

Union Insurance Company P.J.S.C.

CONDENSED INTERIM FINANCIAL STATEMENTS

31 MARCH 2020 (UNAUDITED)

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

Introduction

We have reviewed the accompanying condensed interim financial statements of Union Insurance Company P.J.S.C. (the “Company”), which comprise the interim statement of financial position as at 31 March 2020 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young



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

16 June 2020

Dubai, United Arab Emirates

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF INCOME

For the period ended 31 March 2020 (Unaudited)

	<i>Note</i>	<i>Three-months ended 31 March</i>	
		<i>2020 AED'000</i>	<i>2019 AED'000</i>
UNDERWRITING INCOME			
Gross written premium		254,360	244,177
Reinsurance ceded		(153,757)	(137,477)
		100,603	106,700
Net change in unearned premium and policyholders' reserve		20,090	(14,168)
Net earned premium		120,693	92,532
Gross commission earned		18,668	18,789
Total underwriting income		139,361	111,321
UNDERWRITING EXPENSES			
Gross claims incurred		(92,917)	(108,558)
Insurance claims recovered from reinsurers		55,285	59,041
Net claims incurred		(37,632)	(49,517)
Commission incurred		(25,133)	(25,602)
Administrative expenses		(19,448)	(19,065)
Other operational costs related to underwriting activities		(11,649)	(17,346)
Net movement in fair value of unit linked products		(34,329)	8,362
Total underwriting expenses		(128,191)	(103,168)
UNDERWRITING PROFIT		11,170	8,153
Net investment (loss)/ profit		(29,175)	6,009
General and administrative expenses		(6,060)	(3,624)
(LOSS)/ PROFIT FOR THE PERIOD		(24,065)	10,538
Basic and diluted earnings per share (AED)	3	(0.0727)	0.0318

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2020 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2020 AED'000</i>	<i>2019 AED'000</i>
(Loss)/ profit for the period	(24,065)	10,538
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that could not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of investments at fair value through other comprehensive income	(5,697)	3,066
Net realised gain on disposal of fair value investment held through other comprehensive income	(165)	-
Other comprehensive (loss)/ income for the period	(5,862)	3,066
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(29,927)	13,604

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2020 (Unaudited)

	<i>Notes</i>	31 March 2020 AED'000	31 December 2019 AED'000 (Audited)
ASSETS			
Property and equipment		101,771	101,584
Right-of-use assets		6,629	7,680
Intangible assets		7,651	8,229
Investment properties	4A	75,195	75,195
Investment securities	4	118,573	184,961
Investments held on behalf of policyholders' unit linked products		237,449	261,026
Statutory deposit		10,000	10,000
Reinsurance contract assets		534,207	518,265
Insurance and other receivables		511,162	496,379
Cash and bank balances	5	177,892	152,844
TOTAL ASSETS		1,780,529	1,816,163
LIABILITIES			
Bank overdraft		5,067	3,382
Insurance contract liabilities		788,123	769,771
Insurance and other payables		445,193	447,525
Payable to policyholders' of unit-linked products	11	237,449	261,026
Provision for employees' end of service benefits		8,618	8,618
TOTAL LIABILITIES		1,484,450	1,490,322
EQUITY			
Share capital	6	330,939	330,939
Statutory reserve	7	14,865	14,865
Special reserve	7	14,865	14,865
Fair value reserve	7	(16,130)	(10,268)
Accumulated losses		(48,460)	(24,560)
TOTAL EQUITY		296,079	325,841
TOTAL LIABILITIES AND EQUITY		1,780,529	1,816,163

Mohammed Hareb Al Mazroei
Chairman

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

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2020 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Special reserve AED'000</i>	<i>Fair value reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2020	330,939	14,865	14,865	(10,268)	(24,560)	325,841
Loss for the period	-	-	-	-	(24,065)	(24,065)
Other comprehensive loss for the period	-	-	-	(5,697)	-	(5,697)
Gain on sale of fair value investment held through other comprehensive income	-	-	-	(165)	165	-
Total comprehensive loss for the period	-	-	-	(5,862)	(23,900)	(29,762)
Balance at 31 March 2020	330,939	14,865	14,865	(16,130)	(48,460)	296,079
Balance at 1 January 2019	330,939	12,718	12,718	(14,617)	(41,506)	300,252
Profit for the period	-	-	-	-	10,538	10,538
Other comprehensive income for the period	-	-	-	3,066	-	3,066
Total comprehensive income for the period	-	-	-	3,066	10,538	13,604
Balance at 31 March 2019	330,939	12,718	12,718	(11,551)	(30,968)	313,856

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2020 (Unaudited)

	<i>Note</i>	<i>Three-month ended ended 31 March</i>	
		<i>2020 AED'000</i>	<i>2019 AED'000</i>
OPERATING ACTIVITIES			
(Loss) / profit for the period		(24,065)	10,538
Adjustment for:			
Depreciation and amortisation		2,087	1,469
Gain / (loss) on disposal of investments at FVTPL		(44)	132
Unrealised loss / (profit) on investments at FVTPL		31,352	(2,044)
Net movement in fair value of investments held for for unit linked products	11	34,329	(8,362)
Interest income		(1,956)	(2,003)
Dividend income		(567)	(2,832)
Interest on margin trading account		131	562
Provision for employees' end of service benefits		331	405
		41,598	(2,135)
Increase in insurance and other receivables		(14,783)	(37,437)
Increase in reinsurance contract assets		(15,942)	(15,940)
Increase in insurance contract liabilities		18,352	8,067
(Decrease) / increase in insurance and other payables		(25,909)	53,684
Employees' end of service benefits paid		(331)	(405)
Net cash from operating activities		2,985	5,834
INVESTING ACTIVITIES			
Purchase of property and equipment		(644)	(1,550)
Purchase of investments		(986)	(10,628)
Purchase of policyholders' of unit-linked products		(10,752)	(6,889)
Proceeds from disposal of investments		30,368	3,682
Interest received		1,956	2,003
Dividend received	13	567	2,832
Decrease in fixed deposit with banks with maturity greater than three months		(29,968)	(4,253)
Net cash used in investing activities		(9,459)	(14,803)
FINANCING ACTIVITY			
Interest on margin trading account		(131)	(562)
Net cash used in financing activity		(131)	(562)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,605)	(9,531)
Cash and cash equivalents at 1 January		43,967	21,526
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	37,362	11,995

The attached explanatory notes 1 to 14 form part of these condensed interim financial statements.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2020 (Unaudited)

1 CORPORATE INFORMATION

Union Insurance Company P.J.S.C. (the "Company") is incorporated as a public shareholding company and operates in the United Arab Emirates under a trade license issued by the Department of the Economic Development, Ajman. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning establishment of the insurance authority and organisation of its operations, and is registered with the Insurance Companies Register of Insurance Authority of U.A.E., under registration number 67. The Company's registered corporate office is Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE").

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

The interim condensed financial statements were authorised for issue in accordance with a resolution of the directors on 16 June 2020.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

Changes in accounting estimates

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

New standards, interpretations and amendments

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

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three-month ended ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
(Loss)/ profit for the period (AED'000)	(24,065)	10,538
Weighted average number of shares outstanding during the period ('000)	330,939	330,939
Earnings per share (AED)	(0.0727)	0.0318

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2020 (Unaudited)

4 INVESTMENT SECURITIES

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Financial assets at fair value through profit or loss	105,532	159,084
Financial assets at fair value through other comprehensive income	13,041	25,877
	118,573	184,961

4.1 Investments at fair value through profit or loss

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Quoted equity securities in U.A.E.	49,832	79,197
Quoted equity securities outside U.A.E.	272	7,360
Quoted bond securities in U.A.E.	36,239	37,330
Quoted bond securities outside U.A.E.	7,319	18,564
Investment in funds outside U.A.E.	5,064	9,734
Unquoted equity securities outside U.A.E.	2,861	2,954
Unquoted equity securities in U.A.E.	3,945	3,945
	105,532	159,084

Investments classified at fair value through profit or loss are designated in this category upon initial recognition. As at 31 March 2020, there is a fair value loss of AED 31,352 thousand due to decrease in the market value of the investments.

4.2 Investments at fair value through other comprehensive income

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
<i>Equity securities</i>		
Quoted equity securities in U.A.E.	4,650	7,859
Quoted equity securities outside U.A.E.	8,091	17,718
Unquoted equity securities in U.A.E.	300	300
	13,041	25,877

As at 31 March 2020, there is a fair value loss of AED 5,697 thousand due to decrease in the market value of the investments.

Fair value hierarchy

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

<i>At 31 March 2020 (Unaudited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
FVTPL - financial assets	102,671	-	2,861	105,532
FVTOCI - financial assets	12,741	-	300	13,041
	115,412	-	3,161	118,573
Non financial assets				
Investment properties	-	-	75,195	75,195
	115,412	-	78,356	193,768

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2020 (Unaudited)

4 INVESTMENT SECURITIES (continued)

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

Fair value hierarchy (continued)

<i>At 31 December 2019 (Audited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
FVTPL - financial assets	156,130	-	2,954	159,084
FVTOCI - financial assets	25,577	-	300	25,877
	<u>181,707</u>	<u>-</u>	<u>3,254</u>	<u>184,961</u>
Non financial assets				
Investment properties	-	-	75,195	75,195
	<u>181,707</u>	<u>-</u>	<u>78,449</u>	<u>260,156</u>

4A INVESTMENT PROPERTIES

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

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

5 CASH AND BANK BALANCES

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>	<i>31 March 2019 AED'000</i>
Cash in hand	<u>50</u>	<u>52</u>	<u>52</u>
Bank balances:			
Current accounts	3,292	1,807	10,961
Fixed deposits	174,550	150,985	112,740
	<u>177,842</u>	<u>152,792</u>	<u>123,701</u>
Cash and bank balances	<u>177,892</u>	<u>152,844</u>	<u>123,753</u>
Less: Deposits with original maturities greater than three months	(135,463)	(105,495)	(102,800)
Bank Overdraft	(5,067)	(3,382)	(8,958)
Cash and cash equivalents	<u>37,362</u>	<u>43,967</u>	<u>11,995</u>
Bank balances:			
In U.A.E.	147,090	122,469	96,764
Outside UAE & G.C.C. countries	30,752	30,323	26,937
	<u>177,842</u>	<u>152,792</u>	<u>123,701</u>

Fixed deposit carried interest ranging from 1% to 8.5% per annum (2019: 1% to 8% per annum). Fixed deposits of AED 36 million (2019: 39 million) have been pledged as security against the overdraft facility.

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2020 (Unaudited)

6 SHARE CAPITAL

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Issued and fully paid 330,939,180 shares of AED 1 each (2019: 330,939,180 share of AED 1 each)	<u><u>330,939</u></u>	<u><u>330,939</u></u>

7 RESERVES

NATURE AND PURPOSE OF RESERVES

- **STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the three months period ended 31 March 2020. The reserve is not available for distribution except in the circumstances stipulated by the law.

- **SPECIAL RESERVE**

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

- **FAIR VALUE RESERVE**

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

8 RELATED PARTY TRANSACTIONS

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

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

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Premium receivable (included in due from policyholders)	26,713	25,996
Allowance for doubtful receivables	(5,721)	(4,721)
Net insurance and other receivables	<u><u>20,992</u></u>	<u><u>21,275</u></u>
Gross outstanding claims (included in claims reported unsettled)	<u><u>632</u></u>	<u><u>652</u></u>

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

Union Insurance Company P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at 31 March 2020 (Unaudited)

8 RELATED PARTY TRANSACTIONS (continued)

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

	<i>Three months ended 31 March</i>	
	<i>2020 AED'000</i>	<i>2019 AED'000</i>
Premiums written	953	1,236
Claims paid	239	404
	<u>953</u>	<u>1,236</u>
Premiums are charged to related parties at rates agreed with management.		
Compensation of key management personnel		
Short-term benefits	1,110	770
Long-term benefits	83	83
	<u>1,110</u>	<u>770</u>

9 CONTINGENT LIABILITIES

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Letters of guarantee*	35,687	38,114
	<u>35,687</u>	<u>38,114</u>

*Includes AED 10,000 thousand (2019: AED 10,000 thousand) issued in favour of Insurance Authority of U.A.E.

10 CAPITAL COMMITMENTS

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
Commitment for the construction of Investment Properties	54,979	54,979
	<u>54,979</u>	<u>54,979</u>

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

11 PAYABLE TO POLICYHOLDERS' OF UNIT LINKED PRODUCTS

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

Movement during the period / year:

	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000 (Audited)</i>
As at 1 January	261,026	150,035
Amount invested by policyholders - net of allocation charges, redemptions, lapses and surrenders	10,752	91,214
Change in fair value of unit linked products	(34,329)	19,777
	<u>237,449</u>	<u>261,026</u>

12 SEGMENT INFORMATION*Operating segment information*

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

Three month period ended 31 March

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Gross written premium	187,352	172,625	67,008	71,552	254,360	244,177
Reinsurance ceded	(121,253)	(101,059)	(32,504)	(36,418)	(153,757)	(137,477)
Net retained premium	66,099	71,566	34,504	35,134	100,603	106,700
Net change in unearned premium and policyholders' reserve	(3,926)	3,194	24,016	(17,362)	20,090	(14,168)
Net earned premium	62,173	74,760	58,520	17,772	120,693	92,532
Gross commission earned	18,223	18,300	445	489	18,668	18,789
Total underwriting income	80,396	93,060	58,965	18,261	139,361	111,321
UNDERWRITING EXPENSES						
Net claims incurred	(37,625)	(47,620)	(7)	(1,897)	(37,632)	(49,517)
Commission incurred	(12,307)	(14,108)	(12,826)	(11,494)	(25,133)	(25,602)
Administrative expenses	(12,760)	(13,331)	(6,688)	(5,734)	(19,448)	(19,065)
Other operational costs related to underwriting activities	(8,882)	(12,513)	(2,767)	(4,833)	(11,649)	(17,346)
Increase in fair value of investment held for unit linked products	-	-	(34,329)	8,362	(34,329)	8,362
Total underwriting expenses	(71,574)	(87,572)	(56,617)	(15,596)	(128,191)	(103,168)
Total underwriting profit	8,822	5,488	2,348	2,665	11,170	8,153
Net investment (loss)/ profit					(29,175)	6,009
General and administrative expenses					(6,060)	(3,624)
(Loss)/ profit for the period					(24,065)	10,538

12 SEGMENT INFORMATION (continued)

Operating segment information (continued)

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

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>
ASSETS						
Property and equipment	76,329	76,188	25,442	25,396	101,771	101,584
Right-of-use assets	4,972	5,760	1,657	1,920	6,629	7,680
Intangible assets	5,738	6,172	1,913	2,057	7,651	8,229
Investment properties	56,396	56,396	18,799	18,799	75,195	75,195
Investments securities	87,016	126,424	31,557	58,537	118,573	184,961
Investments held on behalf of policyholders' unit linked products	-	-	237,449	261,026	237,449	261,026
Statutory deposit	6,000	6,000	4,000	4,000	10,000	10,000
Reinsurance contract assets	424,215	396,309	109,992	121,956	534,207	518,265
Insurance and other receivables	404,904	379,444	106,258	116,935	511,162	496,379
Cash and bank balances	100,577	91,891	77,315	60,953	177,892	152,844
Total assets	1,166,147	1,144,584	614,382	671,579	1,780,529	1,816,163
LIABILITIES						
Due to Banks	5,067	3,382			5,067	3,382
Insurance contract liabilities	657,353	625,103	130,770	144,668	788,123	769,771
Insurance and other payables	370,591	364,310	74,602	83,215	445,193	447,525
Payable to policyholders of unit linked products	-	-	237,449	261,026	237,449	261,026
Provision for employees' end of service benefits	6,463	6,463	2,155	2,155	8,618	8,618
Total liabilities	1,039,474	999,258	444,976	491,064	1,484,450	1,490,322

12 SEGMENT INFORMATION (continued)*Operating segment information (continued)*

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>	<i>31 March 2020 AED'000</i>	<i>31 December 2019 AED'000</i>
EQUITY						
Share capital					330,939	330,939
Statutory reserve					14,865	14,865
Special reserve					14,865	14,865
Fair value reserve					(16,130)	(10,268)
Accumulated losses					(48,460)	(24,560)
Total equity					296,079	325,841
Total liabilities and equity					1,780,529	1,816,163

13 SEASONALITY OF RESULTS

Dividend income amounted to AED 567 thousand and AED 2,832 thousand for the three-month periods ended 31 March 2020 and 31 March 2019 respectively. Dividend income depends on market conditions, investment activities of the Company and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 31 March 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

14 COVID-19 IMPACT ASSESSMENT

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

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

Union Insurance Co has thus so far not seen any major impact to its business due the current circumstances.

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

The investment market has reduced substantially and this has an effect on the financial results of the company. These investment results are unrealized and will improve as the markets improve with the economy opening up and getting back to normal in the coming months.

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

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