</b>	714	1,772
Statutory deposit	11	<b>39,993</b>	39,985	39,986
Accrued income on statutory deposit	11	<b>4,033</b>	1,535	5,873
<b>TOTAL ASSETS</b>		<b>1,019,046</b>	838,685	832,178
<b>LIABILITIES</b>				
Accrued expenses and other liabilities	12	<b>30,490</b>	25,303	46,319
Insurance contract liabilities	4.1	<b>344,985</b>	317,063	315,989
Reinsurance contract liabilities	4.2	<b>120,366</b>	30,946	9,017
Due to related parties	9	<b>12,007</b>	4,420	16,290
Provision for end-of-service benefits	13	<b>7,154</b>	6,926	7,202
Provision for zakat and income tax	14	<b>59,460</b>	62,500	56,331
Accrued income payable on statutory deposit	11	<b>4,033</b>	1,535	5,873
<b>TOTAL LIABILITIES</b>		<b>578,495</b>	448,693	457,021
<b>EQUITY</b>				
Share capital	15	<b>400,000</b>	400,000	400,000
Statutory reserve	16	<b>1,161</b>	1,161	1,161
Accumulated losses		<b>(22,387)</b>	(55,148)	(66,406)
Investments fair value reserve	8.2	<b>59,231</b>	41,561	37,780
Re-measurement reserve for end-of-service benefits		<b>2,546</b>	2,418	2,622
<b>TOTAL EQUITY</b>		<b>440,551</b>	389,992	375,157
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,019,046</b>	838,685	832,178
<b>COMMITMENTS AND CONTINGENCIES</b>	22			

The accompanying notes 1 to 27 form an integral part of these financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

  
 Kamran Mazhar  
 Chief Executive Officer

  
 Tariq Al Naeem  
 Chairman

**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF INCOME**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Notes	2024	2023 (Restated - Note 25)
Insurance revenue	4.1	446,127	513,629
Insurance service expenses	4.1	(350,552)	(433,353)
Net expenses from reinsurance contracts held	4.2	(68,425)	(86,688)
<b>Net insurance service results from Company's direct written business</b>		<b>27,150</b>	<b>(6,412)</b>
(Reversal) / share of surplus from insurance pools	17	(402)	19,917
<b>Net insurance service results</b>		<b>26,748</b>	<b>13,505</b>
Investment income on financial assets at amortised cost	8.3	31,235	24,931
Allowance for / (reversal of) expected credit losses on financial assets		(2)	11
<b>Net investment results</b>		<b>31,233</b>	<b>24,942</b>
Net finance expenses from insurance contracts	4.1	(2,517)	(7,024)
Net finance income from reinsurance contracts	4.2	517	3,460
<b>Net insurance financial expenses</b>		<b>(2,000)</b>	<b>(3,564)</b>
<b>Net insurance and investment results</b>		<b>55,981</b>	<b>34,883</b>
Other operating expenses	18	(22,503)	(17,456)
<b>Net profit for the year attributable to the shareholders before zakat</b>		<b>33,478</b>	<b>17,427</b>
Provision for zakat and tax	14	(717)	(6,169)
<b>Net profit for the year attributable to the shareholders after zakat</b>		<b>32,761</b>	<b>11,258</b>
<b>Basic and diluted earnings per share (expressed in Saudi Riyals per share)</b>	24	<b>0.82</b>	<b>0.28</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

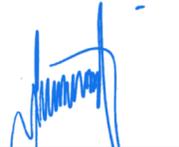
  
 Kamran Mazhar  
 Chief Executive Officer

  
 Tariq Al Naeem  
 Chairman

**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	<u>Notes</u>	<b>2024</b>	2023 (Restated - Note 25)
<b>Net profit for the year attributable to the shareholders after zakat</b>		<b>32,761</b>	11,258
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to statement of income in subsequent periods</i>			
Remeasurement gain / (loss) on end-of-service benefits	13	<b>128</b>	(204)
Equity investments at FVOCI – net change in fair value	8.2	<b>17,670</b>	3,781
<b>Other comprehensive income for the year</b>		<b>17,798</b>	3,577
<b>Total comprehensive income for the year</b>		<b>50,559</b>	14,835

The accompanying notes 1 to 27 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Mohamed Al Tooblani  
 Chief Financial Officer

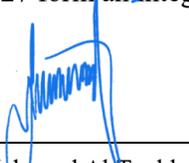
  
 \_\_\_\_\_  
 Kamran Mazhar  
 Chief Executive Officer

  
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 Tariq Al Naeem  
 Chairman

**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Share capital	Statutory reserve	Accumulated losses	Investments fair value reserve	Actuarial gain on retirement benefit schemes	Total equity
<b>2024</b>						
<b>Balance at 31 December 2023</b>	<b>400,000</b>	<b>1,161</b>	<b>(55,148)</b>	<b>41,561</b>	<b>2,418</b>	<b>389,992</b>
Profit for the year after zakat	-	-	32,761	-	-	32,761
Other comprehensive income for the year	-	-	-	17,670	128	17,798
Total comprehensive income for the year	-	-	32,761	17,670	128	50,559
<b>Balance at 31 December 2024</b>	<b>400,000</b>	<b>1,161</b>	<b>(22,387)</b>	<b>59,231</b>	<b>2,546</b>	<b>440,551</b>
<b>2023</b>						
Balance at 31 December 2022	400,000	1,161	(66,251)	(4,109)	2,622	333,423
Adjustment on initial application of IFRS 9	-	-	(155)	41,889	-	41,734
Restated balance at 1 January 2023	400,000	1,161	(66,406)	37,780	2,622	375,157
Profit for the year after zakat	-	-	11,258	-	-	11,258
Other comprehensive income for the year	-	-	-	3,781	(204)	3,577
Total comprehensive income for the year	-	-	11,258	3,781	(204)	14,835
Balance at 31 December 2023	400,000	1,161	(55,148)	41,561	2,418	389,992

The accompanying notes 1 to 27 form an integral part of these financial statements.

  
 Mohamed Al Toobani  
 Chief Financial Officer

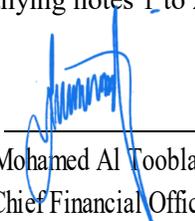
  
 Kamran Mazhar  
 Chief Executive Officer

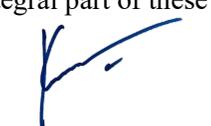
  
 Tariq Al Naeem  
 Chairman

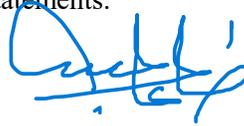
**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year attributable to the shareholders before zakat		33,478	17,427
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		1,108	1,003
Amortisation of intangible assets		263	1,149
Amortisation of premium on investments		2,031	270
Allowance for / (reversal of) expected credit losses on financial assets		2	(11)
Provision for end-of-service benefits		1,793	1,651
Investment income on financial assets at amortized costs		<b>(31,235)</b>	<b>(24,931)</b>
		<b>7,440</b>	<b>(3,442)</b>
<u>Changes in operating assets and liabilities:</u>			
Insurance contract assets		73	(73)
Insurance contract liabilities		27,922	1,074
Reinsurance contract assets		<b>(86,398)</b>	7,271
Reinsurance contract liabilities		<b>89,420</b>	21,929
Due from related parties		<b>(1,022)</b>	(38)
Prepaid expenses and other assets		<b>11,884</b>	(3,705)
Accrued expenses and other liabilities		<b>(12,831)</b>	(8,012)
Due to related parties		<b>7,587</b>	<b>(11,870)</b>
		<b>44,075</b>	<b>3,134</b>
Zakat paid	14	<b>(3,757)</b>	-
End-of-service benefits paid		<b>(1,437)</b>	<b>(2,131)</b>
<b>Net cash generated from operating activities</b>		<b>38,881</b>	<b>1,003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placements of term deposits		<b>(1,307,094)</b>	(1,001,288)
Proceeds from maturity of term deposits		<b>1,312,742</b>	1,130,175
Addition to intangible assets		<b>(1,332)</b>	(91)
Addition to property and equipment		<b>(762)</b>	(913)
Additions to investments carried at amortized costs		<b>(96,397)</b>	(131,957)
Proceeds from maturity of investments carried at amortized costs		<b>11,026</b>	54,000
Interest income received from financial assets carried at amortized cost		<b>23,321</b>	16,782
<b>Net cash (used in) / generated from investing activities</b>		<b>(58,496)</b>	<b>66,708</b>
Net changes in cash and cash equivalents		<b>(19,615)</b>	67,711
Cash and cash equivalents at the beginning of the year	5	<b>104,454</b>	36,743
<b>Cash and cash equivalents at end of the year</b>	5	<b>84,839</b>	<b>104,454</b>

The accompanying notes 1 to 27 form an integral part of these financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

  
 Kamran Mazhar  
 Chief Executive Officer

  
 Tariq Al Naeem  
 Chairman

**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**1 ORGANISATION AND PRINCIPAL ACTIVITIES**

Liva Insurance Company is a Saudi joint stock Company registered on 29 Dhu-al Qu'dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939). The registered address of the Company's head office is as follows:

Liva Insurance Company  
8428 King Fahad Road, Al Muhammadiyah District  
Grand Tower, Floor 20, P.O. Box: 6393  
Riyadh 11442, Kingdom of Saudi Arabia

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from the Insurance Authority to transact insurance business in the Kingdom of Saudi Arabia.

**2 BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

As required by the Insurance Implementing Regulations of Insurance Authority, the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operations, are recorded in the respective accounts.

In preparing the Company's financial information in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments measured at their FVOCI and liabilities for defined benefit obligations i.e., Employees' End Of Service Benefits ("EOSBs") recorded at the present value using the projected unit credit method and liability for incurred claims ("LIC") and assets for incurred claims ("AIC") recorded at the present value at the current discount rates. The Company's statement of financial position is presented in order of liquidity.

**LIVA INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**2 BASIS OF PREPARATION (CONTINUED)**

**(b) Functional and presentation currency**

The financial statements have been presented in Saudi Riyals ("SAR"), which is also the functional and presentation currency of the Company.

**(c) Fiscal year**

The Company follows a fiscal year ending December 31.

**(d) Seasonality of operations**

There are no seasonal changes that may affect the insurance operations of the Company.

**(e) Use of accounting judgments, estimates and assumptions**

The preparation of financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the reporting date and the reported amounts of revenue and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**i) Insurance Contracts**

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include Risk Adjustment ("RA") and LIC – estimate of future cash flows. Refer to note 3 for further details.

**ii) Fair value of financial instruments**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. Refer note 19 for details.

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**2 BASIS OF PREPARATION (CONTINUED)**

**(e) Use of accounting judgments, estimates and assumptions (continued)**

**iii) Going Concern**

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**iv) Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled Expected Credit Losses ("ECL") scenarios and the relevant inputs used. Refer to note 3 for further details.

**3 MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented except new IFRS Accounting Standards, IFRIC interpretations and amendments thereof, adopted by the Company as explained below:

**(a) New IFRS standards and amendments thereof, adopted by the Company**

<b><u>Standard, interpretation and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 7 and IFRS 7 Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. No material impact is expected for the Company.	Annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year)

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**(b) Standards issued but not yet effective**

The Company has chosen not to early adopt the following new standards, which have been issued but not yet effective for the Company's accounting year beginning on or after January 1, 2025, and is currently assessing their impact:

<b><u>Standard, interpretation and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments is yet to be set by The IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. No material impact is expected for the Company.	Annual periods beginning on or after 1 January 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027
IFRS 19 - Reducing subsidiaries disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 IFRS 17 - accounting policies, including key judgments and estimates**

Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

For reinsurance contracts held, the Company distinguishes between different types of reinsurance arrangements when defining the terms 'similar risks' and 'managed together', as such below:

Reinsurance contracts - Treaty reinsurance

By the nature and definition of a reinsurance programme, similar risks are often already grouped in reinsurance contracts. Where reinsurance treaties cover different type of risks arising from multiple underlying contracts, the lowest level of aggregation for a portfolio aligns to the reinsurance structure at a treaty level. For the definition of 'portfolio', the reinsurance programme has been split to be aligned with corresponding gross insurance contract, to establish one-to-one mapping between gross group of contracts.

Reinsurance contracts - Non-treaty reinsurance

This covers a single underlying insurance contract or related insurance contracts and mirrors its coverage period and contract boundary. As with the underlying individual insurance contracts they cover, such reinsurance contracts can be grouped together with other reinsurance contracts (that are managed together and cover broadly similar risks) to form groups and portfolios. These reinsurance portfolios and groups would naturally align with the portfolios and groups of the underlying gross contracts.

Groups of reinsurance contracts held do not contain reinsurance contracts issued more than one year apart.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held into annual cohorts into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.1 IFRS 17 - accounting policies, including key judgments and estimates (continued)**

##### Initial recognition and subsequent measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

##### Liability for Remaining Coverage

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of LRC.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
  - (i) the beginning of the coverage period of the group of reinsurance contracts and
  - (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid. For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period; and
- decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

##### Significant financing component

The Company has assessed its Liability for remaining coverage ("LRC") and Asset for remaining coverage ("ARC") and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

##### Measurement Model Application and PAA Eligibility Assessment

The Company has calculated LRC and ARC for all groups of insurance contracts written and reinsurance contracts held, respectively, where the coverage period was more than one year. After calculating the liabilities / assets applying premium allocation approach ("PAA") and general measurement model ("GMM") approach respectively, the Company then checks for any material differences for the contracts with coverage period of more than one year. Since there were no material differences, the Company has opted for PAA approach across all its insurance and reinsurance contracts issued and reinsurance contracts held.

**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 IFRS 17 - accounting policies, including key judgments and estimates (continued)**

Liability for Incurred Claims

For contracts measured under PAA, the LIC is measured similarly to the LIC's measurement under GMM. The Company estimates LIC and expenses as FCF related to incurred claims and expenses. FCF are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfills its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company has disaggregated the change in risk adjustment for non – financial risk between the insurance service result and insurance finance income or expense.

The Company establishes insurance claim liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims incurred but not reported (“IBNR”) and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, as well as claim type.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

Discounting methodology

Insurance contract liabilities and reinsurance contracts assets are calculated by discounting expected future cash flows at a discount rate that reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Company applied a bottom-up approach to derive the applicable yield curve when determining the discount rate, where the curve is based on the European Insurance and Occupational Pensions Authority ("EIOPA") volatility adjusted risk-free curve denominated in United States Dollars while applying certain adjustments for factors under IFRS 17. Discount rates applied for discounting of future cash flows are listed below:

<b>Reporting date</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>	<b>10 year</b>	<b>20 year</b>
31 December 2024	5.62%	5.50%	5.46%	5.51%	5.54%
31 December 2023	6.26%	5.22%	5.00%	4.95%	4.96%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value of claims.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines, as an indication of the compensation that it requires for bearing non-financial risk as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

The Company's appointed actuary supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is external and independent from the Company.

The methodology is based on a mix of results of Company's own experience variability and the Value at Risk (“VaR”) approach. The appointed actuary calibrated the parameters of the distribution based on the experience and credibility of the historical data. To estimate the risk adjustment, Company used a method derived from the risk margin calculation methodology used in Solvency II.

### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.1 IFRS 17 - accounting policies, including key judgments and estimates (continued)

##### Insurance acquisition costs and directly attributable expenses

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts issued and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable expenses fall under the insurance service expense while the non-attributable expenses are reported under other operating expenses. The Company amortises the insurance acquisition expenses over the contract period.

##### Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

##### Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as at date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded to LRC.

##### Insurance service expenses

Insurance service expense includes the following:

- a) incurred claims for the period;
- b) other incurred directly attributable expenses;
- c) amortization of insurance acquisition cash flows;
- d) changes that relate to past service – changes in the fulfillment cash flows ("FCF") relating to the LIC; and
- e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

##### Onerous contract / loss component

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfillment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

##### Insurance finance income and expense / reinsurance finance income and expenses

Insurance / reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued / reinsurance contracts held arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 IFRS 9 – accounting policies, including key judgments and estimates**

##### Classification and measurement

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI").

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and interest income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment, the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

##### Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified measured at FVTPL.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e., profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 3.2 IFRS 9 – accounting policies, including key judgments and estimates (continued)

##### Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice.
- whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

##### The solely payments of principal and interest ("SPPI") test

As part of the classification process, the Company also assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Based on these factors, the Company has classified its debt instruments as carried at amortised cost. These assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are not designated at FVTPL. The carrying amount of these assets is adjusted by any ECL. Interest income from these financial assets is included in 'commission income' using the effective interest rate ("EIR") method.

##### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'dividend income' when the Company's right to receive payments is established.

As at 31 December 2024, all the equity investments of the Company are classified at FVOCI.

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 IFRS 9 – accounting policies, including key judgments and estimates (continued)**

##### Subsequent measurement

##### Debt instrument at amortised cost

After initial measurement, financial assets are measured at amortised cost, using EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR method. ECL is recognised in the statement of income and deducted from the gross carrying amount of an asset.

##### Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of income or statement of comprehensive income as the case may be.

##### Recognition of commission income

Under IFRS 9, the Company records commission income using the EIR method for all debt instruments measured at amortised cost.

##### Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of EIR method. A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### **3.3 Bank balances and cash**

Bank balances and cash comprise cash on hand and with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

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### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.4 Property and equipment**

Property and equipment are initially recorded in the statement of financial position at cost. Subsequent measurement is carried out at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<b>Years</b>
- Furniture and fixtures	3
- Office equipment	3
- Motor vehicles	5

Residual values, useful lives and the methods of depreciation are reviewed and adjusted as appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the year is recognised in the statement of income on an actual basis. Similarly, impairment losses, if any, are recognised in the statement of income.

Expenditure for repairs and maintenance is charged to the statement of income. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Gain / loss on sale of fixtures, furniture and equipment and Right-of-use assets is included in statement of income.

#### **3.5 Intangible assets**

Separately acquired intangible assets (software) are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Company amortises intangible assets with a limited useful life using straight-line method over the following periods:

	<b>Years</b>
- IT development and software	3

#### **3.6 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed 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 the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

#### **3.7 Provision for end-of-service benefits**

Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as it falls due. Re-measurement (actuarial gains / losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.8 Provisions, accrued expenses and other liabilities**

Provisions are recognized when the Company has an obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **3.9 Zakat**

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Zakat is accrued on a quarterly basis and charge to the statement of income. Additional amounts, if any, are accounted for when determined to be required for payment.

#### **3.10 Value Added Tax ("VAT")**

Output VAT related to revenue is payable to tax authorities on the earlier of :

- (a) Collection of receivables from customers or
- (b) Delivery of services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. VAT that is not recoverable is charged to statement of income as expense.

#### **3.11 Withholding Tax ("WHT")**

The Company withholds taxes on certain transactions with non-resident parties as required under Saudi Arabian Income Tax Law.

#### **3.12 Statutory reserve**

The Company allocates 20% of its net income from shareholders operations each year to the statutory reserve until it has built up a reserve equal to the share capital, as mandated by Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority. The reserve is not available for distribution.

#### **3.13 Investment income**

Investment income is recognised under effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

#### **3.14 Income from pool arrangements**

The Company participated in pool arrangement of Medical Umrah and General Accident Hajj and Umrah (the arrangement) which is managed by The Company for Cooperative Insurance. The Company does not have control over the arrangement and therefore does not account for this as a joint arrangement. The Company recognises its net share from the arrangement as '(Reversal) / share of surplus from insurance pools' in its statement of income.

#### **3.15 Foreign currencies**

The accounting records of the Company are maintained in SAR. Transactions in foreign currencies are recorded in SAR at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate at the reporting date. All differences are taken to the statement of income.

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.16 Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

#### **3.17 Operating segment**

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. The Company has following reportable segments.

- i) Property - coverage against fire insurance, and any other insurance included under this class of insurance.
- ii) Motor - coverage for motor insurance and third party liability insurance for foreign vehicles arising through accidents.
- iii) Engineering - coverage for builder's risks, construction, mechanical, electrical, electronic, and machinery breakdown, and any other insurance included under this class of insurance.
- iv) Marine - coverage against losses and liability related to marine vessels and marine cargo.
- v) Group life - coverage for group life insurance.
- vi) Others - coverage against money insurance, fidelity guarantee insurance, business all risk insurance, business travel insurance and exhibition insurance. Liability provide general third-party liability, product liability, workmen's compensation/employer's liability, damages to motor vehicles after the manufacturer warranty expires and professional indemnity cover protecting the insured's legal liability arising out of acts of negligence during their business operations.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the year.

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**4 INSURANCE AND REINSURANCE CONTRACTS**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - All portfolios**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	150,378	11,619	149,506	5,560	317,063	122,125	10,725	175,203	7,936	315,989
Opening insurance contract assets	(73)	-	-	-	(73)	-	-	-	-	-
Net opening balance	150,305	11,619	149,506	5,560	316,990	122,125	10,725	175,203	7,936	315,989
<b>Insurance revenue</b>	(446,127)	-	-	-	(446,127)	(513,629)	-	-	-	(513,629)
<i>Insurance service expenses:</i>										
Incurred claims and other directly attributable expenses	-	-	299,167	4,220	303,387	-	-	376,960	3,922	380,882
Losses on onerous contracts and reversal of those losses	-	1,771	-	-	1,771	-	894	-	-	894
Changes that relate to past service - adjustments to the LIC	-	-	(37,041)	(4,935)	(41,976)	-	-	(27,745)	(6,695)	(34,440)
Amortisation of insurance acquisition cash flows	87,370	-	-	-	87,370	86,017	-	-	-	86,017
<b>Insurance service expenses</b>	87,370	1,771	262,126	(715)	350,552	86,017	894	349,215	(2,773)	433,353
<b>Insurance service result</b>	(358,757)	1,771	262,126	(715)	(95,575)	(427,612)	894	349,215	(2,773)	(80,276)
<b>Net finance expenses from insurance contracts</b>	-	-	2,170	347	2,517	-	-	6,627	397	7,024
<i>Cash flows:</i>										
Premiums received	462,272	-	-	-	462,272	515,773	-	-	-	515,773
Claims and other directly attributable expenses paid	-	-	(272,719)	-	(272,719)	-	-	(381,539)	-	(381,539)
Insurance acquisition cash flows	(68,500)	-	-	-	(68,500)	(59,981)	-	-	-	(59,981)
<b>Total cash flows</b>	393,772	-	(272,719)	-	121,053	455,792	-	(381,539)	-	74,253
<b>Closing insurance contract liabilities</b>	185,320	13,390	141,083	5,192	344,985	150,378	11,619	149,506	5,560	317,063
<b>Closing insurance contract assets</b>	-	-	-	-	-	(73)	-	-	-	(73)
<b>Closing net insurance contract liabilities</b>	185,320	13,390	141,083	5,192	344,985	150,305	11,619	149,506	5,560	316,990

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Property**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	(3,115)	-	16,898	610	14,393	8,423	-	15,239	579	24,241
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(3,115)	-	16,898	610	14,393	8,423	-	15,239	579	24,241
<b>Insurance revenue</b>	<b>(72,435)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,435)</b>	<b>(58,944)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,944)</b>
<i>Insurance service expenses:</i>										
Incurred claims and other directly attributable expenses	-	-	25,032	938	25,970	-	-	15,197	440	15,637
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(3,204)	(487)	(3,691)	-	-	2,543	(436)	2,107
Amortisation of insurance acquisition cash flows	10,123	-	-	-	10,123	5,932	-	-	-	5,932
<b>Insurance service expenses</b>	<b>10,123</b>	<b>-</b>	<b>21,828</b>	<b>451</b>	<b>32,402</b>	<b>5,932</b>	<b>-</b>	<b>17,740</b>	<b>4</b>	<b>23,676</b>
<b>Insurance service result</b>	<b>(62,312)</b>	<b>-</b>	<b>21,828</b>	<b>451</b>	<b>(40,033)</b>	<b>(53,012)</b>	<b>-</b>	<b>17,740</b>	<b>4</b>	<b>(35,268)</b>
<b>Net finance expenses from insurance contracts</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>38</b>	<b>343</b>	<b>-</b>	<b>-</b>	<b>560</b>	<b>27</b>	<b>587</b>
<i>Cash flows:</i>										
Premiums received	83,779	-	-	-	83,779	46,394	-	-	-	46,394
Claims and other directly attributable expenses paid	-	-	(8,627)	-	(8,627)	-	-	(16,641)	-	(16,641)
Insurance acquisition cash flows	(10,861)	-	-	-	(10,861)	(4,920)	-	-	-	(4,920)
<b>Total cash flows</b>	<b>72,918</b>	<b>-</b>	<b>(8,627)</b>	<b>-</b>	<b>64,291</b>	<b>41,474</b>	<b>-</b>	<b>(16,641)</b>	<b>-</b>	<b>24,833</b>
<b>Closing insurance contract liabilities</b>	<b>7,491</b>	<b>-</b>	<b>30,404</b>	<b>1,099</b>	<b>38,994</b>	<b>(3,115)</b>	<b>-</b>	<b>16,898</b>	<b>610</b>	<b>14,393</b>
<b>Closing insurance contract assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing net insurance contract liabilities</b>	<b>7,491</b>	<b>-</b>	<b>30,404</b>	<b>1,099</b>	<b>38,994</b>	<b>(3,115)</b>	<b>-</b>	<b>16,898</b>	<b>610</b>	<b>14,393</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Motor**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	151,172	11,619	86,842	2,769	252,402	123,925	10,725	67,866	2,251	204,767
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	151,172	11,619	86,842	2,769	252,402	123,925	10,725	67,866	2,251	204,767
<b>Insurance revenue</b>	<b>(278,509)</b>	-	-	-	<b>(278,509)</b>	<b>(369,579)</b>	-	-	-	<b>(369,579)</b>
<i>Insurance service expenses:</i>										
Incurring claims and other directly attributable expenses	-	-	221,843	1,300	223,143	-	-	318,298	2,596	320,894
Losses on onerous contracts and reversal of those losses	-	1,771	-	-	1,771	-	894	-	-	894
Changes that relate to past service - adjustments to the LIC	-	-	(23,642)	(2,875)	(26,517)	-	-	(4,712)	(2,205)	(6,917)
Amortisation of insurance acquisition cash flows	63,704	-	-	-	63,704	68,478	-	-	-	68,478
<b>Insurance service expenses</b>	<b>63,704</b>	<b>1,771</b>	<b>198,201</b>	<b>(1,575)</b>	<b>262,101</b>	<b>68,478</b>	<b>894</b>	<b>313,586</b>	<b>391</b>	<b>383,349</b>
<b>Insurance service result</b>	<b>(214,805)</b>	<b>1,771</b>	<b>198,201</b>	<b>(1,575)</b>	<b>(16,408)</b>	<b>(301,101)</b>	<b>894</b>	<b>313,586</b>	<b>391</b>	<b>13,770</b>
<b>Net finance expenses from insurance contracts</b>	-	-	1,474	173	1,647	-	-	2,533	127	2,660
<i>Cash flows:</i>										
Premiums received	230,159	-	-	-	230,159	374,943	-	-	-	374,943
Claims and other directly attributable expenses paid	-	-	(235,809)	-	(235,809)	-	-	(297,143)	-	(297,143)
Insurance acquisition cash flows	(42,370)	-	-	-	(42,370)	(46,595)	-	-	-	(46,595)
<b>Total cash flows</b>	<b>187,789</b>	-	<b>(235,809)</b>	-	<b>(48,020)</b>	<b>328,348</b>	-	<b>(297,143)</b>	-	<b>31,205</b>
<b>Closing insurance contract liabilities</b>	<b>124,156</b>	<b>13,390</b>	<b>50,708</b>	<b>1,367</b>	<b>189,621</b>	<b>151,172</b>	<b>11,619</b>	<b>86,842</b>	<b>2,769</b>	<b>252,402</b>
<b>Closing insurance contract assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Closing net insurance contract liabilities</b>	<b>124,156</b>	<b>13,390</b>	<b>50,708</b>	<b>1,367</b>	<b>189,621</b>	<b>151,172</b>	<b>11,619</b>	<b>86,842</b>	<b>2,769</b>	<b>252,402</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Engineering**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	5,309	-	6,189	242	11,740	1,613	-	3,934	156	5,703
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	5,309	-	6,189	242	11,740	1,613	-	3,934	156	5,703
<b>Insurance revenue</b>	<b>(19,698)</b>	-	-	-	<b>(19,698)</b>	<b>(13,646)</b>	-	-	-	<b>(13,646)</b>
<i>Insurance service expenses:</i>										
Incurred claims and other directly attributable expenses	-	-	3,196	136	3,332	-	-	5,138	156	5,294
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(2,696)	(212)	(2,908)	-	-	269	(82)	187
Amortisation of insurance acquisition cash flows	4,480	-	-	-	4,480	3,624	-	-	-	3,624
<b>Insurance service expenses</b>	<b>4,480</b>	-	<b>500</b>	<b>(76)</b>	<b>4,904</b>	<b>3,624</b>	-	<b>5,407</b>	<b>74</b>	<b>9,105</b>
<b>Insurance service result</b>	<b>(15,218)</b>	-	<b>500</b>	<b>(76)</b>	<b>(14,794)</b>	<b>(10,022)</b>	-	<b>5,407</b>	<b>74</b>	<b>(4,541)</b>
<b>Net finance expenses from insurance contracts</b>	-	-	133	15	148	-	-	204	12	216
<i>Cash flows:</i>										
Premiums received	31,320	-	-	-	31,320	16,669	-	-	-	16,669
Claims and other directly attributable expenses paid	-	-	(2,050)	-	(2,050)	-	-	(3,356)	-	(3,356)
Insurance acquisition cash flows	(5,657)	-	-	-	(5,657)	(2,951)	-	-	-	(2,951)
<b>Total cash flows</b>	<b>25,663</b>	-	<b>(2,050)</b>	-	<b>23,613</b>	<b>13,718</b>	-	<b>(3,356)</b>	-	<b>10,362</b>
<b>Closing insurance contract liabilities</b>	<b>15,754</b>	-	<b>4,772</b>	<b>181</b>	<b>20,707</b>	<b>5,309</b>	-	<b>6,189</b>	<b>242</b>	<b>11,740</b>
<b>Closing insurance contract assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Closing net insurance contract liabilities</b>	<b>15,754</b>	-	<b>4,772</b>	<b>181</b>	<b>20,707</b>	<b>5,309</b>	-	<b>6,189</b>	<b>242</b>	<b>11,740</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Marine**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	(3,493)	-	9,930	393	6,830	(3,118)	-	6,444	254	3,580
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(3,493)	-	9,930	393	6,830	(3,118)	-	6,444	254	3,580
<b>Insurance revenue</b>	<b>(19,259)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,259)</b>	<b>(14,999)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,999)</b>
<i>Insurance service expenses:</i>										
Incurring claims and other directly attributable expenses	-	-	23,293	729	24,022	-	-	8,863	298	9,161
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(3,415)	(368)	(3,783)	-	-	57	(171)	(114)
Amortisation of insurance acquisition cash flows	4,037	-	-	-	4,037	2,535	-	-	-	2,535
<b>Insurance service expenses</b>	<b>4,037</b>	<b>-</b>	<b>19,878</b>	<b>361</b>	<b>24,276</b>	<b>2,535</b>	<b>-</b>	<b>8,920</b>	<b>127</b>	<b>11,582</b>
<b>Insurance service result</b>	<b>(15,222)</b>	<b>-</b>	<b>19,878</b>	<b>361</b>	<b>5,017</b>	<b>(12,464)</b>	<b>-</b>	<b>8,920</b>	<b>127</b>	<b>(3,417)</b>
<b>Net finance expenses from insurance contracts</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>25</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>221</b>	<b>12</b>	<b>233</b>
<i>Cash flows:</i>										
Premiums received	21,711	-	-	-	21,711	13,747	-	-	-	13,747
Claims and other directly attributable expenses paid	-	-	(10,681)	-	(10,681)	-	-	(5,655)	-	(5,655)
Insurance acquisition cash flows	(3,413)	-	-	-	(3,413)	(1,658)	-	-	-	(1,658)
<b>Total cash flows</b>	<b>18,298</b>	<b>-</b>	<b>(10,681)</b>	<b>-</b>	<b>7,617</b>	<b>12,089</b>	<b>-</b>	<b>(5,655)</b>	<b>-</b>	<b>6,434</b>
<b>Closing insurance contract liabilities</b>	<b>(417)</b>	<b>-</b>	<b>19,332</b>	<b>779</b>	<b>19,694</b>	<b>(3,493)</b>	<b>-</b>	<b>9,930</b>	<b>393</b>	<b>6,830</b>
<b>Closing insurance contract assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing net insurance contract liabilities</b>	<b>(417)</b>	<b>-</b>	<b>19,332</b>	<b>779</b>	<b>19,694</b>	<b>(3,493)</b>	<b>-</b>	<b>9,930</b>	<b>393</b>	<b>6,830</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Group Life**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	(6,354)	-	26,748	1,476	21,870	(18,041)	-	79,023	4,613	65,595
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(6,354)	-	26,748	1,476	21,870	(18,041)	-	79,023	4,613	65,595
<b>Insurance revenue</b>	(31,416)	-	-	-	(31,416)	(38,743)	-	-	-	(38,743)
<i>Insurance service expenses:</i>										
Incurred claims and other directly attributable expenses	-	-	23,388	1,042	24,430	-	-	28,086	412	28,498
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(1,937)	(892)	(2,829)	-	-	(25,662)	(3,764)	(29,426)
Amortisation of insurance acquisition cash flows	206	-	-	-	206	3,152	-	-	-	3,152
<b>Insurance service expenses</b>	206	-	21,451	150	21,807	3,152	-	2,424	(3,352)	2,224
<b>Insurance service result</b>	(31,210)	-	21,451	150	(9,609)	(35,591)	-	2,424	(3,352)	(36,519)
<b>Net finance expenses from insurance contracts</b>	-	-	(25)	92	67	-	-	3,052	215	3,267
<i>Cash flows:</i>										
Premiums received	73,654	-	-	-	73,654	50,270	-	-	-	50,270
Claims and other directly attributable expenses paid	-	-	(14,178)	-	(14,178)	-	-	(57,751)	-	(57,751)
Insurance acquisition cash flows	(494)	-	-	-	(494)	(2,992)	-	-	-	(2,992)
<b>Total cash flows</b>	73,160	-	(14,178)	-	58,982	47,278	-	(57,751)	-	(10,473)
<b>Closing insurance contract liabilities</b>	35,596	-	33,996	1,718	71,310	(6,354)	-	26,748	1,476	21,870
<b>Closing insurance contract assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Closing net insurance contract liabilities</b>	35,596	-	33,996	1,718	71,310	(6,354)	-	26,748	1,476	21,870

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.1 Analysis by remaining coverage and incurred claims for insurance contracts - Others**

	31 December 2024					31 December 2023 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Insurance contracts issued:</i>										
Opening insurance contract liabilities	6,859	-	2,899	70	9,828	9,323	-	2,697	83	12,103
Opening insurance contract assets	(73)	-	-	-	(73)	-	-	-	-	-
Net opening balance	6,786	-	2,899	70	9,755	9,323	-	2,697	83	12,103
<b>Insurance revenue</b>	<b>(24,810)</b>	-	-	-	<b>(24,810)</b>	<b>(17,718)</b>	-	-	-	<b>(17,718)</b>
<i>Insurance service expenses:</i>										
Incurring claims and other directly attributable expenses	-	-	2,415	75	2,490	-	-	1,378	20	1,398
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(2,147)	(101)	(2,248)	-	-	(240)	(37)	(277)
Amortisation of insurance acquisition cash flows	4,820	-	-	-	4,820	2,296	-	-	-	2,296
<b>Insurance service expenses</b>	<b>4,820</b>	-	<b>268</b>	<b>(26)</b>	<b>5,062</b>	<b>2,296</b>	-	<b>1,138</b>	<b>(17)</b>	<b>3,417</b>
<b>Insurance service result</b>	<b>(19,990)</b>	-	<b>268</b>	<b>(26)</b>	<b>(19,748)</b>	<b>(15,422)</b>	-	<b>1,138</b>	<b>(17)</b>	<b>(14,301)</b>
<b>Net finance expenses from insurance contracts</b>	-	-	<b>78</b>	<b>4</b>	<b>82</b>	-	-	<b>57</b>	<b>4</b>	<b>61</b>
<i>Cash flows:</i>										
Premiums received	21,649	-	-	-	21,649	13,750	-	-	-	13,750
Claims and other directly attributable expenses paid	-	-	(1,374)	-	(1,374)	-	-	(993)	-	(993)
Insurance acquisition cash flows	(5,705)	-	-	-	(5,705)	(865)	-	-	-	(865)
<b>Total cash flows</b>	<b>15,944</b>	-	<b>(1,374)</b>	-	<b>14,570</b>	<b>12,885</b>	-	<b>(993)</b>	-	<b>11,892</b>
<b>Closing insurance contract liabilities</b>	<b>2,740</b>	-	<b>1,871</b>	<b>48</b>	<b>4,659</b>	<b>6,859</b>	-	<b>2,899</b>	<b>70</b>	<b>9,828</b>
<b>Closing insurance contract assets</b>	-	-	-	-	-	(73)	-	-	-	(73)
<b>Closing net insurance contract liabilities</b>	<b>2,740</b>	-	<b>1,871</b>	<b>48</b>	<b>4,659</b>	<b>6,786</b>	-	<b>2,899</b>	<b>70</b>	<b>9,755</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - All portfolios**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(36,714)	-	(20,949)	(1,600)	(59,263)	10,347	-	(72,346)	(4,535)	(66,534)
Opening reinsurance contract liabilities	39,841	-	(8,402)	(493)	30,946	14,936	-	(5,648)	(271)	9,017
Net opening balance	3,127	-	(29,351)	(2,093)	(28,317)	25,283	-	(77,994)	(4,806)	(57,517)
<i>Allocation of reinsurance premium paid</i>	95,929	-	-	-	95,929	101,707	-	-	-	101,707
Claims recovered and other directly attributable expenses	-	-	(35,073)	(1,678)	(36,751)	-	-	(32,701)	(672)	(33,373)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	7,598	1,649	9,247	-	-	14,739	3,615	18,354
<b>Net expense / (income) from reinsurance contracts held</b>	<b>95,929</b>	<b>-</b>	<b>(27,475)</b>	<b>(29)</b>	<b>68,425</b>	<b>101,707</b>	<b>-</b>	<b>(17,962)</b>	<b>2,943</b>	<b>86,688</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(386)</b>	<b>(131)</b>	<b>(517)</b>	<b>-</b>	<b>-</b>	<b>(3,230)</b>	<b>(230)</b>	<b>(3,460)</b>
<i>Cash flows:</i>										
Premiums paid	(78,280)	-	-	-	(78,280)	(123,863)	-	-	-	(123,863)
Amounts received	-	-	13,394	-	13,394	-	-	69,835	-	69,835
<b>Total cash flows</b>	<b>(78,280)</b>	<b>-</b>	<b>13,394</b>	<b>-</b>	<b>(64,886)</b>	<b>(123,863)</b>	<b>-</b>	<b>69,835</b>	<b>-</b>	<b>(54,028)</b>
<b>Closing reinsurance contract assets</b>	<b>(108,630)</b>	<b>-</b>	<b>(35,152)</b>	<b>(1,879)</b>	<b>(145,661)</b>	<b>(36,714)</b>	<b>-</b>	<b>(20,949)</b>	<b>(1,600)</b>	<b>(59,263)</b>
<b>Closing reinsurance contract liabilities</b>	<b>129,406</b>	<b>-</b>	<b>(8,666)</b>	<b>(374)</b>	<b>120,366</b>	<b>39,841</b>	<b>-</b>	<b>(8,402)</b>	<b>(493)</b>	<b>30,946</b>
<b>Net closing balance</b>	<b>20,776</b>	<b>-</b>	<b>(43,818)</b>	<b>(2,253)</b>	<b>(25,295)</b>	<b>3,127</b>	<b>-</b>	<b>(29,351)</b>	<b>(2,093)</b>	<b>(28,317)</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Property**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(6,848)	-	(1,601)	(119)	(8,568)	(14,564)	-	(5,642)	(270)	(20,476)
Opening reinsurance contract liabilities	20,435	-	(3,335)	(182)	16,918	8,641	-	(5,645)	(271)	2,725
Net opening balance	13,587	-	(4,936)	(301)	8,350	(5,923)	-	(11,287)	(541)	(17,751)
<b>Allocation of reinsurance premium paid</b>	<b>40,004</b>	-	-	-	<b>40,004</b>	43,939	-	-	-	43,939
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	(7,586)	(336)	(7,922)	-	-	(3,282)	(116)	(3,398)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	2,356	374	2,730	-	-	(4,747)	383	(4,364)
Net expense / (income) from reinsurance contracts held	40,004	-	(5,230)	38	34,812	43,939	-	(8,029)	267	36,177
Net finance income from reinsurance contracts	-	-	(256)	(19)	(275)	-	-	(527)	(27)	(554)
<i>Cash flows:</i>										
Premiums paid	(12,366)	-	-	-	(12,366)	(24,429)	-	-	-	(24,429)
Amounts received	-	-	3,864	-	3,864	-	-	14,907	-	14,907
Total cash flows	(12,366)	-	3,864	-	(8,502)	(24,429)	-	14,907	-	(9,522)
Closing reinsurance contract assets	(11,289)	-	1,051	40	(10,198)	(6,848)	-	(1,601)	(119)	(8,568)
Closing reinsurance contract liabilities	52,514	-	(7,609)	(322)	44,583	20,435	-	(3,335)	(182)	16,918
Net closing balance	41,225	-	(6,558)	(282)	34,385	13,587	-	(4,936)	(301)	8,350

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Motor**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(2,752)	-	14	-	(2,738)	-	-	8	-	8
Opening reinsurance contract liabilities	5,881	-	50	-	5,931	3,745	-	-	-	3,745
Net opening balance	3,129	-	64	-	3,193	3,745	-	8	-	3,753
<i>Allocation of reinsurance premium paid</i>	2,803	-	-	-	2,803	7,861	-	-	-	7,861
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	272	-	272	-	-	(2,965)	-	(2,965)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	7	-	7	-	-	-	-	-
<b>Net expense / (income) from reinsurance contracts held</b>	<b>2,803</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>3,082</b>	<b>7,861</b>	<b>-</b>	<b>(2,965)</b>	<b>-</b>	<b>4,896</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Cash flows:</i>										
Premiums paid	(3,338)	-	-	-	(3,338)	(8,477)	-	-	-	(8,477)
Amounts received	-	-	(268)	-	(268)	-	-	3,021	-	3,021
<b>Total cash flows</b>	<b>(3,338)</b>	<b>-</b>	<b>(268)</b>	<b>-</b>	<b>(3,606)</b>	<b>(8,477)</b>	<b>-</b>	<b>3,021</b>	<b>-</b>	<b>(5,456)</b>
<b>Closing reinsurance contract assets</b>	<b>(235)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(235)</b>	<b>(2,752)</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>(2,738)</b>
<b>Closing reinsurance contract liabilities</b>	<b>2,829</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>2,904</b>	<b>5,881</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>5,931</b>
<b>Net closing balance</b>	<b>2,594</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>2,669</b>	<b>3,129</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>3,193</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Engineering**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(794)	-	547	(1)	(248)	(1,520)	-	(2,467)	(129)	(4,116)
Opening reinsurance contract liabilities	5,103	-	(2,963)	(175)	1,965	552	-	-	-	552
Net opening balance	4,309	-	(2,416)	(176)	1,717	(968)	-	(2,467)	(129)	(3,564)
<i>Allocation of reinsurance premium paid</i>	7,238	-	-	-	7,238	5,772	-	-	-	5,772
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	(808)	(44)	(852)	-	-	(2,644)	(75)	(2,719)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	751	159	910	-	-	321	38	359
<b>Net expense / (income) from reinsurance contracts held</b>	<b>7,238</b>	<b>-</b>	<b>(57)</b>	<b>115</b>	<b>7,296</b>	<b>5,772</b>	<b>-</b>	<b>(2,323)</b>	<b>(37)</b>	<b>3,412</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>(11)</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(167)</b>	<b>(10)</b>	<b>(177)</b>
<i>Cash flows:</i>										
Premiums paid	(7,236)	-	-	-	(7,236)	(495)	-	-	-	(495)
Amounts received	-	-	987	-	987	-	-	2,541	-	2,541
<b>Total cash flows</b>	<b>(7,236)</b>	<b>-</b>	<b>987</b>	<b>-</b>	<b>(6,249)</b>	<b>(495)</b>	<b>-</b>	<b>2,541</b>	<b>-</b>	<b>2,046</b>
<b>Closing reinsurance contract assets</b>	<b>(36,480)</b>	<b>-</b>	<b>(944)</b>	<b>(45)</b>	<b>(37,469)</b>	<b>(794)</b>	<b>-</b>	<b>547</b>	<b>(1)</b>	<b>(248)</b>
<b>Closing reinsurance contract liabilities</b>	<b>40,791</b>	<b>-</b>	<b>(594)</b>	<b>(27)</b>	<b>40,170</b>	<b>5,103</b>	<b>-</b>	<b>(2,963)</b>	<b>(175)</b>	<b>1,965</b>
<b>Net closing balance</b>	<b>4,311</b>	<b>-</b>	<b>(1,538)</b>	<b>(72)</b>	<b>2,701</b>	<b>4,309</b>	<b>-</b>	<b>(2,416)</b>	<b>(176)</b>	<b>1,717</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Marine**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	-	-	-	-	-	(2,558)	-	(4,284)	(224)	(7,066)
Opening reinsurance contract liabilities	7,264	-	(2,208)	(132)	4,924	777	-	-	-	777
Net opening balance	7,264	-	(2,208)	(132)	4,924	(1,781)	-	(4,284)	(224)	(6,289)
<i>Allocation of reinsurance premium paid</i>	15,777	-	-	-	15,777	3,723	-	-	-	3,723
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	(13,964)	(637)	(14,601)	-	-	(2,238)	(67)	(2,305)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	848	114	962	-	-	848	169	1,017
<b>Net expense / (income) from reinsurance contracts held</b>	<b>15,777</b>	<b>-</b>	<b>(13,116)</b>	<b>(523)</b>	<b>2,138</b>	<b>3,723</b>	<b>-</b>	<b>(1,390)</b>	<b>102</b>	<b>2,435</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>(8)</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>(168)</b>	<b>(10)</b>	<b>(178)</b>
<i>Cash flows:</i>										
Premiums paid	(5,691)	-	-	-	(5,691)	5,322	-	-	-	5,322
Amounts received	-	-	997	-	997	-	-	3,634	-	3,634
<b>Total cash flows</b>	<b>(5,691)</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>(4,694)</b>	<b>5,322</b>	<b>-</b>	<b>3,634</b>	<b>-</b>	<b>8,956</b>
<b>Closing reinsurance contract assets</b>	<b>11,998</b>	<b>-</b>	<b>(13,832)</b>	<b>(638)</b>	<b>(2,472)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing reinsurance contract liabilities</b>	<b>5,352</b>	<b>-</b>	<b>(538)</b>	<b>(25)</b>	<b>4,789</b>	<b>7,264</b>	<b>-</b>	<b>(2,208)</b>	<b>(132)</b>	<b>4,924</b>
<b>Net closing balance</b>	<b>17,350</b>	<b>-</b>	<b>(14,370)</b>	<b>(663)</b>	<b>2,317</b>	<b>7,264</b>	<b>-</b>	<b>(2,208)</b>	<b>(132)</b>	<b>4,924</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Group Life**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(796)	-	(20,213)	(1,477)	(22,486)	42,104	-	(59,742)	(3,897)	(21,535)
Opening reinsurance contract liabilities	280	-	24	-	304	507	-	-	-	507
Net opening balance	(516)	-	(20,189)	(1,477)	(22,182)	42,611	-	(59,742)	(3,897)	(21,028)
<i>Allocation of reinsurance premium paid</i>	18,392	-	-	-	18,392	28,711	-	-	-	28,711
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	(13,349)	(661)	(14,010)	-	-	(21,744)	(410)	(22,154)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	2,895	973	3,868	-	-	17,880	3,012	20,892
<b>Net expense / (income) from reinsurance contracts held</b>	<b>18,392</b>	<b>-</b>	<b>(10,454)</b>	<b>312</b>	<b>8,250</b>	<b>28,711</b>	<b>-</b>	<b>(3,864)</b>	<b>2,602</b>	<b>27,449</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>(93)</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>(2,408)</b>	<b>(182)</b>	<b>(2,590)</b>
<i>Cash flows:</i>										
Premiums paid	(33,419)	-	-	-	(33,419)	(71,838)	-	-	-	(71,838)
Amounts received	-	-	8,826	-	8,826	-	-	45,825	-	45,825
<b>Total cash flows</b>	<b>(33,419)</b>	<b>-</b>	<b>8,826</b>	<b>-</b>	<b>(24,593)</b>	<b>(71,838)</b>	<b>-</b>	<b>45,825</b>	<b>-</b>	<b>(26,013)</b>
<b>Closing reinsurance contract assets</b>	<b>(42,635)</b>	<b>-</b>	<b>(21,833)</b>	<b>(1,258)</b>	<b>(65,726)</b>	<b>(796)</b>	<b>-</b>	<b>(20,213)</b>	<b>(1,477)</b>	<b>(22,486)</b>
<b>Closing reinsurance contract liabilities</b>	<b>27,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,092</b>	<b>280</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>304</b>
<b>Net closing balance</b>	<b>(15,543)</b>	<b>-</b>	<b>(21,833)</b>	<b>(1,258)</b>	<b>(38,634)</b>	<b>(516)</b>	<b>-</b>	<b>(20,189)</b>	<b>(1,477)</b>	<b>(22,182)</b>

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**4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts - Others**

	31 December 2024					31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<i>Reinsurance contracts held:</i>										
Opening reinsurance contract assets	(25,524)	-	304	(3)	(25,223)	(13,115)	-	(219)	(15)	(13,349)
Opening reinsurance contract liabilities	878	-	30	(4)	904	714	-	(3)	-	711
Net opening balance	(24,646)	-	334	(7)	(24,319)	(12,401)	-	(222)	(15)	(12,638)
<i>Allocation of reinsurance premium paid</i>	11,715	-	-	-	11,715	11,701	-	-	-	11,701
<i>Amounts recoverable from reinsurers</i>										
Claims recovered and other directly attributable expenses	-	-	362	-	362	-	-	172	(4)	168
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	741	29	770	-	-	437	13	450
<b>Net expense / (income) from reinsurance contracts held</b>	<b>11,715</b>	<b>-</b>	<b>1,103</b>	<b>29</b>	<b>12,847</b>	<b>11,701</b>	<b>-</b>	<b>609</b>	<b>9</b>	<b>12,319</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>(1)</b>	<b>39</b>
<i>Cash flows:</i>										
Premiums paid	(16,230)	-	-	-	(16,230)	(23,946)	-	-	-	(23,946)
Amounts received	-	-	(1,012)	-	(1,012)	-	-	(93)	-	(93)
<b>Total cash flows</b>	<b>(16,230)</b>	<b>-</b>	<b>(1,012)</b>	<b>-</b>	<b>(17,242)</b>	<b>(23,946)</b>	<b>-</b>	<b>(93)</b>	<b>-</b>	<b>(24,039)</b>
<b>Closing reinsurance contract assets</b>	<b>(29,989)</b>	<b>-</b>	<b>406</b>	<b>22</b>	<b>(29,561)</b>	<b>(25,524)</b>	<b>-</b>	<b>304</b>	<b>(3)</b>	<b>(25,223)</b>
<b>Closing reinsurance contract liabilities</b>	<b>828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>828</b>	<b>878</b>	<b>-</b>	<b>30</b>	<b>(4)</b>	<b>904</b>
<b>Net closing balance</b>	<b>(29,161)</b>	<b>-</b>	<b>406</b>	<b>22</b>	<b>(28,733)</b>	<b>(24,646)</b>	<b>-</b>	<b>334</b>	<b>(7)</b>	<b>(24,319)</b>

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**5. BANK BALANCES AND CASH**

Bank balances and cash comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Bank balances	<b>60,663</b>	58,018
Short term deposits (note 5.1)	<b>24,000</b>	46,385
Cash on hand	<b>14</b>	10
Accrued income on short term deposits	<b>162</b>	41
<b>Cash and cash equivalents in statement of cashflows</b>	<b>84,839</b>	104,454
Deposits against letters of guarantee (note 5.2)	<b>700</b>	700
	<b>85,539</b>	105,154
Less: ECL allowance (note 5.3)	<b>(27)</b>	(26)
<b>Total bank balances and cash</b>	<b>85,512</b>	105,128

5.1 The deposits are held with banks and financial institutions (with sound credit ratings between A+ to A-) registered with the Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are denominated in Saudi riyals and have an original maturity of less than three months from the date of original placement. The average yield on these deposits is 5.5% p.a. (2023: 4.5% p.a.).

5.2 The Company holds an amount of SAR 0.7 million (2023: SAR 0.7 million) in the statement of financial position as letters of guarantee in favor of the Company's service providers.

5.3 Charge on ECL allowance is SAR 1 thousand for bank balances during the year (2023: SAR 26 thousand).

**6. TERM DEPOSITS**

Term deposits are placed with counterparties (with sound credit ratings between A+ to A-) with a maturity from more than three-month to more than one year from the date of original placement and earn investment income at weighted average of 5.7% p.a. (2023: 5.5% p.a.).

	<b>31 December 2024</b>	31 December 2023
Term deposits	<b>352,920</b>	336,183
Accrued investment income	<b>5,691</b>	4,205
Less: ECL allowance	<b>(38)</b>	(43)
<b>Total</b>	<b>358,573</b>	340,345

Reversal on ECL allowance is SAR 5 thousand for term deposits during the year (2023: charge of SAR 43 thousand).

**7. PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Prepaid taxes	<b>13,239</b>	13,239
Sundry debtors	<b>11,375</b>	27,616
Receivable from service provides	<b>1,747</b>	-
Others	<b>2,796</b>	186
<b>Total</b>	<b>29,157</b>	41,041

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**8. INVESTMENTS**

Investments are classified as follows:

	<b>31 December 2024</b>	31 December 2023
Investments in Sukuk carried at amortised cost	<b>289,005</b>	201,762
Accrued investment income	<b>2,061</b>	3,903
Less: ECL allowance (note 8.4)	<b>(74)</b>	(60)
	<b>290,992</b>	205,605
Investment in equity carried at FVOCI	<b>61,154</b>	43,484
<b>Total investments</b>	<b>352,146</b>	249,089

The investment in equity security represents 3.45% (2023: 3.45%) shareholding in Najm for Insurance Services, a Saudi Closed Joint Stock Company, which provides loss determination services in Saudi Arabia. This investment is in unquoted shares and is reported at fair value of SAR 61.2 million (2023: SAR 43.5 million) as at the reporting date.

**8.1** Movement in investments in Sukuk are as follows:

	<b>31 December 2024</b>	31 December 2023
Opening balance as previously reported	<b>205,605</b>	120,004
Impact on adoption of IFRS 9	-	4,071
Purchases	<b>96,397</b>	131,957
Maturity	<b>(11,026)</b>	(54,000)
Amortization of investments	<b>(2,031)</b>	(270)
Accrued investment income	<b>2,061</b>	3,903
Movement in allowance for expected credit losses	<b>(14)</b>	(60)
<b>Closing balance</b>	<b>290,992</b>	205,605

**8.2** The following changes in fair value have been recognised for investment in equity carried at FVOCI:

	<b>31 December 2024</b>	31 December 2023
Opening balance as previously reported	<b>41,561</b>	(4,109)
Impact on adoption of IFRS 9	-	41,889
Change for the year	<b>17,670</b>	3,781
<b>Closing balance</b>	<b>59,231</b>	41,561

**8.3** Details on investment income for the year are as follows:

	<b>2024</b>	<b>2023</b>
Investment income on term deposits	<b>20,070</b>	20,921
Investment income on bonds and sukuk	<b>11,165</b>	4,010
	<b>31,235</b>	24,931

**8.4** Charge on ECL allowance is SAR 14 thousand for investments during the year (2023: SAR 60 thousand).

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**9 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled, or significantly influenced by them. Other related parties represent entities under common control and entities controlled by key management personnel of the Company. Contract pricing policies and terms are approved by the Company's management or where required and applicable the Company's Board of Directors. The due from and to balances of related parties are unsecured, interest free and repayable in cash on demand. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following are the details of the major related party transactions during the period and their related balances:

	<b>Transactions for the year</b>	
	<b>2024</b>	<b>2023</b>
<b>Shareholder with significant influence</b>		
Premium written	4,600	46,343
Claims paid	11,957	55,805
Brokerage commission paid	239	2,500
Investment income on term deposits	9,002	8,652
<b>Shareholder having control over the Company</b>		
Technical service charges	5,187	6,570
Other expenses	497	497
Brand fees	30	30
Operational expenses paid on behalf of related party and reinsurance placements	1,260	3,237
Operational expenses paid by related party on behalf of the Company	(1,659)	(5,719)
Reinsurance premium ceded	9,378	1,241
Reinsurance commission income	5	67
<b>Balance (payable) / receivable</b>		
	<b>31-Dec-24</b>	<b>31-Dec-23</b>
<b>Shareholder with significant influence</b>		
Outstanding claims reserves	(11,181)	(21,855)
Premium receivable	-	3,995
Bank balances	2,287	2,052
Term deposits	119,834	134,539
Statutory deposit including accrued income	44,033	41,520
Accrued income receivable on term deposits	3,972	2,290
Accrued expenses and other liabilities	(7,795)	(7,808)
<b>Shareholder having control over the Company</b>		
Due from related parties	1,074	52
Due to related parties	(12,007)	(4,420)

These due from and due to related party balances pertain to inter-company transactions during the year. The compensation of key management personnel during the year is as follows:

	<b>Transactions for the year ended</b>	
	<b>2024</b>	<b>2023</b>
Salaries and other allowances	6,918	5,945
Provision for end-of-service benefits	227	205
	<b>7,145</b>	<b>6,150</b>

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**9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The remuneration and related expenses of the Board of Directors' during the year is as follows:

	Transactions for the year ended	
	31-Dec-24	31-Dec-23
Board of directors' remuneration	603	390
Board of directors' attendance fees	124	65
	<b>727</b>	<b>455</b>

**10. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS**

	Furniture and fixtures	Office equipment	Motor vehicles	Total	Intangible assets
<b>Cost:</b>					
As at 1 January 2024	5,425	10,963	315	16,703	6,531
Additions during the year	727	35	-	762	1,332
As at 31 December 2024	<b>6,152</b>	<b>10,998</b>	<b>315</b>	<b>17,465</b>	<b>7,863</b>
<b>Accumulated depreciation / amortization:</b>					
As at 1 January 2024	(4,854)	(10,074)	(315)	(15,243)	(5,817)
Charge during the year	(744)	(364)	-	(1,108)	(263)
As at 31 December 2024	<b>(5,598)</b>	<b>(10,438)</b>	<b>(315)</b>	<b>(16,351)</b>	<b>(6,080)</b>
<b>Net Book Value:</b>					
As at 31 December 2024	<b>554</b>	<b>560</b>	<b>-</b>	<b>1,114</b>	<b>1,783</b>

	Furniture and fixtures	Office equipment	Motor vehicles	Total	Intangible assets
<b>Cost:</b>					
As at 1 January 2023	5,332	10,143	315	15,790	6,440
Additions during the year	93	820	-	913	91
As at 31 December 2023	<b>5,425</b>	<b>10,963</b>	<b>315</b>	<b>16,703</b>	<b>6,531</b>
<b>Accumulated depreciation / amortization:</b>					
As at 1 January 2023	(4,242)	(9,683)	(315)	(14,240)	(4,668)
Charge during the year	(612)	(391)	-	(1,003)	(1,149)
As at 31 December 2023	<b>(4,854)</b>	<b>(10,074)</b>	<b>(315)</b>	<b>(15,243)</b>	<b>(5,817)</b>
<b>Net Book Value:</b>					
As at 31 December 2023	<b>571</b>	<b>889</b>	<b>-</b>	<b>1,460</b>	<b>714</b>

Depreciation and amortisation is charged to insurance service expense and other operating expenses in the statement of income based on expense attribution model as mentioned in note 18.

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**11. STATUTORY DEPOSIT**

In compliance with Insurance Implementing Regulations of Insurance Authority, the Company deposited 10% of its paid-up capital, amounting to SAR 40 million (2023: SAR 40 million) in a bank designated by Insurance Authority. The accrued return on investment of statutory deposit as at 31 December, 2024 amounts to SAR 4.0 million (2023: SAR 1.5 million) and has been disclosed in assets as “Accrued income on statutory deposit” and the corresponding amount is shown in the liabilities as “Accrued income payable to Insurance Authority” as this deposit cannot be withdrawn without Insurance Authority’s consent.

	<b>December 2024</b>	31 December 2023
Statutory deposit	<b>40,000</b>	40,000
Less: Impairment allowance	<b>(7)</b>	(15)
	<b>39,993</b>	39,985

Reversal on ECL allowance is SAR 8 thousand for statutory deposits during the year (2023: charge of SAR 15 thousand).

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>2024</b>	<b>2023</b>
Accrued salaries and benefits	2,368	1,400
Board of Directors' remuneration	272	222
Accrued withholding tax	14,117	12,045
Accrued IT related services	589	476
Accrued legal and professional fees	1,604	1,039
Outsourced service charges payable	1,204	1,440
Training and recruitments	1,035	50
VAT payable	3,006	2,293
Other	6,295	6,338
<b>Total</b>	<b>30,490</b>	<b>25,303</b>

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**13. END OF SERVICE BENEFITS**

The Company operates an end of service benefits plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefits payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	<u>2024</u>	<u>2023</u>
<b>Balance as 1 January</b>	<b>6,926</b>	7,202
Current service cost	<b>1,455</b>	1,328
Interest cost	<b>338</b>	323
Amount recognised in statement of income	<b>1,793</b>	1,651
Re-measurement (gain) / loss recognized in other comprehensive income	<b>(128)</b>	204
Benefits paid during the year	<b>(1,437)</b>	(2,131)
<b>Balance as 31 December</b>	<b>7,154</b>	<b>6,926</b>

The following were the principal actuarial assumptions:

	<u>2024</u>	<u>2023</u>
Discount rate used	<b>5.40%</b>	5.10%
Future growth in salary	<b>3.00%</b>	3.00%
Retirement age	<b>60 Year</b>	60 Year

**Sensitivity analysis**

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	<u>2024</u>	<u>2023</u>
Discount rate		
- Increase by 0.5%	<b>7,413</b>	7,210
- Decrease by 0.5%	<b>(8,136)</b>	(7,881)
Salary escalation rate		
- Increase by 0.5%	<b>(8,144)</b>	(7,887)
- Decrease by 0.5%	<b>7,403</b>	7,202
Withdrawal rate		
- Increase by 20%	<b>(7,831)</b>	(7,587)
- Decrease by 20%	<b>7,680</b>	7,470
Mortality rate		
- Increase by 20%	<b>(7,763)</b>	(7,535)
- Decrease by 20%	<b>7,758</b>	7,531

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**14. ZAKAT AND INCOME TAX**

**Status of assessments**

The Company has submitted its zakat and income tax returns up till the year ended 31 December 2023.

For the years 2009 to 2020, except for 2014, the Tax Violations and Disputes Appeal Committee (“TVDAC”) had issued their decision resulting in additional liability of SAR 38,921,507. The Company have agreed an installment plan with ZATCA and is in the process of settling the additional liability through an agreed installment plan of twelve equal monthly installments.

In respect of the assessment for the year 2014, the Zakat, Tax and Custom Authority (“ZATCA”) has issued a revised assessment with an additional zakat liability of SAR 1.98 million. The Company has escalated the appeal case to General Secretariat of Tax Committees (“GSTC”), and the Tax Violations and Disputes Resolution Committee (“TVDRC”) has issued its decision where the TVDRC has rejected the Company's appeal and supported ZATCA's assessment for all disputed items. The Company has settled the additional zakat liability of SAR 1.98 million and the case is closed.

The movement in the zakat provision for the year was as follows:

	<b>31 December 2024</b>	31 December 2023
As at 1 January	<b>62,500</b>	56,331
Current zakat charge during the year	<b>717</b>	6,169
Payment made during the year	<b>(3,757)</b>	-
<b>As at 31 December</b>	<b>59,460</b>	62,500

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**15. SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SAR 400 million divided into 40 million shares of SAR 10 each (2023: SAR 400 million divided into 40 million shares of SAR 10 each). The shareholders of the Company are subject to zakat and income tax. Shareholding structure of the Company is as below.

	<b>31 December 2024</b>	
	<b>No. of shares in '000</b>	<b>Share capital SAR '000</b>
<b>Liva Insurance B.S.C.</b>	<b>20,028</b>	<b>200,280</b>
<b>Riyad Bank</b>	<b>7,968</b>	<b>79,680</b>
<b>Others</b>	<b>12,004</b>	<b>120,040</b>
	<b>40,000</b>	<b>400,000</b>
	<b>31 December 2023</b>	
	<b>No. of shares in '000</b>	<b>Share capital SAR '000</b>
Liva Insurance B.S.C.	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000

The Company's ultimate parent company is Oman International Development and Investment Company SAOG, a public joint stock company incorporated in the Sultanate of Oman.

**16 STATUTORY RESERVE**

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. This transfer is only made at the year end. The statutory reserve is not available for distribution to the shareholders until the liquidation of the Company.

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**17 (REVERSAL) / SHARE OF SURPLUS FROM INSURANCE POOLS**

	<b>2024</b>	<b>2023</b>
(Reversal) / share of surplus from Umrah and Hajj scheme	(402)	19,917

This represents the Company's share in the surplus for general accident product arising from the Umrah & Haj scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued. Also refer to note 25 for the details of the change in the comparative information.

**18 OTHER OPERATING EXPENSES**

	<b>2024</b>	<b>2023</b>
Staff cost	38,379	35,700
Department operations cost	45,011	54,548
Legal and professional fees	15,860	8,136
IT costs	11,224	8,310
Depreciation and amortization	1,371	2,152
Premises cost	1,958	1,525
Communications	321	688
	<b>114,124</b>	<b>111,059</b>

**Allocation of expenses is as follows:**

	<b>2024</b>	<b>2023</b>
Policy acquisition cost	<b>65,840</b>	70,265
Other attributable expenses	<b>25,781</b>	23,338
Other operating expenses	<b>22,503</b>	17,456
	<b>114,124</b>	111,059

Policy acquisition cost and other attributable expenses are reported as part of insurance service expense. Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

**18.1** Auditors' remuneration for the statutory audit of the Company's financial statements and the financial statements for the year ended 31 December 2024 amounts to SAR 1.06 million (2023: SAR 1.43 million). Auditors' remuneration for the review of the Company's interim financial information during the year ended 31 December 2024 amounts to SAR 0.24 million (2023: SAR 0.56 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SAR 0.14 million (2023: SAR 0.81 million).

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in these financial statements.

### a) Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

### b) Carrying amounts and fair value

	Carrying value	Fair value		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
- Investments in Sukuk carried at amortised cost	289,005	-	283,851	-
- Investment at FVOCI – Equity	61,154	-	-	61,154
	<b>350,159</b>	<b>-</b>	<b>283,851</b>	<b>61,154</b>

31 December 2023	Carrying value	Fair value		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
- Investments in Sukuk carried at amortised cost	201,762	-	198,858	-
- Investment at FVOCI – Equity	43,484	-	-	43,484
	<b>245,246</b>	<b>-</b>	<b>198,858</b>	<b>43,484</b>

The fair values of statutory deposits, accrued investment income on statutory deposit, term deposits, bank balances and other financial assets in the statement of financial position which are carried at amortised cost, are not significantly different from the carrying values included in the financial statements due to the short term nature of balances or they are repayable on demand.

The investment in equity security represents shareholding in Najm for Insurance Services. It's fair value has been calculated using a combination of discounted cash flow technique and comparable peer multiples. There were no transfers between the levels of fair value hierarchies during the year.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Equity security	Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the investment, taking into account the expected growth rate. The expected net cash flows are discounted using risk adjusted discount rates.  Market multiples: Acquisition multiples of comparable private precedent transactions were used.	(i) Weighted Average Cost of Capital ("WACC") - 16.50% (ii) Terminal Value Growth Rate ("TVGR") - 1.5% (iii) Earnings multiple - 7 times	The estimated fair value would increase (decrease) if: -(i) the WACC was lower (higher); -(ii) the TVGR was higher (lower); or -(iii) the earnings multiple were higher (lower).

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**19 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy:

	<b>2024</b>	<b>2023</b>
	<b>SAR '000</b>	<b>SAR '000</b>
Balance at the beginning of the year	<b>43,484</b>	1,923
Impact on adoption of IFRS 9	-	37,780
Net changes in fair value of investments carried at FVOCI – equity instruments	<b>17,670</b>	3,781
<b>Closing balance</b>	<b>61,154</b>	<b>43,484</b>

**Sensitivity analysis of Level 3 investments**

	<b>Sensitivity factor</b>	<b>Impact on fair value due to increase in sensitivity factor</b>	<b>Impact on fair value due to decrease in sensitivity factor</b>
<b>31-Dec-24</b>	<b>+/- 10% change in price</b>	<b>6,115</b>	<b>(6,115)</b>
31-Dec-23	+/- 10% change in price	4,348	(4,348)

**20. OPERATING SEGMENTS**

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Chief Executive Officer in his function as chief operating decision maker to allocate resources to the segments and to assess their performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of income.

Segment assets and liabilities only include the insurance and reinsurance contract liabilities and assets while the other accounts are not allocated.

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20. OPERATING SEGMENTS (CONTINUED)

	As at 31 December 2024						
	Property	Motor	Engineering	Marine	Group Life	Others	Total
<b>Assets</b>							
Insurance contract assets	-	-	-	-	-	-	-
Reinsurance contract assets	10,198	235	37,469	2,472	65,726	29,561	145,661
Unallocated assets	-	-	-	-	-	-	873,385
<b>Total assets</b>	<b>10,198</b>	<b>235</b>	<b>37,469</b>	<b>2,472</b>	<b>65,726</b>	<b>29,561</b>	<b>1,019,046</b>
<b>Liabilities</b>							
Insurance contract liabilities	38,994	189,621	20,707	19,694	71,310	4,659	344,985
Reinsurance contract liabilities	44,583	2,904	40,170	4,789	27,092	828	120,366
Unallocated liabilities	-	-	-	-	-	-	113,144
<b>Total liabilities</b>	<b>83,577</b>	<b>192,525</b>	<b>60,877</b>	<b>24,483</b>	<b>98,402</b>	<b>5,487</b>	<b>578,495</b>
	As at 31 December 2023 (Restated)						
	Property	Motor	Engineering	Marine	Group Life	Others	Total
<b>Assets</b>							
Insurance contract assets	-	-	-	-	-	73	73
Reinsurance contract assets	8,568	2,738	248	-	22,486	25,223	59,263
Unallocated assets	-	-	-	-	-	-	779,349
<b>Total assets</b>	<b>8,568</b>	<b>2,738</b>	<b>248</b>	<b>-</b>	<b>22,486</b>	<b>25,296</b>	<b>838,685</b>
<b>Liabilities</b>							
Insurance contract liabilities	14,393	252,402	11,740	6,830	21,870	9,828	317,063
Reinsurance contract liabilities	16,918	5,931	1,965	4,924	304	904	30,946
Unallocated liabilities	-	-	-	-	-	-	100,684
<b>Total liabilities</b>	<b>31,311</b>	<b>258,333</b>	<b>13,705</b>	<b>11,754</b>	<b>22,174</b>	<b>10,732</b>	<b>448,693</b>
	As at 1 January 2023 (Restated)						
	Property	Motor	Engineering	Marine	Group Life	Others	Total
<b>Assets</b>							
Insurance contract assets	-	-	-	-	-	-	-
Reinsurance contract assets	20,476	(8)	4,116	7,066	21,535	13,349	66,534
Unallocated assets	-	-	-	-	-	-	765,644
<b>Total assets</b>	<b>20,476</b>	<b>(8)</b>	<b>4,116</b>	<b>7,066</b>	<b>21,535</b>	<b>13,349</b>	<b>832,178</b>
<b>Liabilities</b>							
Insurance contract liabilities	24,241	204,767	5,703	3,580	65,595	12,103	315,989
Reinsurance contract liabilities	2,725	3,745	552	777	507	711	9,017
Unallocated liabilities	-	-	-	-	-	-	132,015
<b>Total liabilities</b>	<b>26,966</b>	<b>208,512</b>	<b>6,255</b>	<b>4,357</b>	<b>66,102</b>	<b>12,814</b>	<b>457,021</b>

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20. OPERATING SEGMENTS (CONTINUED)

		For the year ended 31 December 2024						
		Property	Motor	Engineering	Marine	Group Life	Others	Total
Insurance revenue		72,435	278,509	19,698	19,259	31,416	24,810	446,127
Insurance service expenses		(32,402)	(262,101)	(4,904)	(24,276)	(21,807)	(5,062)	(350,552)
Net expenses from reinsurance contracts held		(34,812)	(3,082)	(7,296)	(2,138)	(8,250)	(12,847)	(68,425)
<b>Net insurance service results from Company's direct written business</b>		<b>5,221</b>	<b>13,326</b>	<b>7,498</b>	<b>(7,155)</b>	<b>1,359</b>	<b>6,901</b>	<b>27,150</b>
Reversal of share of surplus from insurance pools								(402)
<b>Net insurance service results</b>								<b>26,748</b>
Investment income on financial assets at amortised cost								31,235
Reversal of expected credit losses on financial assets								(2)
<b>Net investment results</b>								<b>31,233</b>
Net finance expenses from insurance contracts		(343)	(1,647)	(148)	(230)	(67)	(82)	(2,517)
Net finance income from reinsurance contracts		275	-	63	51	109	19	517
<b>Net insurance financial expenses</b>		<b>(68)</b>	<b>(1,647)</b>	<b>(85)</b>	<b>(179)</b>	<b>42</b>	<b>(63)</b>	<b>(2,000)</b>
<b>Net insurance and investment results</b>								<b>55,981</b>
Other operating expenses								(22,503)
<b>Net profit for the year attributable to the shareholders before zakat</b>								<b>33,478</b>
Provision for zakat and tax								(717)
<b>Net profit for the year attributable to the shareholders after zakat</b>								<b>32,761</b>

		For the year ended 31 December 2023 (Restated)						
		Property	Motor	Engineering	Marine	Group Life	Others	Total
Insurance revenue		58,944	369,579	13,646	14,999	38,743	17,718	513,629
Insurance service expenses		(23,676)	(383,349)	(9,105)	(11,582)	(2,224)	(3,417)	(433,353)
Net expenses from reinsurance contracts held		(36,177)	(4,896)	(3,412)	(2,435)	(27,449)	(12,319)	(86,688)
<b>Net insurance service results from Company's direct written business</b>		<b>(909)</b>	<b>(18,666)</b>	<b>1,129</b>	<b>982</b>	<b>9,070</b>	<b>1,982</b>	<b>(6,412)</b>
Share of surplus from insurance pools								19,917
<b>Net insurance service results</b>								<b>13,505</b>
Investment income on financial assets at amortised cost								24,931
Allowance for expected credit losses on financial assets								11
<b>Net investment results</b>								<b>24,942</b>
Net finance expenses from insurance contracts		(587)	(2,660)	(216)	(233)	(3,267)	(61)	(7,024)
Net finance income / (expense) from reinsurance contracts		554	-	177	178	2,590	(39)	3,460
<b>Net insurance financial expenses</b>		<b>(33)</b>	<b>(2,660)</b>	<b>(39)</b>	<b>(55)</b>	<b>(677)</b>	<b>(100)</b>	<b>(3,564)</b>
<b>Net insurance and investment results</b>								<b>34,883</b>
Other operating expenses								(17,456)
<b>Net profit for the year attributable to the shareholders before zakat</b>								<b>17,427</b>
Provision for zakat and tax								(6,169)
<b>Net profit for the year attributable to the shareholders after zakat</b>								<b>11,258</b>

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**20. OPERATING SEGMENTS (CONTINUED)**

The details of gross written premium is as follows:

<b>For the year ended 31 December 2024</b>				
	<b>Motor</b>	<b>Property, General Accident &amp; Others</b>	<b>Protection (Group Life) &amp; Savings</b>	<b>Total</b>
<b><u>Gross written premium</u></b>				
Large	22,525	143,190	66,528	232,243
Medium	3,455	12,244	259	15,958
Micro	9,003	15,637	61	24,701
Small	4,194	8,920	219	13,333
Individual	190,589	371	-	190,960
	<b>229,766</b>	<b>180,362</b>	<b>67,067</b>	<b>477,195</b>

<b>For the year ended 31 December 2023</b>				
	<b>Motor</b>	<b>Property, General Accident &amp; Others</b>	<b>Protection (Group Life) &amp; Savings</b>	<b>Total</b>
<b><u>Gross written premium</u></b>				
Large	10,427	78,899	38,717	128,043
Medium	10,195	22,030	39	32,264
Micro	805	1,701	-	2,506
Small	9,294	16,654	-	25,948
Individual	332,913	434	-	333,347
	<b>363,634</b>	<b>119,718</b>	<b>38,756</b>	<b>522,108</b>

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the accounting period, regardless of whether these are wholly due for payment in the accounting period, together with any adjustments arising in the accounting period to such premiums receivable in respect of business written in prior accounting periods.

Gross written premiums are not defined in IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia.

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**21 CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator's capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g., capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In order to maintain or adjust the capital structure, the Company may issue right shares. As per guidelines laid out by Insurance Authority in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company maintains solvency margin equivalent to the highest of the three methods as per Insurance Implementing Regulations issued by Insurance Authority.

- a) Minimum Capital Requirement of SAR 200 million;
- b) Premium Solvency Margin; and
- c) Claims Solvency Margin.

The Company has fully complied with the externally imposed capital requirements during the reported financial period.

**22. COMMITMENTS AND CONTINGENCIES**

The Company's commitments and contingencies are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Letters of guarantee	700	700
Commitments for the rents	334	276
	<u>1,034</u>	<u>976</u>

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## **23 RISK MANAGEMENT**

### **Risk Governance**

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organisational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board. The Company is exposed to insurance, claims management, reserving and ultimate reserves, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission income rate and market rate risks.

### **Risk Committee**

The Company's Risk Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Committee is responsible for defining, installing and monitoring the risk management organisation in order to ensure that its control systems are effective. The Risk Committee approves all risk management policies, as well as the quantitative and qualitative elements of the Company's risk appetite and tolerance framework.

### **Board of Directors**

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

### **Senior management**

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's predefined risk appetite.

### **Audit Committee and Internal Audit Department**

Risk management processes throughout the Company are reviewed annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures. The Internal Audit Department discusses the results of all assessments with senior management and reports its findings and recommendations directly to the Audit Committee.

#### **23.1 Insurance risk**

Insurance risk is the risk that actual claims payable to policy holders in respect of insured events exceed expectations. This could occur because the frequency or amounts of claims are more than expected. Insurance risk is monitored regularly by the Company to make sure the levels are within the projected frequency bands. The Company underwrites mainly property, motor, casualty, engineering, group life and marine risks.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR (as part of LIC) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

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**23 RISK MANAGEMENT (CONTINUED)**

**23.1 Insurance risk (continued)**

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management.

The key source of estimation uncertainty at the balance sheet date relates to the valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

**Reinsurance risk**

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- a. Minimum acceptable credit rating by recognised rating agencies (e.g. Fitch) that is not lower than A- or equivalent
- b. Reputation of particular reinsurance companies
- c. Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As at December 31, 2024 and December 31, 2023 there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligation to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligation under the reinsurance agreements.

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**23 RISK MANAGEMENT (CONTINUED)**

**23.1 Insurance risk (continued)**

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in property and motor. The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location or by the same party. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluate the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company. Since the Company does not have any foreign operations, hence, all the insurance risks relate to policies written in Saudi Arabia.

**Claims development table**

The following reflects the cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each financial position date, together with the cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences will be eliminated which results in the release of reserves from earlier accident years. In order to maintain adequate reserves, the Company transfers much of this release to the current accident year reserves when the development of claims is less mature and there is much greater uncertainty attached to the ultimate cost of claims. During each year, the estimate of ultimate claim cost for respective year presented net of payments. Claims triangulation analysis (gross and net) by accident year spanning a number of financial years is set out as below.

**Gross undiscounted liabilities for incurred claims**

Accident year	31 December 2024				
	2021 & Prior	2022	2023	2024	Total
At the end of accident year	208,775	137,314	104,842	123,948	574,879
One year later	188,190	116,932	78,886	-	384,008
Two year later	153,317	108,915	-	-	262,232
Three year later	93,768	-	-	-	93,768
Gross estimate of undiscounted amount of the claim reported	93,768	108,915	78,886	123,948	405,517
Cumulative payments to date	91,614	104,552	64,294	-	260,460
Gross undiscounted liabilities for incurred claim	<b>2,154</b>	<b>4,363</b>	<b>14,592</b>	<b>123,948</b>	<b>145,057</b>
Risk adjustment					5,342
Discounting					(4,124)
Total LIC included in the statement of financial position					<b>146,275</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.1 Insurance risk (continued)**

**Claims development table (continued)**

**Net undiscounted liabilities for incurred claims**

Accident year	31 December 2024				Total
	2021 & Prior	2022	2023	2024	
At the end of accident year	80,091	73,422	91,538	88,718	333,769
One year later	77,177	91,216	84,589	-	252,982
Two year later	57,975	68,551	-	-	126,526
Three year later	25,364	-	-	-	25,364
Gross estimate of undiscounted amount of the claim reported	25,364	68,551	84,589	88,718	267,222
Cumulative payments to date	41,156	68,190	58,045	-	167,391
Gross undiscounted liabilities for incurred claim	<b>(15,792)</b>	<b>361</b>	<b>26,544</b>	<b>88,718</b>	<b>99,831</b>
Risk adjustment					3,026
Discounting					(2,653)
Total LIC included in the statement of financial position					<b>100,204</b>

**Gross undiscounted liabilities for incurred claims**

Accident year	31 December 2023				Total
	2020 & Prior	2021	2022	2023	
At the end of accident year	105,223	103,552	137,314	119,654	465,743
One year later	99,330	88,860	116,932	-	305,122
Two year later	77,272	76,046	-	-	153,318
Three year later	62,557	-	-	-	62,557
Gross estimate of undiscounted amount of the claim reported	62,557	76,046	116,932	119,654	375,189
Cumulative payments to date	60,103	70,508	91,285	-	221,896
Gross undiscounted liabilities for incurred claim	<b>2,454</b>	<b>5,538</b>	<b>25,647</b>	<b>119,654</b>	<b>153,293</b>
Risk adjustment					5,559
Discounting					(3,786)
Total LIC included in the statement of financial position					<b>155,066</b>

**Net undiscounted liabilities for incurred claims**

Accident year	31 December 2023				Total
	2020 & Prior	2021	2022	2023	
At the end of accident year	41,549	38,542	73,422	110,614	264,127
One year later	36,537	40,640	91,216	-	168,393
Two year later	22,266	35,709	-	-	57,975
Three year later	9,299	-	-	-	9,299
Gross estimate of undiscounted amount of the claim reported	9,299	35,709	91,216	110,614	246,838
Cumulative payments to date	27,462	34,315	62,332	-	124,109
Gross undiscounted liabilities for incurred claim	<b>(18,163)</b>	<b>1,394</b>	<b>28,884</b>	<b>110,614</b>	<b>122,729</b>
Risk adjustment					3,465
Discounting					(2,572)
Total LIC included in the statement of financial position					<b>123,622</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.1 Insurance risk (continued)**

Claims management risk

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Company and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle. The Company's claims teams are focused on delivering quality, reliability and speed of service to the policyholders. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business' broader interests. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the Company where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and non-performance of reinsurer. To manage reserving and ultimate reserves risk, the Company's actuarial team uses a range of recognized techniques to project gross premiums written, monitor claims development patterns and stress-test ultimate insurance liability balances. The objective of the Company's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business.

Sensitivity analysis

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

	<u>2024</u>	<u>2023</u>
<b>Impact on equity, insurance contract liability and profit or loss due to change in claims ratio</b>		
5% increase	11,542	12,683
5% decrease	(10,171)	(12,632)
<b>Impact on equity, insurance contract liability and profit or loss due to change in risk adjustment</b>		
5% increase	922	313
5% decrease	115	(640)
<b>Impact on equity, insurance contract liability and profit or loss due to change in direct expense ratio</b>		
2% increase	2,507	2,364
2% decrease	(1,166)	(2,350)

**23 RISK MANAGEMENT (CONTINUED)**

**23.2 Regulatory framework risk**

The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

**23.3 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value as disclosed in the statement of financial position.

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

- The Company only enters into insurance and reinsurance contracts with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to credit losses.
- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Company's investment portfolio is managed by the management in accordance with the investment policy established by the investment committee.
- The Company, with respect to credit risk arising from other financial assets, is restricted to commercial banks having strong financial positions and credit ratings.

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**23 RISK MANAGEMENT (CONTINUED)**

**23.3 Credit risk (continued)**

The table below shows the maximum exposure to credit risk for the relevant components of the statement of financial position:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Bank balances	85,525	105,144
Term deposits	358,611	340,388
Investments	352,220	249,149
Insurance contract assets	-	73
Reinsurance contract assets	145,661	59,263
Due from related parties	1,074	52
Statutory deposit	40,000	40,000
Accrued income on statutory deposit	4,033	1,535
	<b>987,124</b>	<b>795,604</b>

***Credit exposure by credit rating***

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the credit rating of counterparties. Investment grade is considered to be the highest possible rating.

**31 December 2024**

	<b>Investment grade</b>	<b>Non-investment grade</b>	<b>Not rated</b>	<b>Total</b>
Bank balances	85,525	-	-	85,525
Term deposits	358,611	-	-	358,611
Investments	291,066	-	61,154	352,220
Reinsurance contract assets	-	145,661	-	145,661
Due from related parties	1,074	-	-	1,074
Statutory deposit	40,000	-	-	40,000
Accrued income on statutory deposit	4,033	-	-	4,033
	<b>780,309</b>	<b>145,661</b>	<b>61,154</b>	<b>987,124</b>

**31 December 2023**

	<b>Investment grade</b>	<b>Non-investment grade</b>	<b>Not rated</b>	<b>Total</b>
Bank balances	105,144	-	-	105,144
Term deposits	340,388	-	-	340,388
Investments	205,665	-	43,484	249,149
Insurance contract assets	-	73	-	73
Reinsurance contract assets	-	59,263	-	59,263
Due from related parties	52	-	-	52
Statutory deposit	40,000	-	-	40,000
Accrued income on statutory deposit	1,535	-	-	1,535
	<b>692,784</b>	<b>59,336</b>	<b>43,484</b>	<b>795,604</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.4 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligation and commitments associated with financial liabilities when they become full due. The Company has a proper cash management system, where daily cash collection and payments are monitored and reconciled at the end of the day. The Company manages this risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Company's assets in highly liquid financial assets.

***Maturity table***

The table below summarizes the maturity profile of the financial assets and liabilities of the Company based on remaining expected undiscounted contractual obligations except for portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company and are based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	<b>2024</b>		
	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
<b>ASSETS</b>			
Bank balances and cash	85,525	-	85,525
Term deposits	288,611	70,000	358,611
Investments	99,662	252,558	352,220
Due from related parties	1,074	-	1,074
Statutory deposit	-	40,000	40,000
Accrued income on statutory deposit	4,033	-	4,033
	<b>478,905</b>	<b>362,558</b>	<b>841,463</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	30,490	-	30,490
Due to related parties	12,007	-	12,007
Accrued income payable to Insurance Authority	4,033	-	4,033
	<b>46,530</b>	<b>-</b>	<b>46,530</b>
	<b>2023</b>		
	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
<b>ASSETS</b>			
Bank balances and cash	105,144	-	105,144
Term deposits	340,388	-	340,388
Investments	6,702	242,447	249,149
Due from related parties	52	-	52
Statutory deposit	-	40,000	40,000
Accrued income on statutory deposit	1,535	-	1,535
	<b>453,821</b>	<b>282,447</b>	<b>736,268</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	25,303	-	25,303
Due to related parties	4,420	-	4,420
Accrued income payable to Insurance Authority	1,535	-	1,535
	<b>31,258</b>	<b>-</b>	<b>31,258</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.4 Liquidity risk (continued)**

The following table summarises the maturity profile of insurance contracts liabilities and reinsurance contract assets of the Company based on remaining discounted cash flows. Portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company are based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	2024						Total
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Insurance contract liabilities</b>							
Property	24,792	5,799	314	-	-	-	30,905
Motor	38,631	5,060	3,570	191	123	-	47,575
Engineering	3,036	1,349	359	-	-	-	4,744
Marine	16,344	3,197	435	-	-	-	19,976
Group life	35,511	-	-	-	-	-	35,511
Others	1,102	445	3	-	-	-	1,550
<b>Total</b>	<b>119,416</b>	<b>15,850</b>	<b>4,681</b>	<b>191</b>	<b>123</b>	<b>-</b>	<b>140,261</b>
<b>Reinsurance contract liabilities</b>							
Property	1,015	416	-	-	-	-	1,431
Motor	75	-	-	-	-	-	75
Marine	6	-	-	-	-	-	6
Others	428	-	-	-	-	-	428
<b>Total</b>	<b>1,524</b>	<b>416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,940</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.4 Liquidity risk (continued)**

	2023						Total
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Insurance contract liabilities</b>							
Property	82,011	3,595	624	-	-	-	86,230
Motor	1,683	241	29	-	-	-	1,953
Engineering	11,879	3,693	98	-	-	-	15,670
Marine	7,659	757	470	243	104	37	9,270
Group life	1	-	-	-	-	-	1
Others	26,821	5,692	866	-	-	-	33,379
<b>Total</b>	<b>130,054</b>	<b>13,978</b>	<b>2,087</b>	<b>243</b>	<b>104</b>	<b>37</b>	<b>146,503</b>
<b>Reinsurance contract liabilities</b>							
Property	(66)	-	-	-	-	-	(66)
Motor	(351)	22	5	-	-	-	(324)
Engineering	4,018	1,204	37	-	-	-	5,259
Marine	1,820	269	188	24	35	8	2,344
Others	19,017	4,315	899	43	-	-	24,274
<b>Total</b>	<b>24,438</b>	<b>5,810</b>	<b>1,129</b>	<b>67</b>	<b>35</b>	<b>8</b>	<b>31,487</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.5 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market commission rates (commission rate risk) and market prices (price risk).

- a) The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- b) Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- c) The Company stipulates diversification benchmarks by type of instrument and geographical area.

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

**(a) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management assesses that there is minimal risk of significant losses due to exchange rate fluctuations and, consequently, the Company does not hedge its foreign currency exposure. The Company has transactions in Saudi Riyals and US Dollars which are pegged and hence there is no currency risk exposure to the Company.

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**23 RISK MANAGEMENT (CONTINUED)**

**23.5 Market risk (continued)**

**(b) Commission rate risk**

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

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The company monitors its commission rate risk exposure through periodic reviews of asset and liability positions. The Company has no significant concentration of commission rate risk. The commission and non-commission bearing investments of the Company and their maturities as at December 31, 2024 and 2023 are as follows:

**31 December 2024**

Bank balances and cash  
Term deposits  
Investments  
Investments in equity carried at FVOCI  
**Total**

Less than 1 year	More than 1 year	Non-commission bearing	Total
24,148	-	61,377	85,525
288,611	70,000	-	358,611
99,662	191,404	-	291,066
-	-	61,154	61,154
<b>412,421</b>	<b>261,404</b>	<b>122,531</b>	<b>796,356</b>

**31 December 2023**

Bank balances and cash  
Term deposits  
Investments  
Investments in equity carried at FVOCI  
**Total**

Less than 1 year	More than 1 year	Non-commission bearing	Total
46,416	-	58,728	105,144
340,388	-	-	340,388
6,702	198,963	-	205,665
-	-	43,484	43,484
<b>393,506</b>	<b>198,963</b>	<b>102,212</b>	<b>694,681</b>

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**23 RISK MANAGEMENT (CONTINUED)**

**23.5 Market risk (continued)**

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market. The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments. The Company's Risk Committee regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Company does not have a significant concentration of equity price risk.

The potential impact of a 10% increase or decrease in the market prices of investments carried at FVOCI on Company's profit would be as follows:

	<b>Fair value change</b>	<b>Effect on Company's profit</b>
<b>31 December 2024</b>	+ / - 10%	<b>6,115</b>
31 December 2023	+ / - 10%	4,348

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**24 EARNINGS PER SHARE**

The basic and diluted earnings per share for the year ended 31 December 2024 and 2023 have been calculated by dividing 'net income attributed to the shareholders after zakat' amounting to SAR 32,761 thousand (2023: SAR 11,258 thousand) for the year by the weighted average number of ordinary shares issued at the reporting date.

**25 CHANGE IN COMPARATIVE INFORMATION**

During the year, the Company reconsidered the presentation of certain balances in the statement of financial position and the statement of income to ensure compliance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia. Accordingly, the comparative figures have been restated to correct the accounting treatment and are presented below in accordance with International Accounting Standard 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8").

**a. Reclassification of share of surplus from insurance pools from 'Other income':**

During the year ended 31 December 2024, it was noted that certain items were not appropriately presented in the prior reporting periods. As a result, the financial line items for the financial statements of the prior period is required to be restated and the relevant line items in the statement of income are being restated to ensure alignment with the requirements of IFRS Accounting Standards, that are endorsed in the Kingdom of Saudi Arabia.

The co-insurance arrangements, in which the Company is a participant, are insurance contracts as defined in IFRS 17 and the Company shares the surpluses and losses, if applicable, from the insurance pool of such co-insurance arrangements. Accordingly, the financial results of the co-insurance arrangements should have been shown as part of the net insurance results and not in other income, as previously shown in the statement of income for the prior periods. Given the rights and obligations from the co-insurance arrangements are managed and settled on a net basis and the bespoke nature of these arrangements, the Company has presented the results from these arrangement on a net basis as part of insurance service results as a separate line item named '(Reversal) / share of surplus from insurance pools' in the statement of income.

Accordingly, the Company has restated the comparative information for the year ended 31 December 2023 and the 'share of surplus from insurance pool' amounting to SAR 19 million, have been presented separately from 'other income' in the statement of income. As a result, the "Total insurance service result" and "Net insurance and investment results" line items for such period have increased by the same amount.

However, this change has had no impact on the statement of financial position as at 31 December 2023, 1 January 2023 and the related statements of changes in equity and cash flows for the year then ended, net profit for the year attributable to the shareholders or the basic and diluted earnings per share for the year then ended.

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**25 CHANGE IN COMPARATIVE INFORMATION (CONTINUED)**

***b. Reclassification of accumulated surplus from accrued expenses and other liabilities***

Management has re-evaluated the presentation of insurance surplus payable to policyholders in the statement of financial position to determine if such balances have been presented appropriately in line with the requirements of IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia. The surplus is payable to policyholders and in accordance with IFRS 17, the cash flows are part of the insurance contract boundary and should therefore form part of the insurance expenses. The surplus attributed to the insurance operations amounting to SAR 8.6 million as at 31 December 2023 (1 January 2023: SAR 8.2 million), which was previously classified as part of ‘Accrued expenses and other liabilities’ was corrected to be presented as part of ‘Insurance contract liabilities’ as at 31 December 2023 and 1 January 2023.

However, this change has had no impact on the related statements of changes in equity and cash flows for the year then ended, net profit for the year attributable to the shareholders or the basic and diluted earnings per share for the year then ended.

**Statement of financial position**

	<b>As at 31 December</b>		
	<b>2023 - as previously reported</b>	<b>Restatement</b>	<b>As at 31 December 2023 - as restated</b>
Accrued expenses and other liabilities	33,866	(8,563)	25,303
Insurance contract liabilities	308,500	8,563	317,063

	<b>As at 31 December</b>		
	<b>2022 - as previously reported</b>	<b>Restatement</b>	<b>As at 31 December 2022 - as restated</b>
Accrued expenses and other liabilities	54,494	(8,175)	46,319
Insurance contract liabilities	307,814	8,175	315,989

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**26 PROPOSED MERGER**

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Malath Cooperative Insurance on 21 August 2024 (corresponding to 17 Safar 1446H) to evaluate a potential merger between the two companies (the "Proposed Transaction"). Both companies will conduct technical, financial, legal, and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the Proposed Transaction.

On 2 December 2024, both Companies have agreed, on a non-binding and preliminary basis, that the Potential Merger structure will be through merging Liva (as the merged company) into Malath (as the merging company), noting that the Potential Merger is under consideration and no binding agreement has been reached to date on the Potential Merger and the structure, and that even after such agreement the Potential Merger will be subject to the approvals of the Insurance Authority, the Capital Market Authority and the Saudi Exchange, as well as obtaining the requisite approvals of the shareholders of both companies.

The Company has announced the appointment of SNB Capital as its financial advisor in connection with this proposed merger.

**27 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on 10 February 2025, corresponding to Sha'ban 11, 1446 AH.



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**28 SUPPLEMENTARY INFORMATION (CONTINUED)**

	2024			2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Statement of cash flows</b>						
Net profit for the year attributable to the shareholders before zakat	17,491	15,987	33,478	5,215	12,212	17,427
Net cash generated from / (used in) operating activities	(12,404)	51,285	38,881	(61,349)	62,352	1,003
Net cash (used in) / generated from investing activities	55,758	(114,254)	(58,496)	65,014	1,694	66,708
<b>Net changes in cash and cash equivalents</b>	<b>43,354</b>	<b>(62,969)</b>	<b>(19,615)</b>	<b>3,665</b>	<b>64,046</b>	<b>67,711</b>
Cash and cash equivalents at the beginning of the year	37,219	67,235	104,454	33,554	3,189	36,743
<b>Cash and cash equivalents at end of the year</b>	<b>80,573</b>	<b>4,266</b>	<b>84,839</b>	<b>37,219</b>	<b>67,235</b>	<b>104,454</b>

**Surplus distribution**

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders operations	10%
	<b>100%</b>

In case of deficit arising from insurance operations the entire deficit is allocated and transferred to shareholders' operations. The surplus payables to policyholders for the year ended 31 December 2024 amounts to SAR 6 million (2023: SAR 8.6 million). This has been allocated as follows:

	31 December 2024	31 December 2023
Property	599	1,843
Motor	4,499	3,378
Engineering	202	635
Marine	138	1,053
Group life	205	636
Others	372	1,018
<b>Total</b>	<b>6,015</b>	<b>8,563</b>