

Union Insurance Company P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2020 (UNAUDITED)

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNION INSURANCE COMPANY P.J.S.C.

Introduction

We have reviewed the accompanying condensed interim financial statements of Union Insurance Company P.J.S.C. (the “Company”), which comprise the interim statement of financial position as at 30 September 2020, and the related interim statements of income and comprehensive income for the three-month and nine-month periods then ended, and statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young



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

3 November 2020

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF INCOME

For the period ended 30 September 2020 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2020 AED '000</i>	<i>2019 AED '000</i>	<i>2020 AED '000</i>	<i>2019 AED '000</i>
UNDERWRITING INCOME				
Gross written premium	193,058	238,788	665,798	720,953
Reinsurance ceded	(76,296)	(99,078)	(349,682)	(372,089)
	116,762	139,710	316,116	348,864
Net change in unearned premium and policyholders' reserve	(28,742)	(31,343)	(68,334)	(56,457)
Net earned premium	88,020	108,367	247,782	292,407
Gross commission earned	14,147	14,686	54,113	69,342
Total underwriting income	102,167	123,053	301,895	361,749
UNDERWRITING EXPENSES				
Gross claims incurred	(87,420)	(139,757)	(243,511)	(347,832)
Insurance claims recovered from reinsurers	51,601	94,875	146,907	207,951
Net claims incurred	(35,819)	(44,882)	(96,604)	(139,881)
Commission incurred	(24,182)	(25,561)	(73,759)	(93,123)
Administrative expenses	(19,610)	(20,119)	(58,300)	(59,903)
Other operational costs related to underwriting activities	(12,665)	(17,964)	(38,267)	(51,633)
Net movement in reserve of unit linked products	(5,572)	(7,367)	(4,931)	6,404
Total underwriting expenses	(97,848)	(115,893)	(271,861)	(338,136)
UNDERWRITING PROFIT	4,319	7,160	30,034	23,613
Net investment income/ (loss)	9,320	2,470	(11,365)	13,264
General and administrative expenses	(6,178)	(4,027)	(20,637)	(11,653)
PROFIT/ (LOSS) FOR THE PERIOD	7,461	5,603	(1,968)	25,224
Basic and diluted earnings/ (loss) per share (AED) 3	0.0225	0.017	(0.0059)	0.076

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2020 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2020 AED '000</i>	<i>2019 AED '000</i>	<i>2020 AED '000</i>	<i>2019 AED '000</i>
Profit/ (loss) for the period	7,461	5,603	(1,968)	25,224
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>				
Net realized (loss)/ gain on disposal of investment at fair value through other comprehensive income:	-	-	(165)	228
Net change in fair value of investments at fair value through other comprehensive income	709	77	(3,297)	3,045
Other comprehensive income/ (loss) for the period	709	77	(3,462)	3,273
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	8,170	5,680	(5,430)	28,497

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2020 (Unaudited)

	<i>Notes</i>	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
ASSETS			
Property and equipment		102,365	101,584
Right-of-use assets		4,577	7,680
Intangible assets		6,294	8,229
Investment properties	5	75,195	75,195
Investment securities	4	115,558	184,961
Investments held on behalf of policyholders' unit linked products		320,891	261,026
Statutory deposit		10,000	10,000
Reinsurance contract assets		495,774	518,265
Insurance and other receivables		440,098	496,379
Cash and bank balances	6	213,998	152,844
Total assets		1,784,750	1,816,163
LIABILITIES			
Bank overdraft		3,578	3,382
Insurance contract liabilities		748,897	769,771
Insurance and other payables		380,526	447,525
Provision for employees' end of service benefits		10,282	8,618
Payable to policyholders' of unit-linked products		320,891	261,026
Total liabilities		1,464,174	1,490,322
EQUITY			
Share capital	7	330,939	330,939
Statutory reserve	8	14,865	14,865
Special reserve	8	14,865	14,865
Fair value reserve	8	(13,730)	(10,268)
Accumulated losses		(26,363)	(24,560)
Total equity		320,576	325,841
TOTAL LIABILITIES AND EQUITY		1,784,750	1,816,163

Mohammed Hareb Al Mazroei
Chairman

Abdul Mutaleb M H M Aljaede
Managing Director and Chief Executive Officer

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2020 (Unaudited)

	<i>Attributable to equity shareholders of the Company</i>					<i>Total</i> AED'000
	<i>Share capital</i> AED'000	<i>Statutory reserve</i> AED'000	<i>Special reserve</i> AED'000	<i>Fair value reserve</i> AED'000	<i>Accumulated losses</i> AED'000	
Balance at 1 January 2020	330,939	14,865	14,865	(10,268)	(24,560)	325,841
Loss for the period	-	-	-	-	(1,968)	(1,968)
Loss on sale of fair value investment held through other comprehensive income	-	-	-	(165)	165	-
Other comprehensive Loss for the period	-	-	-	(3,297)	-	(3,297)
Total comprehensive Loss for the period	-	-	-	(3,462)	(1,803)	(5,265)
Balance at 30 September 2020	330,939	14,865	14,865	(13,730)	(26,363)	320,576
Balance at 1 January 2019	330,939	12,718	12,718	(14,617)	(41,506)	300,252
Profit for the period	-	-	-	-	25,224	25,224
Loss on sale of fair value investment held through other comprehensive income	-	-	-	-	(228)	(228)
Other comprehensive gain for the period	-	-	-	3,273	-	3,273
Total comprehensive income for the period	-	-	-	3,273	24,996	28,269
Balance at 30 September 2019	330,939	12,718	12,718	(11,344)	(16,510)	328,521

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

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 September 2020 (Unaudited)

		<i>Nine months ended 30 September</i>	
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
(Loss)/ Profit for the period		(1,968)	25,224
Adjustment for:			
Depreciation and amortisation		6,176	4,437
Loss on disposal of investments at FVTPL		(610)	(177)
Unrealised loss/ (gain) on investments at FVTPL		17,624	(6,152)
Net movement in fair value of investments held for unit linked products		4,931	(6,404)
Interest income		(6,004)	(6,420)
Dividend income		(693)	(3,052)
Interest on margin trading account		221	1,727
Provision for employees' end of service benefits		2,433	1,265
		22,110	10,448
Decrease/ (increase) in insurance and other receivables		56,281	(9,381)
Decrease/ (increase) in reinsurance contract assets		22,491	(74,594)
(Decrease)/ increase in insurance contract liabilities		(20,874)	52,166
(Decrease)/ increase in insurance and other payables		(7,134)	64,238
Employees' end of service benefits paid		(769)	(669)
Net cash generated from operating activities		72,105	42,208
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,918)	(1,428)
Purchase of investments		(6,915)	(26,782)
Purchase of policyholders' of unit-linked products		(64,796)	(55,230)
Proceeds from disposal of investments at FVTPL		49,032	49,625
Proceeds from disposal of investments at FVTOCI		6,974	3,689
Interest received		6,004	6,420
Dividend received		693	3,052
(Increase)/ decrease in fixed deposit with banks with maturity greater than three months		(65,154)	17,082
Net cash used in investing activities		(76,080)	(3,572)
FINANCING ACTIVITY			
Interest on margin trading account		(221)	(1,727)
Net cash used in financing activity		(221)	(1,727)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS			
		(4,196)	36,909
Cash and cash equivalents at 1 January	6	43,967	21,526
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6	39,771	58,435

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

1 CORPORATE INFORMATION

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

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

The condensed interim financial statements were authorised for issue in accordance with a resolution of the directors on 3 November 2020.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2019. In addition, results for the Nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Changes in accounting estimates

The accounting estimates used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2019.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Profit/ (loss) for the period (AED'000)	7,461	5,603	(1,968)	25,224
Weighted average number of shares outstanding during the period ('000)	330,939	330,939	330,939	330,939
Earnings/ (loss) per share (AED)	0.0225	0.017	(0.0059)	0.076

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

4 INVESTMENT SECURITIES

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	100,117	159,084
Financial assets at fair value through other comprehensive income	15,441	25,877
	115,558	184,961

4.1 Investments at fair value through profit or loss

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Quoted equity securities in U.A.E.	63,340	79,197
Quoted equity securities outside U.A.E.	459	7,360
Quoted bond securities in U.A.E.	23,870	37,330
Quoted bond securities outside U.A.E.	-	18,564
Investment in funds outside U.A.E.	5,061	9,734
Unquoted equity securities outside U.A.E.	2,928	2,954
Unquoted equity securities in U.A.E.	4,459	3,945
	100,117	159,084

Investments classified at fair value through profit or loss are designated in this category upon initial recognition.

4.2 Investments at fair value through other comprehensive income

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	5,873	7,859
Fund securities outside U.A.E.	9,268	17,718
Unquoted securities in U.A.E.	300	300
	15,441	25,877

4 INVESTMENT SECURITIES

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

FAIR VALUE HIERARCHY

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

At 30 September 2020 (Unaudited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
FVTPL - financial assets	97,189	-	2,928	100,117
FVTOCI - financial assets	15,141	-	300	15,441
	<u>112,330</u>	<u>-</u>	<u>3,228</u>	<u>115,558</u>
Non financial assets				
Investment properties	-	-	75,195	75,195
	<u>112,330</u>	<u>-</u>	<u>78,423</u>	<u>190,753</u>

At 31 December 2019 (Audited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
FVTPL - financial assets	156,130	-	2,954	159,084
FVTOCI - financial assets	25,577	-	300	25,877
	<u>181,707</u>	<u>-</u>	<u>3,254</u>	<u>184,961</u>
Non financial assets				
Investment properties	-	-	75,195	75,195
	<u>181,707</u>	<u>-</u>	<u>78,449</u>	<u>260,156</u>

5 INVESTMENT PROPERTIES

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

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

6 CASH AND BANK BALANCES

	30 September 2020 AED'000	31 December 2019 AED'000 (Audited)	30 September 2019 AED'000
Cash in hand	<u>50</u>	<u>52</u>	<u>52</u>
Bank balances:			
Current accounts	9,333	1,807	18,710
Fixed deposits	204,615	150,985	130,422
	<u>213,948</u>	<u>152,792</u>	<u>149,132</u>
Cash and bank balances	213,998	152,844	149,184
Less: Deposits with original maturities greater than three months	(170,649)	(105,495)	(81,465)
Less: Bank overdraft	(3,578)	(3,382)	(9,284)
Cash and cash equivalents	<u>39,771</u>	<u>43,967</u>	<u>58,435</u>
Bank balances:			
In U.A.E.	182,938	122,469	118,952
Outside UAE & G.C.C. countries	31,010	30,323	30,180
	<u>213,948</u>	<u>152,792</u>	<u>149,132</u>

Fixed deposit carried interest ranging from 1% to 8.5% per annum (2019: 1% to 8.5% per annum). Fixed deposits of AED 13 million (2019: AED 36 million) have been pledged as security against the overdraft facility.

7 SHARE CAPITAL

	30 September 2020 AED	31 December 2019 AED (Audited)
Issued and fully paid 330,939,180 shares of AED 1 each (2019: 330,939,180 share of AED 1 each)	<u>330,939,180</u>	<u>330,939,180</u>

8 RESERVES

NATURE AND PURPOSE OF RESERVES

- STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the three months period ended 30 September 2020. The reserve is not available for distribution except in the circumstances stipulated by the law.

- SPECIAL RESERVE**

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

- FAIR VALUE RESERVE**

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

9 RELATED PARTY TRANSACTIONS

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

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

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	26,397	25,996
Allowance for doubtful receivables	(10,721)	(4,721)
Net insurance and other receivables	15,676	21,275
Gross outstanding claims (included in claims reported unsettled)	808	652
Investment properties	75,195	75,195

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

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

	<i>Nine months ended 30 September</i>	
	<i>2020 AED'000</i>	<i>2019 AED'000</i>
Premiums written	1,734	1,996
Claims paid	784	1,542
Board committee fees	600	-
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	3,330	3,330
Long-term benefits	248	248

10 CONTINGENT LIABILITIES

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Letters of guarantee*	17,135	38,114

*Includes AED 10 million (31 December 2019: AED 10 million) issued in favour of Insurance Authority of U.A.E.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

11 CAPITAL COMMITMENTS

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Commitment for the construction of development properties	54,979	54,979

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

12 PAYABLE TO POLICYHOLDERS' OF UNIT LINKED PRODUCTS

The Company issued unit linked policies which has both the risk and investment component. The investment portion is invested on behalf of the policyholders as disclosed in note 4.1 of these condensed interim financial information.

Movement during the period / year:

	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
As at 1 January	261,026	150,035
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	64,796	91,214
Change in reserve	(4,931)	19,777
	320,891	261,026

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

13 SEGMENT INFORMATION

Operating segment information

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

Nine month period ended 30 September

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Gross written premium	458,773	495,830	207,025	225,123	665,798	720,953
Reinsurance ceded	(273,696)	(297,475)	(75,986)	(74,614)	(349,682)	(372,089)
Net retained premium	185,077	198,355	131,039	150,509	316,116	348,864
Net change in unearned premium and policyholders' reserve	(6,402)	20,518	(61,932)	(76,975)	(68,334)	(56,457)
Net earned premium	178,675	218,873	69,107	73,534	247,782	292,407
Gross commission earned	53,130	46,382	983	22,960	54,113	69,342
Total underwriting income	231,805	265,255	70,090	96,494	301,895	361,749
UNDERWRITING EXPENSES						
Net claims incurred	(92,481)	(133,354)	(4,123)	(6,527)	(96,604)	(139,881)
Commission incurred	(39,565)	(42,018)	(34,194)	(51,105)	(73,759)	(93,123)
Administrative expenses	(39,301)	(43,369)	(18,999)	(16,534)	(58,300)	(59,903)
Other operational costs related to underwriting activities	(24,271)	(33,979)	(13,996)	(17,654)	(38,267)	(51,633)
Net movement in fair value of investment held for unit linked products	-	-	(4,931)	6,404	(4,931)	6,404
Total underwriting expenses	(195,618)	(252,720)	(76,243)	(85,416)	(271,861)	(338,136)
Total underwriting profit/(loss)	36,187	12,535	(6,153)	11,078	30,034	23,613
Net investment loss					(11,365)	13,264
General and administrative expenses					(20,637)	(11,653)
Profit/ (Loss) for the period					(1,968)	25,224

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

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

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 September 2020</i>	<i>31 December 2019</i>	<i>30 September 2020</i>	<i>31 December 2019</i>	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
ASSETS						
Property and equipment	76,774	76,188	25,591	25,396	102,365	101,584
Right-of-use assets	3,433	5,760	1,144	1,920	4,577	7,680
Intangible assets	4,720	6,172	1,574	2,057	6,294	8,229
Investment properties	56,396	56,396	18,799	18,799	75,195	75,195
Investments securities	87,082	126,424	28,476	58,537	115,558	184,961
Investments held on behalf of policyholders' unit linked products	-	-	320,891	261,026	320,891	261,026
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	371,975	396,309	123,799	121,956	495,774	518,265
Insurance and other receivables	341,158	379,444	98,940	116,935	440,098	496,379
Cash and bank balances	120,902	91,891	93,096	60,953	213,998	152,844
Total assets	1,068,440	1,144,584	716,310	671,579	1,784,750	1,816,163
LIABILITIES						
Due to Banks	3,578	3,382	-	-	3,578	3,382
Insurance contract liabilities	601,740	625,103	147,157	144,668	748,897	769,771
Insurance and other payables	298,261	364,310	82,265	83,215	380,526	447,525
Provision for employees' end of service benefits	7,712	6,463	2,570	2,155	10,282	8,618
Payable to policyholders of unit linked products	-	-	320,891	261,026	320,891	261,026
Total liabilities	911,291	999,258	552,883	491,064	1,464,174	1,490,322

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 30 September 2020 (Unaudited)

13 SEGMENT INFORMATION (continued)

Operating segment information (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>30 September 2020 AED'000</i>	<i>31 December 2019 AED'000</i>
EQUITY						
Share capital					330,939	330,939
Statutory reserve					14,865	14,865
Special reserve					14,865	14,865
Fair value reserve					(13,730)	(10,268)
Accumulated losses					(26,363)	(24,560)
Total equity					320,576	325,841
Total liabilities and equity					1,784,750	1,816,163

14 SEASONALITY OF RESULTS

Dividend income amounted to AED 693 thousand and AED 3,052 thousand for the nine-month periods ended 30 September 2020 and 30 September 2019, respectively. Dividend income depends on market conditions, investment activities of the Company and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 September 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

15 COVID-19 IMPACT ASSESSMENT

Covid-19 has spread across the Globe and is declared as a pandemic. Countries are and have taken steps to arrest the spread of this virus. Various measures are being put in place including travel ban, restrictions in public movement etc. UAE has taken wise measures in containing and treating the virus.

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

Union Insurance Co has thus so far not seen any major impact to its business due the current circumstances. The economy of Dubai has now opened up and we expect this opening to improve the overall business.

On the operational front, the Company's robust and proactive action in enabling Work from Home facility and abiding by the Government directives on movement and congregation in offices etc have helped the company to run the business as usual. The business so far is line with the budget. The company estimates and is confident that the business for the rest of the year will be close to the budget of the company. The company has no material exposure to airline or travel and tourism industry. There is expected impact on Medical insurance claims due to Covid-19 but is well compensated by reduction in normal claims. The company's reinsurance arrangement covers the impact of the claims. Due to possible reduction in workforce, the company expects ILOE claims and these are well covered by reinsurance arrangements. The Company's well rated and long standing reinsurers will stand by the company in fulfilling the claims needs. On this count, the Company does not expect any net impact to its finances.

The investment market has reduced substantially and this has an effect on the financial results of the company. During the second and third quarter, investment values have gone up and thereby reduced the unrealised loss as compared to quarter one.

The Company is solvent and has sufficient liquidity to cater to the current needs for settlement of claims and providers. The collection process has been slow and this is understandable. The Company has seen improvement in collections during the recent months and expect this to gather speed in the coming months.

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