



23
YEARS
In Nepal

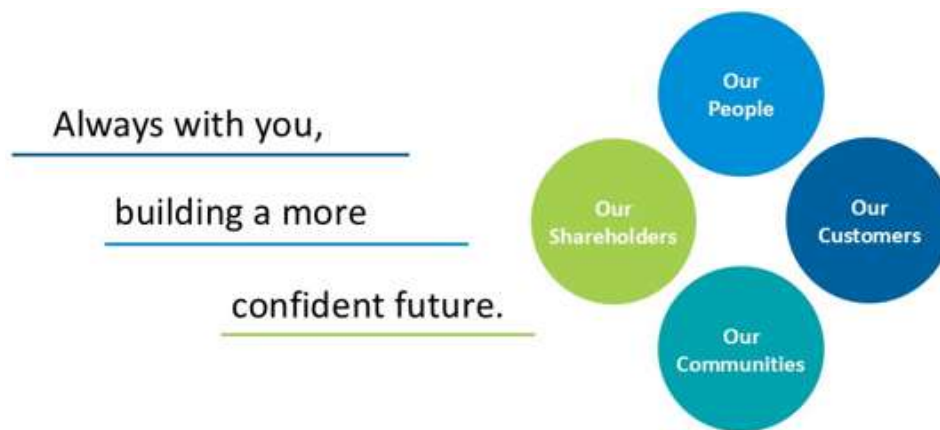
विगत २३ वर्षदेखि नेपालको लागि
विश्वसनीय भविष्यको निर्माण गर्दै
हर कदममा, तपाईंसँगै ।

Annual Report
Financial Year 2023-24 (2080-81)

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Our Purpose



We have built up a strong position to serve Nepal's unique demographics, growing affluence and towards achieving our goal of being the leading life insurer in the countries in which we operate.

Our aim is to be an agile organization of dedicated professionals committed to developing talent and providing our customers and partners with market winning insurance solutions and services.

We continue to put our customers at the heart of everything we do and strive to provide them with the best insurance solutions to help them build a more confident future.

Our Success Principles



*Seize opportunity
Experiment with confidence
Act with urgency*



*Seek diverse perspectives
Champion inclusion
Create alignment*



*Take responsibility
Enable solutions
Deliver what matters*

Our Practices



- Avoid **Conflicts of Interest**
- **Conduct business fairly, honestly, and openly** and have adopted a zero-tolerance policy toward bribery and corruption committed by employees or by a third party acting for or on behalf of the company.
- **Strict compliance** with the laws and regulations of the Government.
- Comply with **local economic and trade sanctions regulations**.
- **Prevent Money Laundering** by being watchful for warning signs, accurately performing due diligence on our potential customers and other third parties and speak up when something raises your suspicions or doesn't seem quite right.
- **Compete Fairly** by treating others the way that we want to be treated, including our competitors, and that means treating them with respect.
- **Communicate with care** with the external parties, so that we can protect our reputation and brand.
- Commitment to Diversity, Equity, and Inclusion (**DEI**).
- Promote a **Safe and Secure** Workplace.

Our Strategy

Our well-recognized brand globally diversified, and market-leading businesses, competitive and innovative product offerings, financial strength and expertise should help drive future growth and enhance the value. We will continue to build on our Next Horizon strategy, creating value focusing on the following three pillars:



We aim to deliver consistent and sustainable value to **Our Customers**, **Our Shareholders**, **Our People** and **Our Communities** focusing on our three strategic pillars and enablers.

Short Term	Mid Term	Long Term
<ul style="list-style-type: none"> Focus on quality recruitment of field representatives and develop new and existing field forces through time-relevant dynamic training and innovative development and training activities. Remain agile and ahead of the curve, consistently delivering exceptional service to our customers by leveraging the insights received from customer surveys, employee feedback, and ideation sessions to improve operational efficiencies. 	<ul style="list-style-type: none"> Improve digital sales tools and automate processes to boost productivity and enhance customer experience, supported by customer relationship management activities Establish alternative distribution channel and expand our network of MFI partners and Group Insurance partners Create customer-focused products through research and analysis Partnership with institutions for CSR activities to give back to communities 	<ul style="list-style-type: none"> Emphasize the digital enablement of distribution channels, the transformation of operations through digital innovations, and the integration of AI. Use data analytics to streamline sales processes and enhance operational capabilities, delivering exceptional service and innovative solutions to customers.

Our guiding principles for both short-term and long-term strategies include broadening and preserving our customer base, embracing innovation, driving sustainable and profitable business growth through all channels, ensuring consistent returns through capital and operational efficiency.

About Us

MetLife, Inc. through its subsidiaries and affiliates, is one of the world's leading financial services companies, providing insurance, annuities, employee benefits and asset management to help individual and institutional customers build a more confident future. Founded in 1868, MetLife has operations in more than 40 markets globally and holds leading positions in the United States, Asia, Latin America, Europe and the Middle East.

MetLife has been operating in Nepal since 2001 as a branch of American Life Insurance Company, under the license granted by the Nepal Insurance Authority. In Nepal, MetLife provides consumers and businesses with life insurance, accident & health insurance and employee benefits (group insurance).

It is one of the leading Life Insurance, Accident & Health Insurance and Employee Benefits insurers in the country, providing a broad range of innovative life, accident and health, employee benefit and micro-credit insurance products to individuals and institutional customers through a highly trained professional agency force and corporate partners.

The company's business centers around the heart of local communities, understanding their needs and providing them protection solutions through our network of professional agents and institutional partners. 3,929 number of agents are working in the company to ensure each one of our customers find a plan perfectly suited to them. Currently, the company has 2 province offices, 3 branch offices, 1 contact office and 29 agency offices across the country.

Performance Highlights



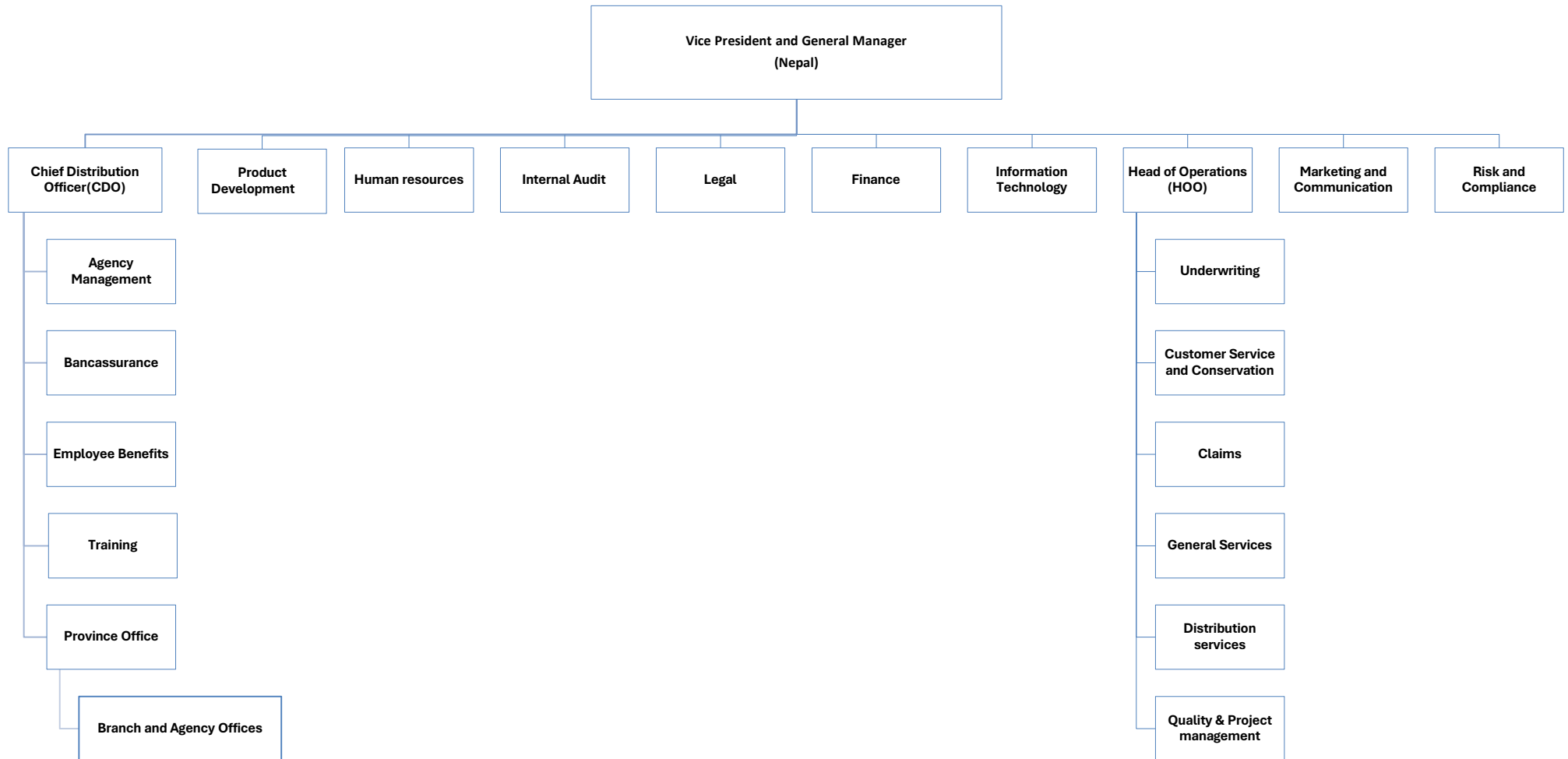
Management Committee

Nirmal Kajee Shrestha	Vice President and General Manager	Effective: July 1, 2017. Reappointment: July 1, 2021
Arun B. Basnet	Assistant Vice President and Chief Distribution Officer	Effective: December 11, 2017
Dev Kishor Lal	Head of Operations	Effective: May 26, 2022
Rajiv Kumar Pathak	Chief Financial Officer	Effective: February 5, 2020
Purna Chandra Dahal	Legal Head	Effective: December 11, 2017

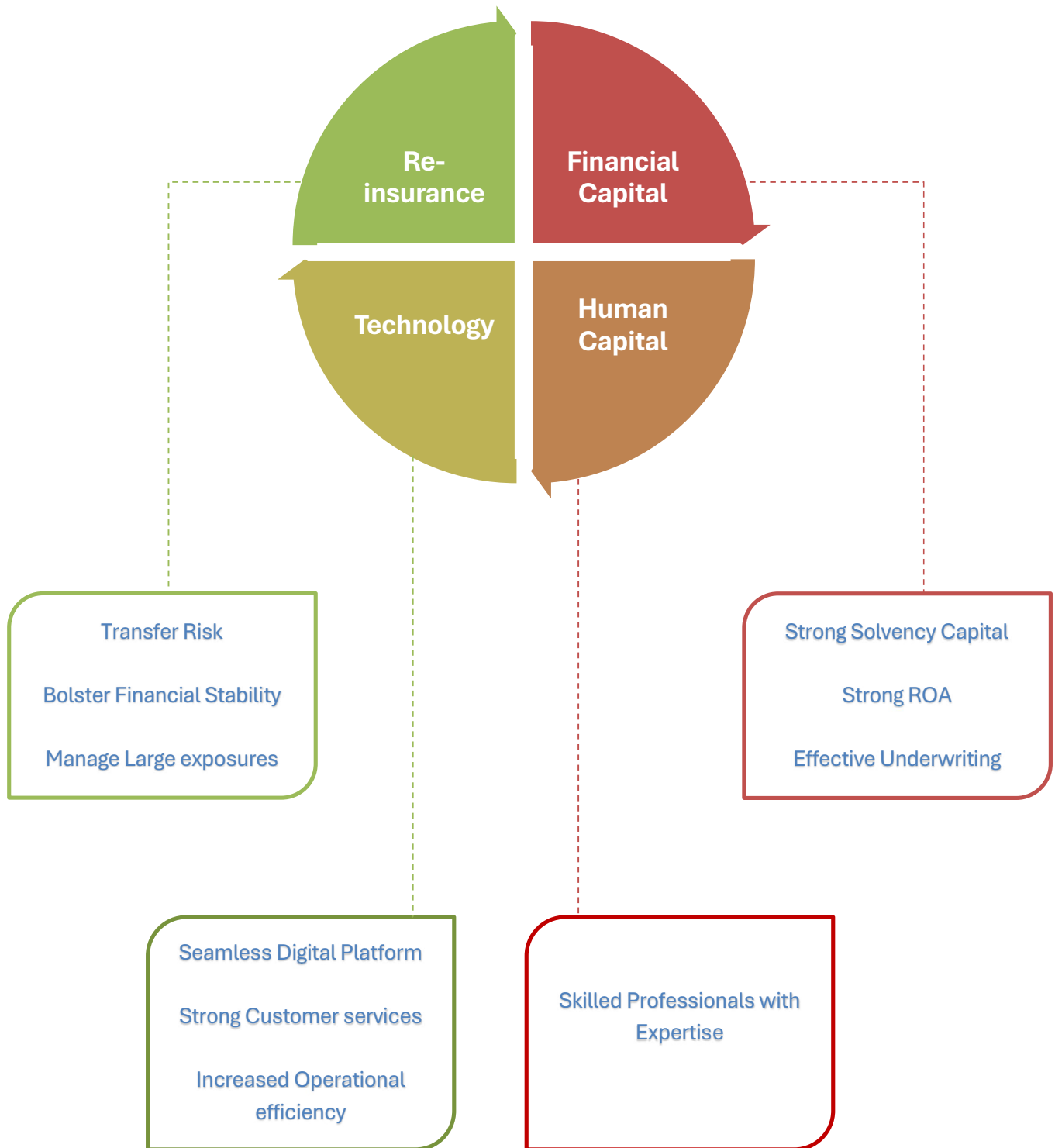
List of Committees

Name of Committee	Number of Members	Number of Meetings
Management Committee	5	15
Audit Committee	4	9
Risk Management, Solvency & Reinsurance Committee	7	5
Investment Committee	4	4
Anti-Money Laundering (AML) Committee	5	10
Claims Committee	5	6

Our Organizational Structure



Major Sources of Capital leading to Value Creation for our Stakeholders



Statement of Financial Position
(Amount in NPR thousands)
(Base Year)

Particulars	As of 15 July 2024	As of 16 July 2023	As of 16 July 2022	As of 15 July 2021	As of 15 July 2020	CAGR of Last 5 Year
Assets						
Goodwill & Intangible Assets	8,388	8,628	7,474	5,883	3,623	18%
Property and Equipment	217,216	128,090	140,989	42,688	50,347	34%
Investment Properties	-	-	-	-	-	0%
Deferred Tax Assets	64,094	51,305	43,284	38,076	29,260	17%
Investment in Subsidiaries	-	-	-	-	-	0%
Investment in Associates	-	-	-	-	-	0%
Investments	28,655,003	26,273,001	23,419,161	22,197,544	20,367,943	7%
Loans	1,748,831	1,560,260	1,166,318	995,461	996,014	12%
Reinsurance Assets	8,629	15,919	6,620	12,047	2,866	25%
Current Tax Assets (Net)	52,250	151,637	136,765	221,144	194,761	-23%
Insurance Receivables	70,981	67,455	81,465	69,455	34,727	15%
Other Assets	164,494	141,445	139,925	124,209	77,251	16%
Other Financial Assets	132,671	130,977	81,733	73,077	107,258	4%
Cash and Cash Equivalents	446,286	385,479	418,211	448,385	591,016	-5%
Total Assets	31,568,841	28,914,196	25,641,945	24,227,968	22,455,065	7%
Equity						
Share Capital	-	-	-	-	-	0%
Share Application Money	-	-	-	-	-	0%
Pending Allotment	-	-	-	-	-	0%
Share Premium	-	-	-	-	-	0%
Catastrophe Reserves	527,652	445,894	370,044	310,387	275,278	14%
Retained Earnings	2,561,162	2,447,486	2,227,825	2,101,460	2,269,600	2%
Other Equity	1,077,365	909,411	762,323	638,015	560,190	14%
Total Equity	4,166,179	3,802,791	3,360,192	3,049,861	3,105,067	7%
Liabilities						
Provisions	195,222	192,033	181,592	169,390	43,748	35%
Gross Insurance Contract Liabilities	26,600,069	23,871,416	21,267,601	20,152,673	18,662,818	7%
Deferred Tax Liabilities	-	-	-	-	-	0%
Insurance Payables	91,243	71,172	82,480	63,212	58,097	9%
Current Tax Liabilities (Net)	-	-	-	-	-	0%
Borrowings	-	-	-	-	-	0%
Other Liabilities	345,648	260,547	304,797	250,684	216,354	10%
Other Financial Liabilities	170,480	716,237	445,283	542,147	368,980	-14%
Total Liabilities	27,402,662	25,111,405	22,281,753	21,178,107	19,349,998	7%

Statement of Profit or Loss

(Amount in NPR thousands)

(Base Year)

Particulars	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	CAGR of Last 5 Years
Income:						
Gross Earned Premiums	5,678,885	5,262,265	5,331,173	4,885,103	4,184,588	6%
Premiums Ceded	(222,444)	(214,144)	(249,474)	(215,637)	(175,781)	5%
Net Earned Premiums	5,456,440	5,048,121	5,081,699	4,669,466	4,008,807	6%
Commission Income	115,596	110,923	139,036	128,402	106,007	2%
Other Direct Income	4,568	5,530	6,223	4,006	858	40%
Interest Income on Loan to Policyholders	188,310	154,697	123,190	118,030	124,309	9%
Income from Investments and Loans	2,577,713	2,369,273	1,836,337	1,593,712	1,798,918	7%
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	0%
Net Realized Gains/(Losses)	-	-	-	-	-	0%
Other Income	9,333	7,995	13,508	1,790	13,203	-7%
Total Income	8,351,960	7,696,538	7,199,993	6,515,405	6,052,103	7%
Expenses:						
Gross Benefits and Claims Paid	3,235,380	2,863,348	4,081,765	3,600,726	2,571,469	5%
Claims Ceded	(79,911)	(80,675)	(108,400)	(97,390)	(51,219)	9%
Gross Change in Contract Liabilities	2,728,653	2,603,815	1,214,314	1,341,860	1,618,504	11%
Change in Contract Liabilities Ceded to Reinsurers	7,290	(9,299)	5,427	(9,181)	(1,320)	-241%
Net Benefits and Claims Paid	5,891,412	5,377,189	5,193,106	4,836,015	4,137,433	7%
Commission Expenses	486,307	475,454	487,891	483,541	404,323	4%
Service Fees	42,592	43,337	52,318	50,331	41,412	1%
Other Direct expenses	-	-	-	-	-	0%
Employee Benefits Expenses	379,688	361,868	314,998	252,005	253,694	8%
Depreciation and Amortization expenses	61,996	65,473	69,335	23,655	23,531	21%
Impairment Losses	-	-	-	-	-	0%
Other Operating Expenses	237,658	229,659	251,891	303,477	233,067	0%
Finance Cost	9,506	8,987	9,567	-	-	0%
Total Expenses	7,109,160	6,561,966	6,379,106	5,949,025	5,093,460	7%
Profit Before Tax	1,242,800	1,134,573	820,887	566,380	958,643	5%
Income Tax Expense	414,885	369,111	239,378	269,477	275,770	9%
Net Profit/(Loss) For the Year	827,916	765,461	581,509	296,903	682,874	4%

Earnings Per Share

Basic EPS

-	-	-	-	-	-	-
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Diluted EPS

-	-	-	-	-	-	-
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Management Discussion and Analysis

Overview of Financial Performance

This year has been marked by significant achievements and challenges. Despite the fluctuations in the market, the company has demonstrated resilience and strategic agility.

Revenue and Profitability

The total gross earned premium for the year amounted to NPR 5.6 billion, reflecting a 7.9% increase compared to the previous year, with CAGR of 6% over the five years. This growth is attributed to growth in renewal premium collection, micro insurance and term insurance premium of 9.0%, 9.0% and 26.0% respectively. There is decrease of first year premium by 6.7%. The management in the year 2024 initiated agency transformation initiative to adopt the global practices of agency distribution channel. This initiative has shown positive results in FY 2081-82 and will further strengthen the growth of individual life business in the coming years. The net profit for the year stands at NPR 827.9 million, representing 8.16% increase from the prior year, with CAGR of 4 % over the five years. This improvement is primarily due to maintained investment return of 9.5% like prior year, favorable mortality, favorable expenses per unit and lapse margin from all the portfolios.

Benefits and Claims

The total death claims for the year amounted to NPR 592.8 million, reflecting an increase of 0.6% compared to prior year, with CAGR of 5% over the five years. The increase is mainly on micro and group term insurance. Experience study does not show any increase in the lapse/mortality ratio. There is an increase in maturity benefits, reflecting an increase of 21.9% due to maturities of prior years. There is also an increase in surrender benefits of 8.7% which is lower compared to prior year.

Expenses

Operating expenses excluding commission and service fee expenses for the year were NPR 688.8 million, with CAGR of 6% over the five years. which is 12.13% of the total gross earned premium. The regulatory expenses ratio is at 8.4% marking a decrease of 1.1% compared to prior year. The smart spending initiative initiated since prior year have resulted in positive impact. Also, the management on monthly basis reviews the expenses under each head to ensure the expenses are within the regulatory limit and internal set target.

Assets

The total assets of the company reached NPR 31.5 billion, with a composition of 90.6% in investments, 5.5% in policyholder's loan and 3.7% in other assets. The investments comprise of investments in 94.1% in long- and short-term deposits of the banks and 5.9% in government bonds. The new interest rate offered by the banks is in decreasing trend which poses challenges to the company to maintain the favorable investment return in the next year. The total assets have increased by 9.18% compared to prior year, with CAGR of 7% over the five years.

Liabilities

The total liabilities stand at NPR 27.4 billion, with a composition of 97.1% in gross insurance contract liabilities and remaining 2.9% in other liabilities and provisions. The company opted for transitional provision while implementing Risk based Capital and Solvency related Directive, 2022. After adoption of Risk Based Capital approach, we did not notice any significant impact on the reserves and profit of the company. The solvency ratio stands at 270% which is well above regulatory limit of 130%. The total liabilities have increased by 9.12% compared to prior year, with CAGR of 7% over the five years.

Equity

The shareholders' equity has increased to NPR 4.2 billion, attributed to increase in profit by 8% in the current year. The company's return on equity (ROE) for the year is 20.8%, indicating strong growth. The average return on equity over the last three years is approximately 20.1%. Total equity is increased by 9.6% compared to prior year.

Cash Flow Analysis

The cash flow statement highlights the liquidity and cash management of the company during the fiscal year.

Operating Activities

Net cash flow from operating activities was NPR 946.7 million, driven by increase in premium collection, lower benefits and claims compared to the premium collection. This reflects the company's ability to generate sufficient cash from its core business operations to generate investible fund.

Investing Activities

Net cash used in investing activities amounted to NPR 166.9 million, primarily due to higher investment return. The company made investment of NPR 6.89 billion during the year. The company received interest income of NPR 2.58 billion, reflecting a 4.4% increase compared to prior year, with CAGR of 7% over the five years. The company targets to invest in long tenure deposits to match the assets with the liabilities.

Financing Activities

Net cash provided by/used in financing activities was NPR - 1,052.8 million. This includes payment related to cash dividend of last three years to the parent company of NPR 1,006.9 million and remaining related to payment on account of finance lease.

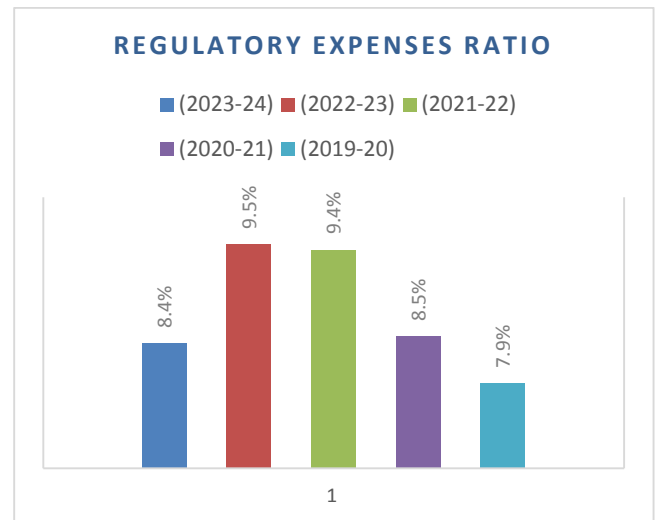
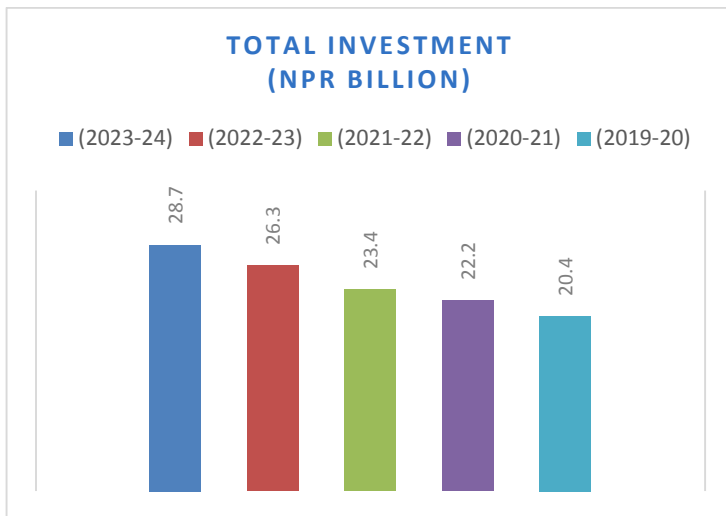
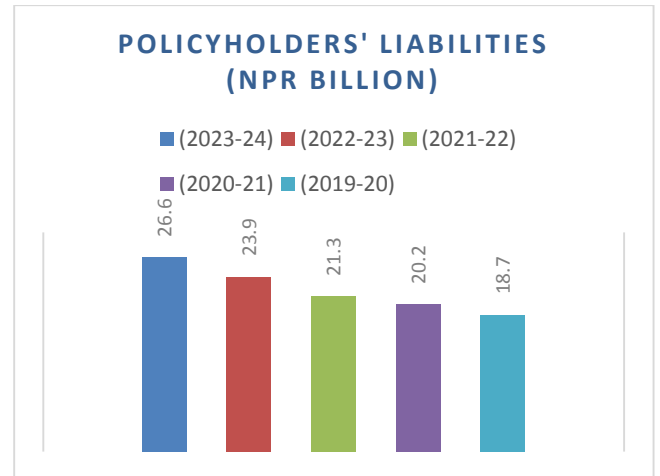
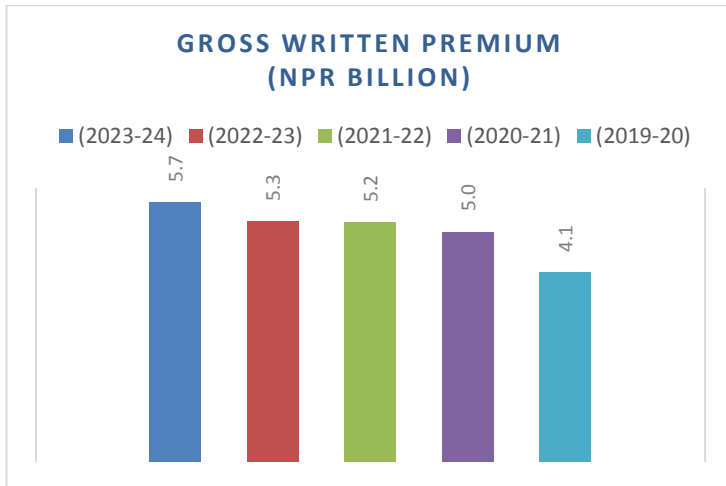
Distributable Profit or loss

The distributable profit has increased by 20% and stands at NPR 682.1 million. The company declared cash dividend out of distributable profit after approval of NIA.

Regulatory compliance

The company has adequate system in place to ensure compliance to all relevant regulations issued by Nepal Insurance Authority and other regulatory bodies. The company is in the advanced stage of starting the implementation work of Nepal Financial Reporting Standard – 17 “Insurance Contracts” along with Nepal Financial Reporting Standard – 9 “Financial Instruments”. The company has maintained the regulatory expenses ratio at 8.4% which below the limit of 18% as set by the regulator

Key Financial Indicators



Our Products

Saving and Investment Plan	Accidental and Health Plan	Employee Benefits Plan
Future Care Depositor's Protection Scheme (DPS) Plan Mid-Term Growth Plan (MTG) My Child Education Protection Plan (MCEPP) Subhawisya Aajiwan Aaya Plan (SBAA)	Life Shield Plan Life Care Plan	Group Life, Group Personal Accident (GPA) and Critical Illness Rural Micro Insurance and Rural Term Insurance Plan

Product details are available at our company website www.metlife.com.np



Corporate Responsibility Report

For Our Communities

Sustainability at MetLife means managing business responsibly and sustaining people throughout their lives.

Our purpose—Always with you, building a more confident future drives our strategy and reflects the fundamental promise we make to our customers, colleagues, shareholders and communities.

For customers, we offer products and services that support financial wellbeing and health, and we make investments that help us keep our financial promises.

For our colleagues, we demonstrate employee care by providing opportunities for professional growth, purposeful work and a supportive culture. This includes building a more inclusive and equitable workplace and society.

For our communities, we help to create economic opportunity and prosperity. By deploying the strength of our people, products, services and investments to deliver on our promises to stakeholders, we drive long-term value for our shareholders. And for all stakeholders, we protect the environment as a way to improve overall health and well-being.

Activities performed during the year:

Towards Environment:

In restoring the beauty of our shared spaces, around 45 associates of MetLife Nepal enthusiastically volunteered to clean the premises at Karya Binayak temple in Lalitpur.

48 bags of waste were collected within just 2 hours. The initiative was organized by the *Young Emerging Asia Society (YEAS)* of the company as a part of MetLife's Annual Extraordinary Litter Pickup drive, in collaboration with Bhoomithan Nepal, an organization promoting earth-friendly practices and lifestyles.

The cleanup drive not only beautified the temple premises but also served as a reminder of the importance of responsible waste management and environmental conservation to the locals and visitors at the temple.

Contributing towards MetLife's Global Sustainability commitment to plant 5 million trees between 2020 and 2030, The company has been sowing seeds of change and nurturing a greener tomorrow by actively investing in tree plantation initiatives. In cultivating a legacy of sustainability, each tree planted through the following initiatives represents a commitment to a stronger ecosystem:

- Provided aid to Doko Recyclers Pvt. Ltd. for tree plantation and to manage and maintain the park in Karya Binayak Temple premises, Lalitpur. This also included washroom renovation, water tank artwork, dustbin placements, grass patch, flowers

and other plants placements to create a beautiful garden space. To restore and preserve natural spaces, MetLife Nepal is also

- involved in cleaning the area and maintaining surrounding pavements through Sajilo Marmat.
- Contribution towards distributing fruit bearing tree saplings like mango, litchi, orange, lemon, guava to the interested locals for plantation emphasizing the impacts of climate change, enhancing the biodiversity and improving air quality. In addition to increasing forested areas to lower carbon levels, the sale of fruits from these trees will also provide a source of income to the residents of rural areas.
- Partnered with Shreejana Development Centre in distributing 7,200 fruit bearing tree saplings for plantation in 26 places in Gandaki, Lumbini and Bagmati regions.
- Partnered with Community Service Center in distributing 6925 fruit bearing tree saplings to for plantation in 26 VDCs and municipalities of Gandaki region.
- Partnered with Jeevan Bikash Samaj to transform Dhanpalthan Rural Municipality into a vibrant green space by planting trees from Karsiya to Laliya in the rural municipality in eastern Nepal. This roadside greenery project will add to the visual appeal of the landscape while also reducing carbon footprints and enhancing the ecological balance. It will create green spaces for the local community. 700 saplings were distributed, along with manure, fertilizers, and fences.
- Provided financial aid to Madan Bhandari Smriti Park in Kathmandu for its management and promotion of a cleaner and greener environment.
- Employee volunteering at Budanilkantha for raising awareness on waste burning in open spaces, which helped promote responsible waste management practices in the community.

Pillar wise CSR utilization in Financial Year 2080-81:

Areas	Amount
Education	2,737,122
Environment	2,537,207
Health	1,298,100
Financial Literacy	551,985
Total	7,124,414

Provided financial support to victims of Jajarkot through the Karnali Pradesh Lekha Niyantrak Karyalaya.



Towards Education:

-Collaborated with Karmayog Foundation for Interactive Playscape project at Jabdi Adharbhut School, Itahari to improve the play area infrastructure and foster a better learning environment addressing dropout issues and enhancing the school's infrastructure. This is the area's first-ever playground benefitting over 200 students directly. In addition to the physical upgrades, the project included educational components focusing on climate change, lessons on recycling and waste management.

Interactive Playscape project at Jabdi Adharbhut School, Itahari

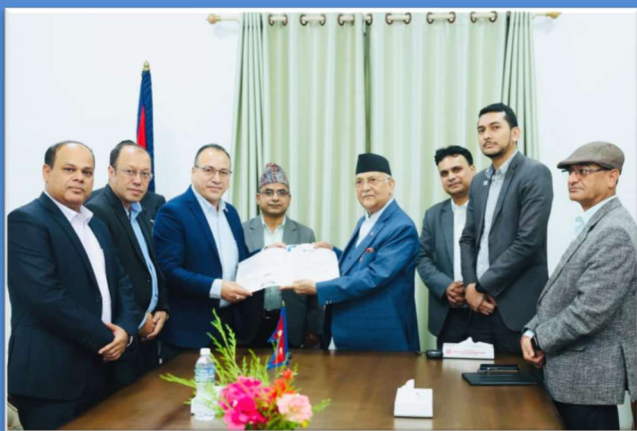


Towards Health and Financial Literacy:

MetLife Nepal is also committed towards fostering a healthier and more informed society through a range of initiatives focused on health and insurance awareness. It has supported programs that promote preventive care and help survivors navigate their recovery and access essential resources, along with advocating for insurance literacy:

-Partnered with Rural Women Development Center (RWDC) under the close coordination of District Health Office, Dang and health office of Ghorahi Sub-Metropolis, Narayanpur, to organize sickle cell awareness, livelihood and educational support program. The sickle cell disease has been identified to be dominantly prevalent in Tharu community, in which the cells, shaped like a sickle are not able to carry oxygen to various parts of the body regularly, resulting in body pain, frequent infections and severe fatigue. Sickle cell a genetic disease, transmitted from parents to the children and not communicable otherwise.

The program included two-days sickle cell related orientation to social leaders, priests, pastor, local representatives, teachers, female community health volunteers (FCHV) and mother groups focusing on awareness of the painful disease, its screening, right treatment and prevention. This was followed by a one-day free screening test for sickle cell anemia for the locals of Narayanpur. Over 400 people participated and 41 were positive for sickle cell, of which 6 had developed sickle cell anemia. Pain management orientation was provided to the infected 41 people.



Contribution to Prime Minister Relief Fund

15 students that were diagnosed with sickle cell in the camp were provided with various school supplies. Likewise, vegetable farming training, improved animal and resource management training, beauty parlor training, tailoring training was provided to the affected as per their interest, aiming for their self-reliance and ease in sustaining their livelihood.

- Provided financial aid to Nepal Cancer Survivor's Society Nepal (NeCaSS) for wider message dissemination regarding cancer awareness and address the critical aspects of prevention, support and empowerment, focusing on school children and adult cancer survivors. School level cancer awareness was conducted in 20 schools in Kathmandu, Lalitpur, Bhaktapur, Morang, Jhapa and Sunsari, with the participation of over 1,800 adolescent girls and boys to support early detection of cancer and fostering long term behavioral change that can reduce cancer risk. Additionally, 8,000 family members are indirectly benefitted from students sharing the message. 11 interactive counselling sessions called 'Doctor with Survivors', conducted by various professional experts were organized with the participation of 349 cancer survivors to improve their quality-of-life post cancer. A self-employment training that focused on cooking, packaging and marketing of traditional Nepali foods was also provided to 75 cancer survivors focusing on their financial empowerment after cancer treatment.



-MetLife Nepal believes in fostering understanding of insurance through various insurance awareness programs all across Nepal, and also through FM and digital posts.

Through its multifaceted approach to health and environmental stewardship, The company is making significant impact on both individual wellbeing and the planet.

For Our Employees

Guided by our success principles, **"Build Tomorrow," "Win Together," and "Own It,"** we strive to support our employees in their roles.

Every employee's voice is heard.

The company conducts two annual surveys: the *My Voice Pulse Survey* and the *My Voice Survey*. These surveys assess employee engagement and gathers the feedback which provides an insight to the company to further strengthen the organization.

The company make significant investments in the learning and development of our employees. This includes giving an opportunity to the employees to develop their skills in the life insurance business.

Accordingly, the company provides free life insurance certification course from US based reputed and globally recognized institute (*Life Office Management Association (LOMA)*).

Upon passing of the examinations from the institute, employees can earn certifications such as the Fellow (FLMI), Associate (ALMI) and Associate Customer Service (ACS). In the year, 95 employees enrolled in these programs.

As of date, 30 and 51 employees have received FLMI and ACS certifications, respectively. Additionally, we offer various training programs throughout the year. The area focused for the year was trainings on Anti-Money Laundering/Counter Financing of Terrorism training, International Financial Reporting Standards (IFRS)/Nepal Financial Reporting Standard 17 (NFRS 17) training, skill development programs in areas like Excel and Photoshop and underwriting trainings. Employees own their own development plans, they have learning and development goal throughout the year, with skill to focus on the learning platform. Throughout the year, the company conducts various engagement programs to foster camaraderie among employees. These programs are championed by three committees: the Women Business Network (WBN), the Young Emerging Asia Society (YEAS), and the CARE team. Various activities carried out in the year are:

WBN –

- Awareness on mental health & prostate/breast/cervical cancer
- Women's day celebrations that included the inauguration of Care Room to support nursing mothers
- Zumba session
- Female employees also participated in Pink CareAthon to raise awareness on breast cancer, women's health and overall wellbeing and empowerment of women

YEAS -

- MetLife cinema within the premises of the company
- Holi Celebration at One Customer Place
- Hiking

CARE –

- Quarterly meetings with employee representatives across Nepal to discuss on health & safety situation in MetLife offices.

Additionally, the company organized an annual health check-up under the theme, "Be Well Week", and this also included online sessions on seated yoga and meditation techniques. Other events include an annual family night, a dinner program for employee and their spouse, a picnic program, and volunteering activities focused to serve communities.

Raising awareness to the public on harmful burning of waste in the community, litter pick up in Swayambunath temple premises and litter pick up within the premises of Karyabinayak temple are among the several volunteering initiatives taken involving employees.

In addition to this, the company also conducts an annual emergency drill for fire evacuation and earthquake conducted internal staff and deployed guards of the corporate office ensuring preparedness in case of an emergency.

The Management also hosts monthly townhalls, customer centricity townhalls, and learning programs to update employees on recent company updates and key trends.

The employee's efforts helped MetLife Nepal bag three prestigious awards in the year, **2023 HRM Nepal Award for Corporate Excellence in Insurance Category, Insurance Asia Award 2024- Digital Insurance Initiative of the Year and Marketing Initiative of the Year.**

Employees receiving their LOMA certificates from VP & General Manager



Industry Scenario

Economic Overview:

We maintain our view that Nepal's economy is unique and resilient, bolstered by several structural advantages, including a low debt to-Gross Domestic Product (GDP) ratio, a young population, rapid digitization, and a robust base of foreign exchange reserves. In FY2023/24, real GDP growth accelerated to 3.9 per cent, up from 2 per cent in FY2022/23, primarily driven by the service sector.

Despite global macroeconomic pressures, Nepal's fiscal deficit narrowed to a seven-year low of 2.6 per cent of GDP, driven by effective management of recurrent spending. Revenue remained stable around 19 per cent of GDP, and ongoing improvements in budget execution signal a commitment to fiscal responsibility. Public debt slightly decreased to 42.7 per cent of GDP, supported by a favorable mix of concessional external debt. Inflation moderated to an average of 5.4 per cent in FY2023/24, down from 7.7 per cent, reflecting successful management of non-food and services inflation.

Industry Overview:

Insurance is one of the major components of the Nepalese financial system with the share of insurance sector being the second largest after banks and financial institutions. Today's world is full of risk and uncertainty and insurance indemnifies those unpredictable losses. On a macroeconomic level, insurance is a unique kind of financial intermediary that channelizes small amount of savings from the large group of population and pool them as the source of capital, while also offering also providing coverage from unprecedented loss and risks. Further, the insurance industry itself is a source of employment, boosting country's employment levels and supporting local economies. Net premium collection by insurance industries, tax contribution, investment and employment opportunities measure the contribution of insurance sector in the economy. Nepal's life insurance companies are providing direct employment (excluding agents) to over 11,951 people an increase of 3.96% over the previous year and as an insurance agent to 329,572 individuals an increase of 18.71% over the previous year.

The insurance sector in Nepal has been experiencing significant growth contributing notably to the national economy, with 36.53% of the population under the insurance umbrella (Source: Nepal Insurance Authority). In FY 2023-2024, Nepal's life insurance market recorded a gross written premium of NPR 156.50 billion, contributing to 2.74% share in Nepal's GDP in FY 2023-2024 an increase of 2.62% increase compared to FY 2022-23. 4% of this amount can be attributed to MetLife Nepal, making us one of the top 10 life insurers in the market.

(Data source: Nepal Insurance Authority <https://nia.gov.np/stats>)

Company's Contribution:

The Company hold 4% market share in total life insurance business industry. The company focuses on new and innovative products to cater the needs of the new generation of the country. As on 15 July 2024, we have 184,080 individual life active policies and 266,893 active micro insurance policies with coverage up to NPR 300,000. Also, the company has been serving the large number of low-income individuals in providing life insurance coverage for more than 15 years by partnering with Micro Financial Institutions. MetLife operating in its 23rd year in Nepal is currently providing direct employment over 169 employees and has more than 3,900 field representatives who are making their and others lives financially secure for the future. Also, the company is providing consistent return on the savings of its customers over the years.

Corporate Governance and Compliance

The Management Committee is responsible to ensure that proper governance standards are maintained.

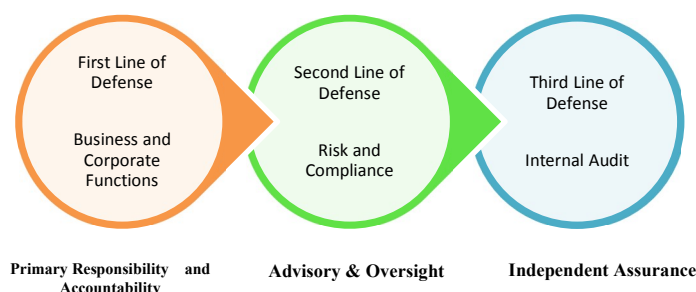
The Company adheres to the applicable laws, regulations and directives to meet the local regulatory requirements. Also, the company follows a strong internal control system framework which is supported by policies, guidelines, risk management frameworks and follows three lines of defense model. Regular monitoring of the compliance with regulatory and internal requirements is performed by different lines of defense of the company to ensure effective internal control environment.

Risk Management and Compliance

Risk Governance

MetLife Nepal's risk management framework operates under 'Three Lines of Defense' model. Within this structure, business lines and corporate functions constitute the first and primary line of defense, responsible for identifying, measuring, monitoring, managing, and reporting risks. The second line of defense is comprised of Risk and Compliance function, which provides business advisory services along with effective review and challenge to the business functions. Internal Audit represents the third line of defense, delivering independent assurance and testing over the risk and control environment of both lines of defenses.

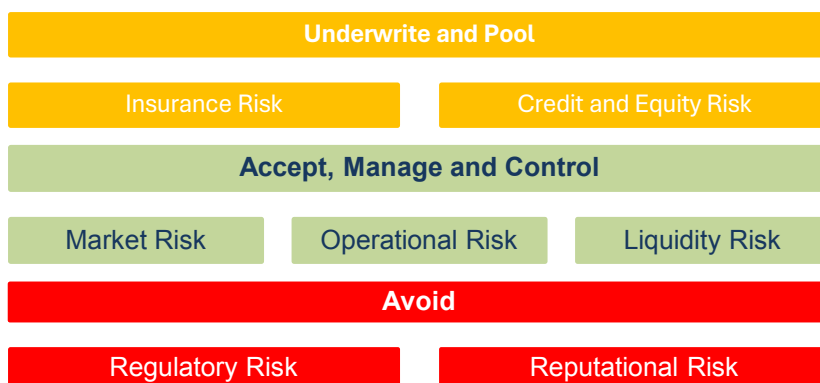
Head of risk and compliance of MetLife Nepal reports directly to South Asia head of Compliance along with dotted reporting to Asia-Japan Chief Risk Officer and dotted reporting to country Chief Executive Officer.



Risk Management Approach

MetLife Nepal's approach of risk management is guided by Risk Appetite Statement (RAS) which expresses types and aggregate level of risk that the country wishes to assume. RAS facilitates to better understand, measure, and manage the aggregate level of risks posed by the country's business activities, operations, and market exposures.

RAS includes both quantitative and qualitative statements of the tolerance for each material risk.



Risk Management and Compliance Policies and Procedures

In addition to Risk Management guidelines issued by Nepal Insurance Authority, MetLife Nepal has Risk Management policy designed to ensure comprehensive and effective management of all material risks. The policy outlines the responsibilities and approaches for risk management, ensuring alignment with the company's strategic objectives and regulatory requirements. MetLife Nepal also has policies and procedures to manage key compliance risks such as Anti-Money Laundering, Sanctions, Privacy, Sales practice, etc. In addition to this, the company has implemented all relevant global policies, standards and procedures issued by MetLife Inc. related to risk management, compliance and business ethics.

All country policies and procedures are reviewed on periodic basis and latest version of such documents are repositied in company's SharePoint and shared with all MetLife employees.

Risk Management Process

MetLife Nepal has an integrated process for managing risk, that is supported by country Risk Appetite Statement (RAS). Risk management activities is coordinated by risk management function and is overseen through country Risk Management Committee (RMC) along with the oversight from Asia Risk management team and relevant committees.

MetLife Nepal broadly classifies risk as financial and non-financial for their effective management which is presented below:

Financial Risk		Non-Financial Risk	
Market Risk	Liquidity Risk	Operational Risk <i>Risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events</i>	Compliance Risk <i>Risk of non-compliance with applicable laws and regulations</i>
Credit Risk	Insurance Risk	Business Interruption Risk Execution Risk Fraud Risk Information Management Risk Information Security and Technology Risk Financial Reporting & Accounting Risk Employment Practices & Relations Risk	Customer Protection Risk Market Practices Risk Anti-Bribery & Corruption Risk Anti-Money Laundering Risk Sanctions Risk Privacy Risk Regulation and Licensing Risk

Financial risk encompasses risk of financial loss or non-financial impacts due to inadequate and ineffective planning of capital, liquidity, capital, credit risk, and insurance risks. MetLife Nepal manages its key financial risk via combinations of:

- Governance arrangement including authority delegation
- RAS monitoring
- Controls and risk assessments including various modelling of scenarios, stress testing etc.
- Underpinning policy and procedural documentations and behavior driven by success principles

Similarly, risk of financial loss and non-financial impacts due to failed or inadequate internal processes, human errors, system errors or failures, or external events leading to financial loss or non-financial damage and/or non-compliance with applicable laws and regulations are accounted under non-financial risk management. Non-financial risks are identified or managed through various programs and tools:

1. **Non-Financial risk assessment and management:** *Comprehensive risk (both inherent and residual) and controls are self-assessed by business and reviewed/challenged by risk and compliance function based on MetLife Inc.'s Non-Financial Risk Assessment Policy and Standards. Issues with action plan with clear ownership and timeline is documented and tracked through GRC platform for appropriate remediation.*
2. **Risk event management:** *Incidents resulting to financial loss or non-financial damaged are analyzed, managed, documented in GRC platform and reported.*
3. **Testing and Monitoring:** *Risk management and compliance function performs testing and monitoring of controls as per country annual plan and results documented in GRC platform. Any gaps observed are documented in GRC platform along with remediation plan.*
4. **Key Risk Indicators:** *Indicators designed and monitored on periodic basis to predict early warning signs before they materialize into potential issues.*

Compliance Risk Management

Compliance function, together with Risk Management, acts as second line of defense providing business advisory services along with control testing and effective review and challenge to the business functions. Major focus areas of compliance in MetLife Nepal are Anti-money laundering, Anti-Bribery & Corruption, Sanction, Privacy, Regulatory Change Management, and Sales Practice risks.

The Head of Risk and Compliance is designated as the Compliance Officer according to clause 19(3) of the Corporate Good Governance Directive 2080 issued by the Nepal Insurance Authority (NIA). The Compliance Officer leads Regulatory Change Management Committee in Nepal, which oversees the identification and implementation of all laws and regulations pertinent to the company. On a quarterly basis, the Compliance Officer reviews the compliance status of all significant regulations and submits report to the NIA. This report is also discussed in the Management Committee meetings to provide updates on compliance status and to implement appropriate remediation measures.

Compliance reports submitted details of current year:

Quarter	Review by Management Committee	Submission date
1 st Quarter	3 rd Kartik, 2080	15 th Kartik, 2080
2 nd Quarter	11 th Magh, 2080	15 th Magh, 2080
3 rd Quarter	13 th Baishak, 2081	14 th Baisakh, 2081
4 th Quarter	11 th Shrawan, 2081	15 th Shrawan, 2081

As guided by RAS, MetLife Nepal is committed to full regulatory compliance. The company has engaged in proactive dialogues with regulators to discuss our dedication to adhering to compliance and addressing any challenges related to regulatory compliance. Improvement efforts are monitored and tracked as per company's issue management standard and transparently reported to regulator.

Guiding Key Policies and Practices

Our day-to-day management is guided by following major policies:

Enterprise Risk policies

AML & Sanction policy

Sales Practice Policy

Procurement Procedures

Risk Management policy

IT Policy

Employee Service Rules

Underwriting & Claims Guidelines

Privacy & data protection Policy

Customer Protection Policy

Finance Administration Manual

Anti Bribery & Corruption Policy

Committees and their activities during the year:

A. Management Committee

The Committee is established in accordance with the requirement of Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	15

Functions and Responsibilities include:

All the functions, duties and powers of the insurer under the insurance Act, Regulations or By-rule made under insurance Act, issued Directives, Order, and other laws prevalent shall be vested to Management Committee except that the work of the board of director and general meeting of the insurer.

Activities performed during the year:

The committee reviewed overall performance and compliance with the relevant laws and regulations.

B. Audit Committee

The Committee is established in accordance with the requirement of Insurer's Internal Audit Directive 2022 issued by Nepal Insurance Authority.

No. of members	4
No. of meetings held during the year	9

Functions and Responsibilities include:

1. Examination of Financial statements and Auditors report thereon. The Committee shall oversee the financial reporting, statement of cash flow and disclosure processes both on an annual and quarterly basis. Ensuring financial statements are fair, transparent and compliant with regulations and are timely published.
2. Ensuring effectiveness of Company's internal control system and risk management system including compliance with regulatory and company's internal policies and procedures. Oversee the management's internal control system for risk identification, risk appetite statements, significant exceptions, incidents or loss events as escalated to management committees.
3. Assess governance controls to ensure preparation and adherence to management policies, safeguarding of assets, detection and prevention of frauds and errors.

4. Recommendation of the appointment, remuneration, performance and to provide oversight to the work of the auditors (internal/statutory/ Any other Auditor as per regulatory stipulations). Ensuring effectiveness of the internal audit and risk and compliance function. In case of statutory audit, the independence of the external auditors shall be ensured. The Audit Committee will also review and monitor the auditors' independence and performance.
5. Discuss the nature and scope of audit with the statutory auditors prior to commencement of audit well as have post-audit discussions to address areas of concern. Further, discuss with the statutory auditors periodically about internal control systems, the scope of the audit including the observations of the auditors (where applicable) and review and approve the quarterly/half yearly and annual financial statements as the case may be and submit to the management and ensure compliance with the Internal control systems.
6. Review and approve the annual internal audit budget and resources Monitor the internal audit actual performance compared to approved plan. Ensure internal audit has adequate resources to carry out the internal audit plan and maintains open communication with management, external auditors and supervisory authorities.
7. Review and approve quarterly regulatory internal audit report and ensure management is taking necessary and timely corrective action to address control gaps. Audit committee shall submit quarterly report of its activities to the Board of Directors.

Activities performed during the year:

1. Reviewed and approved the internal audit plan, monitored the audit status and results and shared the results with the Board of Directors of American Life Insurance Company, USA. Also, the committee presented the quarterly status of the activities to the Board.
2. Reviewed and approved the Risk Based Internal Audit Policy to further strengthen the Internal Audit risk-based audit methodology.
3. Reviewed internal, external and IT audit reports.
4. Reviewed and discussed with Risk & Compliance department on risk and compliance plans and risk profile, with Quality & Project Management department on control testing plans and results. Also, the committee reviewed and discussed the new directives issued by the regulator with Finance department.

C. Risk Management, Reinsurance and Solvency Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	7
No. of meetings held during the year	5

Functions and Responsibilities include:

1. Review risk management structure and operational framework within the framework established by Enterprises Risk Management.
2. Approve and establish risk management policies and procedures.
3. Ensure business compliance with the Risk Appetite Statement, monitoring quantitative risk metrics on prescribed frequency, reviewing all breaches to Heightened Attention Range and Indicated Action Trigger, and defining appropriate responses.
4. Discuss the Company's top risks and emerging risks such as climate change related risk and other operational risk reports along with mitigation plans and/or key risk indicators and monitor the risks and progress of the mitigation plans.
5. Review other operational risk reports including compliance and internal audit dashboard.
6. Discuss, review, and resolve any material risks from any function, and escalate to the Asia regional risk committees as needed.
7. Act as Third-Party Risk Management Committee (TPRMC), solvency committee and reinsurance committee and perform responsibilities as required.
8. Perform any other activities that the Committee Chair deems necessary and related to the scope of the Committee.

Activities performed during the year:

1. Reviewed and approved risk policies, Risk handbook, ORSA policy, ORSA implementation plan of the company.
2. Reviewed annual Risk and Compliance plan and performance.
3. Reviewed & monitored below regular areas:
 - Compliance with Risk Appetite Statement
 - Non-Financial Risk Assessment plan and results
 - Regulatory change management
 - Key Risk Indicators, product risk metrics, quarterly Risk and Compliance results, reinsurance proposal review, third-party risks, internal audit results
 - Discussion on top and emerging risks/issues and their remediation measures
 - Implementation status of Risk Based Capital & Solvency Directive and Climate Change related risk.
4. Reviewed annual evaluation of committee.

D. Investment Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	4
No. of meetings held during the year	4

Functions and Responsibilities include:

1. Search for the best investment options available in the market
2. Review and approval of investment.
3. Establish the proper control for the investment portfolio & management of funds.
4. Ensure the compliance of local regulatory acts, regulation, directives, and circulars issued by local regulatory body, MetLife annual investment guidelines & approved AUM limits /tenures provided by investment credit research team and regional investment team.
5. Overseeing the investment options, plan & process on periodical basis and make necessary amendments in the process if any required.

Activities performed during the year:

1. The committee meeting was held on every quarter with a focus on key investment strategies, regulatory developments, market developments in terms of investment opportunities.
2. The committee reviewed the existing investment limits and approved the new limits for investment in the financial institutions.
3. The committee reviewed the impact of Risk Based Capital & Solvency Directive from investment perspective.
4. The committee also advised investment team to explore the investments in subordinated debentures, corporate bonds, mutual funds, equity markets and other possible investments areas.
5. The committee performed its annual evaluation and annual review of its investment policy.

E. Anti-Money Laundering Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	10

Functions and Responsibilities include:

1. Address the matter related to anti-money laundering and combating the financing of terrorism as prescribed by AML Directive issued by the Nepal Insurance Authority.
2. Undertake AML projects and programs from time to time. The committee may form a working group to conduct/lead specific work prescribed by the AML directive and such working groups take authority and direction from the Committee and report to the Committee.
3. Invite consultants to provide opinion and advice, as deemed fit for a critical issue.

Activities performed during the year:

1. The committee reviewed and approved Anti-Money Laundering (AML) assessment report of FY 2079-80 and performed its annual evaluation.

2. The committee reviewed and approved the implementation of changes to further strengthen the internal control over money laundering and reporting activities.
3. The committee reviewed the status of implementation of AML related regulation and related reporting.

F. Claims Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	6

Functions and Responsibilities include:

1. To review the operational aspects of claims administration of the company.
2. To approve the claims as per claims authority of the company.

Activities performed during the year:

1. The committee reviewed the status of claims each quarter i.e. claims paid, pending claims and reason thereof along with the adherence to the targeted turn around time.
2. The committee discussed on the decisions made by Nepal Insurance Authority about the claims and discussed on the contestable claims.
3. The committee reviewed the changes in the regulations and its implementation.
4. The committee performed its annual evaluation for the year.

G. Good Governance Committee

The good governance committee is formed as required by good governance directive 2073.

No. of members	7
No. of meetings held during the year	13

Functions and Responsibilities include:

1. Assess the status of good governance
2. Conduct meeting of the unit on a quarterly basis.
3. Monitor compliance with Good Governance Directive.
4. Provide update on significant matters to Chief Executive, as unit deems necessary.
5. Provide annual update to Chief Executive on overall activities of the unit.

Activities performed during the year:

1. The new version of good governance directive i.e. Insurers' Corporate Good governance directive was issued in 7 March 2024. In line with this newly issued directive, the committee performed gap analysis with the directive and finalized various action items along with target dates to close the identified gaps. The committee met regularly to track the progress of action items
2. The committee decided to create separate unit for actuarial function and reinsurance function, in line with the requirement as per clause 17 subclause 4 and 5.

H. Other Committees

The company has established other committees to further streamline the business operation for example sales quality governance committee which discusses and resolves the customers queries & complains, Corporate Social Responsibility committee which work on the CSR activities to better serve the committees, Regulatory Change Management Committee to discuss, monitor and implement the regulatory developments etc.

Climate Risk related Disclosure

(As per Annexure 1 of Section 3.1 of the directive)

Nepal Insurance Authority (herein referred to as “NIA”) recognizes the significance of climate change related risk and related disclosure requirement with the issue of directive on climate change related risk. Within this context, the response to NIA’s directive and disclosure requirement is being submitted at the MetLife, Inc. Group Level (herein referred to as “MetLife”, the “company”, the “enterprise” “we” or “our” unless specifically referred to by entity name). Companies within the MetLife enterprise, including “MetLife Nepal”, follow MetLife’s policies and procedures relating to climate change.

MetLife expressly disclaims any responsibility for the accuracy of forward-looking information contained in the responses set forth below. By providing such responses, MetLife is not implying the materiality of any of the information provided. These responses are provided only on the condition that any person who makes use of such information waives any claim under any theory of law based on the inaccuracy of such information.

Background on Climate Action at MetLife

MetLife’s commitment to environmental stewardship has been a cornerstone of our 156-year history. This includes addressing climate change and enabling a just transition to a low-carbon economy that will require collective action from diverse stakeholders. We aim to reduce the environmental impacts associated with our business while developing solutions to help positively contribute to a more sustainable future for all.

MetLife employees are responsible for living MetLife’s purpose and driving progress towards MetLife’s sustainability commitments. MetLife’s [Environmental Policy Statement](#) and [Statement on Climate Change](#) guide the company’s strategies and actions, and it is the responsibility of MetLife employees to adhere to these guidelines.

Protecting the environment is also stated as an area of focus in the company’s [Code of Business Ethics](#) MetLife employees are encouraged to reduce their own environmental impact at the office and to take advantage of climate-related opportunities that drive business value.

Specific to climate risk, MetLife recognizes that its business operations, investments, customers, and supply chain may be affected by climate change and considers how climate risk, both physical and transition, may impact its balance sheet.

MetLife considers how it could be impacted by climate risks across the business, both assets and liabilities, by qualitatively evaluating how risks could manifest across risk types, including: credit, market, insurance, operational, legal and compliance non-financial risks.

Stakeholders responsible on addressing Climate change related Risk

Monitoring and managing environmental, social, and governance (“ESG”) issues, including climate risks, is integrated into MetLife’s operations and management. Climate risk management is integrated into MetLife’s enterprise risk management framework. MetLife operates under the “Three Lines of Defense” model. Together, these three lines of defense help us identify, measure, monitor, manage and report on risks at the right level. Independent from the lines of business, the centralized GRM function, led by the Chief Risk Officer (“CRO”), coordinates across the risk committees to ensure that material risks are identified, measured, monitored, managed and reported across the Company, including reporting to MetLife’s Board of Directors, when appropriate. Within MetLife, there is a climate risk team that works across the enterprise to develop best practices, including integrating climate risk into the risk management framework.

MetLife Nepal’s Climate Risk related Policy/guidance note:

MetLife Nepal prepared a Climate Risk Guidance note in FY 2079-80 (FY 2022/23) which was approved by the country Risk Management Committee. The guidance note supports the implementation of the requirements contained in the Climate change related directive 2078 issued by NIA. This guidance note provides further information to support the understanding of the climate change risk assessment requirements and their implementation.

The guidance note adequately defines roles and responsibilities of different stakeholders including risk management and business functions. MetLife Nepal shall regularly review and update this note to reflect the experience and in response to other changes affecting implementation (e.g., regulatory developments, technological advances).

MetLife Nepal has embedded climate change related risk in its risk management framework and will also consider climate change in formulation of its strategic plan.

Climate change Risk related Strategic plan and Risk Assessment approach

Impact and opportunities from material climate risk for MetLife shall be regularly identified, monitored, measured, managed, and reported to the appropriate level of governance to support the monitoring of identified critical areas. Moreover, such impact and opportunities shall also be considered in MetLife's strategic plan.

MetLife Nepal has integrated climate change related risk in its Risk Appetite Statement (RAS) and risk management framework; and the country risk management team has regularly engaged with relevant regional/enterprise team to develop and implement a comprehensive approach to managing climate risk and regulatory expectations. Also, climate change related risk has been assessed (considering impact and likelihood scale) for FY 2080-81 (FY 2023/24) based on top-down approach; wherein MetLife Nepal has identified, measured, and reported all material **Transition risk** and **Physical risk** across short-term, medium-term, and long-term horizon. The climate risk register, as prepared, has been reviewed and approved by country risk management committee.

MetLife Nepal's approach in managing climate change related risk can be summarized as:

Step 1: Identify potential impacts: Potential risk or impacts from climate change are identified under subclasses of transition and physical risk.

Step 2: Estimate likelihood & impact of identified risks across the Short-term: 0-4 years, Medium-term: 5-10 years; and Long-term: 10+ years' time horizons.

Step 3: Translate likelihood & impact to overall risk rating (i.e., Low, Medium, High).

Step 4: Review the climate change risk register by appropriate level of governance to define actions and monitor progress.

Climate Change Scenario Analysis and Stress Testing

¹ For years, MetLife has applied a diverse range of strategies to reduce emissions generated by its environmental footprint. MetLife is making progress toward its interim targets, which support our ambition to reach Net Zero greenhouse gas (GHG) emissions for its global operations and General Account (GA) investment portfolio by 2050 or sooner,¹ as part of MetLife's overall business strategy to create long-term value for colleagues, customers, shareholders, business partners and communities around the world. This commitment builds on our longstanding history of environmental stewardship, which entails working toward an inclusive, resilient and thriving environment for present and future generations. To help reduce emissions to as close to zero as possible in the coming decades, we are focusing on MetLife, Inc.'s global owned and leased offices and vehicle fleets (Scope 1 and 2 emissions), employee business travel (Scope 3 Category 6), supply chain, and assets in

MetLife Nepal has assessed the materiality of climate-related risk in the local context with current and anticipated organizational exposures through the risk assessment methodology described in guidance note. MetLife Nepal continues to build assessment and scenario analysis capabilities to make progress on understanding climate risks and their potential impacts on our business, strategy and financial planning. Considering the existing investment portfolio of MetLife Nepal, which is majorly concentrated in bank deposits, scenario analysis/stress testing on assets side is less relevant. Local team will regularly liaise with NIA and the enterprise climate risk team to keep abreast of ongoing exploratory efforts around scenario analysis, which in our opinion do not yet yield results that are decision useful given model limitations and high degrees of uncertainty.

Key metrics, indicators, and other measurements

At the enterprise level, MetLife is targeting Net-zero greenhouse gas ('GHG') emissions for its global operations and General Account investment portfolio by 2050 or sooner¹. The MetLife lines of business, functions and regions have climate champions who are responsible for helping the enterprise achieve its Net Zero commitment. These champions help the Net Zero commitment by setting objectives for their respective functions, driving action, collecting metrics and sharing progress with their senior leaders and associates regularly. In addition to this, MetLife Nepal, on the local level, shall work with NIA for setting and monitoring local level targets and/or metrics.

To support MetLife's global climate commitments, the major initiatives in MetLife Nepal organized between mid July 2023 to mid-July 2024 include below initiatives:

- Contributing towards MetLife's pledge to plant 5 million trees between 2020 and 2030, MetLife Nepal has been sowing seeds of change and nurturing a greener tomorrow by actively investing in tree plantation initiatives. In cultivating a legacy of sustainability, each tree planted through the following initiatives represents a commitment to a stronger ecosystem:

MetLife's GA investment portfolio (Scope 3 Category 15), which includes the general accounts of MetLife, Inc.'s wholly owned insurance company subsidiaries. MetLife has voluntarily produced and publicly disclosed an inventory of GHG emissions from our operations for many years. While reliable methodologies and data sets pertaining to certain emissions are not available at this time, we are committed to improving our data quality and tracking capabilities as standards and methodologies continue to evolve. Emissions calculations are informed by the GHG Protocol and Partnership for Carbon Accounting Financials (PCAF), unless otherwise directed by regulators. Additional information about MetLife's General Account investment portfolio is available here: <https://investor.metlife.com/Fact-Sheets/Investment-Fact-Sheet/default.aspx>.

- Provided aid to Doko Recyclers Pvt. Ltd. for tree plantation and to manage and maintain the park in Karya Binayak Temple premises, Lalitpur. This also included washroom renovation, water tank artwork, dustbin placements, grass patch, flowers and other plant placements to create a beautiful garden space. In an effort to restore and preserve natural spaces, MetLife Nepal has also been involved in cleaning the area and maintaining surrounding pavements through Sajilo Marmat.
 - Contribution towards distributing fruit bearing tree saplings like mango, litchi, orange, lemon, guava to the interested locals for plantation emphasizing the impacts of climate change, enhancing the biodiversity and improving air quality. In addition to increasing forested areas to lower carbon levels, the sale of fruits from these trees will also provide a source of income to the residents of rural areas.
 - Partnered with Shreejana Development Centre in distributing 7200 fruit bearing tree saplings for plantation in 26 places in Gandaki, Lumbini and Bagmati regions.
 - Partnered with Community Service Center in distributing 6925 fruit bearing tree saplings for plantation in 26 VDCs and municipalities of Gandaki region.
 - Partnered with Jeevan Bikash Samaj to transform Dhanpalthan Rural Municipality into a vibrant green space by planting trees from Karsiya to Laliya in the rural municipality in eastern Nepal. This roadside greenery project will add to the visual appeal of the landscape while also reducing carbon footprints and enhancing the ecological balance. It will create green spaces for the local community. 700 saplings were distributed, along with manure, fertilizers, and fences.
 - Provided financial aid to Madan Bhandari Smriti Park in Kathmandu for its management and promotion of a cleaner and greener environment.
- Beyond planting trees, MetLife Nepal is deeply rooted in a variety of environmental efforts. Some such efforts in 2023-24 include the following:
 - In restoring the beauty of our shared spaces, around 45 associates of MetLife Nepal enthusiastically volunteered to clean the premises at Karyabinayak temple in Lalitpur. 48 bags of waste were collected within just 2 hours. This was organized by the Young Emerging Asia Society (YEAS) of MetLife Nepal as a part of MetLife's annual Extraordinary Litter Pickup drive, in collaboration with Bhoomithan Nepal, an organization promoting earth-friendly practices and lifestyles. The cleanup drive not only beautified the temple premises

but also served as a reminder of the importance of responsible waste management and environmental conservation to the locals and visitors at the temple.

- Employee volunteering at Budanilkantha for raising awareness on waste burning in open spaces, which helped promote responsible waste management practices in the community & Provided financial support to victims of Jajarkot through the Karnali Pradesh Lekha Niyantarak Karyalaya.

Through its multifaceted approach to health and environmental stewardship, MetLife Nepal is making a significant impact on both individual wellbeing and the planet.

For more information on our Net Zero commitment, associated interim targets and metrics, please read MetLife's 2023 Sustainability Report, available [here](#).

Forward-Looking Statements:

Our report may include or incorporate by reference information that might give expectations, predictions, estimates or forecasts of future events ("forward-looking statements"). These statements can be identified by the fact that they do not relate strictly to historical or current facts. They typically use words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe" and other similar words. Although forward-looking statements contained in this report are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results.

- General economic conditions.
- Legal and regulatory policy changes;
- Unsuccessful efforts to meet all environmental, social and governance standards or to enhance our sustainability;
- Global political, legal, and operational risks;
- Technological changes;
- Catastrophes;
- Climate changes or responses to it.

The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Grievance Handling Mechanism

American Life Insurance Company (MetLife) has developed a thorough Complaint Handling Process to make it simple for its clients to address their complaints via the company's call center at 01-5970166, toll-free number 1660-0155555, email, website, mobile app, social networks, and any agency, branch or provincial offices.

All complaints are entered into the company's Complaint Handling System with an automatically generated case number, and following a comprehensive investigation, disciplinary measures are implemented in conformity with the Disciplinary Action Framework established by the Compliance Guidelines.

Turn Around Time is maintained on each complaint to ensure prompt resolution of all complaints and client satisfaction. The consumer is kept informed at all times during the investigation process. They may contact our Complaints Redressal Officer if they're dissatisfied with any of the findings.

The company's website provides the contact details for the Nodal Officer who has been designated to manage issues.

Reinsurance Arrangements

American Life Insurance Company (MetLife) Nepal has made adequate reinsurance arrangement to effectively manage the risk of claims being higher than expected due to various reasons like increased mortality, morbidity and climate related risks. Company entered into individual excess of loss reinsurance agreement with Delaware American Life American Company (DELAM), Nepal Reinsurance Co. and Himalayan Reinsurance Ltd. Later two are defined as local reinsurers and DELAM as leader reinsurer by our reinsurance policy. MetLife Nepal is doing reinsurance business 60% with local reinsurer and 40% with DELAM. MetLife Nepal has been doing reinsurance business with DELAM since it's operation in Nepal and later Nepal Re and Himalayan Re included. DELAM is an American company having 60 years of experience on reinsurance doing business across many countries. We have both types of contracts i.e. treaty for regular business and facultative for those which is not covered by treaty contracts i.e. if risk is beyond certain limit.

Also, company entered into event based catastrophic excess of loss reinsurance agreement with Metropolitan Tower Life Insurance Co. (MTL) to manage the risk of catastrophic events along with creation of catastrophe reserves in case the loss does not meet the criteria as per reinsurance agreement.

The most reputed rating company AM best has given A+ (superior) financial strength rating for DELAM.

Reinsurer	Credit Rating Agency	Rating
Delaware American Life American Company	AM Best	A or equivalent
Nepal Reinsurance Co.	ICRA Nepal	AA or equivalent
Metropolitan Tower Life Insurance Company	AM Best	A or equivalent
Himalayan Reinsurance Ltd	ICRA Nepal	A or equivalent

Statement of Responsibility of Chief Financial Officer

As the Chief Financial Officer of American Life Insurance Company, I hereby affirm that the financial statements and related disclosures have been prepared in accordance with applicable accounting standards and regulatory requirements. It is our commitment to ensure the accuracy and completeness of all financial information presented.

We have implemented rigorous internal controls and procedures to safeguard the integrity of our financial reporting. These controls are regularly reviewed and updated to adapt to changes in the operational and regulatory environment.

In accordance with our corporate governance practices, the financial statements have been audited by an independent external auditor, whose report is included in our financial disclosures. The audit committee has also reviewed the financial statements and related disclosures to provide additional oversight.

We recognize our responsibility to provide transparent and reliable financial information to our stakeholders. We are committed to maintaining the highest standards of financial reporting and ensuring the continued trust of our clients, investors, and regulatory bodies.

Should you have any questions or require further information, please do not hesitate to contact our office.

Rajiv Kumar Pathak
Chief Financial Officer

Appointed Actuary's Certification on the Adequacy of Liabilities

As the appointed actuary of American Life Insurance Company Nepal branch, I have carried out an actuarial valuation of the entire business as on the 15th of July 2024. To the best of my knowledge, I certify that:

1. Proper records have been kept by the company for the purpose of liability valuation,
2. The reserves calculated are adequate to meet all liabilities,
3. All relevant regulations issued by Nepal Insurance Authority (NIA) have been complied with for the valuation of liabilities,
4. The company has maintained the required solvency ratio. The company's solvency ratio is 270.0%, which is above the regulatory minimum of 130%.



Shao-Chien Chang, FSA

Appointed Actuary

Date: 17th of January, 2025

Independent Auditor's Report

And

Audited Financial Statements

Along with Disclosures

Annexure I

American Life Insurance Company

Management's Report

Financial Year 2080-81 B.S. (2023-24 A.D.)

A. General Information about Company:

1. Date of establishment: 2058/04/18 (August 02, 2001)
2. Insurer License date: 2058/04/18 (August 02, 2001)
3. Insurance business type, nature: Life Insurance
4. Date of commencement of business: 2058/10/17 (January 30, 2002)
5. License status: The company holds a valid license to operate life insurance business in Nepal.

B. Company's Management Report:

1. Income tax liabilities of NPR 425,222,565/- has been paid to Inland Revenue Department on respective due dates. TDS Payable of NPR 5,532,736/- related to F.Y. 2080-81 at the Balance Sheet date has been paid on respective due dates.
2. Regulation fee of FY 2080-81 is paid to Nepal Insurance Authority as per regulatory instruction on respective due dates. The company has already paid 100% regulation fee of FY 2079-80. There is no fines or penalties pending to be paid to government authorities.
3. American Life Insurance Company is registered as a foreign branch of American Life Insurance Company (ALICO), USA with Office of the Company Registrar on 2062/02/23 (June 05, 2005) and with Inland Revenue Department. There is not any change in the structure of the company compared to previous year. Being an independent branch, it does not have to share any part of risk arising from the business operated in other territories. ALICO is a subsidiary of MetLife Inc, HO/RO and offices operated in different countries are as under:

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

4. The Company is compliant with the requirement of Risk Based Capital and Solvency Directive, 2022 (2078) and maintains a solvency margin of 2.70 as of Ashad 31, 2081 (July 15, 2024).
5. A. Value of total assets reflected in the Statement of Financial Position as on Ashad 31, 2081 are not overstated than its fair value.

B. Assets recognized in Statement of Financial Position are measured on historical cost basis except certain financial assets which are required to be measured at fair value.
6. Company has made all its investment within the provisions of the existing laws.

7. Total number of benefits and claims paid during the year is 19,841 (Death claims – 9,243 Partial Maturity 1,541 and Full Maturity – 9,057). Detail of number of outstanding benefits and claims are as follows:

Fiscal Year	2076/77	2077/78	2078/79	2079-80	2080-81
Death Claims	395	619	494	572	671
Maturity Benefits	5085	5988	5240	3508	3981

The claims are settled within the time frame prescribed by Insurance Act, 2079 and related directives issued by Nepal Insurance Authority.

8. The Company follows the provisions of Insurance Act 2079, Insurance Regulation 2049, Company Act 2063, Nepal Financial Reporting Standards and other prevailing laws & regulation.
9. Appropriate accounting policies is consistently applied, and uniformity is maintained which has been tested and appropriateness is found.
10. The financial statements are prepared in accordance with Nepal Financial Reporting Standards and in compliance with Insurance Act, 2079, Insurance Regulations, 2049, Financial Statement related Directive, 2080 & amendments thereof and other guidelines issued by Nepal Insurance Authority. The financial statements present transactions of Nepal branch only. The financial statement gives true & fair picture of all the financial conditions of the Company.
11. It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the Company's assets and to control the fraud and misappropriations.
12. The financial statements have been prepared based on going concern basis.
13. The Company has strong, effective, reliable, and independent internal audit unit at Local, Regional and Head office level which conducts internal audit on regular basis. It has been found quite effective as a controlling mechanism for normal operation of the business activities.
14. The Company has not done business with any person, firm, company, and with its director or institution having interest of the directors which is against the Insurance Act, 2079, Company Act, 2063 and regulations, order, and directives under it.
15. No penalties have been levied by Nepal Insurance Authority during the year.
16. The Company has adequate re-insurance arrangement for insurance risks, and other situational risks are being closely monitored. Required actions are being taken in consultation with regional office and head office.
17. The Company is compliant with Anti money laundering Act 2064 and its directive, rules, by-laws and policies.
18. The Company received approval of its actuarial valuation report for FY 2080/81 (2023-24) on December 18, 2024 (Poush 3, 2081). The total distributable profit as per financial statements is NPR 682,126,122. The company has received approval from Nepal Insurance Authority on Poush 23,2081 via Letter Bi. Bi. Sa. 125(2081/82) C. N. 3250 to declare dividend for this financial year. Accordingly, the company has proposed cash dividend of NPR 275,000,000 for the year out of distributable profit.
19. The Company has transferred below amount out of net profit before deferred tax adjustment to respective reserves as required by section 11 of Company's Financial Statement Related Directive, 2080.

	Current Year	Total Reserves
Catastrophe Reserve	: 81,757,777	527,652,272
Capital Reserves	: 163,515,553	863,724,891
Corporate Social Responsibility (CSR) Reserve	: 8,175,778	13,225,470

Similarly, as required by section 57(Ka) of Corporate Good Governance Directive, 2075 and section 38 of Financial Statement Related Directive, 2080, the Company has incurred NPR 6,836,454/- in employee training and development which is 1.89% of previous year's total employee benefit expenses and the remaining balance of NPR 400,901/- is set aside as Employee capacity development reserve to be expensed in future years.

The disclosure related to CSR activities are provided in note 59 and Climate Risk related disclosure in Appendix I of the financial statements.

20. The company has declared below bonus per thousand for participatory products mentioned against respective terms for the financial year 2080-81.

Products	Term of Policy	Bonus per 1000	Inforce Policies at the end of financial year
Endowment Including SBAA (Subhabisya Aajiwani Aaya)	1-15	55	2,705
	16-20	65	5,570
	21 and above	75	2,032
Education Protection Plan	1-15	55	12,191
	16-20	65	15,188
	21 and above	75	5,086
Anticipated Endowment (Three Payment Plan)	1-15	45	7,492
	16-20	55	2,835
	21 and above	65	4,291
Anticipated Endowment (Mid Term Growth Plan)	1-15	45	147
	16-20	50	769
	21 and above	55	493

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the American Life Insurance Company-Nepal Branch (the "Company"), which comprise the statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 31, 2081 (July 15, 2024), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1.	<p>Investment Valuation, Identification, and Impairment</p> <p>NRFS - Investment of the company comprises of investment in unquoted equity instruments, bonds, debentures, and fixed deposits of financial institutions. The valuation of the aforesaid securities has been done in compliance with NFRS 9. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> Review of the investment of company and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on test basis.
2.	<p>Information Technology General Controls</p> <p>IT controls with respect to recording of transactions, generating various reports in compliance with Nepal Insurance Authority guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of</p>	<p>Our audit approach regarding Information technology of company is based upon the Information Technology Guidelines 2076 issued by Nepal Insurance Authority and it included:</p> <ol style="list-style-type: none"> Understanding the coding system adopted by company for various categories of products.

<p>Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company</p> <p>c. Checking of the user requirements for any changes in the regulations/ policy of the company</p> <p>d. Reviewed the reports generated by the system on a sample basis. We verified the premium income/expense and claim payment in regard to policies issued and claim intimated on test basis</p>
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Information Other than Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

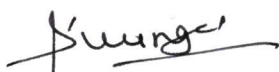
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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.

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

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

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



Sunir Kumar Dhungel
Managing Partner



Date: January 8, 2025
Place: Kathmandu

UDIN: 250108CA001094txYR

Annexure II
American Life Insurance Company
Statement of Financial Position
As At Ashadh 31, 2081 (July 15, 2024)

			<i>Amount in NPR</i>
Particulars	Notes	Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	8,388,052	8,628,488
Property and Equipment	5	217,215,973	128,090,299
Investment Properties	6	-	-
Deferred Tax Assets	7	64,093,501	51,304,784
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	28,655,002,682	26,273,000,623
Loans	11	1,748,830,951	1,560,260,435
Reinsurance Assets	12	8,629,092	15,918,897
Current Tax Assets (Net)	21	52,249,775	151,637,033
Insurance Receivables	13	70,981,286	67,454,639
Other Assets	14	164,493,517	141,445,353
Other Financial Assets	15	132,671,040	130,976,657
Cash and Cash Equivalents	16	446,285,586	385,479,011
Total Assets		31,568,841,455	28,914,196,219
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	527,652,272	445,894,495
Retained Earnings	17 (e)	2,561,162,305	2,447,485,748
Other Equity	17 (f)	1,077,364,515	909,411,197
Total Equity		4,166,179,092	3,802,791,440
Liabilities			
Provisions	18	195,221,892	192,033,333
Gross Insurance Contract Liabilities	19	26,600,068,702	23,871,415,696
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	91,242,930	71,172,049
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Liabilities	23	345,648,446	260,546,996
Other Financial Liabilities	24	170,480,393	716,236,705
Total Liabilities		27,402,662,363	25,111,404,779
Total Equity and Liabilities		31,568,841,455	28,914,196,219

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

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

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

Date: 08th January, 2025
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Profit or Loss
For Period 17th July, 2023 - 15th July, 2024
(For the Year Ended Ashad, 2081)

			Amount in NPR	
Particulars	Notes	Current Year	Previous Year	
Income:				
Gross Earned Premiums	25	5,678,884,637	5,262,265,369	
Premiums Ceded	26	(222,444,427)	(214,144,315)	
Net Earned Premiums		5,456,440,210	5,048,121,054	
Commission Income	27	115,596,451	110,922,602	
Other Direct Income	28	4,568,272	5,530,322	
Interest Income on Loan to Policyholders	11	188,309,770	154,696,916	
Income from Investments and Loans	29	2,577,712,516	2,369,272,933	
Net Gains/(Losses) on Fair Value Changes	30	-	-	
Net Realised Gains/(Losses)	31	-	-	
Other Income	32	9,332,844	7,994,581	
Total Income		8,351,960,063	7,696,538,408	
Expenses:				
Gross Benefits and Claims Paid	33	3,235,380,116	2,863,347,739	
Claims Ceded	33	(79,910,758)	(80,674,691)	
Gross Change in Contract Liabilities	34	2,728,653,006	2,603,814,571	
Change in Contract Liabilities Ceded to Reinsurers	34	7,289,805	(9,298,677)	
Net Benefits and Claims Paid		5,891,412,169	5,377,188,942	
Commission Expenses	35	486,307,447	475,453,711	
Service Fees	36	42,591,635	43,336,854	
Other Direct expenses	37	-	-	
Employee Benefits Expenses	38	379,688,291	361,867,757	
Depreciation and Amortization Expenses	39	61,995,704	65,472,835	
Impairment Losses	40	-	-	
Other Operating Expenses	41	237,658,485	229,659,061	
Finance Cost	42	9,506,001	8,986,727	
Total Expenses		7,109,159,732	6,561,965,887	
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		1,242,800,331	1,134,572,521	
Share of Net Profit of Associates accounted using Equity Method	-	-	-	
Profit Before Tax		1,242,800,331	1,134,572,521	
Income Tax Expense	43	414,884,652	369,111,490	
Net Profit/(Loss) For The Year		827,915,679	765,461,031	
Earning Per Share	51			
Basic EPS		-	-	
Diluted EPS		-	-	

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

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

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

Date: 08th January, 2025
Place: Lalitpur, Nepal

American Life Insurance Company
Statement of Other Comprehensive Income
For Period 17th July, 2023 - 15th July, 2024
(For the Year Ended Ashad, 2081)

			Amount in NPR	
Particulars	Notes	Current Year	Previous Year	
Net Profit/(Loss) For The Year		827,915,679	765,461,031	
Other Comprehensive Income				
a) Items that are or may be Reclassified to Profit or Loss				
Changes in Fair Value of FVOCI Debt Instruments		-	-	
Cash Flow Hedge - Effective Portion of Changes in Fair Value		-	-	
Exchange differences on translation of Foreign Operation		-	-	
Share of other comprehensive income of associates accounted for using the equity method	9	-	-	
Income Tax Relating to Above Items		-	-	
Reclassified to Profit or Loss		-	-	
b) Items that will not be Reclassified to Profit or Loss				
Changes in fair value of FVOCI Equity Instruments		-	-	
Revaluation of Property, Plant and Equipment/ Intangible Assets		-	-	
Remeasurement of Post-Employment Benefit Obligations	44	(9,803,217)	(473,129)	
Share of other comprehensive income of associates accounted for using the equity method	9	-	-	
Income Tax Relating to Above Items		2,450,804	118,282	
Total Other Comprehensive Income For the Year, Net of Tax		(7,352,413)	(354,847)	
Total Comprehensive Income For the Year, Net of Tax		820,563,266	765,106,184	

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 08th January, 2025
Place: Lalitpur, Nepal

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

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

American Life Insurance Company
Statement of Changes in Equity
For Period 17th July, 2023 - 15th July, 2024
For the Year Ended Ashad 31, 2081 (15 July 2024)

Amount in NPR

Previous Year																				
Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserves	Regulatory Reserves	Other Reserves (HO Fund)	Other Reserves (Contingency)	Other Reserves (Housing Fund)	Total		
Balance as at Shrawan 1, 2079	-	-	-	-	2,213,048,190	-	548,507,826	370,043,739	5,965,674	-	-	(16,115,288)	43,283,720	8,072,010	75,444,600	15,000,000	96,941,329	3,360,191,800		
Prior period adjustment*	-	-	-	-	14,777,086	-	-	-	-	-	-	(14,777,086)	-	-	-	-	-	-		
Restated Balance as at Shrawan 1, 2079	-	-	-	-	2,227,825,276	-	548,507,826	370,043,739	5,965,674	-	-	(30,892,374)	43,283,720	8,072,010	75,444,600	15,000,000	96,941,329	3,360,191,800		
Profit/(Loss) For the Year	-	-	-	-	765,461,031	-	-	-	-	-	-	-	-	-	-	-	-	765,461,031		
Other Comprehensive Income for the Year, Net of Tax																				
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
v) Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	(354,847)	-	-	-	-	-	-	-	-	-	-	-	-	(354,847)		
Transfer to Reserves/ Funds	-	-	-	-	(216,413,029)	-	151,701,512	75,850,756	7,585,076	-	-	(354,847)	(10,297,458)	(8,072,010)	-	-	-	-		
Utilization of CSR Reserve	-	-	-	-	-	-	-	-	(1,376,644)	-	-	-	-	-	-	-	-	(1,376,644)		
Transfer of Deferred Tax Reserves	-	-	-	-	(7,902,783)	-	-	-	-	-	-	-	7,902,783	-	-	-	-	-		
Transfer of Depreciation on Revaluation of Property, Plant Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
iii) Cash Dividend	-	-	-	-	(305,073,405)	-	-	-	-	-	-	-	-	-	-	-	-	(305,073,405)		
iv) Dividend Distribution Tax	-	-	-	-	(16,056,495)	-	-	-	-	-	-	-	-	-	-	-	-	(16,056,495)		
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at Ashadh 31, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	-	75,444,600	15,000,000	96,941,329	3,802,791,440		

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 08th January, 2025
Place: Lalitpur, Nepal

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

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

American Life Insurance Company
Statement of Changes in Equity
For Period 17th July, 2023 - 15th July, 2024
For the Year Ended Ashad 31, 2081 (15 July 2024)

Current Year																				Amount in NPR
Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	Other Reserves (CSR)	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Other Reserves (Deferred Tax)	Regulatory Reserves	Other Reserves (HO Fund)	Other Reserves (Contingency)	Other Reserves (Housing Fund)	Other Reserves (Employee Capacity Development Reserves)	Total	
Balance as at Shrawan 1, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	-	75,444,600	15,000,000	96,941,329	-	3,802,791,440	
Prior period adjustment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated Balance as at Shrawan 1, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	-	75,444,600	15,000,000	96,941,329	-	3,802,791,440	
Profit/(Loss) For the Year	-	-	-	-	827,915,679					-	-			-					827,915,679	
Other Comprehensive Income for the Year, Net of Tax																				
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
v) Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	(7,352,413)	-			-	(7,352,413)			-	-	-	-	-	-	(7,352,413)	
Transfer to Reserves/ Funds	-	-	-	-	(246,497,596)	-	163,515,553	81,757,777	8,175,778			(7,352,413)	-	-	-	-	-	400,901	-	
Utilization of CSR Reserve	-	-	-	-	-	-	-	-	(7,124,414)		-	-	-	-	-	-	-	-	(7,124,414)	
Transfer of Deferred Tax Reserves	-	-	-	-	(10,337,913)	-	-	-		-	-	-	10,337,913	-	-	-	-	-		
Transfer of Depreciation on Revaluation of Property, Plant Equipment	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Insurance Contract Liabilities	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Issuance Costs	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contribution by/ Distribution to the owners of the Company	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
i) Bonus Share Issued	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ii) Share Issue	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iii) Cash Dividend	-	-	-	-	(427,548,640)	-	-	-	-	-	-	-	-	-	-	-	-	-	(427,548,640)	
iv) Dividend Distribution Tax	-	-	-	-	(22,502,560)	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,502,560)	
v) Others (to be Specified)	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at Ashadh 31, 2081	-	-	-	-	2,561,162,305	-	863,724,891	527,652,272	13,225,470	-	-	(38,599,634)	51,226,958	-	75,444,600	15,000,000	96,941,329	400,901	4,166,179,092	

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 08th January, 2025
Place: Lalitpur, Nepal

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

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

American Life Insurance Company
Statement of Cash Flows
For Period 17th July, 2023 - 15th July, 2024
(For the Year Ended Ashad, 2081)

Amount in NPR

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	5,681,492,339	5,264,135,324
Commission Received	115,596,451	124,933,214
Claim Recovery Received from Reinsurers	76,384,111	80,674,691
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	7,513,570	5,530,322
Other Income	4,703,706	556,153
Changes in deposit liabilities	11,799,412	-
Cash Paid		
Gross Benefits and Claims Paid	(3,235,380,116)	(2,877,988,618)
Reinsurance Premium Paid	(202,373,546)	(225,452,681)
Commission Paid	(494,275,629)	(470,511,122)
Service Fees Paid	(43,336,854)	(52,317,869)
Employee Benefits Expenses Paid	(372,141,502)	(379,608,364)
Other Expenses Paid	(278,650,077)	(241,784,875)
Income Tax Paid	(325,835,307)	(391,886,630)
Net Cash Flow From Operating Activities [1]	945,496,556	836,279,545
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(3,377,072)	(4,471,791)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(23,677,317)	(8,908,723)
Proceeds From Sale of Property and Equipment	4,324,400	224,890
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	-	-
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(6,893,097,682)	(9,088,180,622)
Maturity of Deposits	4,511,095,623	6,234,341,189
Loans Paid	(1,167,241,201)	(1,242,567,673)
Proceeds from Loans	978,670,685	852,260,158
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	2,579,868,611	2,472,299,167
Dividend Received	-	-
Interest Income on Policy Loan	181,513,996	-
Total Cash Flow From Investing Activities [2]	168,080,043	(785,003,405)
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(45,895,420)	(54,701,650)
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(984,372,045)	-
Dividend Distribution Tax Paid	(22,502,560)	(29,306,495)
Others (to be specified)	-	-
Total Cash Flow From Financing Activities [3]	(1,052,770,025)	(84,008,145)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	60,806,576	(32,732,005)
Cash & Cash Equivalents At Beginning of The Year/Period	385,479,011	418,211,016
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	446,285,586	385,479,011
Components of Cash & Cash Equivalents		
Cash In Hand	-	-
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	446,285,586	385,479,011

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 08th January, 2025
Place: Lalitpur, Nepal

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

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

American Life Insurance Company
Statement of Distributable Profit or Loss
For Period 17th July, 2023 - 15th July, 2024
(For the Year Ended Ashad, 2081)

Amount in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	2,447,485,748	2,226,630,276
Transfer from OCI reserves to retained earning in current year	-	-
Net profit or (loss) as per statement of profit or loss	827,915,679	765,461,031
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Catastrophe Reserve	(81,757,777)	(75,850,756)
iii) Transfer to Capital Reserve	(163,515,553)	(151,701,512)
iv) Transfer to CSR reserve	(8,175,778)	(7,585,076)
v) Transfer to/from Regulatory Reserve	-	8,072,010
vi) Transfer to Fair Value Reserve	-	-
vii) Transfer of Deferred Tax Reserve	(10,337,913)	(7,902,783)
viii) Transfer to OCI reserves due to change in classification	-	-
ix) Transfer to Employee Capacity Development Reserves	(400,901)	-
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL	-	-
a) Equity Instruments	-	-
b) Mutual Fund	-	-
c) Others (if any)	-	-
ii) Accumulated Fair Value gain on Investment Properties	-	-
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	-	-
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	-	-
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	-	-
vi) Goodwill Recognised	-	-
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	(1,864,922)	-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	-	-
ix) Overdue loans	(7,882)	(54,844)
x) Fair value gain recognised in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares as per sec 16 of Financial Directive	(4,780,000)	(4,780,000)
xii) Delisted share investment or mutual fund investment	-	-
xiii) Bonus share/dividend paid	(450,051,200)	(321,129,900)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Overdue Receivables	(1,738,575)	-
Adjusted Retained Earning	2,552,770,926	2,431,158,446
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	(38,599,634)	(31,247,221)
Add/Less: Others (Retained Earning)	(1,832,045,170)	(1,832,045,170)
Total Distributable Profit/(loss)	682,126,122	567,866,055

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

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer
Date: 08th January, 2025
Place: Lalitpur, Nepal

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

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

Notes to the Financial Statements
for the year ended Ashad 31, 2081 (July 15, 2024)

1. General Information

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

The principal activities of the Company are to provide various life insurance products including participating and non-participating products through its branches and network of agents. In the Financial Statements, American Life Insurance Company has been referred as “the company”.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows, Statement of Distributable Profit or Loss and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by The Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the requirements of Insurance Act 2079, Insurance Regulation 2049, related directives and circulars and Companies Act 2063. The format used in the preparation and presentation of the Financial Statements and disclosures made therein complies Insurer’s Financial Statement Related Directive, 2080 and amendment thereof issued by Nepal Insurance Authority.

The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

The accompanied audited financial statements have been approved for submission by the Vice President and General Manager of the Company on Poush 24, 2081 B.S. (January 08, 2025 A.D.) and acknowledges the responsibility of preparation of financial statements.

b) Reporting Period and approval of financial statements

The Company reporting period is from Shrawan 01, 2080 to Ashad 31, 2081 (17 July 2023 to 15 July 2024) with the previous year from Shrawan 01, 2079 to Ashad 31, 2080 (17 July 2022 to 16 July 2023).

c) Basis of Measurement

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

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value.
- ii. Defined Employee Benefits Obligations
- iii. Life Insurance Fund under gross insurance contract liabilities which are required to be determined using actuarial valuation method prescribed by Risk Based Capital and Solvency Directive 2022 (2078) and Actuarial Valuation Directive, 2077.

Historical cost is generally fair value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included within Level 1.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

d) Use of Estimates, assumption, and judgement

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

Explanatory Notes:

A change in estimate (change in discount rate of employee benefit liabilities of company), is disclosed below in Employee benefit expenses section.

e) Functional and Presentation Currency

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

f) Going Concern

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

g) Changes in Accounting Policies

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

The company applies its accounting policies consistently from year to year. Disclosure is provided if the change is required by the accounting standards.

h) Recent Accounting Pronouncements

Accounting standards issued and effective:

All accounting standards issued by Institute of Chartered Accountants of Nepal (ICAN) except mentioned below are effective and has been applied in preparation of these Financial Statements.

Accounting standards issued and non - effective.

Institute of Chartered Accountants of Nepal (ICAN) has issued NFRS 17(Insurance Contracts) which is yet to be effective. NFRS 9 will also be applied at the time of application of NFRS 17 and thus yet to be effective.

i) Carve-Outs

The Company has not applied any carve outs provided by ICAN.

j) Presentation of financial statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by the nature and listed in an order that reflects their relative liquidity and maturity pattern.

k) Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepal Financial Reporting Standards, Insurance regulations and as specifically disclosed in the Significant Accounting Policies of the Company.

l) Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Nepal

Accounting Standard-NAS 1 on Presentation of Financial Statements. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

3. Significant accounting policies

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

a) Goodwill and Intangible Assets

i) Recognition

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

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

ii) Amortization

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

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

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

List of Asset Categories	Useful Life (In Years)
Software	4
Licenses	As per license period

iii) Derecognition

An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference

between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use.

Explanatory notes:

The company does not have goodwill in this reporting period.

b) Property and Equipment (P&E)

i) Recognition

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

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

ii) Revaluation

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

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

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

iii) Depreciation

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

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

Useful Life of Property and Equipment based on SLM is categorized as stated below:

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

iv) Derecognition

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

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

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

Explanatory notes:

The company does not have Land and has not revalued Property and Equipment in this reporting period.

c) Investment Properties

An investment property is defined as property held by the company to earn rentals or for capital appreciation or both, rather than own-occupied. It will not be held for consumption in the business operations and disposal would not affect the operations of the company. Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties (without exception) are reported at fair value with any gains or losses in fair value reported in the income statement as they arise. The fair value used is that which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction and should reflect market conditions at the balance sheet date.

Explanatory notes:

The company does not have any investment properties.

d) Deferred Tax Assets

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

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

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

Explanatory notes:

Below are the details of Deferred tax assets:

Particulars	Opening Balance	Movement	Closing Balance
Depreciation & Amortization	5,298,878	4,699,908	9,998,786
Gratuity Provision	35,346,159	7,319,569	42,665,728
Leave Provision	9,504,107	(900,922)	8,603,185
Right of Use Assets	(25,306,762)	21,490,558	(3,816,204)
Lease Liability	26,462,402	(19,820,396)	6,642,006
Total	51,304,784	12,788,717	64,093,501

e) Financial Assets

i) Initial Recognition & Measurement

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

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

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

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

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

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

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

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

iii) De-Recognition

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

iv) Impairment of Financial Assets

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

Explanatory notes:

The company has investments in term deposits of banks and government bonds. These financial assets are carried at Amortized Cost. Insurance receivables and other financial assets are recognized at realizable value.

f) Financial Liabilities

i) Initial Recognition & Measurement

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

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

ii) Subsequent Measurement

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

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

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

g) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Explanatory notes:

The company has not offset financial assets with liabilities in this reporting period.

h) Reinsurance Assets

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

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

Explanatory notes:

The company has created reinsurance assets for Claim Payment Reserve which will be received as per contractual provisions with the reinsurers. Reinsurance assets is not impaired as there is no event occurred due to which company may not receive all amounts due.

i) Current Tax Assets

Current Tax Assets are the assets which are created against the excess amount paid as advance tax than the actual income tax liability.

j) Cash & Cash Equivalent

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

k) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

Explanatory notes:

The company is operating as branch operation of foreign insurance company. Therefore, it does not have Equity share capital in Nepal operation.

l) Funds and Reserves

i) Share Application Money Pending Allotment

Not applicable

ii) Share Premium

Not applicable

iii) Catastrophe Reserves

10% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

iv) Retained Earnings

Retained earnings shows the company's accumulated earnings (or deficit in the case of losses) less dividends paid of previous year.

v) Capital Reserves

This reserve is created as per requirement of section 19(2) of Insurer's registration and Insurance Business Directive, 2073. The company has transferred 20% of current year net profit before adjustment of deferred tax income/expense to the capital reserve.

vi) Corporate Social Responsibility (CSR) Reserves

1% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

vii) Fair Value Reserves

The Company has policy of creating fair value reserve equal to the amount of fair value Gain recognized in statement of other comprehensive income.

Explanatory notes:

The company does not have balance in this reserve as there are no such items recognized in SOCI.

viii) Actuarial Reserves

This reserve is created against actuarial gain or loss on present value of defined benefit obligation resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has occurred) and the effects of changes in actuarial assumptions. The company performs revaluation of defined benefit obligation in annual basis at the end of fiscal year.

ix) Revaluation Reserves

This reserve is created against revaluation gain on property and equipment & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

Explanatory notes:

The company does not create this reserve as P&E are not revalued in this reporting period.

x) Other Reserves

Other reserves include deferred tax reserve, contingency reserve, housing fund reserves, employee capacity development reserve and HO fund.

m) Provisions

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

Explanatory notes:

The company has provisioned difference amount between defined benefit obligation liability determined as per actuarial method and plan assets. Also, the company has provisioned total tax payable amount as a part of settlement under amnesty scheme introduced by Finance Act, 2077 & Finance Act, 2078 from FY 2065-66 to FY 2071-72 and the same is pending for clearance from Large Taxpayers' Office.

n) Gross Insurance Contract Liabilities

i) Life Insurance Fund

The company performs the liability valuation of its portfolio in annual basis at the end of each financial year as per Risk Based Capital and Solvency Directive, 2022 (2078) and Actuarial Valuation Directive, 2077.

For actuarial valuation purpose, all surplus arising from all the portfolios is transferred to Life Insurance Fund. Accumulated Life Insurance Fund is re-adjusted based on liability determined as per actuarial valuation to align with latest policy liabilities balance.

Poly Systems Life Master model is used for the calculation of liabilities. Liabilities calculated by the Model are based on mortality, persistency, expense, interest rate and bonus rate assumptions which are updated on annual basis.

ii) Claim Payment Reserve including IBNR

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

o) Income Recognition

i) Gross Premium

Gross premium income is recognized on a cash basis as and when it is due (Premium received but not due is shown as advance premium under other liabilities) in accordance with Insurance Act. Cash received in advance is recognized as premium income during the period to which they relate. Premium ceded to the reinsurer during the year has been separately recognized under "Premium ceded to

Reinsurer". Entire single premium income is recognized on a cash basis and related reserve is booked as per related directives issued by the Nepal Insurance Authority.

Explanatory notes:

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

ii) Premiums on Reinsurance Accepted

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

Explanatory notes:

The company has not accepted any reinsurance business in this reporting period.

iii) Commission income

Commission income refers to the reinsurance commission income earned for insurance business ceded to the reinsurer and is recognized on accrual basis supported by written confirmation from the reinsurer.

iv) Other direct income

Late fee and other direct incomes are recognized as and when received from the customer.

v) Interest Income from Investment and Loan to Policyholders

Interest income is recognized in the statement of profit or loss on accrual basis.

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

Net Gains/ (Losses) on fair value changes in the statement of profit or loss include gains and losses on financial assets, investment properties due to changes in fair value of such assets.

Explanatory notes:

The company does not have any Net Gains/ (Loss) on Fair value changes in this reporting period.

vii) Net realized gains/(losses)

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

Explanatory notes:

The company does not have any net realized gains/(losses) in this reporting period.

viii) Other Income

Other income includes profit on sale of property and equipment, finance income, foreign currency exchange revaluation gains and other miscellaneous income.

Foreign currency exchange revaluation gains

Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise.

p) Expenses recognition

i) Gross benefits & claims and Gross change in insurance contract liabilities.

Benefits and claims include the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements of claims except related employee cost. Benefits and claims that are paid during the financial year are recognized under Gross Benefits and claims paid.

Due benefits, intimated death benefits yet to be paid and change in liabilities in the reporting period are recognized under changes in gross insurance contract liabilities.

ii) Claims ceded and Change in Contract Liabilities Ceded to Reinsurers

Claims ceded (Reinsurer's portion in claims paid) is recognized when the related gross insurance claim paid is recognized according to the terms of the reinsurance contracts.

Change in Contract Liabilities Ceded to Reinsurers (Reinsurer's portion in claim payment reserve) is recognized when the related gross claim payment reserve is generated.

iii) Commission expenses

Commission expenses refer to commission earned by agents based on collected premium and are recognized on accrual basis.

iv) Service fees

Service fees are recognized on accrual basis at the rate of 0.75% as per Insurance Act, 2079 of Gross Written Premium.

v) Employee Benefit expenses

Short term obligation

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

Employee bonus at the rate of 10% of profit (determined as per Financial Directive, 2080 issued by Nepal Insurance Authority) required to be paid as per Bonus act 2030, has been recognized under employee expenses.

Post-Employment Benefits

Defined contribution plan.

Contributions to defined contribution schemes (Social Security fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

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

Defined benefit plan.

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

Revaluation of Defined Benefit Plan is performed on annual basis.

Explanatory Notes:

Discount rate applied to the valuation of future cash flows for calculation of employee benefit liabilities is revised from 6.5% to 8.5%.

Long Term Employee Benefits

Employees have a statutory entitlement to payment of number of days in excess of required accumulation as per Labor Act.

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

Termination

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

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

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme. Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:

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

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

vi) Other operating expenses

Employee Benefit and Other operating expenses includes employee related expenses and administration expenses and is recognized on accrual basis.

vii) Finance Cost

Finance costs are recognized for the period relating to unwinding of discount and interest expenses due to re-measurement of liabilities.

q) Income tax expenses

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

Current tax

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

Deferred tax

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

r) Earnings per share

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

s) Contingent Liabilities & Contingent Assets

Contingent liabilities

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

Explanatory notes:

The company has gone for Administrative Review for the disputed amount of NPR 114,816,489 against different tax treatment for carry forward of tax credit amount of FY 2075/76. Contingent liability arising out of this is disclosed in note 56 to the financial statements.

Final tax assessment from Large Taxpayers' Office for fiscal year 2077/78 to 2079/80 is pending as of the reporting date. The company has received the tax clearance certificate for Fiscal year 2079/80 from Inland Revenue Department.

Contingent assets

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

Explanatory notes:

The company does not have any contingent assets.

t) Leases

Finance Leases

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

Explanatory notes:

Actual rent expenses is NPR 50,878,570/- which is not disclosed in financial statements due to treatment of lease as per NFRS 16.

Operating Leases

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

u) Cash Flow Statement

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

v) Operating segment

Operating Segments are reported as per Insurers' Financial Statement Related Directive 2080.

w) Leased assets

The Company has made the use of leasing arrangements principally for the provision of the office spaces. The rental contracts for the offices are typically negotiated for terms of between 2 to 6 years and some of these have extension terms. The Company has not entered sale and leaseback arrangements. All the leases are negotiated on an individual basis. The Company has assessed whether a contract is or contains a lease at inception of the company. The lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified assets for a period in exchange for consideration.

At lease commencement date, the company has recognized a right-of-use lease asset and a lease liability in its Statement of Financial Position. The right of use assets is measured at cost. Which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company has depreciated the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The company has also assessed the right of use asset for impairment when such indicator exists.

At the commencement date, the company has measured the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

4 Intangible Assets

Particulars	Software	Goodwill	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 2079	15,397,974	-	-	15,397,974
Additions during the year	-	-	-	-
Acquisition	4,471,791	-	-	4,471,791
Internal Development	-	-	-	-
Business Combination (to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 31, 2080	19,869,765	-	-	19,869,765
Additions during the year	-	-	-	-
Acquisition	3,377,072	-	-	3,377,072
Internal Development	-	-	-	-
Business Combination (to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 31, 2081	23,246,837	-	-	23,246,837
Accumulated amortization and impairment				
As at Shrawan 1, 2079	7,924,405	-	-	7,924,405
Additions during the year	3,316,872	-	-	3,316,872
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2080	11,241,277	-	-	11,241,277
Additions during the year	3,617,508	-	-	3,617,508
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2081	14,858,785	-	-	14,858,785
Capital Work-In-Progress				
As on Shrawan 1, 2079	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2080	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	-	-
Net Carrying Amount				
As at Ashadh 31, 2080	8,628,488	-	-	8,628,488
As at Ashadh 31, 2081	8,388,052	-	-	8,388,052

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

5. Property and Equipment

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Gross carrying amount									-
As at Shrawan 1, 2079	-	-	3,021,860	53,582,504	52,872,047	22,749,128	37,020,800	-	169,246,339
Additions during the year	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	3,765,120	2,788,112	2,101,591	253,900	-	8,908,723
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(629,683)	-	(311,976)	(8,573,900)	-	(9,515,559)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	3,021,860	56,717,941	55,660,159	24,538,743	28,700,800	-	168,639,503
Additions	-	-	-	-	-	-	-	-	-
Acquisition	-	-	551,334	4,859,833	2,776,330	3,550,682	13,109,300	-	24,847,479
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(665,000)	-	(359,990)	(8,400,000)	-	(9,424,990)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	3,573,194	60,912,774	58,436,489	27,729,435	33,410,100	-	184,061,992
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-
As at Shrawan 1, 2079	-	-	3,021,860	42,840,102	43,440,436	17,751,941	25,882,003	-	132,936,342
Depreciation during the year	-	-	-	5,747,024	4,980,475	2,210,189	5,412,122	-	18,349,810
Disposals during the year	-	-	-	(629,683)	-	(306,318)	(8,573,900)	-	(9,509,901)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	3,021,860	47,957,443	48,420,911	19,655,812	22,720,225	-	141,776,251
Depreciation during the year	-	-	72,698	4,453,312	3,760,573	2,270,648	4,446,153	-	15,003,384
Disposals during the year	-	-	-	(665,000)	-	(359,990)	(8,400,000)	-	(9,424,990)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	3,094,558	51,745,755	52,181,484	21,566,470	18,766,378	-	147,354,645
Capital Work-In-Progress									
As at Shrawan 1, 2079	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	-	-	-
Capitalisation during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at Ashadh 31, 2080	-	-	-	8,760,498	7,239,248	4,882,931	5,980,575	-	26,863,252
As at Ashadh 31, 2081	-	-	478,636	9,167,019	6,255,005	6,162,965	14,643,722	-	36,707,347

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

5. Property and Equipment

Right-of-Use Assets (as per NFRS 16)

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Gross carrying amount									
As at Shrawan 1, 2079		150,041,970	-	-	-	-	-	-	150,041,970
Additions during the year		40,560,345	-	-	-	-	-	-	40,560,345
Disposals during the year		-	-	-	-	-	-	-	-
Write-offs during the year		-	-	-	-	-	-	-	-
Revaluation during the year		-	-	-	-	-	-	-	-
Transfer/Adjustment		-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	190,602,315	-	-	-	-	-	-	190,602,315
Additions during the year	-	123,826,551	-	-	-	-	-	-	123,826,551
Disposals during the year	-	(2,620,216)	-	-	-	-	-	-	(2,620,216)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	1,450,054	-	-	-	-	-	-	1,450,054
Balance as at Ashadh 31, 2081	-	313,258,704	-	-	-	-	-	-	313,258,704
Accumulated depreciation									
As at Shrawan 1, 2079		45,362,965	-	-	-	-	-	-	45,362,965
Depreciation		43,806,153	-	-	-	-	-	-	43,806,153
Disposals during the year		-	-	-	-	-	-	-	-
Write-offs during the year		-	-	-	-	-	-	-	-
Impairment during the year		-	-	-	-	-	-	-	-
Transfer/adjustments		206,150	-	-	-	-	-	-	206,150
Balance as on Ashadh 31, 2080		89,375,268							89,375,268
Depreciation	-	43,374,810	-	-	-	-	-	-	43,374,810
Disposals/ Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2081	-	132,750,078	-	-	-	-	-	-	132,750,078
Net Carrying Amount									
As at Ashadh 31, 2080	-	101,227,047	-	8,760,498	7,239,248	4,882,931	5,980,575	-	128,090,299
As at Ashadh 31, 2081	-	180,508,626	478,636	9,167,019	6,255,005	6,162,965	14,643,722	-	217,215,973

American Life Insurance Company
Notes to the Financial Statements

6 Investment Properties Amount in NPR

Investment Properties at Cost			
Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Accumulated depreciation and impairment			
As at Shrawan 1, 2079	-	-	-
Depreciation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Depreciation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Net Carrying Amount			
Net Balance As At Ashad 31, 2080	-	-	-
Net Balance As At Ashad 31, 2081	-	-	-

(i) Amounts recognised in statement of profit or loss

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

American Life Insurance Company
Notes to the Financial Statements

6 Investment Properties

Amount in NPR

(ii) Fair value of investment properties:

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

Notes on Fair Value :

- (i) The company does not hold any investment property.
- (ii) Disclosure on restriction on the realisability of investment properties: Not applicable
- (iii) Contractual obligations: Not applicable

Investment Properties at Fair Value

Particulars	Land	Building	Total
Gross carrying amount			-
As at Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Capital Work-In-Progress			-
As at Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Net Carrying Amount			-
Net Balance As At Ashad 31, 2080	-	-	-
Net Balance As At Ashad 31, 2081	-	-	-

Notes on Fair Value :

- (i) The company does not hold any investment property.
- (ii) Disclosure on restriction on the realisability of investment properties: Not applicable
- (iii) Contractual obligations: Not applicable

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

7 Deferred Tax Assets/(Liabilities)

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Deferred Tax on Temporary Difference						
Intangible Assets	-	-	-	-	-	-
Property and Equipment	9,998,786	-	9,998,786	5,298,878	-	5,298,878
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCI	-	-	-	-	-	-
Provision for Leave	8,603,185	-	8,603,185	9,504,107	-	9,504,107
Provision for Gratuity	29,799,184	12,866,544	42,665,728	24,930,419	10,415,740	35,346,159
Impairment Loss on Financial Assets	-	-	-	-	-	-
Impairment Loss on Other Assets	-	-	-	-	-	-
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
ROU Assets and Lease Liability	2,825,802	-	2,825,802	1,155,640	-	1,155,640
Total	51,226,957	12,866,544	64,093,501	40,889,044	10,415,740	51,304,784
Deferred Tax Asstes	51,226,957	12,866,544	64,093,501	40,889,044	10,415,740	51,304,784
Deferred Tax Liabilities	-	-	-	-	-	-

Movements in deferred tax assets/ (liabilities)

Particulars	Current Year			Previous Year		
	SOPL	SOCI	Total	SOPL	SOCI	Total
As at Shrawan 1, 2080	40,889,044	10,415,740	51,304,784	32,986,261	10,297,458	43,283,719
Charged/(Credited) to Statement of Profit or Loss	10,337,913	-	10,337,913	7,902,783	-	7,902,783
Charged/(Credited) to Other Comprehensive Income	-	2,450,804	2,450,804	-	118,282	118,282
As at Ashadh 31, 2081	51,226,957	12,866,544	64,093,501	40,889,044	10,415,740	51,304,784

8 Investment in Subsidiaries

Particulars	Current Year	Previous Year
Investment in Quoted Susidiaries	-	-
Investment in Unquoted Susidiaries	-	-
Less: Impairment Losses	-	-
Total	-	-

Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-
Total	-	-	-	-

Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-
Total	-	-	-	-

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-

American Life Insurance Company
Notes to the Financial Statements

9 Investment in Associates

Amount in NPR

Particulars	Current Year	Previous Year
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Less: Impairment Losses	-	-
Total	-	-

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
Add: Share of Profit or Loss for Earlier Years	-	-	-	-	-	-
Add: Share of Profit or Loss for Current Year	-	-	-	-	-	-
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
Add: Share of Profit or Loss for Earlier Years	-	-	-	-	-	-
Add: Share of Profit or Loss for Current Year	-	-	-	-	-	-
Total	-	-	-	-	-	-

Information Relating to Associates

Particulars	Current Year	Previous Year
Name	-	-
Place of Business	-	-
Accounting Method	-	-
% of Ownership	-	-
Current Assets	-	-
Non-Current Assets	-	-
Current Liabilities	-	-
Non-Current Liabilities	-	-
Income		
Net Profit or Loss	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-
Company's share of profits		
Net Profit or Loss	-	-
Other Comprehensive Income	-	-

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000
iv) Fixed Deposits in "A" Class Financial Institutions	26,864,897,682	24,482,895,623
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	100,000,000	100,000,000
vii) Fixed Deposits in "C" Class Financial Institutions	-	-
viii) Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Investments measured at FVTOCI		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	4,780,000	4,780,000
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Investments measured at FVTPL		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Others (to be Specified)	-	-
Total	28,655,002,682	26,273,000,623

a) Details of Impairment Losses

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

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)	-	-
Investment in Equity Instruments (Unquoted)	-	-
Investment in Mutual Funds	-	-
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	4,763,097,682	2,911,095,623
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	100,000,000	100,000,000
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	4,863,097,682	3,011,095,623

c) Information relating to investment in equity instruments

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)				
.....Ltd....shares of Rs....Each	-	-	-	-
Investment in Equity Instruments (Unquoted)				
Insurance Institute of Nepal Ltd 4,780 shares of Rs. 100 each	4,780,000	4,780,000	4,780,000	4,780,000

c) The Company has earmarked investments amounting to NPR 26,964,897,682 to Nepal Insurance Authority.

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

11 Loans

Particulars	Current Year	Previous Year
Loans measured at Amortised Cost		
Loan to Employees	1,123,807	124,323
Loan to Agents	7,882	378,695
Loan to Policyholders	1,747,699,262	1,559,757,417
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	1,748,830,951	1,560,260,435

a) Loans to Policyholders

Particulars	Loan amount		Interest Income	
	Current Year	Previous Year	Current Year	Previous Year
Endowment	566,642,805	539,032,420	64,924,264	58,415,821
Anticipated Endowment	170,845,754	183,986,220	20,916,505	18,779,560
Endowment cum Whole Life	-	-	-	-
Whole Life	-	-	-	-
Foreign Employment Term	-	-	-	-
Micro Term	-	-	-	-
Special Term	-	-	-	-
Others:	-	-	-	-
Future Care DPS	1,010,210,703	836,738,777	102,469,001	77,501,535
Term	-	-	-	-
Total	1,747,699,262	1,559,757,417	188,309,770	154,696,916

a) Expected repayment within 12 months:

Particulars	Current Year	Previous Year
Loan to Employees	374,299	49,369
Loan to Agents	7,882	385,956
Loan to Policyholders	107,917,923	123,786,557
Others (to be Specified)	-	-
Total	108,300,104	124,221,882

12 Reinsurance Assets

Description	Technical Provision excluding claim payment reserves		Claim Payment Reserve		Impairment Losses		Net Reinsurance Assets	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Endowment	-	-	152,178	902,561	-	-	152,178	902,561
Anticipated Endowment	-	-	1,800,000	200,000	-	-	1,800,000	200,000
Endowment cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-	-	-
Special Term	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-
Future Care DPS	-	-	3,176,914	11,216,336	-	-	3,176,914	11,216,336
Term	-	-	3,500,000	3,600,000	-	-	3,500,000	3,600,000
Total	-	-	8,629,092	15,918,897	-	-	8,629,092	15,918,897

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Policy liabilities and provisions	-	-
Claim Payment Reserve	8,629,092	15,918,897
Total	8,629,092	15,918,897

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers	70,981,286	67,454,639
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	70,981,286	67,454,639

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers	70,981,286	67,454,639
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Total	70,981,286	67,454,639

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	710,300	696,354
Staff Advances	47,346,568	53,508,843
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Deposits with Government under tax litigation	28,705,000	-
Deposits with Government under tax settlement scheme	82,850,457	82,850,457
Prepaid Employee Cost	4,881,192	4,382,438
Prepaid Agent Cost	-	7,261
Less: Impairment Losses	-	-
Total	164,493,517	141,445,353

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

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	710,300	696,354
Staff Advances	17,329,039	4,796,869
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Deposits with Government under tax litigation	28,705,000	-
Deposits with Government under tax settlement scheme	82,850,457	82,850,457
Prepaid Employee Cost	2,052,045	1,989,477
Prepaid Agent Cost	-	7,261
Less: Impairment Losses	-	-
Total	131,646,841	90,340,418

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	49,004,772	51,160,867
Interest Receivable from Policyholders	80,415,013	73,619,239
Other Receivables	-	-
Other Deposits	1,500,000	-
Sundry Debtors	1,751,255	6,196,551
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	132,671,040	130,976,657

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	49,004,772	51,160,867
Interest Receivable from Policyholders	80,415,013	73,619,239
Other Receivables	-	-
Other Deposits	1,500,000	-
Sundry Debtors	1,751,255	6,196,551
Other (to be Specified)	-	-
Total	132,671,040	130,976,657

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand	-	-
Cheques in Hand	-	-
Bank Balances		
i) Balance with "A" Class Financial Institutions	441,721,085	381,275,289
ii) Balance with Infrastructure Banks	-	-
iii) Balance with "B" Class Financial Institutions	4,564,501	4,203,722
iv) Balance with "C" Class Financial Institutions	-	-
Less: Impairment Losses	-	-
Deposits with initial maturity upto 3 months	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	446,285,586	385,479,011

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2080	-	-
Additions during the year	-	-
i) Bonus Share Issue	-	-
ii) Share Issue	-	-
As at Ashadh 31, 2081	-	-
Convertible Preference Shares (Equity Component Only)	-	-
As at Shrawan 1, 2080	-	-
Additions during the year	-	-
As at Ashadh 31, 2081	-	-
Irredeemable Preference Shares (Equity Component Only)	-	-
As at Shrawan 1, 2080	-	-
Additions during the year	-	-
As at Ashadh 31, 2081	-	-
Total	-	-

(i) Ordinary Shares

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

(ii) Preference Share Capital

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

Shareholding Structure of Share Capital

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

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

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Not applicable	-	-	-	-

Amount in NPR

17 (b) Share Application Money Pending Allotment

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

17 (c) Share Premium

Particulars	Current Year	Previous Year
As at Shrawan 1, 2080	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of shares	-	-
Others (to be Specified)	-	-
As at Ashadh 31, 2081	-	-

17 (d) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 2080	445,894,495	370,043,739
Additions	81,757,777	75,850,756
Utilizations	-	-
As at Ashadh 31, 2081	527,652,272	445,894,495

17 (e) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1, 2080	2,447,485,748	2,227,825,276
Net Profit or Loss	827,915,679	765,461,031
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations	(7,352,413)	(354,847)
Transfer to reserves		
Capital Reserves	(163,515,553)	(151,701,512)
Catastrophe Reserves	(81,757,777)	(75,850,756)
Corporate Social Responsibility (CSR) Reserves	(8,175,778)	(7,585,076)
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	7,352,413	354,847
Deferred Tax Reserves	(10,337,913)	2,394,675
Regulatory Reserves	-	8,072,010
Revaluation Reserves	-	-
Employee Capacity Development Reserves	(400,901)	-
Transfer of Depreciation on Revaluation of Property and Equipment	-	-
Transfer on Disposal of Revalued Property and Equipment	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-
Issue of Bonus Shares	-	-
Transaction costs on issue of Shares	-	-
Dividend Paid	(427,548,640)	(305,073,405)
Dividend Distribution Tax	(22,502,560)	(16,056,495)
Transfer to Insurance Contract Liability	-	-
Others (to be Specified)	-	-
As at Ashadh 31, 2081	2,561,162,305	2,447,485,748

17 (f) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves	-	-
Capital Reserves	863,724,891	700,209,338
Corporate Social Responsibility (CSR) Reserves	13,225,470	12,174,106
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	(38,599,634)	(31,247,221)
Deferred Tax Reserve	51,226,958	40,889,045
Other Reserves	-	-
Regulatory Reserves	-	-
Head Office Fund	75,444,600	75,444,600
Contingency Reserve	15,000,000	15,000,000
Housing Fund Reserve	96,941,329	96,941,329
Employee Capacity Development Reserve	400,901	-
Total	1,077,364,515	909,411,197

Amount in NPR

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	34,412,739	38,016,427
ii) Defined Benefits Plan (Gratuity)	42,645,610	35,853,363
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	195,221,892	192,033,333

(a) Movement of Provisions, Contingent Liabilities and Contingent Assets

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for employee benefits						
i) Provision for Leave	38,016,427	-	1,066,779	(4,670,467)	-	34,412,739
ii) Provision for Gratuity	35,853,363	4,367,398	2,424,849	-	-	42,645,610
iii) Termination Benefits	-	-	-	-	-	-
iv) Other employee benefit obligations (to be Specified)	-	-	-	-	-	-
Provision for tax related legal cases	-	-	-	-	-	-
Provision for non-tax related legal cases	118,163,543	-	-	-	-	118,163,543
Others (to be Specified)	-	-	-	-	-	-

b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	1,955,603	1,759,608
ii) Defined Benefits Plan (Gratuity)	10,000,000	10,000,000
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	130,119,146	129,923,151

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Life Insurance Fund as per Actuary Report (19.1)	26,058,643,504	23,271,299,883
Claim Payment Reserve including IBNR (19.2)	541,425,198	600,115,813
Transfer from:		
Fair Value Reserve	-	-
Actuarial Reserve	-	-
Revaluation Reserve	-	-
Other Reserve	-	-
Net gain on fair value changes on FVTPL instruments	-	-
Fair Value Gain on Investment Properties	-	-
Share of Profit of Associates accounted as per Equity Method	-	-
Share of Other Comprehensive Income of Associates Accounted for using the Equity Method	-	-
Total	26,600,068,702	23,871,415,696

i) Notes on valuation methods and assumptions

Gross Premium Valuation (GPV) prospective approach is used for the valuation of liabilities, as prescribed by Risk Based Capital and Solvency Directive, 2022 (2078). The GPV method is defined as a method for placing a value on a life-insurance company's liabilities that explicitly values the future office premiums payable, expenses and claims. Under this method, all future monthly cashflows are projected and reserves are set equal to:

$$\text{Reserves} = \text{Present value of expected future claims} + \text{Present value of expected future expenses} - \text{Present value of expected future premiums}$$

For short duration non-participating products, reserving is done based on Unearned Premium Reserving (UPR) method.

A set of assumptions are used to arrive at these expected values of cashflows. Among these, demographic assumptions include assumptions for mortality, rate of withdrawal and economic assumptions include investment returns, discount rates, expenses and inflation. All assumptions used are based on historical experience of the insurer, but also consider any future conditions and a margin for prudence. The assumptions used for mortality are 56.1% and 40.7% of NALM 2009 mortality rates for males and females respectively. The discount rate used to arrive at the present values of cashflows are the risk-free spot rates provided by Nepal Insurance Authority.

This valuation is done using MetLife's actuarial models in PolySystem Life Master.

ii) Notes on the cashflows considered for valuation of liabilities

The valuation of liabilities is done by projecting all future cashflows. The future cashflows considered are:

- Premiums
- Guaranteed claims and benefits (include all death, maturity, survival, surrender benefits)
- Policy administration and management expenses, adjusted for future inflation
- Discretionary benefits expected to be added to policies in the future
- Investment returns
- Commissions payable
- Reinsurance inflows and outflows
- Any guarantees and options included in the policy

iv) Notes on discounting policy

The cashflows are discounted and brought to their present values using the risk-free spot rates provided by Nepal Insurance Authority. These rates are projected by Nepal Insurance Authority for each of the next 50 years.

iv) Notes on aggregation practises

Valuation is done on seriatim basis for policies. The results are then aggregated based on the type of contracts and required granularity.

v) Other Disclosures

The actuarial reserves are being calculated based on transitional provision as prescribed by Risk Based Capital & Solvency Directive, 2022 (2078).

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

Annexure 19.1: Life Insurance Fund

Particulars	Endowment	Anticipated Endowment	Endowment cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (Future Care DPS)	Others (Term)	Total
Opening Life Insurance Fund	7,085,003,381	2,403,346,798	-	-	-	159,060,342	-	13,390,824,875	233,064,487	23,271,299,883
Surplus transfer to Life Insurance fund as per Sec 21 of the directive	519,749,220	(157,153,047)	-	-	-	91,413,250	-	2,700,731,819	355,142,028	3,509,883,270
Gross Life Insurance Fund for valuation (A)	7,604,752,601	2,246,193,751	-	-	-	250,473,592	-	16,091,556,694	588,206,515	26,781,183,153
Net policyholder's liability	6,282,474,691	1,827,916,281	-	-	-	135,554,553	-	15,826,338,225	319,761,444	24,392,045,194
Surplus/(Deficit) before shareholder transfer	1,322,277,910	418,277,470	-	-	-	114,919,039	-	265,218,468	268,445,071	2,389,137,958
Transfer to shareholder fund (B)	61,231,356	17,310,681	-	-	-	114,837,981	-	260,714,560	268,445,071	722,539,649
Transfer from shareholder fund to cover deficit as per actuary report (C)	-	-	-	-	-	-	-	-	-	-
Closing life insurance Fund as per actuarial valuation (D=A-B+C)	7,543,521,245	2,228,883,070	-	-	-	135,635,611	-	15,830,842,134	319,761,444	26,058,643,504
i) Best Estimate Liabilities excluding FDB	2,310,931,980	908,431,393	-	-	-	135,554,553	-	15,826,338,225	319,761,444	19,501,017,595
ii) Future Discretionary Benefits (FDB)	4,726,017,220	1,179,862,754	-	-	-	81,058	-	4,503,908	-	5,910,464,941
iii) Margin over Best Estimate (MOBE)	29,373,240	11,231,029	-	-	-	-	-	-	-	40,604,269
iv) Cost of bonus	477,198,805	129,357,894	-	-	-	-	-	-	-	606,556,699
v) Other liabilities (if any)	-	-	-	-	-	-	-	-	-	-
vi) Unallocated surplus	-	-	-	-	-	-	-	-	-	-

Note: Unallocated Surplus is presented under Future Discretionary Benefits (FDB) head to align with Actuarial Valuation Report.

American Life Insurance Company
Notes to the Financial Statements

19.2 Gross claim payment Reserve including IBNR/IBNER

Amount in NPR

Description	Outstanding Death Claim		Outstanding Maturity Claim		Outstanding Partial Maturity Claim		Outstanding Surrender Claim		Outstanding Other Claim		IBNR/IBNER Claim		Gross Outstanding Claim Reserve	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	51,786,582	62,165,456	125,412,327	137,076,817	-	-	-	-	-	-	1,356,559	1,554,339	205,338,788	230,916,104
Anticipated Endowment	3,607,500	792,500	94,597,586	102,273,670	24,434,655	31,653,436	-	-	-	-	730,618	1,007,361	141,875,913	156,086,013
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	-	2,718,483	-	-	-	-	-	-	-	-	72,413,807	84,179,768	83,275,878	99,932,989
Special Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Care DPS	8,313,183	18,318,863	16,603,523	9,426,258	-	-	-	-	-	-	29,824,238	31,912,839	62,952,086	68,606,655
Term	27,997,184	27,211,469	-	-	-	-	-	-	-	-	13,726,758	11,548,576	47,982,534	44,574,052
Total	91,704,450	111,206,771	236,613,436	248,776,745	24,434,655	31,653,436	-	-	-	-	118,051,981	130,202,883	541,425,198	600,115,813

Description	Gross Outstanding Claim Reserve		Claim Outstanding upto one year		Unclaimed Fund (As per sec 123(2) of Insurance Act, 2019)		Transferred to Policyholder's Protection Fund		Gross Claim Payment Reserve	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	205,338,788	230,916,104	134,832,642	139,945,041	70,506,145	90,971,063	-	-	205,338,788	230,916,104
Anticipated Endowment	141,875,913	156,086,013	68,813,880	59,542,786	73,062,032	96,543,227	-	-	141,875,913	156,086,013
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Micro Term	83,275,878	99,932,989	83,275,878	99,932,989	-	-	-	-	83,275,878	99,932,989
Special Term	-	-	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-	-	-
Future Care DPS	62,952,086	68,606,655	58,709,267	66,527,517	4,242,820	2,079,138	-	-	62,952,086	68,606,655
Term	47,982,534	44,574,052	44,867,534	44,574,052	3,115,000	-	-	-	47,982,534	44,574,052
Total	541,425,198	600,115,813	390,499,201	410,522,385	150,925,997	189,593,428	-	-	541,425,198	600,115,813

Note: 1) Unclaimed fund includes all outstanding claim which have not been settled for more than one year from the date of intimation/date of maturity.

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers	91,242,930	71,172,049
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	91,242,930	71,172,049
Payable within 12 months:		
Particulars	Current Year	Previous Year
Payable to Reinsurers	91,242,930	71,172,049
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
Total	91,242,930	71,172,049

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	425,222,565	374,584,563
Income Tax Assets	(477,472,340)	(526,221,596)
Total	(52,249,775)	(151,637,033)

22 Borrowings

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-
Payable within 12 months:		
Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

23 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	5,532,736	5,171,292
Unidentified Premiums	4,794,011	4,864,358
Advance Premiums	27,342,300	24,734,598
Insurance Service Fee Payable	42,591,635	43,336,854
Lease Liability	191,811,839	105,849,608
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others	-	-
Premium Deposits	29,571,139	17,701,380
Outstanding Cheques	44,004,786	58,888,907
Total	345,648,446	260,546,996
Payable within 12 months:		
Particulars	Current Year	Previous Year
TDS Payable	5,532,736	5,171,292
Unidentified Premiums	4,794,011	4,864,358
Advance Premiums	26,576,842	24,734,598
Insurance Service Fee Payable	42,591,635	43,336,854
Lease Liability	57,503,408	41,184,399
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others	-	-
Premium Deposits	29,571,139	17,701,380
Outstanding Cheques	44,004,786	58,888,907
Total	210,574,557	195,881,788

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

24 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	46,039,795	54,015,238
Refundable Share Application Money	-	-
Sundry Creditors	9,954,031	5,363,284
Retention and deposits	5,702,988	-
Short-term employee benefits payable	-	-
i) Salary Payables	8,267,471	7,179,569
ii) Bonus Payables	96,553,957	89,290,204
iii) SSF contribution Payables	1,771,783	1,418,840
iv) Other employee benefit payables	1,305,058	1,511,730
Audit Fees Payable	836,250	585,375
Actuarial Fees Payable	49,060	49,060
Dividend Payable	-	556,823,405
Others (to be specified)	-	-
Total	170,480,393	716,236,705

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	46,039,795	54,015,238
Refundable Share Application Money	-	-
Sundry Creditors	9,954,031	5,363,284
Retention and deposits	5,702,988	-
Short-term employee benefits payable	-	-
i) Salary Payables	8,267,471	7,179,569
ii) Bonus Payables	96,553,957	89,290,204
iii) SSF contribution Payables	1,771,783	1,418,840
iv) Other employee benefit payables	1,305,058	1,511,730
Audit Fees Payable	836,250	585,375
Actuarial Fees payable	49,060	49,060
Dividend Payable	-	556,823,405
Others (to be specified)	-	-
Total	170,480,393	716,236,705

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

25 Gross Earned Premiums

Particulars	Direct Premium		Premium on Reinsurance Accepted		Gross Change in Unearned Premium		Gross Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,276,553,189	1,176,992,819	-	-	-	-	1,276,553,189	1,176,992,819
Anticipated Endowment	401,134,362	398,473,664	-	-	-	-	401,134,362	398,473,664
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-	-	-
Micro Term	143,398,547	185,165,112	-	-	-	-	143,398,547	185,165,112
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	3,027,560,902	2,898,699,555	-	-	-	-	3,027,560,902	2,898,699,555
Term	830,237,637	602,934,219	-	-	-	-	830,237,637	602,934,219
Total	5,678,884,637	5,262,265,369	-	-	-	-	5,678,884,637	5,262,265,369

25.1 Gross Written Premiums

Particulars	First Year Premium		Renewal Premium		Single Premium		Total Direct Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	207,930,083	238,752,453	1,068,623,106	938,240,366	-	-	1,276,553,189	1,176,992,819
Anticipated Endowment	57,152,376	61,997,051	343,981,986	336,476,613	-	-	401,134,362	398,473,664
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	143,398,547	185,165,112	143,398,547	185,165,112
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	388,195,622	409,016,826	2,639,365,280	2,489,682,729	-	-	3,027,560,902	2,898,699,555
Term	119,104,879	117,974,788	323,733,638	248,789,841	387,399,120	236,169,590	830,237,637	602,934,219
Total	772,382,960	827,741,118	4,375,704,010	4,013,189,549	530,797,667	421,334,702	5,678,884,637	5,262,265,369

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

26 Premiums Ceded

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	7,720,518	5,708,572	-	-	7,720,518	5,708,572
Anticipated Endowment	4,634,808	3,484,227	-	-	4,634,808	3,484,227
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	528,355	569,880	-	-	528,355	569,880
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	136,526,704	135,714,474	-	-	136,526,704	135,714,474
Term	73,034,042	68,667,162	-	-	73,034,042	68,667,162
Total	222,444,427	214,144,315	-	-	222,444,427	214,144,315

26.1 Portfolio-wise detail of Net Earned Premium

Particulars	Gross Earned Premiums		Premium Ceded		Net Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,276,553,189	1,176,992,819	7,720,518	5,708,572	1,268,832,671	1,171,284,247
Anticipated Endowment	401,134,362	398,473,664	4,634,808	3,484,227	396,499,554	394,989,437
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	143,398,547	185,165,112	528,355	569,880	142,870,192	184,595,232
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	3,027,560,902	2,898,699,555	136,526,704	135,714,474	2,891,034,198	2,762,985,081
Term	830,237,637	602,934,219	73,034,042	68,667,162	757,203,595	534,267,057
Total	5,678,884,637	5,262,265,369	222,444,427	214,144,315	5,456,440,210	5,048,121,054

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

27 Commission Income

Particulars	Reinsurance Commission		Profit Commission		Total Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	2,235,694	1,799,826	-	-	2,235,694	1,799,826
Anticipated Endowment	990,217	589,187	-	-	990,217	589,187
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	77,311,197	78,185,098	-	-	77,311,197	78,185,098
Term	33,650,094	28,373,927	1,409,249	1,974,564	35,059,343	30,348,491
Total	114,187,202	108,948,038	1,409,249	1,974,564	115,596,451	110,922,602

28 Other Direct Income

Particulars	Other Direct Income		Late Fee		Total Other Direct Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	-	-	2,477,804	2,447,533	2,477,804	2,447,533
Anticipated Endowment	-	-	318,767	1,011,383	318,767	1,011,383
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	1,566,779	1,572,095	-	-	1,566,779	1,572,095
Term	-	-	204,922	499,311	204,922	499,311
Total	1,566,779	1,572,095	3,001,493	3,958,227	4,568,272	5,530,322

29 Income from Investments and Loans

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs		
i) Fixed Deposit with "A" Class Financial Institutions	2,469,971,106	2,258,630,421
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	9,299,452	10,402,603
iv) Fixed Deposit with "C" Class Financial Institutions	-	-
v) Debentures	-	-
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	85,686,080	85,686,080
vii) Bank Deposits other than Fixed Deposit	4,225,330	5,390,973
viii) Agent Loans	4,003	38,345
ix) Employee Loans	35,345	8,485
x) Other Interest Income (CIT Deposit)	8,491,200	9,116,026
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Financial Assets Measured at FVTPL		
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Rental Income	-	-
Others (to be Specified)	-	-
Total	2,577,712,516	2,369,272,933

American Life Insurance Company
Notes to the Financial Statements

30 Net Gain/(Loss) on Fair Value Changes

Amount in NPR

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

31 Net Realised Gains/(Losses)

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

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loans	40,689	15,238
ii) Bonds	-	-
Others		
iii) Employee Advance	2,043,921	2,488,285
iv) Agent Loan	2,976	50,299
Foreign Exchange Income	1,864,922	2,994,202
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property and Equipment	4,874,420	2,318,872
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Policy Charges & Miscellaneous Income)	505,916	127,685
Total	9,332,844	7,994,581

American Life Insurance Company
Notes to the Financial Statements

33 Gross Benefits, Claims Paid and Claims Ceded

Claims Ceded

Amount in NPR

Particulars	Gross Benefits and Claims Paid		Claims Ceded		Net Claims Paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,119,899,110	965,404,298	2,668,984	3,600,450	1,117,230,126	961,803,847
Anticipated Endowment	681,513,551	588,230,097	303,153	973,701	681,210,398	587,256,396
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	68,906,622	120,103,521	-	-	68,906,622	120,103,521
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	994,014,778	870,656,115	64,227,314	55,328,215	929,787,464	815,327,900
Term	371,046,055	318,953,709	12,711,307	20,772,324	358,334,748	298,181,384
Total	3,235,380,116	2,863,347,739	79,910,758	80,674,691	3,155,469,358	2,782,673,048

33.1 Details of Gross Benefits and Claim Paid

Amount in NPR

Particulars	Death Claims		Maturity Benefits		Partial Maturity Benefits		Surrender Claim		Other Claims and Benefits		Total Gross Benefits and Claims	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	19,474,039	21,181,382	914,613,227	767,236,174	-	-	185,471,644	176,681,341	340,200	305,400	1,119,899,110	965,404,298
Anticipated Endowment	5,339,958	9,212,601	561,593,836	463,267,482	72,334,440	71,462,982	42,245,317	44,287,032	-	-	681,513,551	588,230,097
Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	68,906,622	120,103,521	-	-	-	-	-	-	-	-	68,906,622	120,103,521
Special Term	-	-	-	-	-	-	-	-	-	-	-	-
Others:												
Future Care DPS	128,091,167	120,052,152	180,773,177	142,997,775	-	-	388,444,751	345,943,794	296,705,683	261,662,394	994,014,778	870,656,115
Term	371,046,055	318,953,709	-	-	-	-	-	-	-	-	371,046,055	318,953,709
Total	592,857,841	589,503,365	1,656,980,240	1,373,501,431	72,334,440	71,462,982	616,161,712	566,912,167	297,045,883	261,967,794	3,235,380,116	2,863,347,739

34 Change in Insurance Contract Liabilities

Particulars	Change in Life Insurance Fund (A)		Change in Gross Claim Payment Reserve Including IBNR and IBNER (B)		Change in Other Liability (If any) (C)		Total (D) = (A+B+C)		Change in Reinsurance Assets		Net Change in Insurance Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	458,517,864	516,353,360	(25,577,317)	(42,418,754)	-	-	432,940,547	473,934,606	(750,383)	702,561	433,690,930	473,232,045
Anticipated Endowment	(174,463,728)	(37,493,030)	(14,210,100)	(53,466,659)	-	-	(188,673,829)	(90,959,689)	1,600,000	200,000	(190,273,829)	(91,159,689)
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	(23,424,731)	(45,948,743)	(16,657,110)	2,839,660	-	-	(40,081,841)	(43,109,083)	-	-	(40,081,841)	(43,109,083)
Special Term	-	-	-	-	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-	-	-	-	-
Future Care DPS	2,440,017,259	2,247,066,066	(5,654,569)	10,040,161	-	-	2,434,362,690	2,257,106,227	(8,039,422)	5,496,116	2,442,402,112	2,251,610,111
Term	86,696,957	24,996,621	3,408,482	(18,154,110)	-	-	90,105,439	6,842,510	(100,000)	2,900,000	90,205,439	3,942,510
Total	2,787,343,621	2,704,974,274	(58,690,614)	(101,159,703)	-	-	2,728,653,006	2,603,814,571	(7,289,805)	9,298,677	2,735,942,811	2,594,515,894

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

35 Commission Expenses

Particulars	Commission Expenses on First Year Premium		Commission Expenses on Renewal Premium		Commission Expenses on Single Premium		Total Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	50,380,304	57,788,106	77,087,980	68,003,317	-	-	127,468,284	125,791,423
Anticipated Endowment	13,051,495	14,519,032	19,657,087	18,650,011	-	-	32,708,582	33,169,043
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	13,277,763	21,740,882	13,277,763	21,740,882
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	88,929,898	94,192,790	168,668,837	168,234,024	-	-	257,598,735	262,426,814
Term	12,633,521	10,154,815	8,188,230	6,879,131	34,432,331	15,291,603	55,254,083	32,325,549
Total	164,995,218	176,654,743	273,602,134	261,766,483	47,710,094	37,032,485	486,307,447	475,453,711

36 Service Fees

Particulars	Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	9,574,149	9,680,494	-	-	9,574,149	9,680,494
Anticipated Endowment	3,008,508	3,252,424	-	-	3,008,508	3,252,424
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	1,075,489	1,575,975	-	-	1,075,489	1,575,975
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	22,706,707	23,861,089	-	-	22,706,707	23,861,089
Term	6,226,782	4,966,872	-	-	6,226,782	4,966,872
Total	42,591,635	43,336,854	-	-	42,591,635	43,336,854

Note: Service fees is calculated on the basis of Gross Written Premiums as Per Note 25.1.

37 Other Direct Expenses

Particulars	Reinsurance Commission Expenses		Other Direct Expenses		Total Other Direct Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	-	-	-	-	-	-
Anticipated Endowment	-	-	-	-	-	-
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	-	-	-	-	-	-
Term	-	-	-	-	-	-
Total	-	-	-	-	-	-

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	208,897,057	193,606,347
Allowances	1,050,156	1,255,394
Festival Allowances	14,349,550	13,199,798
Defined Benefit Plans		
i) Gratuity	8,130,184	7,851,233
ii) Others (Leave provision)	(2,536,909)	5,728,376
Defined Contribution Plans		
i) Provident Fund/Social Security Fund	21,906,903	20,694,950
ii) Gratuity	9,093,035	9,417,009
Leave Encashment	3,610,572	2,795,670
Termination Benefits	-	-
Training Expenses	6,836,454	6,470,697
Uniform Expenses	-	-
Staff Medical Expenses	1,719,290	1,631,745
Staff Insurance Expenses	5,403,030	5,185,909
Staff Welfare	2,590,402	2,236,903
Others	-	-
Amortization of Deferred Employee Cost	2,084,610	2,503,522
Sub-Total	283,134,334	272,577,553
Employee Bonus	96,553,957	89,290,204
Total	379,688,291	361,867,757

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Amortization of Intangible Assets (Refer Note. 4)	3,617,508	3,316,872
Depreciation on Property and Equipment (Refer Note. 5)	58,378,196	62,155,963
Depreciation on Investment Properties (Refer Note. 6)	-	-
Total	61,995,704	65,472,835

40 Impairment Losses

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

American Life Insurance Company
Notes to the Financial Statements

Amount in NPR

41 Other Operating Expenses

Particulars	Current Year	Previous Year
Rent Expenses	-	-
Electricity and Water	4,461,752	4,282,153
Repair & Maintenance	-	-
i) Buildings	-	-
ii) Vehicles	538,953	563,338
iii) Office Equipments	370,572	985,102
iv) Others (Furnitures & Fixtures)	605,500	1,572,624
v) Softwares	8,868,778	-
vi) Computer & EDP	31,930	-
vii) Leasehold Improvements	1,026,136	-
Telephone & Communication	9,723,608	9,311,056
Printing & Stationary	5,232,613	5,974,028
Office Consumable Expenses	5,217,539	4,466,820
Travelling Expenses	-	-
i) Domestic	5,313,017	4,669,865
ii) Foreign	479,339	175,027
Transportation Expenses	5,896,555	5,349,150
Agent Training	5,821,698	4,693,790
Agent Others	99,926,852	117,816,204
Insurance Premium	1,588,322	1,106,407
Security and Outsourcing Expenses	47,334,004	45,535,338
Legal and Consulting Expenses	194,925	579,100
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	24,525,162	11,551,832
Business Promotion	-	-
Guest Entertainment	-	-
Gift and Donations	-	-
Board Meeting Fees and Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
General Meeting Expenses	-	-
Actuarial Service Fee	49,720	49,720
Other Actuarial Expenses	-	-
Audit Related Expenses	-	-
i) Statutory Audit	767,500	513,250
ii) Tax Audit	55,000	55,000
iii) Long Form Audit Report	25,000	25,000
iv) Other Fees (IT Audit Fee)	300,000	300,000
v) Internal Audit	-	-
Bank Charges	3,719,791	2,915,382
Fee and Charges	833,550	837,396
Postage Charges	3,219,810	3,170,000
Foreign Exchange Losses	-	-
Others (Miscellaneous)	69,503	7,477
Amortization of Deferred Agent Cost	2,976	50,299
Sub-Total	236,200,105	226,555,358
Medical examination fee	1,458,380	1,872,721
Fines, interest, Late Fees and Penalties	-	1,230,982
Total	237,658,485	229,659,061

Note: Actual rent expenses is NPR 50,878,570/- which is not shown here due to treatment of lease as per NFRS 16.

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions	-	-
Unwinding of discount on Financial Liabilities at Amortised Costs	-	-
Interest Expenses - Bonds	-	-
Interest Expenses - Debentures	-	-
Interest Expenses - Term Loans	-	-
Interest Expenses - Leases	9,506,001	8,986,727
Interest expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	9,506,001	8,986,727

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	425,222,565	374,584,562
ii) Income Tax Relating to Prior Periods	-	2,429,711
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(10,337,913)	(7,902,783)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others (to be Specified)	-	-
Income Tax Expense for Current Year	414,884,652	369,111,490

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	1,242,800,331	1,134,572,521
Applicable Tax Rate	25%	25%
Tax at the applicable rate on Accounting Profit	310,700,083	283,643,130
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Due to Non deductible expenses	1,480,646,283	1,352,393,727
ii) Due to Depreciation amount	11,786,994	12,860,435
Less: Tax effect on exempt income and additional deduction	-	-
i) Due to Non Taxable Income	(1,365,191,153)	(1,262,086,486)
ii) Due to deductible expenses	(12,719,642)	(12,226,246)
Less: Adjustments to Current Tax for Prior Periods	-	-
Add/ (Less): Others	-	-
i) Deferred Tax	(10,337,913)	(7,902,783)
ii) Income tax relating to prior periods	-	2,429,712
Income Tax Expense	414,884,652	369,111,490
Effective Tax Rate	33%	33%

44 Employee Retirement Benefits**a) Post Employment Benefit - Defined Contribution Plans**

For the year ended Ashadh 31, 2081 (July 15, 2024) the company has recognised an amount of NPR. 30,999,938/- as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

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

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

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	11,051,597	9,570,412	-	-
Past service cost	-	-	-	-
Net interest cost (a-b)	4,408,509	4,009,197	-	-
a. Interest expense on defined benefit obligation (DBO)	11,547,591	10,256,734	-	-
b. Interest (income) on plan assets	7,139,082	6,247,537	-	-
Remeasurements Cost/(Credit) for the year	(9,866,831)	-	-	-
Defined benefit cost included in Statement of Profit or Loss	5,593,275	13,579,609	-	-

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

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (gain)/ loss due to financial assumption changes in DBO	-	-	-	-
b. Actuarial (gain)/ loss due to experience on DBO	11,155,334	3,341,618	-	-
c. Return on plan assets (greater)/ less than discount rate	(1,352,117)	(2,868,489)	-	-
Total actuarial (gain)/ loss included in OCI	9,803,217	473,129	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss	5,593,275	13,579,609	-	-
Remeasurements effects recognised in OCI	9,803,217	473,129	-	-
Total cost recognised in Comprehensive Income	15,396,492	14,052,738	-	-

f) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year	179,400,764	159,359,520	-	-
Service cost	11,051,597	10,202,768	-	-
Interest cost	11,547,591	10,256,734	-	-
Benefit payments from plan assets	(3,491,628)	(3,127,220)	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	1,288,503	2,708,962	-	-
Defined Benefit Obligation as at Year End	199,796,827	179,400,764	-	-

g) Change in Fair Value Of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year	105,530,974	95,931,439	-	-
Interest Income	7,139,082	6,247,537	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	11,255,942	2,747,475	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	(2,424,849)	(2,378,454)	-	-
Transfer in/ transfer out	(114,788)	114,488	-	-
Actuarial gain/ (loss) on plan assets	1,352,117	2,868,489	-	-
Fair value of Plan Assets as at Year End	122,738,478	105,530,974	-	-

h) Net Defined Benefit Asset/(Liability)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	(199,796,827)	(179,400,764)	-	-
Fair Value of Plan Assets	122,738,478	105,530,974	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	(77,058,349)	(73,869,790)	-	-

i) Expected Company Contributions for the Next Year

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

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability / (asset) at prior period end	(73,869,790)	(63,428,081)	-	-
Defined benefit cost included in statement of profit or loss	(5,593,275)	(13,579,609)	-	-
Total remeasurements included in OCI	(9,803,217)	(473,129)	-	-
Transfer in/ transfer out	(114,788)	-	-	-
Acquisition/divestment	-	-	-	-
Employer contributions	11,255,942	2,747,475	-	-
Benefits directly paid by Company	1,066,779	863,554	-	-
Net defined benefit liability / (asset)	(77,058,349)	(73,869,790)	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period	38,764,292	38,291,163	-	-
Total remeasurements included in OCI	9,803,217	473,129	-	-
Cumulative OCI - (Income)/Loss	48,567,509	38,764,292	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	11,955,603	11,759,608	-	-
Non - Current Liability	187,841,524	167,641,456	-	-
Total	199,797,127	179,401,064	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	10,727,000	8,509,000	-	-
Between 1-2 years	11,275,000	9,232,000	-	-
Between 2-5 years	42,131,000	38,005,000	-	-
From 6 to 10	136,511,000	146,316,000	-	-
Total	200,644,000	202,062,000	-	-

n) Plan assets

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

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	184,627,179	164,731,832	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	217,163,125	196,240,342	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	216,643,501	195,399,734	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	184,780,800	165,141,574	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	197,621,953	176,150,234	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	202,199,879	183,023,532	-	-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	8.5%	-
Escalation Rate (Rate of Increase in Compensation Levels)	10.0%	-
Attrition Rate (Employee Turnover)	6.0%	-
Mortality Rate During Employment	NALM 2009	-

Notes to Financial Statements (Continued...)

45 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

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

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
Investment in Equity (Quoted)	1	-	-	-	-	-	-
Investment in Equity (Unquoted)	3	-	4,780,000	-	-	4,780,000	-
ii) Investment in Mutual Funds	2	-	-	-	-	-	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures	3	-	-	-	-	-	-
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	3	-	-	1,685,325,000	-	-	1,685,325,000
vi) Fixed Deposits	3	-	-	26,964,897,682	-	-	24,582,895,623
vii) Others to be specified		-	-	-	-	-	-
Loans	3	-	-	1,748,830,951	-	-	1,560,260,435
Other Financial Assets	3	-	-	132,671,040	-	-	130,976,657
Cash and Cash Equivalents	3	-	-	446,285,586	-	-	385,479,011
Total Financial Assets		-	4,780,000	30,978,010,259	-	4,780,000	28,344,936,726
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	170,480,393	-	-	716,236,705
Total Financial Liabilities		-	-	170,480,393	-	-	716,236,705

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included within level 1.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(ii) Valuation Technique Used to Determine Fair Value

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

(iii) Valuation Process

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

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

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

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

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	-	-	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000	1,685,325,000	1,685,325,000
iv) Fixed Deposit	26,964,897,682	26,964,897,682	24,582,895,623	24,582,895,623
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	1,200,345	1,123,807	136,170	124,323
iii) Loan to Agent	7,882	7,882	385,956	378,695
iv) Loan to Policyholders	1,747,699,262	1,747,699,262	1,559,757,417	1,559,757,417
v) Others (to be Specified)	-	-	-	-
Other Financial Assets	132,671,040	132,671,040	130,976,657	130,976,657
Total Financial Assets at Amortised Cost	30,531,801,211	30,531,724,673	27,959,476,823	27,959,457,715
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	170,480,393	170,480,393	716,236,705	716,236,705
Total Financial Liabilities at Amortised Cost	170,480,393	170,480,393	716,236,705	716,236,705

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

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

46 Insurance Risk

Insurance risk relates to the likelihood that an insured event will occur, requiring the insurance company to pay the claim, beyond either its original expectation during the pricing of the insurance product, or its risk appetite.

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

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

- Product development
- Pricing
- Underwriting and
- Claims Handling
- Reinsurance
- Reserving

a) Product development:

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

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

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

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing:

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

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

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

c) Underwriting:

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

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

d) Claims handling:

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

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

Assumptions

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

Particulars	Current Year				Previous Year			
	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate
Life Insurance	Male - 56.1%, Female - 40.7% of NALM	9.5%	5.4%	6% and Risk free term structure rates provided by Nepal Insurance Authority	Male - 53.9%, Female - 40.7% of NALM	9.6%	5.8%	6%

Sensitivities

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

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

Particulars	Changes in Assumptions	Current Year		Previous Year	
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities
Mortality Rate	+10%	15,709,127	15,650,171	12,922,535	12,871,182
Longevity Rate	+ 10%	-	-	-	-
Discount Rate	+ 1%	(1,256,515,398)	(1,251,799,700)	(904,722,396)	(901,804,797)
Mortality Rate	-10%	(15,837,002)	(15,777,566)	(13,015,320)	(13,014,876)
Longevity Rate	-10%	-	-	-	-
Discount Rate	-1%	1,265,458,021	1,260,708,762	1,152,752,141	1,149,394,661

Notes to Financial Statements (Continued...)

e) Reinsurance

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

f) Reserving

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

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

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Endowment	7,748,860,033	152,178	7,748,707,855	7,315,919,485	902,561	7,315,016,924
Anticipated Endowment	2,370,758,983	1,800,000	2,368,958,983	2,559,432,811	200,000	2,559,232,811
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	218,911,490	-	218,911,490	258,993,331	-	258,993,331
Special Term	-	-	-	-	-	-
Others	-	-	-	-	-	-
Future Care DPS	15,893,794,220	3,176,914	15,890,617,306	13,459,431,530	11,216,336	13,448,215,194
Term	367,743,978	3,500,000	364,243,978	277,638,539	3,600,000	274,038,539
Total	26,600,068,702	8,629,092	26,591,439,610	23,871,415,696	15,918,897	23,855,496,799

Notes to Financial Statements (Continued...)

47 Financial Risk Management

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

i) Credit Risk

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

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

a) Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

c) The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

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

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

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

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

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

Group1- new customers/ related parties.

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

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

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

Incurred Credit Losses for Financial Assets at Amortised Cost as at Ashadh 31, 2081.

Maximum exposure to credit risk before collateral held	Credit Classification	Current Year	Previous Year
Government Bonds	Group 2	1,685,325,000	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	26,864,897,682	24,482,895,623
Fixed Deposit with Development Bank	Group 2	100,000,000	100,000,000
Equity Investment	Group 2	4,780,000	4,780,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,828,114,275	1,633,376,656
Agent Loan	Group 2	7,882	378,695
Employee Loan	Group 2	1,123,807	124,323
Employee Advance	Group 2	47,346,568	53,508,843
Trade and Security Deposit	Group 2	-	-
Reinsurance receivables	Group 2	70,981,286	67,454,639
Cash and cash equivalents	Group 2	446,285,586	385,479,011
Total		31,048,862,086	28,413,322,790

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

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2081

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

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2080

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

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh 31, 2080	-	-	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 31, 2081	-	-	-

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

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

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

Notes to Financial Statements (Continued...)

Maturity of Financial Assets and Liabilities

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

Assets												
Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Government Bonds	1,685,325,000	-	1,135,325,000	550,000,000	-	1,685,325,000	1,685,325,000	-	565,325,000	1,120,000,000	-	1,685,325,000
Fixed Deposits with Commercial Banks	26,864,897,682	4,763,097,682	6,509,300,000	15,592,500,000	-	26,864,897,682	24,482,895,623	2,911,095,623	6,804,300,000	14,767,500,000	-	24,482,895,623
Fixed Deposits with Development Banks	100,000,000	100,000,000	-	-	-	100,000,000	100,000,000	100,000,000	-	-	-	100,000,000
Equity Investment	4,780,000	-	-	-	4,780,000	4,780,000	4,780,000	-	-	-	4,780,000	4,780,000
Loans to Life Policyholders	1,747,699,262	107,917,923	392,497,682	1,247,283,657	-	1,747,699,262	1,559,757,417	123,786,557	363,240,160	1,072,730,700	-	1,559,757,417
Agent Loan	7,882	7,882	-	-	-	7,882	378,695	385,956	-	-	-	385,956
Employee Loan	1,123,807	374,299	749,508	-	-	1,123,807	124,323	49,369	74,954	-	-	124,323
Other Financial Assets	132,671,040	132,671,040	-	-	-	132,671,040	130,976,657	130,976,657	-	-	-	130,976,657
Other Assets	164,493,517	131,646,841	32,846,676	-	-	164,493,517	141,445,353	90,340,418	51,104,935	-	-	141,445,353
Reinsurance assets	8,629,092	8,629,092	-	-	-	8,629,092	15,918,897	15,918,897	-	-	-	15,918,897
Insurance Receivables	70,981,286	70,981,286	-	-	-	70,981,286	67,454,639	67,454,639	-	-	-	67,454,639
Cash and Cash Equivalents	446,285,586	446,285,586	-	-	-	446,285,586	385,479,011	385,479,011	-	-	-	385,479,011
Total	31,226,894,154	5,761,611,631	8,070,718,866	17,389,783,658	4,780,000	31,226,894,154	28,574,535,615	3,825,487,127	7,784,045,049	16,960,230,700	4,780,000	28,574,542,876
Liabilities												
Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Gross Insurance Contract Liabilities	26,600,068,702	405,665,421	-	-	26,194,403,281	26,600,068,702	23,871,415,696	-	-	-	23,871,415,696	23,871,415,696
Insurance Payables	91,242,930	91,242,930	-	-	-	91,242,930	71,172,049	71,172,049	-	-	-	71,172,049
Other Liabilities	345,648,446	210,574,557	168,915,479	3,137,733	-	382,627,769	260,546,996	195,881,788	69,270,768	1,758,432	-	266,910,987
Other Financial Liabilities	170,480,393	170,480,393	-	-	-	170,480,393	716,236,705	716,236,705	-	-	-	716,236,705
Total	27,207,440,471	877,963,300	168,915,479	3,137,733	26,194,403,281	27,244,419,793	24,919,371,446	983,290,542	69,270,768	1,758,432	23,871,415,696	24,925,735,437

Notes to Financial Statements (Continued...)

iii) Market Risk

a1) Foreign Currency Risk Exposure

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

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

Alternative note for Foreign Currency Risk Exposure (where there is Foreign Currency Risk)

Operation of the Company has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the USD and Currency A. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the NPR cash flows of highly probable forecast transactions.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	Current Year		Previous Year	
	USD	NPR	USD	NPR
Investments	-	-	-	-
Loans	-	-	-	-
Insurance Receivables	-	-	-	-
Other Financial Assets	-	-	-	-
Less: Derivative Assets				
i) Foreign exchange forward contracts - Sell Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Sell Foreign Currency	-	-	-	-
Net Exposure to Foreign Currency Risk/ (Assets)	-	-	-	-
Insurance Payables	-	-	-	-
Other Liabilities	-	-	-	-
Less: Derivative Liabilities				
i) Foreign exchange forward contracts - Buy Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Buy Foreign Currency	-	-	-	-
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	-	-

a2) Foreign Currency Risk - Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current	Previous Year	Current	Previous Year
USD sensitivity				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-
Currency A sensitivity				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-

* Holding all other variable constant

b1) Interest Rate Risk

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

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities. For the purpose of Insurance Liabilities risk-free spot rates provided by Nepal Insurance Authority, is considered.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

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

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The company is not exposed to equity securities price risk because there are no investments in quoted shares.

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

c2) Sensitivity

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

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

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

48 Operational Risk

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

49 Climate Risk

Climate Risk related disclosure is provided in Appendix I.

50 Capital Management

The Company's objectives when managing Capital are to:

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

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

Regulatory minimum paid up capital

American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America, The branch does not have any share capital.

Dividend	Particulars	Current Year	Previous Year
(i) Dividends recognised			
	Final dividend for the year ended Ashadh 31, 2080 of NPR 450,051,200/- (Ashadh 32, 2079 of NPR 321,129,900/-)	450,051,200	321,129,900
		450,051,200	321,129,900
(ii) Dividends not recognised at the end of the reporting period			
	In addition to the above dividends, company declares dividend of NPR 275,000,000/- out of distributable profit of NPR 682,126,122/-	275,000,000	450,051,200
	Total	275,000,000	450,051,200

51 Earnings Per Share

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

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

Notes to Financial Statements (Continued...)

52 Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. The portfolios are also defined by Nepal Insurance Authority. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries. Segment asset is disclosed below based on total of all asset for each business segment.

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

Business Segments of the Company's are:

- | | |
|---------------------------|---------------------|
| i) Endowment | iv) Future Care DPS |
| ii) Anticipated Endowment | v) Term |
| iii) Micro Term | |

a) Segmental Information for the year ended Ashadh 31, 2081 (July 15, 2024)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	1,276,553,189	401,134,362	-	-	-	830,237,637	-	3,027,560,902	143,398,547	-	5,678,884,637
Premiums Ceded	(7,720,518)	(4,634,808)	-	-	-	(73,034,042)	-	(136,526,704)	(528,355)	-	(222,444,427)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	1,268,832,671	396,499,554	-	-	-	757,203,595	-	2,891,034,198	142,870,192	-	5,456,440,210
Commission Income	2,235,694	990,217	-	-	-	35,059,343	-	77,311,197	-	-	115,596,451
Other Direct Income	2,477,804	318,767	-	-	-	204,922	-	1,566,779	-	-	4,568,272
Income from Investments and Loans	710,024,072	218,312,148	-	-	-	61,544,488	-	1,453,237,852	30,153,039	-	2,473,271,599
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Income	1,983,570,241	616,120,686	-	-	-	854,012,348	-	4,423,150,026	173,023,231	-	8,049,876,532
Expenses:											
Gross Benefits and Claims Paid	1,119,899,110	681,513,551	-	-	-	371,046,055	-	994,014,778	68,906,622	-	3,235,380,116
Claims Ceded	(2,668,984)	(303,153)	-	-	-	(12,711,307)	-	(64,227,314)	-	-	(79,910,758)
Gross Change in Contract Liabilities	432,940,547	(188,673,829)	-	-	-	90,105,439	-	2,434,362,690	(40,081,841)	-	2,728,653,006
Change in Contract Liabilities Ceded to Reinsurers	750,383	(1,600,000)	-	-	-	100,000	-	8,039,422	-	-	7,289,805
Net Benefits and Claims Paid	1,550,921,056	490,936,569	-	-	-	448,540,187	-	3,372,189,576	28,824,781	-	5,891,412,169
Commission Expenses	127,468,284	32,708,582	-	-	-	55,254,083	-	257,598,735	13,277,763	-	486,307,447
Service Fees	9,574,149	3,008,508	-	-	-	6,226,782	-	22,706,707	1,075,489	-	42,591,635
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	392,605	107,913	-	-	-	224,889	-	732,974	-	-	1,458,380
Finance Cost	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	1,688,356,094	526,761,572	-	-	-	510,245,940	-	3,653,227,992	43,178,033	-	6,421,769,631
Total Segmental Results	295,214,147	89,359,114	-	-	-	343,766,408	-	769,922,033	129,845,199	-	1,628,106,901
Segment Assets	8,061,817,394	2,465,743,272	-	-	-	359,197,398	-	16,386,531,973	211,740,374	-	27,485,030,411
Segment Liabilities	7,954,602,470	2,433,705,755	-	-	-	377,508,064	-	16,315,795,385	224,723,878	-	27,306,335,552

Notes to Financial Statements (Continued...)

b) Segmental Information for the year ended Ashadh 31, 2080 (July 16, 2023)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	1,176,992,819	398,473,664	-	-	-	602,934,219	-	2,898,699,555	185,165,112	-	5,262,265,369
Premiums Ceded	(5,708,572)	(3,484,227)	-	-	-	(68,667,162)	-	(135,714,474)	(569,880)	-	(214,144,315)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	1,171,284,247	394,989,437	-	-	-	534,267,057	-	2,762,985,081	184,595,232	-	5,048,121,054
Commission Income	1,799,826	589,187	-	-	-	30,348,491	-	78,185,098	-	-	110,922,602
Other Direct Income	2,447,533	1,011,383	-	-	-	499,311	-	1,572,095	-	-	5,530,323
Income from Investments and Loans	679,972,474	236,715,659	-	-	-	48,591,401	-	1,253,853,586	33,251,930	-	2,252,385,050
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
Total Income	1,855,504,081	633,305,666	-	-	-	613,706,260	-	4,096,595,861	217,847,162	-	7,416,959,029
Expenses:											
Gross Benefits and Claims Paid	965,404,298	588,230,097	-	-	-	318,953,709	-	870,656,115	120,103,521	-	2,863,347,739
Claims Ceded	(3,600,450)	(973,701)	-	-	-	(20,772,324)	-	(55,328,215)	-	-	(80,674,691)
Gross Change in Contract Liabilities	473,934,606	(90,959,689)	-	-	-	(43,109,083)	-	2,257,106,227	6,842,510	-	2,603,814,571
Change in Contract Liabilities Ceded to Reinsurers	(702,561)	(200,000)	-	-	-	(2,900,000)	-	(5,496,116)	-	-	(9,298,677)
Net Benefits and Claims Paid	1,435,035,892	496,096,707	-	-	-	252,172,301	-	3,066,938,011	126,946,032	-	5,377,188,942
Commission Expenses	125,791,423	33,169,043	-	-	-	32,325,549	-	262,426,814	21,740,882	-	475,453,711
Service Fees	9,680,494	3,252,424	-	-	-	4,966,872	-	23,861,089	1,575,975	-	43,336,855
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	57,474,624	18,647,462	-	-	-	30,463,400	-	132,145,226	6,589,086	-	245,319,798
Depreciation and Amortization Expenses	13,805,343	4,479,100	-	-	-	7,317,276	-	31,741,141	1,582,691	-	58,925,551
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	48,310,731	15,639,276	-	-	-	25,586,849	-	110,759,108	5,476,580	-	205,772,543
Finance Cost	1,894,906	614,796	-	-	-	1,004,361	-	4,356,753	217,238	-	8,088,054
Total Expenses	1,691,993,412	571,898,808	-	-	-	353,836,608	-	3,632,228,142	164,128,484	-	6,414,085,454
Total Segmental Results	163,510,669	61,406,858	-	-	-	259,869,651	-	464,367,719	53,718,678	-	1,002,873,575
Segment Assets	7,756,257,484	2,708,775,593	-	-	-	277,458,841	-	14,124,153,522	255,467,464	-	25,122,112,904
Segment Liabilities	7,646,718,761	2,675,161,056	-	-	-	290,192,344	-	14,068,018,081	270,704,067	-	24,950,794,308

Notes to Financial Statements (Continued...)

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

Particulars	Current Year	Previous Year
Segmental Profit	1,628,106,901	1,002,873,575
Less: Employee Benefits expenses	379,688,291	116,547,959
Less: Depreciation and Amortization	61,995,704	6,547,284
Less: Other operating expenses	236,200,105	238,865,18
Less: Impairment losses	-	-
Less: Finance Cost	9,506,001	898,673
Add: Unallocable Other Income	302,083,531	279,579,379
Profit Before Tax	1,242,800,331	1,134,572,521

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	27,485,030,411	25,122,112,904
Goodwill & Intangible Assets	1,135,859	1,185,665
Property and Equipment	29,414,073	17,601,252
Investment Properties	-	-
Deferred Tax Assets	64,093,501	51,304,784
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	3,880,287,055	3,610,247,672
Loans	1,131,689	503,018
Current Tax Assets (Net)	7,075,348	20,836,876
Other Assets	22,274,718	19,436,409
Other Financial Assets	17,965,509	17,997,875
Cash and Cash Equivalents	60,433,293	52,969,766
Total Assets	31,568,841,455	28,914,196,219

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	27,306,335,552	24,950,794,308
Provisions	26,435,766	26,387,845
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	-
Other Liabilities	46,805,621	35,802,503
Other Financial Liabilities	23,085,424	98,420,122
Total Liabilities	27,402,662,363	25,111,404,778

Notes to Financial Statements (Continued...)

53 Related Party Disclosure

(a) Identify Related Parties

During the year, the Company identified following Related

Holding Company: Not applicable

Subsidiaries: Not applicable

Associates: Not applicable

Fellow Subsidiaries: Delaware American Life Insurance Company

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

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	22,236,193	22,809,918
Other long-term benefits	-	-
Termination benefits	-	-
Total	22,236,193	22,809,918

Payment to Vice President and General Manager

Particulars	Current Year	Previous Year
Annual salary and allowances	10,621,815	9,924,444
Performance based allowances	-	-
i) Employee Bonus	4,800,648	6,492,535
ii) Benefits as per prevailing provisions	404,228	317,485
iii) Incentives	5,544,814	2,314,207
Insurance related benefits	-	-
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	-	-
Total	21,371,505	19,048,671

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Commission Income						
Current Year	-	-	-	79,248,752	-	79,248,752
Previous Year	-	-	-	82,511,229	-	82,511,229
Rental Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Interest Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Sale of Property, Plant & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Purchase of Property, Plant & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Premium Paid						
Current Year	-	-	-	155,712,124	-	155,712,124
Previous Year	-	-	-	157,361,874	-	157,361,874
Commission Expenses						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Dividend						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Meeting Fees						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Allowances to Directors						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Others (Claims Received)						
Current Year	-	-	-	53,586,919	-	53,586,919
Previous Year	-	-	-	82,127,615	-	82,127,615

Notes to Financial Statements (Continued...)

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
Current Year	-	-	-	68,602,720	-	68,602,720
Previous Year	-	-	-	49,700,284	-	49,700,284
Other Receivables (to be Specified)						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Payables including Reinsurance Payables						
Current Year	-	-	-	87,657,492	-	87,657,492
Previous Year	-	-	-	51,938,937	-	51,938,937
Other Payables (to be Specified)						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

54 Leases

(a) Leases as Lessee

(i) Operating Leases:

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

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

(ii) Finance Lease:

The Company has various leases ranging from 2 to 6 years. The Company has entered into non-cancellable lease agreements. The leases are renewable by mutual consent and contain escalation clause.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	57,503,408	41,184,399
ii) Later than 1 year and not later than 5 years	168,915,479	69,270,768
iii) Later than 5 years	3,137,733	1,758,432
Total Future Minimum Lease Payments	229,556,620	112,213,599
Less: Effect of Discounting	37,744,781	6,363,991
Finance lease liability recognised	191,811,839	105,849,608

(b) Leases as Lessor

(i) Operating Lease:

The Company has not leased out any assets.

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

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

(ii) Finance Lease:

The Company has not given any assets under finance leases.

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

55 Capital Commitments

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

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

Notes to Financial Statements (Continued...)

56 Contingent Liabilities

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

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	114,816,489	114,816,489
b) Indirect Taxes	-	-
c) Others (to be Specified)	-	-
Total	114,816,489	114,816,489

57 Events occurring after Balance Sheet

There is no such events occurred after Balance Sheet that needs reporting.

58 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

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

59 Corporate Social Responsibility

The company has focused on four pillars i.e. health, education, environment and insurance awareness. Accordingly, to make a contribution on these pillars, the company has formed a sub-committee who initiates and implement CSR activities. The company has expenses NPR 5,910,100/- as on balance sheet signing date.

Details of CSR reserves:

Particulars	Amount
Opening reserves	12,174,106
Utilization during the year	(7,124,414)
Addition to reserves	8,175,778
Closing Reserves	13,225,470

Activities conducted in Financial Year 2080-81:

Areas	Amount
Education	2,737,122
Environment	2,537,207
Health	1,298,100
Insurance Awareness	551,985
Total	7,124,414

Activities completed in Financial Year 2081-82 till date:

Areas	Amount
Education	450,000
Environment	3,369,150
Health	1,011,644
Insurance Awareness	1,079,306
Total	5,910,100

60 Miscellaneous

- (i) All amounts are in Nepalese Rupees unless otherwise stated.
- (ii) All figures are in the Nearest Rupee & Rounded off.

American Life Insurance Company
Annexure III
Major Financial Indicators

S.N.	Particular	Indicators	Fiscal Year				
			FY 2080-81 (2023-24)	FY 2079-80 (2022-23)	FY 2078-79 (2021-22)	FY 2077-78 (2020-21)	FY 2076-77 (2019-20)
A. Equity:							
1	Net worth	NRs.	4,166,179,092	3,802,791,440	3,360,191,800	3,049,861,371	3,105,067,473
2	Net Profit	NRs.	827,915,679	765,461,031	581,509,489	296,903,381	682,873,523
3	Number of Shares	Number	-	-	-	-	-
4	Earning per Shares (EPS)	NRs.	-	-	-	-	-
5	Book value per shares	NRs.	-	-	-	-	-
6	Dividend per Shares (DPS)	NRs.	-	-	-	-	-
7	Market Price per Shares (MPPS)	NRs.	-	-	-	-	-
8	Price Earning Ratio (PE Ratio)	Ratio	-	-	-	-	-
9	Change in Equity	%	9.6%	13.2%	10.2%	-1.8%	18.8%
10	Return on Equity	%	20.8%	21.4%	18.1%	9.6%	23.9%
11	Affiliate Ratio	%	1.6%	1.3%	1.8%	1.9%	0.9%
12	Market Share	%	3.6%	3.7%	3.5%	3.5%	3.6%
13	Net Earnings Ratio	%	15.2%	15.2%	11.4%	6.4%	17.0%
14	Solvency Margin	%	270%	416%	388%	376%	461%
B. Income							
15	Gross Earned Premium Growth Rate	%	7.9%	0.6%	9.1%	16.7%	1.3%
16	First Year Premium Growth Rate	%	-6.7%	-17.6%	9.5%	4.8%	-22.0%
	Endowment	%	-12.9%	-10.3%	19.7%	17.5%	59.3%
	Anticipated Endowment	%	-7.8%	-28.7%	28.2%	61.1%	46.4%
	Future Care DPS	%	-5.1%	-21.5%	-1.1%	-3.8%	-35.9%
	Term	%	1.0%	-9.8%	29.8%	3.9%	-20.1%
17	Renewal Premium Growth Rate	%	9.0%	6.5%	5.5%	24.2%	7.5%
	Endowment	%	13.9%	13.2%	8.8%	23.5%	-1.0%
	Anticipated Endowment	%	2.2%	3.0%	-13.9%	-6.3%	-17.1%
	Future Care DPS	%	30.1%	3.2%	8.4%	32.1%	17.7%
	Term	%	9.0%	23.7%	-1.7%	20.8%	27.7%
18	Single Premium Growth Rate	%	26.0%	-8.3%	-15.7%	39.7%	-7.4%
	Micro Term	%	-22.6%	-29.2%	28.1%	15.3%	-7.9%
	Term	%	64.0%	19.3%	-33.1%	200.3%	-4.1%
19	Reinsurance Ratio	%	3.9%	4.1%	4.8%	4.4%	4.2%
20	Retention Ratio	%	96.1%	95.9%	95.2%	95.6%	95.8%
21	Net Reinsurance inflow/(outflow)	Amount in Cr.	(2.7)	(2.3)	(0.2)	1.0	(1.9)
22	RI Commission Income/Premium ceded	%	51.6%	51.5%	55.1%	59.2%	59.9%
23	Gross earned premium to Equity	%	142.5%	146.9%	163.2%	158.7%	146.4%
24	Net earned premium to Equity	%	136.9%	141.0%	155.5%	151.7%	140.2%
25	Gross Earned Premium to Total Assets	%	18.8%	19.3%	21.4%	20.9%	19.7%
26	Yield on Investment and Loan	%	9.5%	9.6%	8.2%	7.7%	9.4%
C. Expenses:							
27	Regulatory Expense ratio	%	8.4%	9.5%	9.4%	8.5%	7.9%
28	Management Expense Ratio	%	12.1%	12.7%	12.1%	11.9%	12.2%
29	Commission Ratio	%	8.6%	9.0%	9.2%	9.9%	9.7%
30	Direct Business Acquisition Ratio	%	26.3%	27.8%	26.9%	25.4%	25.8%
31	Agent Related Expenses to Other operating expenses	%	44.5%	53.3%	54.7%	40.8%	43.2%
32	Agent Related Expenses to Gross Earned Premium	%	1.9%	2.3%	2.6%	2.5%	2.4%
33	Employee expenses to Total expenses excluding claims & benefits and direct expenses	%	55.1%	54.3%	48.8%	43.5%	49.7%
D. Assets:							
34	Increment in Investment	%	9.1%	12.2%	5.5%	9.0%	10.4%
35	Increment in Loan	%	12.1%	33.8%	17.2%	-0.06%	10.0%
36	Liquidity Ratio	%	219%	133%	253%	719%	838%
37	Return on Assets	%	2.7%	2.8%	2.3%	1.6%	3.2%
38	Long term Investments to Total Investments	%	83.0%	88.5%	75.2%	15.5%	16.9%
39	Short term Investments to Total Investments	%	17.0%	11.5%	24.8%	84.5%	83.1%
40	Total Investment & Loan to Gross Insurance Contract Liabilities	%	114.3%	116.6%	115.6%	115.1%	114.5%
41	Investment in Unlisted Shares to Total Net Assets	%	0.11%	0.13%	0.04%	0.02%	0.02%
E. Liabilities:							
42	Increment in Gross Insurance Contract Liabilities	%	11%	12%	5.5%	8.0%	9.2%
	Increment in Life Insurance Fund	%	12%	13%	6.99%	6.9%	7.7%
	Claim payment reserve including IBNR	%	-10%	-14%	-25%	35%	73%
43	Gross Technical Provision to Gross earned premium	%	468%	454%	399%	413%	446%
44	Gross Technical Provisions/ Total Equity	%	638%	628%	759%	661%	698%
45	Insurance Debt/ Total Equity	%	0%	0%	0%	0%	0%
46	Loss Ratio	%	10.1%	11.4%	11.4%	18.5%	68.4%
47	Persistency Ratio	%	94.6%	94.2%	94.5%	94.2%	95.2%
48	Lapse Ratio	%	5.4%	5.8%	5.5%	5.8%	4.8%
49	No. of Outstanding Claim/ No. of Intimated Claims	%	24%	22%	21%	26%	28%
50	Total Number of In Force Insurance Policies	Numbers	1,493,103	1,324,640	1,312,552	1,199,392	929,909
51	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	94.6%	94.2%	94.5%	94.2%	95.2%
F. Others:							
52	Declared Bonus Rate	Per thousand	45/55/65-3PP, 45/50/55-MTG 55/65/75-END & 55/65/75-FPP	45/55/65-3PP, 60/70/80-END& 60/70/80-EPP	45/55/65-3PP, 60/70/80-END& 60/70/80-EPP	45/55/65-3PP, 60/70/80-END& 60/70/80-EPP	45/55/65-3PP, 60/70/80-END& 60/70/80-EPP
53	Interim Bonus Rate	Per thousand	45/55/65-3PP, 45/50/55-MTG 55/65/75-END & 55/65/75-FPP	-	-	-	-
54	Number of Offices	Numbers	36	35	35	33	33
55	Number of Agents	Numbers	3929	4,527	4,848	5,846	9,894
56	Number of Employees	Numbers	169	171	174	154	149
57	Employee expenses/ Number of Employees	Amount	2,246,676	2,116,186	1,810,333	1,636,399	1,525,296

American Life Insurance Company
Annexure IV
Statement of Sum Assured (As per Actuarial Valuation report)

S.N.	Insurance Types	InForce Number of Policies		Sum Assured of In Force Policies		Sum at Risk		Sum at Risk Transferred to Reinsurer		Net Sum at Risk	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Anticipated Endowment Policy	16,015	19,755	4,971,552,054	5,337,613,441	4,344,402,233	4,577,418,685	2,169,584,479	2,094,105,529	2,174,817,754	2,483,313,156
2	Endowment Policy	44,458	47,311	20,983,463,039	19,611,836,452	17,431,798,395	17,075,366,737	10,344,090,863	9,082,470,699	7,087,707,532	7,992,896,037
3	Other Policy	123,607	126,752	250,015,039,716	248,329,956,253	234,188,701,491	234,943,691,250	145,152,912,963	145,685,649,629	89,035,788,528	89,258,041,621
4	Micro Insurance Policy	266,893	246,904	56,384,074,678	70,948,492,984	56,248,520,125	70,789,531,052	-	-	56,248,520,125	70,789,531,052
5	Term Insurance Policy	1,042,130	883,918	217,913,519,879	184,758,258,988	217,557,431,761	184,491,024,595	39,821,664,525	37,213,779,863	177,735,767,236	147,277,244,732
Total		1,493,103	1,324,640	550,267,649,366	528,986,158,118	529,770,854,005	511,877,032,319	197,488,252,829	194,076,005,720	332,282,601,175	317,801,026,599

AMERICAN LIFE INSURANCE COMPANY
Variance Report of Statement of Financial Position

Particulars	Notes	Audited Financial Statement	Q4, Published Financials	Variance (%)	Remarks
Assets					
Goodwill & Intangible Assets	4	8,388,052	8,388,052	0.0%	
Property and Equipment	5	217,215,973	217,225,726	0.0%	
Investment Properties	6	-	-		
Deferred Tax Assets	7	64,093,501	65,671,344	-2.4%	
Investment in Subsidiaries	8	-	-		
Investment in Associates	9	-	-		
Investments	10	28,655,002,682	28,655,002,682	0.0%	
Loans	11	1,748,830,951	1,748,830,951	0.0%	
Reinsurance Assets	12	8,629,092	8,629,092	0.0%	
Current Tax Assets (Net)	21	52,249,775	45,688,915	14.4%	Decrease in tax liabilities due to increase in staff bonus expenses. Tax liabilities is decreased by 2% only, and tax assets is same. 14% is seen in Net effect.
Insurance Receivables	13	70,981,286	71,264,639	-0.4%	
Other Assets	14	164,493,517	164,493,518	0.0%	
Other Financial Assets	15	132,671,040	132,671,040	0.0%	
Cash and Cash Equivalents	16	446,285,586	446,993,105	-0.2%	
Total Assets		31,568,841,455	31,564,859,064		
Equity & Liabilities					
Equity					
Share Capital	17 (a)	-	-		
Share Application Money Pending Allotment	17 (b)	-	-		
Share Premium	17 (c)	-	-		
Catastrophe Reserves	17 (d)	527,652,272	494,872,173	6.6%	
Retained Earnings	17 (e)	2,561,162,305	2,335,380,527	9.7%	
Other Equity	17 (f)	1,077,364,515	1,019,485,984	5.7%	
Total Equity		4,166,179,092	3,849,738,684		
Liabilities					
Provisions	18	195,221,892	210,943,253	-7.5%	
Gross Insurance Contract Liabilities	19	26,600,068,702	26,921,136,058	-1.2%	
Deferred Tax Liabilities	7	-	-		
Insurance Payables	20	91,242,930	91,362,415	-0.1%	
Current Tax Liabilities (Net)	21	-	-		
Borrowings	22	-	-		
Other Liabilities	23	345,648,446	356,017,790	-2.9%	
Other Financial Liabilities	24	170,480,393	135,660,864	25.7%	Increase in Financial liabilities due to increase in staff bonus due to increased profits (Surplus Transfer to shareholder) from actuarial Valuation.
Total Liabilities		27,402,662,363	27,715,120,380		
Total Equity and Liabilities		31,568,841,455	31,564,859,064		

AMERICAN LIFE INSURANCE COMPANY
Variance Report of Statement of Profit or Loss

Particulars	Notes	Current Year	Q4, Published Financials	Variance (%)	Remarks
Income:					
Gross Earned Premiums	25	5,678,884,637	5,678,936,088	0.0%	
Premiums Ceded	26	(222,444,427)	(222,544,799)	0.0%	
Net Earned Premiums		5,456,440,210	5,456,391,289	0.0%	
Commission Income	27	115,596,451	115,648,146	0.0%	
Other Direct Income	28	4,568,272	4,568,272	0.0%	
Interest Income on Loan to Policyholders	11	188,309,770	178,722,576	5.4%	
Income from Investments and Loans	29	2,577,712,516	2,577,712,516	0.0%	
Net Gains/(Losses) on Fair Value Changes	30	-	-		
Net Realised Gains/(Losses)	31	-	-		
Other Income	32	9,332,844	9,327,502	0.1%	
Total Income		8,351,960,063	8,342,370,301	0.1%	
Expenses:					
Gross Benefits and Claims Paid	33	3,235,380,116	3,235,209,612	0.0%	
Claims Ceded	33	(79,910,758)	(79,866,959)	0.1%	
Gross Change in Contract Liabilities	34	2,728,653,006	3,049,720,362	-10.5%	Decrease in change in contract liabilities expenses is due Surplus Transfer for participating products to shareholder from actuarial Valuation and not deducted here.
Change in Contract Liabilities Ceded to Reinsurers	34	7,289,805	7,289,805	0.0%	
Net Benefits and Claims Paid		5,891,412,169	6,212,352,820	-5.2%	
Commission Expenses	35	486,307,447	487,868,040	-0.3%	
Service Fees	36	42,591,635	42,592,022	0.0%	
Other Direct expenses	37	-	-		
Employee Benefits Expenses	38	379,688,291	368,854,335	2.9%	
Depreciation and Amortization Expenses	39	61,995,704	61,985,048	0.0%	
Impairment Losses	40	-	-		
Other Operating Expenses	41	237,658,485	237,651,803	0.0%	
Finance Cost	42	9,506,001	9,506,001	0.0%	
Total Expenses		7,109,159,732	7,420,810,069	-4.2%	
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		1,242,800,331	921,560,231	34.9%	Profit is increased due to deduction in "gross change in contract liabilities expenses".
Share of Net Profit of Associates accounted using Equity Method	-	-	-		
Profit Before Tax		1,242,800,331	921,560,231	34.9%	
Income Tax Expense	43	414,884,652	417,416,890	-0.6%	
Net Profit/(Loss) For The Year		827,915,679	504,143,341	64.2%	Profit is increased due to deduction in "gross change in contract liabilities expenses".
Earning Per Share					
Basic EPS	51	-	-		
Diluted EPS		-	-		

AMERICAN LIFE INSURANCE COMPANY
Variance Report of Statement of Other Comprehensive Income

Particulars	Current Year	Q4, Published Financials	Variance (%)	Remarks
Net Profit/(Loss) For The Year	827,915,679	504,143,341	64%	
Other Comprehensive Income				
a) Items that are or may be Reclassified to Profit or Loss				
Changes in Fair Value of FVOCI Debt Instruments	-	-		
Cash Flow Hedge - Effective Portion of Changes in Fair Value	-	-		
Exchange differences on translation of Foreign Operation	-	-		
Share of other comprehensive income of associates accounted for using the equity method	-	-		
Income Tax Relating to Above Items	-	-		
Reclassified to Profit or Loss	-	-		
b) Items that will not be Reclassified to Profit or Loss				
Changes in fair value of FVOCI Equity Instruments	-	-		
Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-		
Remeasurement of Post-Employment Benefit Obligations	(9,803,217)	-	100%	As employee benefit valuation was not completed at the time of quarterly publication, this figure was not published.
Share of other comprehensive income of associates accounted for using the equity method	-	-		
Income Tax Relating to Above Items	2,450,804	-	100%	As employee benefit valuation was not completed at the time of quarterly publication, this figure was not published.
Total Other Comprehensive Income For the Year, Net of Tax	(7,352,413)	-		
Total Comprehensive Income For the Year, Net of Tax	820,563,266	504,143,341		

Comparative Statement of Solvency Balance Sheet & NFRS based Balance Sheet

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
Assets				
Goodwill	-	-	-	
Deferred acquisition costs	-	-	-	
Intangible assets	8,388,052	-	8,388,052	Not eligible for solvency calculation
Deferred tax assets	64,093,502	-	64,093,502	Not eligible for solvency calculation
Pension benefit surplus	-	-	-	
Property, plant & equipment held for own use	217,215,973	-	217,215,973	Furnitue fixtures and Leasehold property is valued at Nil in Solvency Balance Sheet.
Investments (other than replicating unit portion index/unit-linked contracts)	30,403,833,633	34,423,504,942	(4,019,671,309)	
Investments in properties (other than for own use)	-	-	-	
Investment in subsidiaries	-	-	-	
Investment in associates	-	-	-	
Equities	4,780,000	4,820,509	(40,509)	
Equities - listed in stock exchange licensed by SEBON	-	-	-	
Equities - listed in stock exchange other than licensed by SEBON	-	-	-	
Equities - unlisted	4,780,000	4,820,509	(40,509)	Valued at book value of respected entity as directed by NIA in solvency balance sheet.
Bonds	1,685,325,000	1,659,553,996	25,771,004	
Government Bonds	1,685,325,000	1,659,553,996	25,771,004	Valued using mark to model approach in solvency balance sheet.
Corporate Bonds	-	-	-	
Fixed-income bonds with no option	-	-	-	
Floating rate notes	-	-	-	
Other bonds with embedded interest rate derivatives	-	-	-	
Structured notes	-	-	-	
Collateralised securities	-	-	-	
Collective Investments Undertakings	-	-	-	
Derivatives	-	-	-	
Deposits other than cash equivalents	26,964,897,682	30,700,136,141	(3,735,238,459)	Valued using mark to model approach in solvency balance sheet.
Other investments	-	-	-	
Loans and mortgages	1,748,830,951	2,058,994,296	(310,163,345)	
Loans on policies	1,747,699,262	2,057,870,217	(310,170,955)	Valued using mark to model approach in solvency balance sheet.
Other loans with collateral or guarantees	1,123,807	1,124,079	(272)	Valued using mark to model approach in solvency balance sheet.
Other loans without collateral or guarantees	7,882	-	7,882	Not eligible for solvency calculation

Comparative Statement of Solvency Balance Sheet & NFRS based Balance Sheet

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
Assets replicating the unit portion of index/unit-linked contracts	-	-	-	
Reinsurance recoverables from:	149,138,706	149,089,103	49,603	
Non-life technical reserves (after risk correction)	-	-	-	
Life excluding index-linked and unit-linked technical reserves (after risk correction)	78,157,420	78,107,817	49,603	Reserves are valued using NIA's transitional provision in NFRS based balance sheet and
Life index-linked and unit-linked technical reserves (after risk correction)	-	-	-	
Deposits to cedants (related to accepted reinsurance)	-	-	-	
Reinsurance receivables	70,981,286	70,981,286	-	
Current tax assets (net)	52,249,775	52,249,775	-	
Insurance, coinsurance and intermediaries receivables	-	-	-	
Receivables from insurers other than coinsurance	-	-	-	
Receivables from coinsurance/pools	-	-	-	
Receivables from intermediaries	-	-	-	
Own shares (held directly)	-	-	-	
Amounts due in respect own equity items called up but not yet paid in	-	-	-	
Cash and cash equivalents	446,285,586	446,285,586	-	
Any other assets, not elsewhere shown	297,164,557	297,164,557	-	
Total assets	31,638,369,784	35,368,293,963	(3,729,924,179)	

Comparative Statement of Solvency Balance Sheet & NFRS based Balance Sheet

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
Liabilities (without transitionals)				
Technical provisions - non-life	-	-	-	
Best Estimate Direct Insurance (excluding Earthquake reserves)	-	-	-	
Best estimate Direct Insurance Earthquake reserves	-	-	-	
Margin over best estimate Direct insurance	-	-	-	
Best estimate Accepted reinsurance (excluding Earthquake reserves)	-	-	-	
Best estimate Accepted Earthquake reserves	-	-	-	
Margin over best estimate Accepted reinsurance	-	-	-	
Technical provisions - life (excluding index-linked and unit-linked)	26,128,171,832	26,128,221,123	(49,291)	
Best Estimate Direct insurance participating life insurance	9,765,001,700	9,752,234,129	12,767,571	Reserves are valued using NIA's transitional provision in NFRS based balance sheet and RBC approach is used in solvency balance
Best Estimate Direct insurance non-participating life insurance	16,322,565,863	16,317,980,896	4,584,967	
Margin over best estimate Direct insurance	40,604,269	58,006,098	(17,401,829)	
Best estimate Accepted reinsurance	-	-	-	
Margin over best estimate Accepted reinsurance	-	-	-	
Technical provisions - index-linked and unit-linked life insurance contracts	-	-	-	
Technical provisions calculated as a whole (unit reserves)	-	-	-	
Best Estimate (non unit reserves)	-	-	-	
Margin over best estimate	-	-	-	
Other technical provisions	541,425,199	541,425,199	-	
Reinsurance deposits and payables	91,242,930	91,242,930	-	
Deposits from reinsurers	-	-	-	
Reinsurance payables	91,242,930	91,242,930	-	
Insurance, coinsurance and intermediaries payables	-	-	-	
Payables to insurers other than coinsurance	-	-	-	
Payables to coinsurance/pools	-	-	-	
Payables to intermediaries	-	-	-	
Other payables (not related to insurance or reinsurance)	-	-	-	
Debts owed to credit institutions	-	-	-	
Other financing debts	-	-	-	
Qualified as Tier 1 Available Capital Resources	-	-	-	
Qualified as Tier 2 Available Capital Resources	-	-	-	
Not qualified as Available Capital Resources	-	-	-	

Comparative Statement of Solvency Balance Sheet & NFRS based Balance Sheet

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
Derivatives	-	-	-	
Current tax liabilities	-	-	-	
Provisions other than technical provisions	152,576,282	152,576,282	-	
Contingent liabilities	-	-	-	
Pension benefit obligations	42,645,610	42,645,610	-	
Deferred tax liabilities	-	-	-	
Any other liabilities, not elsewhere shown	516,128,839	516,128,839	-	
Total liabilities	27,472,190,692	27,472,239,983		
Excess of assets over liabilities		7,896,053,980		
Equity				
Share capital	-			
Share application money pending allotment	-			
Share premium	-			
Special reserves	-			
Catastrophe reserves	527,652,272			
Retained earnings	2,561,563,206			
Other equity	1,076,963,615			
Revaluation reserves	-			
Capital reserves	863,724,891			
Corporate Social Responsibility Reserves (CSR)	13,225,470			
Insurance Fund	-			
Fair Value Reserves	-			
Actuarial reserves	(38,599,634.00)			
Deferred Tax Reserves	51,226,959			
Other reserves	187,385,929			
Total Equity	4,166,179,093		(3,729,874,887)	Due to the reasons mentioned above, assets and liabilities amount differs in NFRS based balance sheet and solvency balance sheet resulting in higher equity balance in the solvency balance sheet.

Disclosure on quality of assets and capital resources

Breakdown of investments by asset class

Amt. In NPR

S.N.	Asset class	Amount of investment	Solvency valuation
1	Fixed deposits in class 'A' banks	26,860,376,240	30,595,102,228
2	Fixed deposits in class 'B' banks	104,521,442	105,033,913
3	Government bonds	1,685,325,000	1,659,553,996
4	Unlisted equity	4,780,000	4,820,509
5	Policy loans	1,747,699,262	2,057,870,217
6	Employee loans	1,123,807	1,124,079
Total		30,403,825,750	34,423,504,942

Breakdown of fixed deposits by credit quality

Amt. In NPR

S.N.	Credit quality	Amount of investment	Solvency valuation
1	AAA or equivalent	792,097,682	913,262,561
2	AA or equivalent	5,867,000,000	6,830,362,606
3	A or equivalent	13,208,000,000	15,138,035,167
4	BBB or equivalent	7,097,800,000	7,818,475,807
5	BB or equivalent	-	-
Total		26,964,897,682	30,700,136,141

Breakdown of fixed deposits & government bonds by duration (Discounted Mean Term)

Amt. In NPR

S.N.	Duration (Discounted Mean Term)	Amount of investment	Solvency valuation
1	0 to 1 years.	4,863,097,682	4,877,976,573
2	1 to 3 years.	6,177,075,000	6,622,182,064
3	3 to 5 years.	3,751,550,000	4,228,244,055
4	5 to 10 years.	13,858,500,000	16,631,287,444
5	10 to 100 years.	-	-
Total		28,650,222,682	32,359,690,137

Breakdown of policy loans

Amt. In NPR

S.N.	Item	Amount of investment	Solvency valuation
1	Loans on policies not exceeding technical provisions	1,722,881,356	2,028,604,071
2	Loans on policies exceeding technical provisions	24,817,906	29,266,145
Total		1,747,699,262	2,057,870,217

Quality of capital resources

Amt. In NPR

S.N.	Item	Amount
1	'Tier 1' capital resources	7,236,654,275
2	'Tier 2' capital resources	-
Total available capital resources		7,236,654,275

Solvency Calculation Sheet with distributable profit

Breakdown of Risk-Based Capital (RBC)

Amt. In NPR

S.N.	Type of risk	Capital requirement
1	Market risk	1,235,082,624
2	Credit risk	1,675,212,514
3	Life insurance risk	358,113,592
4	Sum of 1 to 3	3,268,408,730
5	Diversification benefits	815,730,101
6	RBC before operational risk (4-5)	2,452,678,629
7	Operational risk	227,155,385
8	Final RBC	2,679,834,014

Tier 1 capital

Breakdown of available capital resources

Amt. In NPR

Particulars	Amount
Free assets (Assets-Liabilities from the solvency balance sheet)	7,896,053,980
CSR Reserve	(13,225,470)
Dividend agreed or expected during financial year 2081 - 2082	(556,776,246)
Other adjustments	(96,941,329)
Embedded profit if already included in surplus	-
Reduction of life technical reserves due to transitional (only where approved by the NIA)	7,543,340
Total tier 1 available capital before adjustment for permissible limits	7,236,654,275
Adjustment for permissible limits	-
Total tier 1 available capital	7,236,654,275

Tier 2 capital (capital resources that absorb losses only in winding-up basis)

Particulars	Amount
Cumulative irredeemable preference shares qualified as tier 2 Available Capital Resources	-
Irredeemable subordinated debts qualified as tier 2 Available Capital Resources	-
Other capital resources qualified as Tier 2, including unpaid preference shares, unpaid subordinated debt, letters of credit, guarantees and mutual member calls	-
Future profits embedded in the valuation of technical provisions (reserves)	-
Total tier 2 available capital before adjustment for permissible limits	-
Adjustment for permissible limits	-
Total tier 2 available capital	-

Solvency ratio

Particulars	Amount
Total available capital resources (A) (Tier 1 capital plus tier 2 capital)	7,236,654,275
Total RBC requirement (B)	2,679,834,014
Solvency ratio (A/B)	270%

Solvency Calculation Sheet with Actual proposed dividend

Solvency ratio

Particulars	Amount
Total available capital resources	7,236,654,275
Add: Distributable profit amount	556,776,246
Less: Actual proposed Dividend	(275,000,000)
Total available capital resources after dividend adjustment (A)	7,518,430,521
Total RBC requirement (B)	2,679,834,014
Solvency ratio (A/B)	281%



नेपाल बीमा प्राधिकरण NEPAL INSURANCE AUTHORITY

मिति: २०८१।०९।२९

वि. वि. शा. : १३४ (२०८१/०८२) च.नं. ३४१८

श्री अमेरिकन लाईफ इन्स्योरेन्स (मेट लाईफ),
पुल्चोक, ललितपुर।




विषय: आ.व. २०८०।८१ को वित्तीय विवरणको स-शर्त स्वीकृति बारे।

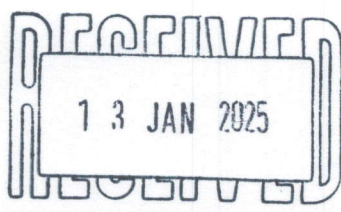
तहाँको मिति २०८१।०९।२४ (च.नं. F१४।२०२५) को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०८०।८१ को वित्तीय विवरण सम्बन्धमा लेखिदैछ।

उपरोक्त सम्बन्धमा बीमक श्री अमेरिकन लाईफ इन्स्योरेन्स (मेट लाईफ) बाट पेश भएको आ.व. २०८०।८१ को वित्तीय विवरण तथा अन्य कागजातहरू अध्ययन गर्दा बीमा ऐन, २०७९ को दफा ३८, ३९, ४० र ४१ तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ११ बमोजिम बीमा कोष, अनिवार्य जगेडा कोष, पूँजीगत कोष, महाविपत्ति कोष र दाबी भुक्तानी कोष तथा जगेडा कोष कायम गरेको देखिएकोले तहाँको आ.व. २०८०।८१ को वार्षिक वित्तीय विवरणलाई बीमा ऐन, २०७९ को दफा ८७ को उपदफा (८) तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ७, ८ र ९ बमोजिम वार्षिक प्रतिवेदनमा समावेश गर्न तथा प्रकाशित गर्न देहायको निर्देशन, शर्त तथा आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछौं।

शर्तहरू:

१. बीमकले NFRS-17 Insurance Contracts लागु गर्ने सम्बन्धमा पन्ध्र (१५) दिन भित्र कार्ययोजना पेश गर्ने।
२. बीमकको संस्थागत सुशासन सम्बन्धी निर्देशिका २०८० को दफा ४५ को उपदफा (२) को व्यवस्था पूर्ण रूपमा पालना गर्ने।
३. बीमकको Unidentified हिसाबमा देखिएको रकम पहिचान गर्ने व्यवस्था सुनिश्चित गर्ने।
४. बीमकले भुक्तानी हुन बाँकी रहेको दाबीलाई यथासम्भव छिटो भुक्तानी हुने व्यवस्था गर्ने।
५. प्राधिकरणको स्थलगत निरीक्षण क्रममा देखियका कैफियत तथा लेखापरीक्षकले औल्याएका कैफियतहरू सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने।


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सुशील देव सुवेदी
निर्देशक



श्री नेपाल बीमा प्राधिकरणको मिति २०८१।०९।२९ को पत्रद्वारा आ.व. २०८०।८१ को वित्तीय विवरण सशर्त स्वीकृति प्रदान गर्दा तोकिएका शर्तहरू यपर बीमकको भनाई निम्न बमोजिम रहेको व्यहोरा अनुरोध छ ।

- १ NFRS-17 Insurance Contracts लागु सम्बन्धि कार्ययोजना मिति २०८१।१०।१५ मा नेपाल बीमा प्राधिकरण समक्ष पेश गरिसकिएको व्यहोरा अनुरोध छ ।
- २ बीमकले संस्थागत सुशासन निर्देशिका २०८० को दफा ४५ को उपदफा २ को व्यवस्था पालना गरिरहेको जानकारी गराउँदै आ.व. २०७९।८० सम्मको सम्पूर्ण रकम खर्च भई आ.व. २०८०।८१को लागि छुट्टाईएको रकम विभिन्न सामाजिक कार्यहरूमा खर्च भई रहेको व्यहोरा अनुरोध छ ।
- ३ केही ग्राहकहरूले बीमकको बैंक खातामा नगद, चेकबाट बीमाशुल्क जम्मा गर्दा नाम, पोलिसी नं. र सम्पर्क नं. उल्लेख नगर्ने, सिधै बैंकको अनलाईन च्यानलबाट बीमाशुल्क भुक्तानी गर्ने ग्राहकको आवश्यक विवरण बैंक स्टेटमेन्टमा नदेखिने तथा विवरण प्राप्त गर्न बैंक तथा वित्तीय संस्थाहरूको सहयोग आवश्यक पर्ने भएकोले केही समय लाने गरेको अनुरोध छ । सिधै रूपमा पहिचान गर्न दैनिक रूपमा बैंकहरूलाई सो कारोवारहरू पठाएर आवश्यक विवरण लिईने गरिएको छ । साथै, पहिचान खुल्न नसकेका विवरणहरूको रकम मध्ये पुरानो आ.व.हरू संग सम्बन्धित रकम बढी भएको र पछिल्लो आ.व.मा नयाँ रकम बढ्ने क्रम नरहेको व्यहोरा समेत अनुरोध छ ।
बीमकले ग्राहकलाई सिधै बैंकमा बीमाशुल्क भुक्तानी नगरी बीमकको पेमेन्ट गेटवे digitalpay.metlife.com.np बाट मात्र भुक्तानी गर्नुहुन विभिन्न माध्यमबाट सुचना प्रवाह गरिरहेको व्यहोरा जानकारी गराउँदै सोही अनुरूप बीमाशुल्कहरू बीमकको पेमेन्ट गेटवेबाट बढिरहेको र पहिचान खुल्न नसकेका विवरणहरूको संख्या तथा रकम घटिरहेको जानकारी गराउँदै बीमक तथा बैंकहरूको विभिन्न पहल अनुसार सो रकम घटिरहेको र सो कार्यहरूलाई थप प्राथमिकताका साथ गर्ने व्यहोरा अनुरोध छ ।
- ४ बीमकले दावी भुक्तानी प्रकृयालाई थप शसक्त बनाउन तहाँबाट जारी निर्देशन तथा समय सापेक्ष संशोधित बीमकको SOP तथा Guidelines अनुसार दावी भुक्तानी प्रकृया अवलम्बन गरि Turn Around Time (TAT) को सीमा भित्र रही सबै प्रकारका दावीहरू भुक्तानी गरिरहेको, डिजिटल माध्यमबाट बीमकलाई दावीको सुचना प्रदान गर्ने प्लेटफर्मको व्यवस्था भएको र बैंक मार्फत सिधै बीमित वा इच्छाईएको व्यक्तिको बैंक खातामा रकम जम्मा हुने व्यवस्था लामो समय देखि गरिरहेको जानकारी गराउँदछौं । साथै, परिपक्व रकम समयमै बीमितहरूलाई भुक्तानी गर्न निम्न कार्यहरू गर्दै आईरहेको अनुरोध छ ।
 - परिपक्व मिति हुन ३ वर्ष, २ वर्ष, १ वर्ष, तथा १ महिना अगावै SMS बाट परिपक्व मितिबारे जानकारी गराईएको
 - परिपक्व मिति हुन १५-२० अगाडि टेलिफोनबाट जानकारी गराईएको
 - परिपक्व मिति हुन १ महिना अगाडि बीमकलाई प्रदान गरिएको ठेगानामा परिपक्व रकम सहितको पत्र पठाईएको
 - परिपक्व मितिमा भुक्तानी लिन नआएका बीमितलाई परिपक्व मिति पश्चात क्रमश २, ४ र ६ महिनामा गरि ३ पटक सम्म पत्राचार गरिएको
 - प्रत्येक वर्ष भुक्तानी लिनहुन सार्वजनिक सुचना जारी गराएको, एजेन्सी तथा शाखा कार्यालयमा सुचना प्रकाशन गरिएको तथा बीमकको वेवसाईटमा बीमालेखहरूको सुची उपलब्ध गराईएको
 - कार्यालयमा बीमाशुल्क भुक्तानी तथा अन्य बीमा सेवाको लागि आउनु भएका बीमितहरूलाई रकम बुझी पठाएको
 - बीमकसंग उपलब्ध भएको बीमितको बैंक खाता नं.मा परिपक्व रकम पठाउने कार्य गरिरहेको

साथै, थप विशेष टोली बनाई बीमितले कुनै सेवा लिदा सम्पर्क गर्ने नयाँ आधारहरू रहे नरहेको पहिचान गरिरहेको र सो कार्यले आंशिक परिपक्व भुक्तानीमा ठुलो सहयोग पुगेको जानकारी गराउँदछौं ।

उपरोक्त कार्यहरूलाई निरन्तर रूपमा जारी राखि रहेकोले अघिल्लो आ.व. को तुलनामा हालको अवस्थामा भुक्तानी हुन बाँकी दावी रकम २५% ले घटेको व्यहोरा अनुरोध छ ।
- ५ तहाँबाट जारी स्थलगत निरीक्षण प्रतिवेदन तथा लेखापरिक्षण प्रतिवेदनमा ओल्ल्याएका कैफियतहरू पुनः दोहोरिन नदिन आन्तरिक नियन्त्रण प्रणाली थप शसक्त बनाई लागु गरिरहेको व्यहोरा अनुरोध छ ।