

28th ANNUAL REPORT 2023-2024



सलिको
SALICO

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लिमिटेड
SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

आर्थिक वर्ष
२०८०/८१

BOARD OF DIRECTORS



Mr. Manohar Das Mool
Chairman



Mr. Ajith R. Gunawardena
Director



Mr. Lokmanya Golchha
Director



Mr. Siddhartha Mani Rajbhandari
Director

BOARD OF DIRECTORS



Mr. Arun Raj Shrestha
Public Director



Mr. Bijan Bhattarai
Public Director



Mr. Padma Jyoti
Alternate Director Representing
Ceylinco Holdings PLC



Ms. Nirmala Devi Manandhar
Independent Director

आरोग्य स्वास्थ्य बीमा

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तपाईंको घर तथा सम्पतिमा हुन
जाने क्षतिको रक्षावरण गर्न हामी
तत्पर छौं ।





श्री सञ्चालक समिति

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लिमिटेड
नक्साल, काठमाडौं ।

बिषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्लान.पा./गा.पा., वडा नं. बस्ने म/हामी
.....ले त्यस कम्पनीको शेयरधनीको हैसियतले आगामी २०८२ साल बैशाख २८ गते हुने २८औं वार्षिक
साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा
सञ्चालकहरूको निर्वाचन वा अन्य प्रस्तावहरूमाथि मतदान गर्नु पर्ने भएमा सो समेतका लागि जिल्ला
..... न.पा./गा.पा., वडा नं. बस्ने त्यस कम्पनीका शेयरधनी श्री
..... लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको:

निवेदक (शेयरधनी):

दस्तखत:

दस्तखत:

नाम:

नाम:

ठेगाना:

ठेगाना:

शेयरधनी परिचय नं.:

शेयरधनी परिचय नं.:

डिम्याट खाता नं.:

डिम्याट खाता नं.:

शेयर संख्या:

शेयरको किसिम: संस्थापक ☐ सर्वसाधारण ☐

मिति:

(यो निवेदन ४८ घण्टा अगाबै कार्यालय समयभित्र कम्पनीको रजिष्टर्ड कार्यालयमा दर्ता गर्नुपर्नेछ ।)



प्रवेश-पत्र

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि. को मिति: २०८२ साल बैशाख २८ गते हुने २८औं वार्षिक साधारण सभामा उपस्थित
हुन जारी गरिएको ।

शेयरधनीको नाम: शेयर प्र.प.नं./ शेयरधनी नं./हितग्राही नं. :

शेयरधनीको दस्तखत:..... शेयर संख्या:

कम्पनी सचिव





आदरणीय शेयरधनी महानुभावहरू,

२०८२/०१/०४ मा बसेको सञ्चालक समितिको ३४औं बैठकको निर्णयानुसार यस कम्पनीको २८औं वार्षिक साधारण सभा निम्न उल्लेखित मिति, समयमा निम्न उल्लेखित विषयहरूमाथि छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ बमोजिम सो सभा सम्बन्धी कागजातहरू समाहित गरी यो प्रतिवेदन प्रस्तुत गरिएको छ ।

साधारणसभा बस्ने मिति, स्थान र समय

मिति: २०८२ साल बैशाख २८ गते आइतबार (मे ११, २०२५) ।

स्थान: रानीमहल बैक्वेट प्रा. लि., ज्ञानेश्वर, काठमाडौं ।

समय: बिहानको १० बजे ।

छलफलका विषय सूचिहरू:

क) सामान्य प्रस्तावहरू :

- १) सञ्चालक समितिको २८औं वार्षिक प्रतिवेदन २०८०/२०८१ पारित गर्ने ।
- २) लेखापरीक्षकको प्रतिवेदन सहितको २०८१ साल आषाढ मसान्तको वासलात तथा सोही मितिमा समाप्त आ. व. २०८०/०८१ को नाफा नोक्सान तथा आय व्यय हिसाब र सोही अवधिको नगद प्रवाह विवरण तथा अनुसूचीहरू छलफल गरी पारित गर्ने ।
- ३) लेखा परीक्षण समितिको सिफारिस बमोजिम आ.ब. २०८१/०८२ को लागि लेखा परीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक तोक्ने । (वर्तमान लेखा परीक्षक श्री जे.बी. राजभण्डारी एण्ड एशोसियेट्स (डिबिन्स) चार्टर्ड एकाउन्टेन्टस् कानुनत पूनः नियुक्त हुन सक्नेछ) ।
- ४) संचालक समितिबाट शेयरधनीहरूलाई १५ प्रतिशत प्रस्तावित रु. ३९,३३,९५,७३०/ नगद लाभांश (कर सहित) पारित गर्ने ।

ख) विशेष प्रस्ताव

- १) कम्पनीको सञ्चालक समिति तथा अन्य समिति तथा उपसमिति हरूको बैठक भत्ता तथा सुविधा पुनरावलोकन सम्बन्धमा ।
- २) सामाजिक उत्तरदायित्व अर्न्तगत विभिन्न संघ संस्थाहरूलाई भुक्तानी गरिएको रकम अनुमोदन सम्बन्धमा ।
- ३) कम्पनीको प्रबन्धपत्र तथा नियमावलीको प्रस्तावित संशोधनमा सम्बन्धित निकायको निर्देशन अनुसार आवश्यक समायोजन गर्न सञ्चालक समितिलाई अख्तियारी दिने ।

ग) विविध ।

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव



साधारणसभा सम्बन्धी अन्य जानकारी

१. साधारण सभाको प्रयोजनका लागि मिति: २०८२ साल बैशाख १७ गते १ दिनको लागि शेयरधनी दर्ता पुस्तिका बन्द गरिनेछ । शेयरधनी दर्ता पुस्तिका बन्द भएको मिति: २०८२/०१/१७ गतेभन्दा अघिल्लो दिनसम्म नेपाल स्टक एक्सचेञ्ज लि. मा भएको कारोवारबाट शेयर खरिद गरी शेयरधनी दर्ता पुस्तिका बन्द भएको मितिले तोकिएको कार्यदिनसम्म शेयर नामसारी तथा दाखिल खारेजका लागि आवश्यक कागजात सहित यस कम्पनीको शेयर रजिष्ट्रार श्री ग्लोबल आईएमई क्यापिटल लि., नक्साल, काठमाडौंमा पेश भएको विवरणको आधारमा कायम भएका शेयरधनीहरूले मात्र वार्षिक साधारण सभामा भाग लिन पाउने छन् ।
२. कम्पनी ऐन, २०६३ को दफा ८४(४) बमोजिम लेखापरीक्षकको प्रतिवेदन सहित कम्पनीको संक्षिप्त आर्थिक विवरण यसैसाथ प्रकाशन गरिएको छ । सञ्चालक समितिको प्रतिवेदन तथा वित्तीय विवरणहरू कम्पनीको वेबसाइट www.salico.com.np बाट हेर्न वा प्राप्त गर्न सकिनेछ ।
३. प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहनुहुने शेयरधनीहरूले कम्पनीको आफ्नो समूहको कुनै एक शेयरधनीलाई प्रतिनिधि मुकरर गरी ४८ घण्टा अगावै वा सोभन्दा अगावै प्रमाणित गराई कार्यालय समयभित्र दर्ता गर्नु पर्नेछ ।
४. प्रोक्सी दोहोरो पर्न गएमा पहिले दर्ता गरिएको प्रोक्सीले मान्यता पाउनेछ । प्रोक्सी मुकरर गर्ने शेयरधनी स्वयं सभामा उपस्थित भई दस्तखत गर्नुभएमा प्रोक्सी स्वतः बदर हुनेछ ।
५. नावालक वा विक्षिप्त शेयरधनीको तर्फबाट कम्पनीको शेयर लगत कितावमा संरक्षकको रूपमा दर्ता भएका व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि तोक्न पाउनेछन् ।
६. सभामा भाग लिने सर्वसाधारण शेयरधनीहरूले सभा हुने दिन शेयरको प्रमाणसहितको परिचयपत्र साथमा लिई आउनुहुन अनुरोध छ । शेयर अभौतिकिकरण गराइसक्नुभएका शेयरधनी महानुभावहरूको हकमा डिम्याट खाता नम्बर र परिचय खुल्ने सक्कल परिचयपत्र प्रस्तुत गर्नुपर्नेछ ।
७. छलफलको बिषयमध्ये विविध शिर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनीले सभा हुनुभन्दा ७ दिन अगावै छलफलको बिषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनुपर्नेछ ।
८. उपस्थिति पुस्तिका बिहान ९:३० बजेदेखि खुल्ला रहनेछ ।

२८औं वार्षिक साधारण सभाका लागि सञ्चालक समितिको प्रतिवेदन

शेयरधनी महानुभावहरू,

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लिमिटेडको यस २८औं वार्षिक साधारण सभामा यहाँहरूलाई सञ्चालक समितिको तर्फबाट हार्दिक स्वागत गर्दछौं । कम्पनी ऐन, २०६३ अनुरूप तयार गरिएको यो प्रतिवेदन प्रस्तुत गर्न यहाँहरू समक्ष अनुमति माग्दै यस साधारण सभामा कम्पनीको काम कारवाहीको प्रतिवेदन, कम्पनीको लेखापरीक्षकहरूको प्रतिवेदन सहित आर्थिक वर्ष २०८०/०८१ को वासलात, नाफा-नोक्सान हिसाव, नगद प्रवाह र आवश्यक अन्य विवरणहरू अनुमोदनको लागि अनुरोध गर्दछौं ।

१. बिगत बर्षहरूको कारोवारको सिंहावलोकन

कम्पनीले आफ्नो व्यवसायिक उद्देश्य प्राप्त गर्नको लागि प्रधान कार्यालय लगायत मुलुकभरका १११ वटा क्षेत्रीय/प्रादेशिक कार्यालय, शाखा कार्यालय र उपशाखा कार्यालयहरू बाट सेवा प्रदान गर्दै आएको छ । कम्पनीको अघिल्लो बर्षको विवरण र समीक्षा बर्षको विवरण जोडी एकमुष्ट गणना गर्दा बिगत वर्षमा आर्जन भएको बीमाशुल्क आम्दानीको क्षेत्रगत तालिका, दावी, र नाफा-नोक्सान हिसावको संक्षिप्त विवरण निम्न अनुसार रहेको छ ।

क) बीमाशुल्क आर्जन

(रकम रु. लाखमा)

विवरण	०७९/०८०	०८०/०८१	वृद्धि प्रतिशत
सम्पत्ति बीमा	१०,२०५	११,७८३	१५%
मोटर बीमा	२०,४८७	१७,१२९	-१६%
सामुद्रिक बीमा	२,०६१	२,०८९	१%
इन्जिनियरीङ्ग	५,१५०	६,३५५	२३%
लघु बीमा	१५९	७	-९६%
हवाई बीमा	३,०९४	६,०३४	९५%
कृषि बीमा	१,६२४	१,१२७	-३१%
विविध बीमा	३,४५७	३,३६६	-३%
जम्मा	४६,२३७	४७,८९०	४%
खुद बीमाशुल्क	२०,३३२	१७,२२७	-१५%

ख) कूल दावी भुक्तानी

(रकम रु. लाखमा)

विवरण	०७९/०८०	०८०/०८१	वृद्धि प्रतिशत
सम्पत्ति बीमा	५,७८८	५,९२३	२%
मोटर बीमा	१६,४३६	१३,०८५	-२०%
सामुद्रिक बीमा	१,४०३	८७१	-३८%
इन्जिनियरीङ्ग	२,३९३	१,९३५	-१९%
लघु बीमा	१,७२९	१६	-९९%
हवाई बीमा	४६१	३,५३७	६६८%
कृषि बीमा	१,५१९	१,१२७	-२६%
विविध बीमा	१,६४८	१,८३८	१२%
जम्मा	३१,३७७	२८,३३३	-१०%



ग) अन्य:

(रकम रू. लाखमा)

विवरण	०७९/०८०	०८०/०८१	फरक प्रतिशत
खुद दावी व्यवस्था	८,८११	८,१५०	-८%
पुनर्बिमा शुल्क	२५,९०८	३०,६६३	१८%
व्यवस्थापन खर्च	७,२२४	८,१०३	१२%
खुद मुनाफा	३,५१२	४,६१०	३१%

घ) तालिम:

कम्पनीले प्रधान कार्यालय तथा शाखा कार्यालयका कर्मचारीहरूलाई पुनर्ताजगी तालिमहरू प्रदान गरिरहेको छ । यस्तो तालिमहरू नेपालभित्र र नेपाल बाहिर भौतिक र भर्चुवल माध्यमबाट पनि प्रदान गरिएको छ । साथै, कम्पनीको आवश्यकता बमोजिम इन्स्योरेन्स इन्स्टिच्यूट अफ नेपाल, कलेज अफ इन्स्योरेन्स, मुम्बईमा पनि कर्मचारीहरूलाई तालिमको लागि पठाउने गरिएको छ ।

२. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिको प्रभाव:

समीक्षा अवधीको अवस्था हेर्दा बिगतमा सिथिल बनेका आर्थिक गतिविधिहरूमा पूर्ण रूपमा सुधार हुन नसकेको, वित्तीय क्षेत्रमा स्थिरता आउन नसकेको, व्यापार व्यवसाय लगायतका आर्थिक गतिविधिहरूले गति लिन नसकेको, राष्ट्रिय अर्थतन्त्रको अवस्था सुदृढ हुन नसकेको, जनताको क्रयशक्ति बढ्न नसकेको कारण अन्य क्षेत्र जस्तै बीमा क्षेत्रमा समेत यसको प्रभाव देखिएको छ । त्यसैगरी, रूस-युक्रेन युद्ध, मध्यपूर्वमा देखिएको अस्थिरता र विश्वव्यापी व्यापार युद्ध तथा आर्थिक मन्दीको प्रभाव नेपालमा समेत पर्न गएको र विश्वव्यापी रूपमा आपूर्ति सन्तुलन खलबलिन गएको छ । तथापि बीमा व्यवसाय बिस्तारै आम जनताको पहुँचमा पुग्ने सम्भावना रहेको छ ।

विश्वका दुई ठूला अर्थतन्त्र भएका छिमेकी मुलुकहरूको तुलनामा नेपालको आर्थिक अवस्था कमजोर हुनु, आर्थिक गतिविधि, नयाँ उद्योग, कलकारखानाको बिकास नहुनु, पूर्वाधार बिकासको काम ओभरलमा पर्नु, सामान्य जनतामा बीमा गर्ने बस्तु तथा आयश्रोतको बिकास हुन नसक्नु पनि अर्को समस्या रहेको छ ।

३. प्रतिवेदनको मितिसम्म चालु वर्षको उपलब्धी र भविष्यको सम्बन्धमा सञ्चालक समितिको धारणा:

क) बीमाशुल्क:

समीक्षा वर्षको तुलनामा आ.ब. २०८१/०८२ को चैत्र मसान्तसम्ममा कम्पनीले क्षेत्रगत रूपमा निम्न अनुसार बीमाशुल्क आम्दानी गरेको छ, जसको लेखापरीक्षण हुन बाँकी रहेको छ:

(रकम रू. लाखमा)

विवरण	आ.ब. ०८०/०८१	आ.ब. ०८१/०८२	फरक प्रतिशत
सम्पति बीमा	८,७११.२४	९,३५१.७६	७%
मोटर बीमा	१३,५७७.७७	१४,४८४.७८	७%
सामुद्रिक बीमा	१,६२५.५३	२,०३६.४५	२५%
विविध बीमा	२,५०३.३१	२,९३०.६७	१७%
इन्जिनियरीङ्ग	३,९७२.३५	३,५२४.९९	-११%
हवाई बीमा	४,०९६.३३	४,२२७.९५	३%
कृषि बीमा	८४९.५७	८३७.५६	-१%
लघु बीमा	५.४३	-	-१००%
जम्मा	३५,३४२	३७,३९४	६%

ख) भविष्यको योजना:

नेपालको निर्जिवन बीमा क्षेत्रको अग्रणी कम्पनीको रूपमा रहेको यस कम्पनीको शाखालाई कायमै राख्दै भविष्यमा यस कम्पनीले आन्तरिक सुशासन, व्यवसाय, बीमितप्रतिको दायित्व र बीमा सेवाको हिसावले अझ सुदृढ बनाउँदै लैजाने विश्वास शेरधनी महानुभावहरूलाई दिलाउन चाहन्छौ ।

ग) पुनर्बीमा व्यवस्था:

कम्पनीले गर्ने बीमा व्यवसायको जोखिम हस्तान्तरण प्रकृयालाई सुरक्षित र भरपर्दो हुने गरी कम्पनीले पुनर्बीमा व्यवस्था गरेको छ । बिदेशी पुनर्बीमा कम्पनीहरूसँगको सम्बन्ध सुदृढ रहेको र त्यस्ता कम्पनी एवं पुनर्बीमा ब्रोकरहरूबाट यस कम्पनीले सहयोग प्राप्त गरी रहेको छ ।

साथै देशभित्र रहेका विभिन्न बीमा कम्पनीहरूसँग कायम रहेको सुमधुर सम्बन्धको कारण आन्तरिक ऐच्छिक पुनर्बीमा आदान-प्रदान गर्ने गरिएको छ । यसबाट कम्पनीले सन्तोषजनक प्रतिफल प्राप्त गर्न सफल भएको छ । यस कम्पनीमा हाल GIC Re, India को नेतृत्वमा मुख्यतः निम्न पुनर्बीमा कम्पनीहरू समेत रहेका छन्:

S. No.	Name of Re-Insurance Company	Origin / Country
1	GIC Re	India
2	SAVA Re	Slovenia
3	Swiss Re	Switzerland
4	Asian Re	Thailand
5	Kenya Re	Nairobi, Kenya
6	Ocean International Re	Belize, Central America
7	Hannover Re	Hannover, Germany
8	QBE	Sydney NSW 2000
9	WAICA RE	Sierra Leone
10	Sirius International	New York and London
11	Kuwait Re	Kuwait
12	PVI Insurance	Vietnam
13	Nepal Re	Nepal
14	Himalayan Re	Nepal
15	CICA RE	Lome – Nyeko, Togo

४. कम्पनीको औद्योगिक तथा व्यवसायिक सम्बन्ध:

विभिन्न औद्योगिक तथा व्यवसायिक प्रतिष्ठान, संघसंस्थाहरूसँगको सम्बन्ध अझ बढि सुदृढ बनाई बढि बीमाशुल्क संकलनको साथै व्यवसायको जोखिमको विश्लेषण गरी व्यवसाय बृद्धि गर्ने लक्ष्यमा बढि केन्द्रित रहने नीति लिएको छ । साथै व्यवसायको प्रमुख श्रोतको रूपमा रहेका बैंक तथा वित्तीय संस्थाहरूसँग यस कम्पनीको सम्बन्ध अत्यन्तै सौहार्द्रपूर्ण, समन्वयात्मक रहेको छ र भविष्यमा यसलाई कायमै राख्दै अझ सुदृढ गर्दै लगिनेछ ।

यस कम्पनीले आफ्नो कामको सिलसिलामा नेपाल बीमा प्राधिकरण, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्वेञ्ज लि., सिडिएस एण्ड क्लियरिङ्ग लि., नेपाल बीमक संघ, बीमा अभिकर्ता, सर्वेयरहरू, शेयर रजिष्ट्रारबाट यस कम्पनीलाई आवश्यक सहयोग प्राप्त भै रहेको छ ।

५. सञ्चालक समितिमा हेरफेर:

क) सञ्चालक समितिमा कुनैपनि हेरफेर नभएको ।

ख) यस कम्पनीको नियमावलीमा भएको व्यवस्था बमोजिम सञ्चालक समितिमा प्रतिनिधित्व गर्ने संस्थापक शेयरधनीहरूबाट चारजना र सर्वसाधारण शेयरधनीहरूबाट दुईजना सञ्चालक रहने व्यवस्था रहेको र नियमावलीको व्यवस्था बमोजिम बैदेशिक लगानीकर्ता संस्थापक सेलिन्को होल्डीङ्गस् पिएलसी, श्रीलङ्काबाट एकजना सञ्चालक स्वतः मनोनित भई आउने व्यवस्था बमोजिम यस साधारण सभाबाट संस्थापक शेयरधनीहरूको तर्फबाट ४ (चार) जना र सर्वसाधारण शेयरधनीहरूको तर्फबाट २ (दुई) जना र एक जना स्वतन्त्र सञ्चालकहरू गरी जम्मा सात जनाको प्रतिनिधित्व रहेको छ ।

६. कारोवारलाई असर पार्ने मुख्य कुराहरू:

बीमा बजारमा तिब्र प्रतिस्पर्धा, पर्याप्त दक्ष जनशक्तिको अभाव, आर्थिक गतिविधिहरूमा अपेक्षाकृत सुधार हुन नसक्नु, जलवायु परिवर्तनबाट सिर्जित जोखिमको कारणबाट बेमौसमी बाढी पहिरो लगायतका प्राकृतिक बिपत्तीहरू, सवारी साधन दुर्घटना, कृषि बीमा अन्तर्गत पशुपञ्छीहरूको दावी बढ्नु आदिको कारणबाट कम्पनीको कारोवार असर पर्ने देखिन्छ । आर्थिक मन्दी, उद्योग तथा बिकास निर्माणका गतिविधिमा सुस्तता, निर्यातमा गिरावट, उत्पादकत्वमा कमी, अस्थीर राजनीतिक तथा वित्तीय अबस्था आदिको कारणबाट बीमा क्षेत्रलाई

राष्ट्रिय र अन्तर्राष्ट्रिय रूपमा गम्भीर असर पर्ने सम्भावना देखिएको छ । साथै रुस-युक्रेन युद्ध लगायत अन्तर्राष्ट्रिय द्वन्द्व एवं प्रतिवन्धको कारण अन्तर्राष्ट्रिय व्यवसायहरूमा प्रतिकूल असर पर्ने, इन्धन, खाद्यान्न लगायतमा महंगी बढ्न जाने, जनताको क्रयशक्ति घट्ने, आर्थिक गतिविधि र सामुद्रिक बीमा व्यवसायमा समेत त्यसको असर पर्ने देखिन्छ ।

७. लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख गरिएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया:

लेखापरीक्षण प्रतिवेदनमा कुनै उल्लेखनीय कैफियत नभएको जानकारी गराउँछौ ।

८. मुनाफा बाँडफाँड सम्बन्धमा:

समीक्षा आ.ब. २०८०/०८१ को मुनाफा मध्येबाट कम्पनीको चुक्ता पूँजी रु.२,६२,२६,३८,२००/- को १५ (पन्ध्र) प्रतिशतले हुन आउने रकम बराबर (कर सहित) ३९,३३,९५,७३०/- नगद लाभान्श वितरण गर्ने प्रस्ताव गरिएको छ ।

साथै साबिकको सगरमाथा इन्स्योरेन्स कम्पनी लि. ले आ.ब. २०७४/०७५ को २२औं वार्षिक साधारण सभाबाट जारी गरेको ८६% बोनस शेयर बापतको कर रकम कुनै शेयरधनीले भुक्तानी नगरेको कारणले उक्त बोनस शेयर सम्बन्धित शेयरधनीको खातामा जान नसकेको भए त्यस्ता शेयरधनीहरूको हकमा माथि उल्लेख भए बमोजिमको नगद लाभान्शबाट उक्त कर कटौती गरी शेयर खातामा पठाउने व्यवस्था गरिनेछ ।

९. शेयर जफत भएको भए जफत भएको शेयरको संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण:

कम्पनीले कुनै शेयर जफत गरेको छैन ।

१०. बिगत आर्थिक वर्षमा कम्पनी र यसका सहायक कम्पनीको कारोवारको प्रकृति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन:

यस कम्पनीको कुनै सहायक कम्पनी नभएको जानकारी गराउँछौ ।

११. कम्पनी र त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोवारहरू र सो अवधिमा कम्पनीको कारोवारमा आएको कुनै महत्वपूर्ण परिवर्तन:

यस कम्पनीको कारोवार निर्जिवन बीमा व्यवसाय मात्र रहेको र सोमा परिवर्तन नभएको जानकारी गराउँछौ ।

१२. बिगत आर्थिक वर्षमा कम्पनीका आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी:

समीक्षा अवधिमा आधारभूत शेयरधनीहरूबाट कम्पनीलाई कुनै जानकारी प्राप्त नभएको जानकारी गराउँछौ ।

१३. बिगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोवारमा निजहरू संलग्न रहेको भए सो आवश्यकमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी:

समीक्षा अवधिमा यस कम्पनीका सञ्चालकहरूको व्यक्तिगत/संस्थागत शेयर स्वामित्वमा देहाय बमोजिम रहेको छ:

क्र.सं.	सञ्चालकहरूको नाम	शेयर संख्या
१.	श्री मनोहर दास मुल	१,०८४,७४८
२.	श्री अजिथ रोहन गुनवर्द्धना सेलिन्को होल्डीङ्गस् पिएलसी प्रतिनिधि	२,९९७,४५८
३.	श्री लोकमान्य गोल्छा	२,३८,१४८
४.	श्री सिद्धार्थ मणि राजभण्डारी	४५,७४६
५.	श्री अरुण राज श्रेष्ठ	२६६,०७७
६.	श्री बिजन भट्टराई	९,५७२
७.	सुश्री निर्मला देवी मानन्धर (स्वतन्त्र संचालक)	-

यस कम्पनीका सञ्चालक तथा पदाधिकारीहरू कम्पनीको शेयर कारोवारमा संलग्न रहेका छैनन् ।

१४. बिगत आर्थिक वर्षमा कम्पनीसंग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थबारे उपलब्ध गराइएको जानकारीको व्यहोरा:

कम्पनीसंग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थ नभएको जानकारी गराउँछौ ।

१५. कम्पनीले आफ्नो शेयर आफैं खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या, अंकित मूल्य तथा त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम:

कम्पनीले आफ्नो शेयर आफैं खरिद नगरेको जानकारी गराउँछौं ।

१६. आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण:

कम्पनीको आन्तरिक नियन्त्रण प्रणाली सक्षम छ । आन्तरिक नियन्त्रणलाई नियमित र व्यवस्थित गर्नको लागि नेपाल बीमा प्राधिकरणको निर्देशन बमोजिम कम्पनीको काम कारवाहीमा सुधार गर्दै लगेको छ । आन्तरिक लेखापरीक्षक र बाह्य लेखापरीक्षकबाट प्राप्त सुभाव अनुसार सुधार गर्ने, लेखापरीक्षण समितिबाट समग्र वित्तीय अवस्थाको समीक्षा गर्ने र सोको प्रगतिको अनुगमन गर्दै जाने नीति लिइएको छ । कम्पनीका शाखा कार्यालयहरू र प्रधान कार्यालयको व्यवसाय र अन्य कारोवारहरूलाई अनलाइन प्रणालीबाट सञ्चालन गरिएको छ । विभागहरूको कार्यसञ्चालनको लागि विभिन्न विनियम, निर्देशिका र दिग्दर्शनहरू तयार गर्ने, समयानुकूल परिमार्जन गर्ने गरिएको छ ।

नेपाल बीमा प्राधिकरणबाट जारी निर्देशिकाको व्यवस्था अनुसार लेखापरीक्षण समिति, मानव संसाधन समिति, लगानी, जोखिम व्यवस्थापन तथा वित्तीय स्वस्थता (सोलभेन्सी) समिति, दावी भुक्तानी तथा पुनर्बिमा समिति, सम्पत्ति शुद्धिकरण निवारण समिति गठन गरिएको छ ।

संस्थागत सुशासन: कम्पनीले धितोपत्र सम्बन्धी ऐन, धितोपत्र दर्ता तथा निष्काशन सम्बन्धी निर्देशिका, सम्पत्ति शुद्धिकरण निवारण सम्बन्धी कानून, सूचनाको हक सम्बन्धी कानून, नेपाल बीमा प्राधिकरणको निर्देशिका लगायत प्रचलित कानून बमोजिम बमोजिम पेश गर्नुपर्ने तथा प्रकाशन गर्नुपर्ने विवरणहरू तोकिएको समयमा पेश गर्ने तथा प्रकाशित गर्ने गरेको छ ।

१७. समीक्षा वर्षको कूल व्यवस्थापन खर्चको विवरण:

समीक्षा आ.ब. २०८०/०८१ यस कम्पनी लि. को कूल व्यवस्थापन खर्च रु. ८१,०३,४७,६९४/- रहेको छ ।

१८. लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुबिधा, समितिले गरेको कामकारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण:

कम्पनी ऐन, २०६३ तथा बीमकको संस्थागत सुशासन सम्बन्धी निर्देशिकाको व्यवस्था बमोजिम सर्वसाधारण शेयरधनीको अध्यक्षतामा निम्न सञ्चालकहरू रहने गरी लेखापरीक्षण समिति गठन गरिएको छ:

लेखापरीक्षण समिति अध्यक्ष/सदस्यहरू:

श्री बिजन भट्टराई	संयोजक
श्री पद्म ज्योति	सदस्य
सुश्री निर्मला देवी मानन्धर	सदस्य

लेखापरीक्षण समितिका पदाधिकारीहरूलाई साधारण सभाको निर्णयानुसार प्रति बैठक रु.१०,०००/- को दरले बैठक भत्ता प्रदान गर्ने गरिएको छ । सो बाहेक अन्य नियमित पारिश्रमिक सुबिधा प्रदान गरिएको छैन ।

श्री नेपाल बीमा प्राधिकरणको निर्देशानुसार प्रत्येक त्रैमासिकको आन्तरिक लेखापरीक्षण गराई सो लेखापरीक्षण प्रतिवेदनको आधारमा कैफियतहरू सुधार गर्न, आन्तरिक लेखापरीक्षक तथा बाह्य लेखापरीक्षकका सुभावहरूलाई तदारुकताका साथ कार्यान्वयन गर्न लेखापरीक्षण समितिले समय समयमा व्यवस्थापनलाई निर्देशन दिई सोको कार्यान्वयन भए नभएकोबारे अनुगमन समेत गर्दै आएको छ । वित्तीय विवरणहरूको वास्तविक र अद्यावधिक अभिलेखको लागि आवश्यक प्रकृयाहरूको अवलम्बन गर्न, शाखा कार्यालयहरूको व्यवसाय र कामकारवाहीहरूको प्रभावकारी अनुगमन र नियन्त्रण गर्न व्यवस्थापनलाई निर्देशन दिइएको छ । साथै यस कम्पनीले लगानीकर्ता तथा सरोकारवालाहरूको जानकारीको लागि प्रत्येक त्रैमासिक विवरणहरू सार्वजनिक रूपमा प्रकाशित गर्दै आएको छ ।

१९. सञ्चालक, प्रबन्ध सञ्चालक/कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकको नातेदार वा निज संलग्न रहेको फर्म, संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी रहेको भए सो कुरा:

कम्पनीलाई कुनै रकम बुझाउन बाँकी रहेको छैन ।

२०. सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुबिधाको रकम:

समीक्षा आ.ब. २०८०/०८१ मा यस कम्पनीका सञ्चालकहरूलाई समिति तथा उप-समिति बैठक भत्ता बापत रु. २२,३४,०००/- र मासिक भत्ता बापत रु. १०,४४,०००/- खर्च भएको छ ।

साथै, माथि उल्लेखित मासिक भत्ताको सम्बन्धमा साधारण सभाको निर्णय अनुसार अध्यक्ष तथा सञ्चालकहरूलाई पत्रपत्रिका, सञ्चार, सवारी

सुबिधा बापत अध्यक्षको लागि मासिक रु. १२,०००/- र सञ्चालकहरूलाई रु. १०,०००/- मासिक भत्ता उपलब्ध गराइएको हो ।

यस समीक्षा वर्षमा सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि. का प्रमुख कार्यकारी अधिकृतलाई पारिश्रमिक, भत्ता, दशैं खर्च, सञ्चित बिदा, बोनस समेत गरी रु.१,६५,६४,६६८/- तथा नायब प्रमुख कार्यकारी अधिकृतकदेखि प्रबन्धक तहसम्मका ३५ जना पदाधिकारीहरूलाई पारिश्रमिक, भत्ता, दशैं खर्च, सवारी साधन भत्ता, सञ्चित बिदा, बोनस समेत गरी हुन आउने रु. ८,८३,६९,४४९/- प्रदान गरिएको छ ।

२१. शेयरधनीहरूले बुझिलिन बाँकी नगद लामांश रकम:

साबिक लुम्बिनी जनरल इन्स्योरेन्स कम्पनी लि. ले आ.ब. २०७६/०७७ मा वितरण गरेको ५% नगद लामांश बापत भुक्तानी बुझिलिन बाँकी रकम रु. २९,३५,५०४/- रहेको छ ।

२२. दफा १४१ बमोजिम सम्पत्ती खरिद वा बिक्री गरेको कुराको विवरण:

दफा १४१ बमोजिम सम्पत्ति वा आम्दानीको १५% बढि हुने गरी सम्पत्ति खरिद वा बिक्री नगरिएको जानकारी गराउँछौ ।

२३. दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोवारको विवरण:

नभएको जानकारी गराउँछौ ।

धन्यवाद ज्ञापनः

कम्पनीले पाएको सहयोगको लागि शेयरधनी महानुभावहरू, ग्राहकवर्ग, श्री नेपाल बीमा प्राधिकरण, श्री कम्पनी रजिष्ट्रारको कार्यालय, श्री धितोपत्र बोर्ड, श्री नेपाल धितोपत्र बजार विनियम लि., श्री सिडिएस एण्ड क्लियरिङ्ग लि., शेयर रजिष्ट्रार, लेखापरीक्षक, बीमा तथा पुनर्बीमा कम्पनीहरू एवं ब्रोकरहरूप्रति हार्दिक आभार प्रकट गर्दछु । कम्पनीको व्यवस्थापनमा संलग्न पदाधिकारीहरू तथा सम्पूर्ण कर्मचारीहरूलाई कम्पनीको उत्तरोत्तर उन्नति र प्रगतिमा पुऱ्याउनुभएको क्रियाशिल योगदानका लागि वहाँहरूलाई विशेष रूपले धन्यवाद दिन चाहन्छु । साथै हाम्रो क्रियाकलापहरूलाई सकारात्मक रूपमा लिई जनसमक्ष पुऱ्याइदिने सञ्चार जगतका मित्रहरू र सम्पूर्ण शुभेच्छुकहरूप्रति पनि म हार्दिक आभार व्यक्त गर्दछु ।

धन्यवाद ।

अरुण राज श्रेष्ठ
सञ्चालक

मनोहर दास मुल
अध्यक्ष

दिनाङ्कः बैशाख २८, २०८२ ।

संस्थागत सुशासन सम्बन्धी वार्षिक अनुपालना प्रतिवेदन

(सूचीकृत संगठित संस्थाहरूको संस्थागत सुशासन सम्बन्धी निर्देशिका, २०७४ बमोजिम)

सूचीकृत संघटित संस्थाको नाम	सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि.
ठेगाना, ईमेल र वेबसाइट	नक्साल, काठमाडौं । Email: info@salico.com.np Website: www.salico.com.np
फोन नं.	८५१२३६७
प्रतिवेदन पेश गरिएको आ.व.	२०८०/०८१

१. सञ्चालक समिति सम्बन्धी विवरण

- (क) सञ्चालक समितिको अध्यक्षको नाम तथा नियुक्ति मिति :- श्री मनोहर दास मुल,
नियुक्ति मिति :- २०८०/१२/२७
- (ख) संस्थाको शेयर संरचना सम्बन्धी विवरण : संस्थापक :- ५१%
सर्वसाधारण :- ४९%

(ग) सञ्चालक समिति सम्बन्धी विवरण :

क्र.सं.	सञ्चालकहरूको नाम र ठेगाना	प्रतिनिधित्व भएको समुह	शेयर संख्या	नियुक्ति भएको मिति	पद तथा गोपनीयताको सपथ लिएको मिति	सञ्चालक नियुक्तिका तरीका (विधि)
१	श्री मनोहर दास मुल, अध्यक्ष - थापाथली	संस्थापक	१०,८४,७४९	चैत्र २७, २०८०	चैत्र २७, २०८०	निर्वाचन
२	श्री अजिथ आर. गुणवर्धना, सेलिन्को इन्स्योरेन्स श्रीलंका	संस्थापक	२९,९७,४५८	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.
३	श्री लोकमान्य गोल्छा, ललितपुर	संस्थापक	२,३८,१४८	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.
४	श्री सिद्धार्थमणि राजभण्डारी, बतिसपुतली	संस्थापक	४५,७४६	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.
४	श्री अरुण राज श्रेष्ठ, बानेश्वर	सर्वसाधारण	२,६६,०७७	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.
५	श्री बिजन भट्टराई, कस्तूरी मार्ग, काठमाडौं	सर्वसाधारण	९,५७२	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.
६	सुश्री निर्मला देवी मानन्धर, बाफल	स्वतन्त्र	-	ऐ.ऐ.	ऐ.ऐ.	ऐ.ऐ.

(घ) सञ्चालक समितिको बैठक

- सञ्चालक समितिको बैठक सञ्चालन सम्बन्धी विवरण
सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि. को बैठक सम्बन्धी विवरण:

क्र.सं.	यस आ.व. २०८०/०८१ मा बसेको सञ्चालक समितिको बैठकको मिति	उपस्थित सञ्चालकको संख्या	बैठकको निर्णयमा भिन्न मत राखी हस्ताक्षर गर्ने सञ्चालक संख्या	गत आ.व. २०७९/०८० मा बसेको सञ्चालक समितिको मिति
१	२०८०/०४/१८	९	नभएको	२०७९/०४/२२
२	२०८०/०५/०७	८	नभएको	२०७९/०५/०६
३	२०८०/०५/१८	९	नभएको	२०७९/०७/०६
४	२०८०/०६/०९	९	नभएको	२०७९/०७/२७
५	२०८०/०७/२२	९	नभएको	२०७९/०९/०५
६	२०८०/०८/११	८	नभएको	२०७९/०९/३०
७	२०८०/०९/०८	९	नभएको	२०७९/१०/०९
८	२०८०/०९/२६	८	नभएको	२०७९/१०/१४
९	२०८०/१०/०८	८	नभएको	२०७९/१०/१७



क्र.सं.	यस आ.व. २०८०/०८१ मा बसेको सञ्चालक समितिको बैठकको मिति	उपस्थित सञ्चालकको संख्या	बैठकको निर्णयमा भिन्न मत राखी हस्ताक्षर गर्ने सञ्चालक संख्या	गत आ.व. २०७९/०८० मा बसेको सञ्चालक समितिको मिति
१०	२०८०/१०/२४	७	नभएको	२०७९/११/०१
११	२०८०/११/१४	८	नभएको	२०७९/११/१०
१२	२०८०/११/२९	७	नभएको	२०७९/११/११
१३	२०८०/१२/१५	१०	नभएको	२०७९/११/२६
१४	२०८०/१२/२७	६	नभएको	२०७९/११/२८
१५	२०८१/०१/०२	५	नभएको	२०७९/११/२९
१६	२०८१/०१/३१	६	नभएको	२०७९/११/२९
१७	२०८१/०२/२७	५	नभएको	२०७९/१२/१४
१८	२०८१/०३/१३	६	नभएको	२०८०/०१/०७
-	-	-	-	२०८०/०१/३१
-	-	-	-	२०८०/०२/३२
-	-	-	-	२०८०/०३/०७

- कुनै सञ्चालक समितिको बैठक आवश्यक गणपुरक संख्या नपुगी स्थगित भएको भए सोको विवरण : नभएको ।
- सञ्चालक समितिको बैठक सम्बन्धी अन्य विवरण :

सञ्चालक समितिको बैठकमा सञ्चालक वा बैकल्पिक सञ्चालक उपस्थित भए-नभएको (नभएको अवस्थामा बैठकको मिति सहित कारण खुलाउने):

खण्ड (घ) मा उल्लेख भए बमोजिम कार्यव्यस्तता कारण केहि बैठकमा अनुपस्थित

सञ्चालक समितिको बैठकमा उपस्थित सञ्चालकहरु, छलफल भएको विषय र तत्सम्बन्धमा भएको निर्णयको विवरण (माइन्सूट को छुट्टै अभिलेख राखे नराखेको) :

राखेको

सञ्चालक समितिको दुई लगातार बसेको बैठकको अधिकतम अन्तर (दिनमा) :

४३ दिन

सञ्चालक समितिको बैठक भत्ता निर्धारण सम्बन्धमा बसेको वार्षिक साधारण सभाको मिति :

२०७९/११/२९

सञ्चालक समितिको प्रति बैठक भत्ता रु.

अध्यक्ष: रु. १२,०००/-, सञ्चालक: रु. १०,०००/-

आ.व. २०८०/०८१ को सञ्चालक समितिको कुल बैठक खर्च रु.

सञ्चालक समितिको रु. १४,०४,०००/- र अन्य भत्ता रु. १०,४४,०००/-

२. सञ्चालकको आचरण सम्बन्धी तथा अन्य विवरण

सञ्चालकको आचरण सम्बन्धमा सम्बन्धित संस्थाको आचार संहिता भए/नभएको :

ऐन, निर्देशिका अनुसार

एकाघर परिवारको एक भन्दा बढी सञ्चालक भए सोको सो सम्बन्धी विवरण :

नभएको

सञ्चालकहरुको वार्षिक रुपमा सिकाई तथा पुर्नताजगी कार्यक्रम सम्बन्धी विवरण :

क्र.सं.	विषय	मिति	सहभागी सञ्चालकको संख्या	तालिम सञ्चालन भएको स्थान
	०	०	०	०

प्रत्येक सञ्चालकले आफु सञ्चालकको पदमा नियुक्त वा मनोनयन भएको पन्ध्र दिन भित्र देहायका कुराको लिखित जानकारी गराएको/नगराएको र नगराएको भए सोको विवरण :

- कम्पनी ऐन २०६३ को दफा ९२ बमोजिमको विवरण बाहेकका अन्य कुनै लिखित जानकारी प्राप्त नभएको ।

- संस्थासँग निजको वा निजको एकाघरको परिवारको कुनै सदस्यले कुनै किसिमको करार गरेको वा गर्न लागेको भए सो को विवरण : नभएको ।
- निज वा निजको एकाघरको परिवारको कुनै सदस्यले संस्था वा सो संस्थाको मुख्य वा सहायक कम्पनीमा लिएको शेयर वा डिभेन्चरको विवरण : सहायक कम्पनी नभएको ।
- निज अन्य कुनै संगठित संस्थाको आधारभुत शेयरधनी वा सञ्चालक रहेको भए त्यसको विवरण :



- निज अन्य कुनै संगठित संस्थाको आधारभुत शेयरधनी वा सञ्चालक रहेको भए त्यसको विवरण :

सञ्चालकको नाम	सञ्चालक रहेको संस्था	आधारभुत शेयरधनी रहेको संस्था
श्री मनोहर दास मुल, अध्यक्ष	अध्यक्ष-एलाइन्स फर्मास्युटिकल्स, प्रबन्ध सञ्चालक-कागजो कर्न्सन प्रा.लि., सञ्चालक-माउन्टेन इनर्जी, कार्यकारी निर्देशक-एम. के. पेपर मिल्स लि.	-
श्री अजिथ आर गुणवर्धना, सेलिन्को होल्डीङ्गस् पि.एल.सी., श्रीलंका	निर्देशक-सेलिन्को होल्डीङ्गस् पि.एल.सी., श्रीलंका	सेलिन्को होल्डीङ्गस् पि.एल.सी., श्रीलंका
श्री लोकमान्य गोल्ला, ललितपुर	अध्यक्ष: रमालाल जी धापीदेवी गोल्ला च्यारिटी ट्रस्ट, गोल्ला ज्ञान मन्दिर निर्देशक: हर्ष लोक इन्टरप्राइजेज प्रा.लि., श्री हनुमान इन्डस्ट्रिज प्रा. लि., भू देवो खाद्य प्रा. लि., विशाल बजार कम्पनी प्रा. लि	-
श्री सिद्धार्थमणि राजभण्डारी सञ्चालक	प्रबन्ध सञ्चालक: नेपाल कन्स्ट्रक्शन एण्ड इन्जिनियरिङ्ग प्रा.लि., एनसिइसी इक्युपमेन्ट एण्ड सर्भिसेज प्रा.लि., एनसिइसी इण्डस्ट्रियल सर्भिसेज प्रा.लि.	-
श्री अरुण राज श्रेष्ठ, सञ्चालक	प्रबन्ध निर्देशक-इन्टरनेशनल इलेक्ट्रोनिक्स कर्न्सन प्रा.लि., सञ्चालक-कस्मोपोलिटान ट्रेडिङ्ग कर्न्सन प्रा.लि., सञ्चालक-कस्मोपोलिटान सोलुसन प्रा.लि.	-
श्री बिजन भट्टराई, कस्तूरी मार्ग, काठमाडौं	-	-
सुश्री निर्मला देवी मानन्धर स्वतन्त्र सञ्चालक	-	-

- निजको एकाघरको परिवारको कुनै सदस्यले संस्थामा पदाधिकारी वा कर्मचारीको हैसियतमा काम गरिरहेको भए सोको विवरण : नभएको ।

सञ्चालक उस्तै प्रकृतिको उद्देश्य भएको सूचीकृत संस्थाको सञ्चालक, तलवी पदाधिकारी, कार्यकारी प्रमुख वा कर्मचारी भई कार्य गरेको भए सोको विवरण :	संस्थागत प्रतिनिधित्वको हकमा बाहेक त्यस्तो अबस्था नभएको ।
सञ्चालकहरूलाई नियमन निकाय तथा अन्य निकायहरूबाट कुनै कारवाही गरि एको भए सोको विवरण :	नभएको

३. संस्थाको जोखिम व्यवस्थापन तथा आन्तरिक नियन्त्रण प्रणाली सम्बन्धी विवरण :

- (क) जोखिम व्यवस्थापनको लागि कुनै समिति गठन भए/नभएको गठन नभएको भए सो को कारण : कम्पनीमा सञ्चालकहरूको संयोजकत्वमा लेखापरीक्षण समिति, दावी भुक्तानी तथा पुनर्बिमा समिति, मानव संसाधन समिति, लगानी समिति, जोखिम व्यवस्थापन तथा सोल्भेन्सी समिति, सम्पत्ती शुद्धिकरण निवारण समिति गठन गरिएको छ ।
- (ख) जोखिम व्यवस्थापन तथा सोल्भेन्सी समिति सम्बन्धी जानकारी :
- (अ) समितिको संरचना (संयोजक तथा सदस्यहरूको नाम तथा पद)
 संयोजक: श्री पद्म ज्योति, सञ्चालक/संयोजक
 सदस्य: लोकमान्य गोल्ला, सल्लाहकार/सदस्य
- (आ) समितिको बैठक संख्या : बसेको बैठक संख्या- २
- (इ) समितिको कार्य सम्बन्धी छोटो विवरण: कम्पनीको शेयर तथा व्यवसायबाट प्राप्त आम्दानीलाई बीमा समितिबाट जारी निर्देशिकाको अधिनमा रहि उच्चतम प्रतिफल प्राप्त हुने गरी लगानी गर्ने, कम्पनीका बिभागहरू, कम्पनीको वित्तीय अवस्था, व्यवसाय र त्यसको जोखिम बिश्लेषण गरी आवश्यक सुझाव दिने आदि ।
- (ग) आन्तरिक नियन्त्रण कार्यविधि भए/नभएको : आन्तरिक नियन्त्रण बिभाग गठन गरिएको, यसले बीमा ऐन, नियमावली, प्रचलित कानून, नेपाल बीमा प्राधिकरण वा अन्य नियमनकारी निकायहरूबाट जारी गरिएका निर्देशिका बमोजिम कम्पनीले पालना गर्नुपर्ने गर्नुपर्ने बिषयहरू पालना गर्ने गराउने काम गर्नेछ ।
- (घ) आन्तरिक नियन्त्रण प्रणालीको लागि कुनै समिति गठन भए/नभएको गठन नभएको भए सोको कारण : आन्तरिक नियन्त्रण प्रणाली नाम रहेको छुट्टै समिति गठन नगरिएको भए पनि नेपाल बीमा प्राधिकरणको निर्देशिका अनुसार आन्तरिक नियन्त्रण बिभाग गठन गरिएको र सो बिभाग मार्फत लेखापरीक्षण समिति, जोखिम व्यवस्थापन तथा सोल्भेन्सी समिति लगायतका समितिहरूबाट तत् सम्बन्धी कामहरू हुँदै आएको ।



- (ड) आन्तरिक नियन्त्रण प्रणाली समिति सम्बन्धी विवरण :
- (अ) समितिको संरचना (संयोजक तथा सदस्यहरूको नाम तथा पद)
- (आ) समितिको बैठक संख्या
- (ई) समितिको कार्य सम्बन्धी छोटो विवरण :
- (च) आर्थिक प्रशासन विनियमावली भए/नभएको : भएको

४. सूचना तथा जानकारी प्रवाह सम्बन्धी विवरण :

- (क) संस्थाले सार्वजनिक गरेको सूचना तथा जानकारी प्रवाहको विवरण : (आ.व. २०८०/०८१ मा)
- सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि. बाट सार्वजनिक गरेको सूचना तथा जानकारी प्रवाहको विवरण:

विषय	माध्यम	सार्वजनिक गरेको मिति
त्रैमासिक वित्तीय विवरण	कारोबार राष्ट्रिय दैनिक	२०८०/०७/२६
त्रैमासिक वित्तीय विवरण	कारोबार राष्ट्रिय दैनिक	२०८०/१०/२९
त्रैमासिक वित्तीय विवरण	कारोबार राष्ट्रिय दैनिक	२०८१/०१/३०
त्रैमासिक वित्तीय विवरण	कारोबार राष्ट्रिय दैनिक	२०८१/०४/३०
सूचनाको हक सम्बन्धि विवरण		
सूचनाको हक सम्बन्धि विवरण		

- (ख) सूचना सार्वजनिक नगरेको वा अन्य कारणले धितोपत्र बोर्ड तथा अन्य निकायबाट कारवाहीमा परेको भए सो सम्बन्धी जानकारी : नभएको
- (ग) पछिल्लो वार्षिक साधारणसभा सम्पन्न भएको मिति : २०८० चैत्र २७ गते

५. संस्थागत संरचना र कर्मचारी सम्बन्धी विवरण

- (क) कर्मचारीको संरचना, पदपूर्ति, वृत्ति विकास, तालिम, तलब, भत्ता तथा अन्य सुविधा, हाजिर र बिदा, आचार संहिता लगायतका कुराहरू समेटिएको कर्मचारी सेवा शर्त विनियमावली/व्यवस्था भए नभएको : भएको ।
- (ख) सांगठनिक संरचना संलग्न गर्ने :
- (ग) उच्च व्यवस्थापन तहका कर्मचारीहरूको नाम, शैक्षिक योग्यता तथा अनुभव सम्बन्धी विवरण :

नाम र पद	शैक्षिक योग्यता	अनुभव
चंकी क्षेत्री, प्रमुख कार्यकारी अधिकृत	स्नातकोत्तर	बीमा क्षेत्रमा अनुभवी
बरिष्ठा साउद आचार्य, नायब प्रमुख कार्यकारी अधिकृत	स्नातकोत्तर	बीमा क्षेत्रमा अनुभवी
कविराज पौडेल, नायब महाप्रबन्धक	स्नातकोत्तर	बीमा क्षेत्रमा अनुभवी
सुबास दिक्षीत, सहायक महाप्रबन्धक	स्नातक	बीमा क्षेत्रमा अनुभवी
करुणा देवी मानन्धर, सहायक महाप्रबन्धक	स्नातकोत्तर	बीमा क्षेत्रमा अनुभवी

(घ) कर्मचारी सम्बन्धी अन्य विवरण :

संरचना अनुसार कर्मचारी पदपूर्ति गर्ने गरे/नगरेको	गरेको
नयाँ कर्मचारहरूको पदपूर्ति गर्दा अपनाएको प्रकृया :	लिखित परीक्षा/अन्तरवार्ता
व्यवस्थापन स्तरका कर्मचारीको संख्या	६०
कुल कर्मचारीको संख्या	६३३
कर्मचारीहरूको सक्सेसन प्लान भए/नभएको	प्रकृत्यामा रहेको
आ.व. २०८०/८१ मा कर्मचारीहरूलाई दिएको तालिम संख्या तथा सम्मिलित कर्मचारीका संख्या	तालिम संख्या: ७५
सम्मिलित कर्मचारीका संख्या:	
आ.व. २०८०/०८१ मा कर्मचारी तालिम खर्च रु.	रु. ९९,४७,६४३
कुल खर्च (व्यवस्थापन) मा कर्मचारी खर्चको प्रतिशत	२८%
कुल कर्मचारी खर्चमा कर्मचारी तालिम खर्चको प्रतिशत	२%

६. संस्थाको लेखा तथा लेखापरीक्षण सम्बन्धी विवरण

(क) लेखासम्बन्धी विवरण :

संस्थाको पछिल्लो आ.व. को वित्तीय विवरण लैच अनुसार तयार गरे/नगरेको, नगरेको भए सोको कारण	गरेको
सञ्चालक समितिबाट पछिल्लो वित्तीय विवरण स्वीकृत भएको मिति	भएको
त्रैमासिक वित्तीय विवरण प्रकाशन गरेको मिति	२०८०/०७/२६ २०८०/१०/२९ २०८१/०१/३० २०८१/०४/३०
अन्तिम लेखापरीक्षण सम्पन्न भएको मिति	२०८१/१२/२८
साधारण सभाबाट वित्तीय विवरण स्वीकृत भएको मिति (गत वर्षको)	२०८०/१२/२७
संस्थाको आन्तरिक लेखा परीक्षण सम्बन्धी विवरण (अ) आन्तरिक रूपमा लेखा परीक्षण गर्ने गरिएको वा (आ) बाह्य विज्ञ नियुक्त गरिएको भए सो को विवरण (इ) आन्तरिक लेखापरीक्षण कति अवधिको गर्ने गरिएको (त्रैमासिक, चौमासिक वा अर्धवार्षिक)	गर्ने गरिएको । एम. बि. पाण्डे एण्ड कम्पनी चार्टर्ड एकाउन्टेन्ट । त्रैमासिक

(ख) लेखापरीक्षण समिति सम्बन्धी विवरण

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि. को:

संयोजक तथा सदस्यहरूको नाम, पद तथा योग्यता:

नाम	पद	योग्यता
श्री डा. बिजन भट्टराई	संयोजक/सञ्चालक	विद्यावारिधि
श्री पद्म ज्योति	सदस्य/सञ्चालक	स्नातकोत्तर
सुश्री निर्मला देवी मानन्धर	सदस्य/स्वतन्त्र सञ्चालक	स्नातकोत्तर

प्रति बैठक भत्ता रु. १०,०००/- प्रति सदस्य

लेखापरीक्षण समितिले आफ्नो काम कारवाहीको प्रतिवेदन सञ्चालक समितिमा पेश गरेको मिति : विविध मिति

७. अन्य विवरण

संस्थाले सञ्चालक तथा निजको एकाघरका परिवारको वित्तीय स्वार्थ भएको व्यक्ति, बैंक तथा वित्तीय संस्थाबाट ऋण वा सापटी वा अन्य कुनै रूपमा रकम लिए/नलिएको	नलिएको
प्रचलित कानून बमोजिम कम्पनीको सञ्चालक, शेयरधनी, कर्मचारी, सल्लाहाकार, परामर्शदाताका हैसियतमा पाउने सुविधा वा लाभ बाहेक सूचीकृत सङ्गठित संस्थाको वित्तीय स्वार्थ भएको कुनै व्यक्ति, फर्म, कम्पनी, कर्मचारी, सल्लाहाकार वा परामर्शदाताले संस्थाको कुनै सम्पति कुनै किसिमले भोगचलन गरे/नगरेको	नगरेको
नियमनकारी निकायले इजाजत पत्र जारी गर्दा तोकेको शर्तहरूको पालना भए/नभएको	भएको
नियमनकारी निकायले संस्थाको नियमन निरीक्षण वा सुपरिवेक्षण गर्दा संस्थालाई दिईएको निर्देशन पालना भए/नभएको	भएको
संस्था वा सञ्चालक विरुद्ध अदालतमा कुनै मुद्दा चलिरहेको भए सो को विवरण	बीमा दावी बाहेक अन्य नभएको

परिपालना अधिकृतको दस्तखत:

नाम: बासुदेव जोशी

पद: परिपालना अधिकृत

मिति: २०८२/०१/०३

संस्थाको छाप

लेखापरीक्षकको दस्तखत

किरण डंगोल

चार्टर्ड एकाउन्टेन्ट

मिति:

छाप

प्रतिवेदन सञ्चालक समितिबाट स्वीकृत भएको मिति: २०८२/०१/०४

अध्यक्षज्यूको मन्तव्यः

आदरणीय शेरधनी महानुभावहरू,

सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लिमिटेडको २८औं वार्षिक साधारण सभामा उपस्थिती जनाउनु भएका सम्पूर्ण शेरधनी वर्ग तथा अतिथि महानुभावहरूलाई म हार्दिक स्वागत गर्न चाहन्छु । र यहाँहरूको गरिमामय उपस्थिति तथा कम्पनी प्रतिको निरन्तर विश्वासप्रति कम्पनीको तर्फबाट कृतज्ञता व्यक्त गर्न चाहन्छु ।

नेपालको निर्जीवन बीमा क्षेत्रमा समृद्ध इतिहास बोकेको यो संस्थाले आजको दिन सम्म आइपुग्दा एक सुखद फड्को मारेको छ । चाहे त्यो व्यावसायिक विस्तारको दिशामा होस, चाहे पूँजी सुदृढीकरण, चाहे सेवा प्रवाह होस् तथा चाहे शेरधनीलाई दिने अटुट प्रतिफलको रूपमा होस्, कम्पनीले आजको दिनसम्म आइपुग्दा आम नेपाली जनमानसमा बीमा क्षेत्रको अब्बल कम्पनीको रूपमा अमिट छाप छोड्न यस कम्पनी सफल भएको छ । र समुदायमा निर्जीवन बीमाको सेवा पहुँचलाई निरन्तर तथा उल्लेख्य रूपमा वृद्धि गर्दै लैजान यस संस्थाले अद्वितीय भूमिका निभाउन सफल भएको छ ।

“विश्वासको सम्बन्ध, एकताको प्रतीक” भन्ने मूल मन्त्रलाई आत्मसात गर्दै अघि बढेको हामीले, सेवा विविधिकरण र प्रविधिकरणको माध्यमबाट साँचै नै सेवाग्राहीहरूको विश्वास जित्न सफल भएका छौं भने बीमा पहुँच विस्तार, अटुट लगानी प्रतिफल तथा संस्थागत सुशासनको अभ्यासबाट कम्पनीको रणनीतिक उद्देश्य, लगानीकर्ताको अपेक्षा र नियामक निकायको अभिप्रायमा सामन्जस्यता र एकरूपता ल्याई यस संस्थालाई बीमा क्षेत्रकै एक उत्कृष्ट कम्पनीको रूपमा उभ्याउन हामी सफल भएका छौं ।

विश्वमा प्रचलनमा आएका नवीनतम प्रविधिको प्रयोगको माध्यमबाट बीमितहरूलाई गुणस्तरीय सेवा प्रदान गर्न, दाबी भुक्तानी प्रक्रिया छिटो, सहज र प्रभावकारी बनाउन तथा व्यवसायको सुदृढ विस्तार गर्न हामी निरन्तर उद्यत रहेका छौं र नयाँ किसिमको बीमालेख बिक्री र बीमालेख बिशिष्टीकरणको माध्यमबाट कम्पनीलाई अन्य प्रतिस्पर्धी भन्दा फरक रूपमा बजारमा प्रस्तुत गर्न सफल भएका छौं । द्रुत दाबी भुक्तानी अवलम्बन पद्धतिबाट हामीले विपतमा परेका सेवाग्राहीको भावनासँग ऐक्यबद्ध हुने अवसर पनि पाएका छौं ।

बीमालाई सेवा भाव ठानी आम जनजीवनको अभिन्न अङ्ग बनाउँदै, आफ्नो सेवा देशका सबै भूभागसम्म पुऱ्याउने दृढ संकल्पसाथ हामी शाखा प्रशाखाहरू विस्तार गरिरहेका छौं । हाल कम्पनीले ७ वटा प्रदेश कार्यालय, १०६ वटा शाखा तथा ५ वटा एक्सटेन्सन काउन्टर मार्फत् शहरदेखि ग्रामीण क्षेत्रमा सेवा प्रदान गरिरहेको छ ।

पछिल्लो साधारण सभामा हामीले कम्पनीको व्यवसाय वृद्धि, दक्ष जनशक्तिको समायोजन, र संस्थागत बलियोपनबारे जुन प्रतिबद्धता व्यक्त गरेका थियौं, ती यथार्थमा परिणत हुँदै गएको तपाईंहरूले अनुभव गरिरहनु भएको छ । त्यस्तै, कम्पनीको प्रधान कार्यालय रहेको नक्सालमा आधुनिक, सुविधा सम्पन्न व्यावसायिक भवन निर्माणको योजना समेत अगाडि बढिसकेको जानकारी गराउन चाहन्छु ।

बीमा ऐन, २०७९ कार्यान्वयनमा आएको २६ महिना पछि बीमा नियमावली, २०८१ भर्खरै मात्र कार्यान्वयनमा आएको छ । नेपाल बीमा प्राधिकरण स्वयं बीमा क्षेत्रको विकास, बिस्तार एवं नियमनको लागि सक्रियतापूर्वक लागिपरेको हुदाँ यसको उपयोग गरी बीमा व्यवसायलाई ग्रामिण तहसम्म लैजान र व्यवसाय विस्तार गर्न अझ सहज हुने विश्वास हामीले राखेका छौं । यसलाई सफल बनाउन सञ्चालक समितिले कम्पनीका नीतिगत बिषयहरूमा आवश्यक व्यवस्था गर्ने र कम्पनीका सबै कामकारवाहीहरूमा व्यवस्थापनलाई अधिकतम अधिकार दिने तथा जिम्मेवार बनाउने नीति लिएका छौं ।

समीक्षा वर्षमा यस कम्पनीले रु. ४,७८,८९,६७,२३६ (चार अर्ब अठहत्तर करोड उनान्नेब्बे लाख सतसठ्ठी हजार दुई सय छत्तीस रुपैयाँ) बीमाशुल्क आर्जन गरेको छ । यस आ.ब. को अन्त्य सम्ममा कम्पनीको लगानी रु. ६ अर्ब ४० करोड ३३ लाख ९ सय ४० रुपैयाँ पुग्न गएको छ । साथै समीक्षा वर्षमा कम्पनीका युक्ता पूँजी, बीमाकोष, महाविपत्ती कोष र जगेडा कोष सहित जम्मा कुल स्रोत (Networth) रु. ६ अर्ब २० करोड ८२ लाख ६२ हजार ७ सय ८१ रहेको छ, जुन अघिल्लो आ.ब. २०७९/०८० को तुलनामा रु. २७ करोड ५९ लाख ६५ हजार १ सय १७ ले अधिक हो ।

आ.ब. २०८०/०८१ को नेपाल लेखामान र NFRS अनुसारको वासलात, नाफा नोक्सान हिसाब, आयव्यय हिसाब, वित्तीय विवरणहरू र अनुसूचीहरू तथा कम्पनी ऐन, २०६३ दफा १०९ उपदफा ४ बमोजिमको प्रतिवेदन यसै साथ संलग्न गरिएको छ ।

समीक्षा वर्षमा कम्पनीले रु. ४६ करोड ९ लाख ७९ हजार ८ सय ६९ खुद मुनाफा आर्जन गर्न सफल भएको छ । यस आ.ब.मा NFRS अनुसार नै वित्तीय विवरण तयार गरिएको हुँदा बीमाकीय मूल्यांकन अनुसार जगेडा तथा अन्य व्यवस्थाहरू कायम गरी प्रस्तुत आ.ब. २०८०/०८१ को मुनाफाबाट १५ प्रतिशत रकममा रु. ३९ करोड ३३ लाख ९५ हजार ७ सय ३० नगद लाभांश (कर समेत) को व्यवस्था गरिएको व्यहोरा अवगत गराउन चाहन्छु ।

अन्तमा, कम्पनीले पाएको सहयोगको लागि शेरधनी महानुभावहरू, ग्राहकवर्ग, श्री नेपाल बीमा प्राधिकरण, श्री कम्पनी रजिष्ट्रारको कार्यालय, श्री धितोपत्र बोर्ड, श्री नेपाल धितोपत्र बजार विनियम लि., श्री सिडिएस एण्ड क्लियरिङ लि., शेर रजिष्ट्रार लेखापरीक्षक, बीमा तथा पुनर्बीमा कम्पनीहरू एवं ब्रोकरहरूप्रति हार्दिक आभार प्रकट गर्दछु । कम्पनीका व्यवस्थापनमा संलग्न पदाधिकारीहरू तथा सम्पूर्ण कर्मचारीहरूलाई कम्पनीको उत्तरोत्तर उन्नति र प्रगतिमा पुऱ्याउनु भएको सक्रिय योगदानका लागि वहाँहरूलाई विशेष रूपले धन्यवाद दिन चाहन्छु । साथै हाम्रो क्रियाकलापहरूलाई सकारात्मक रूपमा लिई जनसमक्ष पुऱ्याईदिने सञ्चार जगतका मित्रहरू र सम्पूर्ण शुभेच्छुकहरूप्रति पनि म हार्दिक आभार व्यक्त गर्दछु ।

धन्यवाद ।

मनोहर दास मुल
अध्यक्ष- सञ्चालक समिति ।



मनोहर दास मुल
अध्यक्ष

प्रमुख कार्यकारी अधिकृतको प्रतिवद्धता

यस सगरमाथा लुम्बिनी इन्स्योरेन्स कम्पनी लि.को २८औं वार्षिक साधारण सभामा उपस्थित कम्पनीका सञ्चालक समितिका अध्यक्षज्यू, सञ्चालक समितिका सदस्यज्यूहरू, संस्थापक शेयरधनी महानुभावहरू, साधारण शेयरधनी महानुभावहरू, नियमनकारी निकायबाट पाल्नुभएका अतिथीज्यूहरू, सञ्चारकर्मी मित्रहरू, सहकर्मी साथीहरू र आमन्त्रित सबैमा हार्दिक स्वागत गर्दै यहाँहरूको गरीमामय उपस्थितिको लागि धन्यवाद ज्ञापन गर्न चाहन्छु ।

नेपालको निर्जीवन बीमा क्षेत्रको इतिहासमा पहिलोपटक बैदेशिक लगानीकर्ता भित्राउन सफल भई विगत २९ वर्षदेखि ग्राहकहरूको माझ चिरपरिचित सगरमाथा इन्स्योरेन्स कम्पनी लि. र बीमा क्षेत्रमा १९ वर्षसम्म छुट्टै पहिचान बनाउन सफल रहेको लुम्बिनी जनरल इन्स्योरेन्स कम्पनी गाभिएर २०७९ साल फाल्गुण २९ गते बाट एकीकृत संयुक्त कारोवार गर्दै आफ्ना ग्राहकप्रतिको सेवालाई पहिलो प्राथमिकतामा राखि काम गर्दै आएको छ । यस क्रममा बीमालेख हस्तान्तरण तथा दावी भुक्तानी प्रक्यालाई छिटो छरितो रूपमा सम्पन्न गर्न विद्युतीय (Digital) माध्यमबाट समय सापेक्ष परिमार्जन र अद्यावधिक गरिँदै लगेको छ ।

नेपालको राजनीतिक अस्थिरताका कारण देशको आर्थिक गतिविधिहरू सन्तोषजनक नरहेको तथा अन्तर्राष्ट्रिय स्तरमा बिभिन्न राष्ट्रहरू बीच चलिरहेको शीतयुद्धको कारणले विश्व अर्थतन्त्रमा परेको प्रभाव, लगानीको सिमित क्षेत्र, घट्दो ब्याजदर, निर्जीवन बीमा कम्पनीहरू बिच व्यवसायमा बढेको प्रतिस्पर्धा, जनचेतनाको अभाव जस्ता चुनौतीहरूले बीमा व्यवसायलाई थप कठिन बनाएको छ । यस्ता चुनौतीहरूको न्यूनिकरण गर्न थप उपाय तथा रणनीतिहरू अवलम्बन गर्दै संस्थागत सुशासनको उल्लङ्घनमा शुन्य सहनशीलता अपनाई पारदर्शिता, जवाफदेहिता तथा जिम्मेवारीपन लगायत सुशासनका सिद्धान्तहरू तथा नीति नियमहरूको प्रभावकारी कार्यान्वयन गर्दै भएका अवसरहरूको समुचित उपयोग गर्दै कम्पनीलाई देशको अग्रणी निर्जीवन कम्पनीको रूपमा स्थापित गर्न व्यवस्थापन दत्तचित भई लागेको छ ।

कम्पनीले आफ्ना कर्मचारीहरूको लागि समयानुकूल राष्ट्रिय तथा अन्तर्राष्ट्रिय तालिमहरू प्रदान गर्नुपर्ने यथार्थलाई मध्यनजर गरी इन्स्योरेन्स इन्टिच्युट अफ नेपाल लगायत देशभित्र र भारतमा समेत आयोजना हुने तालिमहरूमा सहभागी गराउँदै आएको छ । यस क्रममा कम्पनीका उच्चपदस्थ कर्मचारी एवं शाखा कार्यालयहरूमा तालिमहरू समेत प्रदान गर्ने गरिएको छ । साथै कम्पनीबाट सम्पन्न गर्नुपर्ने नियमित तालिमहरू र आवधिक तालिमहरू प्रदान गरी कर्मचारीहरूलाई व्यवसाय प्रबर्द्धनको सिलसिलामा जानकारी राख्नुपर्ने प्रचलित कानून, नियम तथा नेपाल बीमा प्राधिकरणबाट जारी निर्देशिकाहरूको बारेमा अद्यावधिक गराउने काम भईरहेको छ ।

बीमालाई सबै जनताहरूको पहुँच पुऱ्याउने सरकारको नीति अनुसार बीमा सेवालाई शहरदेखि ग्रामिण क्षेत्रसम्म विस्तार गर्ने क्रममा प्रधान कार्यालय लगायत मुलुकभरका प्रादेशिक कार्यालय सहितका

१११ वटा कार्यालयहरूबाट सेवा प्रदान गर्दै आएका छौं । यसको साथै, कृषि बीमाको लागि कम्पनीलाई तोकिएका जिल्लाहरू र अन्य स्थानमा समेत स्थानिय कृषक तथा व्यवसायीहरूलाई बाली तथा पशुपंक्षी बीमाको सेवा उपलब्ध गराउनुको साथै नष्ट भएका बाली तथा मृत्यु भएका पशुपंक्षीहरूको यथाशक्य चाँडो दावी भुक्तानी गर्ने गरिएको छ ।

कम्पनीले गर्ने व्यवसायको जोखिम हस्तान्तरणको लागि पर्याप्त मात्रामा पुनर्बीमाको व्यवस्था गरिएको छ । स्वदेशी तथा बिदेशी पुनर्बीमा कम्पनीहरूसँगको व्यवसायिक सम्बन्ध र सहकार्यको परिणाम स्वरूप ग्राहकहरूले समयमै दावी भुक्तानी प्राप्त गर्ने र यसबाट कम्पनीको विश्वसनीयता र दावी भुक्तानी प्रक्यामा समेत निकै ठुलो मद्दत पुग्न गएको छ ।

कम्पनीको वित्तीय अवस्था र अन्य गतिविधिहरूको बारेमा यहाँहरूलाई हाम्रो अध्यक्षज्यूको सम्बोधन, वार्षिक प्रतिवेदन र वित्तीय विवरणहरूबाट अवगत हुने नै छ । छलफलको क्रममा यहाँहरूबाट प्राप्त जिज्ञासाहरूलाई सम्बोधन गर्ने र सो क्रममा प्राप्त हुने अमूल्य सुझावहरूलाई हामीले मार्गदर्शनको रूपमा अवलम्बन गर्दै जानेछौं ।

आ.ब. २०८०/०८१ को कार्यसम्पादनलाई मुल्याङ्कन गर्दै यस कम्पनीलाई **The HRM Nepal Corporate Excellence 2024 in Non-Life Insurance Category** नामक सम्मानबाट विभूषित गरिएको व्यहोरा जानकारी गराउँदै यस प्रकारको सम्मानबाट कम्पनीलाई आगामी दिनमा थप उत्साहपूर्वक काम गर्नका लागि मनोबल प्रदान गरेको छ ।

अन्तमा, कम्पनीले पाएको सहयोगको लागि शेयरधनी महानुभावहरू, ग्राहकवर्ग, श्री नेपाल बीमा प्राधिकरण लगायतका नियमनकारी निकायहरू लेखापरीक्षक, बीमा तथा पुनर्बीमा कम्पनीहरू एवं ब्रोकरहरूप्रति हार्दिक आभार प्रकट गर्दछु । कम्पनीको व्यवस्थापनमा संलग्न मेरा सहकर्मी साथीहरूलाई कम्पनीको उत्तरोत्तर उन्नति र प्रगतिमा पुऱ्याउनुभएको क्रियाशिल योगदानका लागि वहाँहरूलाई विशेष रूपले धन्यवाद दिन चाहन्छु । साथै, हामीले गर्ने काम कारबाहीहरूलाई सकारात्मक रूपमा लिई जनसमक्ष पुऱ्याइदिने सञ्चार जगतका मित्रहरू र सम्पूर्ण शुभेच्छुकहरूप्रति पनि म हार्दिक आभार व्यक्त गर्दछु ।

धन्यवाद ।

चकी क्षेत्री

प्रमुख कार्यकारी अधिकृत



चंकी क्षेत्री
प्रमुख कार्यकारी अधिकृत

Key Performance Indicators (KPIs)



Gross Premium
Collection

4.79 bn



Gross Claim Paid

2.83 bn



Net Worth

6.21 bn



Net Profit

461 mn



Number of
Shares

26.23 mn



Earnings per
Share (EPS)

NPR 17.58



Book Value
per Share

NPR 236.72



Dividend per
Share (DPS)

NPR 15.00



Price Earning
Ratio

41.36



Return on
Equity

7.43%



Market Share

11.55%



Solvency Margin

275.7%



Retention Ratio

35.15%



Key Performance Indicators



Net Profit to
Gross Premium

9.63%



Reinsurance
Ratio

64.85%



Yield on
Investments
& Loan

7.48%



Management
Expense Ratio

16.56%



Regulatory
Expense Ratio

1.49%



Agency
Commission
Ratio

0.78%



Expense
Ratio

3.39%



Increment on
Investment Held

2.86%



Investment
on Shares
to Total Assets

8.43%



Total No of Active
Insurance Policies

286,367



Number of
Offices

112



Number of
Employees

633

1. VISION, MISSION & OBJECTIVES

Vision and Mission of Company



Vision

Unified to build dreams.



Mission

To provide protection and financial security of the highest quality to the society, with the aspiration to become the customer's first choice in underwriting their risks, cultivating ourselves as a bridge for the future.



Overall Strategy and Objectives

SALICO aims to provide value to the customers and stakeholders by following strategies and objectives summarized in following key areas;

i. Risk Management and Underwriting

- **Accurate Risk Assessment:** Employ advanced data analytics and actuarial models to evaluate risks accurately and set premiums accordingly.
- **Underwriting Profitability:** Aim to maintain a profitable underwriting ratio by balancing premium income with claims payouts.
- **Diversification of Risk:** Spread risk across different lines of business and geographic regions to mitigate exposure to catastrophic events.

ii. Product Development and Innovation

- **Customized Insurance Solutions:** Develop tailored products to meet the diverse needs of individual and commercial clients.
- **Emerging Risks Coverage:** Adapt to new market demands by creating products that cover emerging risks, such as cyber liability, climate-related incidents, and gig economy-related insurance.
- **Simplified Processes:** Streamline policy wording and claims processes to enhance customer satisfaction and reduce administrative costs.

iii. Customer Experience and Engagement

- **Enhanced Customer Service:** Focus on providing exceptional service through multiple channels, including digital platforms, to enhance customer satisfaction and retention.
- **Education and Communication:** Inform customers about policy options, coverage limits, and the importance of risk management to improve their understanding and engagement.
- **Claims Management Excellence:** Implement efficient claims processing systems that enable quick resolutions and build trust with policyholders.

iv. Operational Efficiency

- **Cost Management:** Focus on reducing operational costs through automation, technology integration, and process optimization.
- **Digital Transformation:** Leverage technology to enhance internal operations, improve underwriting processes, and provide customer service solutions, such as online policy purchase and claims filing.
- **Agile Operations:** Foster a culture of flexibility and responsiveness to adapt quickly to changing market conditions and customer needs.

v. Financial Stability and Growth

- **Sustainable Profitability:** Balance growth objectives with maintaining strong financial performance and a solid balance sheet.
- **Investment Strategy:** Develop a prudent investment strategy to optimize returns on premiums collected while managing risk appropriately.
- **Market Expansion:** Explore opportunities for expansion into new markets, whether through organic growth or acquisitions.

vi. Regulatory Compliance and Corporate Governance

- **Adherence to Regulations:** Ensure compliance with all relevant regulations and standards to maintain operational integrity and avoid legal penalties.
- **Transparency and Accountability:** Uphold strong corporate governance practices to foster trust with stakeholders and reinforce the insurer's reputation.

vii. Sustainability and Corporate Social Responsibility (CSR)

- **Environmental and Social Governance (ESG):** Incorporate ESG considerations into investment and operational strategies to address climate change and societal impacts.
- **Community Engagement:** Participate in community initiatives and support disaster preparedness and recovery programs.

viii. Talent Acquisition and Development

- **Skilled Workforce:** Attract and retain top talent in areas such as underwriting, claims management, data analytics, and technology.
- **Continuous Learning:** Invest in training and development programs to stay ahead of industry trends and technological advancements.

Core Values, Code of Conduct and Ethical Principles

SALICO is always focused on the operation of the company in a sustainable manner while maximizing customer satisfaction and maintain positive reputation in the marketplace. It has clubbed the values, code of conduct and ethical principles of the staffs in the Employees bylaws. At the same time, set the similar norms for governing board as well. Core Values, code of conduct and ethical principles of the company has been summarized below:



CODE OF CONDUCT



Compliance with Laws and Regulations

Adhering to all applicable laws, regulations, and industry standards.



Fair Treatment of Customers

Ensuring all customers are treated with fairness and respect, avoiding discriminatory practices.



Confidentiality

Protecting sensitive customer information and data, ensuring privacy and security.



Conflict of Interest

Avoiding situations where personal interests may conflict with professional duties.



Reporting Ethical Violations

Encouraging employees to report any unethical behavior or violations, providing secure channels for reporting without fear of retaliation.



Responsible Marketing

Ensuring that marketing materials are clear, truthful, and not misleading, accurately representing the products offered.

ETHICAL PRINCIPLES



Transparency

Maintaining open communication regarding policies, procedures, and products, including any limitations or exclusions.



Justice

Delivering fair outcomes for all stakeholders, ensuring that claims and services are handled equitably.



Professionalism

Maintaining a high level of competence and professionalism in all interactions, showcasing knowledge and skill within the industry.



Social Responsibility

Acknowledging the company's role in society and striving to contribute positively through community engagement and sustainable practices.



Long-term Relationships

Building trust and fostering long-term relationships with customers, agents, and partners based on mutual respect and understanding.

2. ORGANIZATIONAL STRUCTURE

Company Profile

After the merger of Sagarmatha Insurance Company Ltd and Lumbini General Insurance Company Ltd we have laid a solid brand foundation as "SALICO", Sagarmatha Lumbini Insurance Company Ltd. SALICO is one of Nepal's leading non-life insurers with more than 100 branches all over Nepal. SALICO customers benefit from a broad range of personal and corporate insurance services, ranging from property, motor, marine, engineering, aviation insurance to agriculture and micro insurance. SALICO is the only Non-Life insurance provider in Nepal having investments from a foreign investor in Ceylinco Holdings PLC which is a leading insurance company in Sri Lanka.

With a dedicated team of around 700 employees spread across the nation, we embody the spirit of togetherness. Our brand promise revolves around fostering unity, ensuring that every policyholder feels a part of the SALICO family. As we safeguard against life's uncertainties, our commitment to unity resonates in every aspect of our service. From the bustling urban hubs to the tranquil corners of Nepal, SALICO unites communities through reliable insurance solutions, reinforcing trust and security nationwide.

विश्वासको सम्बन्ध,
एकताको प्रतीक



Profile of Board of Directors



Mr. Manohar Das Mool
Chairman

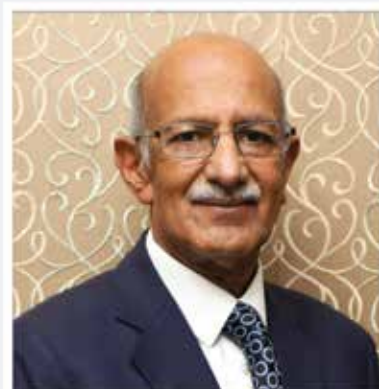
Mr. Manohar Das Mool is a seasoned entrepreneur and business leader with over four decades of experience in paper trading and manufacturing, insurance, hydropower and banking. He has been serving as the Chairman of SALICO since 29th Falgun 2079 and previously held the Chairmanship of Lumbini General Insurance Company Limited.

An MBA graduate and gold medalist from Tribhuvan University, Mr. Mool is actively involved in various business and industry associations. He is the President of the Paper Merchants Association of Nepal, Vice President of the General Insurance Association Nepal. He is also an Executive Member of the Nepal Chamber of Commerce.



Mr. Ajith R. Gunawardena
Director

Mr. Ajith Rohan Gunawardena has been a member of the Board of Directors at SALICO since 29th Falgun 2079. He represents Ceylinco Holdings PLC, a prominent Sri Lankan joint venture partner of SALICO. An MBA graduate, Mr. Gunawardena brings extensive insurance expertise, having served as a Director at Ceylinco Holdings PLC in Sri Lanka. He is currently the Executive Chairman and Chief Executive Officer of Ceylinco Holdings PLC. Additionally, he serves on the Board of Directors of several organizations, including American Education Centre Ltd., CEG Education Holdings (Pvt) Ltd., Cey Hydro Developers (Pvt) Ltd., Ceyfco Property Co. (Pvt) Ltd., Ceylinco Holdings PLC, Ceylinco Invest Corp. (Pvt) Ltd., Ceypower Cascades (Pvt) Ltd., CGL Educational Services, Energy Generators Pvt. Ltd., Energy Lanka Holdings Ltd., International College of Business & Technology Ltd., and Ultratech Ceylinco Pvt. Ltd.



Mr. Lokmanya Golchha
Director

Mr. Lokmanya Golchha has been a member of the Board of Directors at SALICO since 29th Falgun 2079. Before this, he served on the Board of Directors of the former Sagarmatha Insurance Company Limited. He is a respected industrialist and currently the Chairman of the Golchha Organization, one of Nepal's leading business groups. Mr. Golchha has made significant contributions to the fields of automobiles, trade, and manufacturing.

Throughout his career, he has received several prestigious honors, including the Suprabal Janasewa Shree Padak (2019) from the Honorable President Mrs. Bidya Devi Bhandari, the Knight's Cross of the Order of Merit of the Republic of Poland (2015), the National Figure Award (1998), the Silver Jubilee Medal from the late King Birendra Bir Bikram Shah, and the Lifetime Achievement Award from the Nepal Foreign Trade Association (2024).

Apart from his business success, Mr. Golchha is actively involved in social, religious, and charitable activities. He is the Chairman of both the Ramlalji Dhapidevi Golchha Charity Trust and Bhagwan Mahabir Jain Niketan. He is also the Director of Harshlok Enterprises Pvt. Ltd. and has previously served as a Director of NIC Bank, NIC Asia Bank and Bishal Bazar Company.

Additionally, Mr. Golchha has held the position of past director in several key associations, including the Nepal Foreign Trade Association, Nepal Automobile Dealers Association, and Nepal Jain Parishad. He has also served the Nepal Chamber of Commerce in various positions for more than 35 years.

Through his leadership and experience, Mr. Golchha has played an important role in advancing Nepal's banking, automobile, manufacturing, and trade sectors.



Mr. Siddhartha Mani Rajbhandari
Director

Mr. Siddhartha Mani Rajbhandari serves as the CEO of NCEC, a family enterprise operating since 1958. He served as the Vice President of the European Economic Chamber, Nepal between 2021-2024. He served as member of the Board of Director of Sagarmatha Insurance Company Limited. He was the Coordinator in Charge for the EU Nepal Business Forum 2023 & 2024.

Mr. Rajbhandari holds an MBA from Asian Institute of Technology, Masters in Management from ESCP Paris, B.Sc (Management Science) from University of Maryland. He specializes in business strategy and international partnerships and is highly focused on human development of Nepali youth.



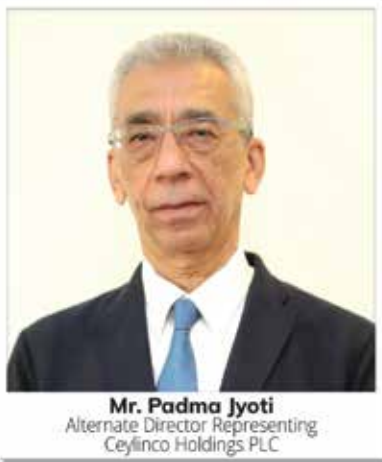
Mr. Arun Raj Shrestha
Public Director

Mr. Arun Raj Shrestha has been a member of the Board of Directors at SALICO since 29th Falgun 2079. He previously served on the Board of Directors of the former Lumbini General Insurance Company Limited. An MBA graduate from Allahabad University, India, Mr. Shrestha is a prominent figure in Nepal's IT industry and is the owner of several IT business ventures in the country.



Mr. Bijan Bhattarai
Public Director

Dr. Bijan Bhattarai is an economist with over a decade of multidisciplinary experience spanning think tanks, financial institutions, academia, and international development initiatives. He has been serving as a member of the Board of Directors at Sagarmatha Lumbini Insurance Company Ltd. since 29th Falgun 2079. With expertise in macroeconomics, private sector development, and financial systems, Dr. Bhattarai has served in a range of advisory and consulting capacities. Notably, he served as a Private Sector Development Specialist under the Investment Support Facility (ISF), contributing to key reforms and policy recommendations. His work includes the development of strategic reports for leading development partners such as the World Bank, UNDP, and the European Union. Currently, he is the Program Specialist in Economics and Finance at the Institute for Integrated Development Studies (IIDS), where he leads major initiatives focused on green growth, socio-economic policy, and private sector development. He also brings prior experience from the banking sector, where he was involved in renewable energy financing and led digital financial initiative. Dr. Bhattarai holds a Doctorate in Economics from Peking University, China, where his research centered on the effectiveness of macroprudential policies in Nepal. In addition to his professional roles, he lectures on International Trade, and Management Research methods at the postgraduate level.



Mr. Padma Jyoti
Alternate Director Representing
Ceylinco Holdings PLC

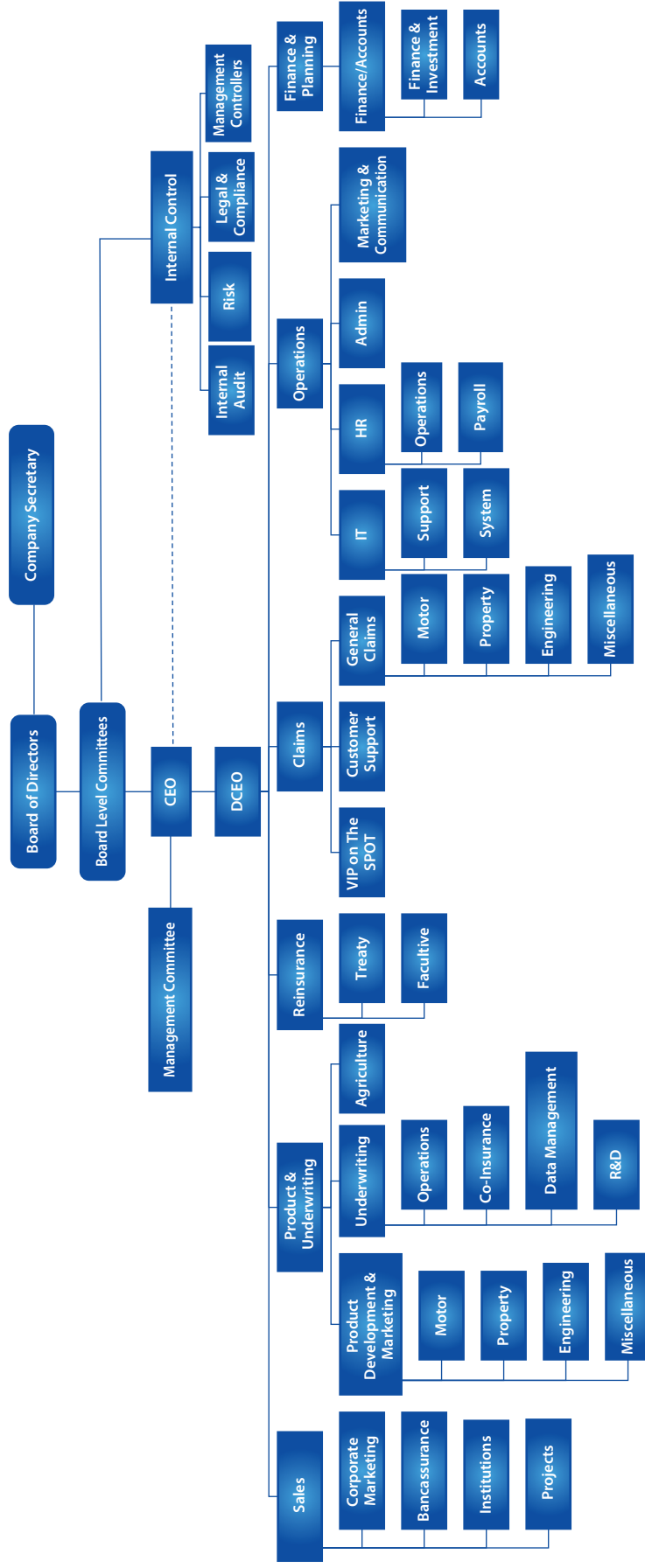
Mr. Padma Jyoti has been alternate member of the Board of Directors at SALICO since 29th Falgun 2079. He previously served on the Board of Directors of the former Sagarmatha Insurance Company Limited. Mr. Jyoti holds a B. Tech. in Mechanical Engineering from IIT Kanpur, India, and a Master of Science degree from the Sloan School of Management, Massachusetts Institute of Technology, USA. A prominent Nepalese industrialist and politician, Mr. Jyoti is the former Chairman of Jyoti Group of Companies and was the President of the Federation of Nepalese Chambers of Commerce and Industry. In 2002, he was elected President of the South Asian Association for Regional Cooperation Chambers of Commerce and Industry (SCCI) at its 8th General Assembly. He plays a key role in overseeing various operations across industries under the Jyoti Group. A highly seasoned business tycoon, Mr. Jyoti is also the founder and leader of the Padma Jyoti Group, a business house dedicated to fostering entrepreneurial passion within Nepal's business ecosystem. Additionally, Mr. Jyoti holds several key positions, including a member of the Board of Directors at Shangri-La Energy Limited, Chairman of Butwal Power Company Limited, and was the immediate Past President of the National Business Initiative.



Ms. Nirmala Devi Manandhar
Independent Director

Ms. Nirmala Devi Manandhar has been member of the Board of Directors at SALICO since 29th Falgun 2079. She previously served on the Board of Directors of the former Lumbini General Insurance Company Limited and the former Sagarmatha Insurance Company Ltd. Ms. Manandhar holds an MA in Economics from Tribhuvan University and has extensive experience in the general insurance industry. She made history as the first woman to serve as the Chief Executive Officer in Nepal's insurance sector. Her previous roles include CEO of the former NB Insurance Ltd., Deputy General Manager of the former Prudential Insurance Company Limited and Deputy General Manager of Nepal Insurance Co. Ltd.

Sagarmatha Lumbini Insurance Company Limited



Information on Board of Directors' Composition, Roles, Meetings, Attendance and Quorum

A provision regarding Board of Directors' Composition, Roles, Meetings, Attendance and Quorum has been mentioned in Article of Association of the company. The summary of the provisions is mentioned below;

BOD Composition

- i. The appointment and election of the Board of Directors will be carried out through the Annual general Meeting.
- ii. The BOD shall be constituted of 7 member directors including at least one female director and/or one independent director.
- iii. Out of 7 directors, 4 directors will be appointed from amongst promoter shareholders hereinafter referred to as Group A such that 3 directors will be Nepali Promoters and 1 director will be from foreign joint venture partner Ceylinco Holdings PLC.
- iv. 2 directors will be appointed from amongst the public shareholders referred to as Group B.
- v. 1 director will be appointed as independent expert director.
- vi. The tenure of the member of board of director will be of four year and is eligible for reappointment unless disqualified.

BOD Roles

Roles for board of directors besides mentioned in the Act will be as follows:

- i. All responsibilities outlined in the Act, Rules, Regulations, Circulars, Guidelines, Memorandum of Association, and Articles of Association of the company shall be carried out by the non-life insurance company, unless explicitly specified as the role of the Annual General Meeting in the Act.
- ii. To safeguard the interests of the insured and shareholders by implementing robust risk management strategies, ensuring strong corporate governance, and maintaining non-interference policy in the day-to-day operations of management.
- iii. Other roles of the Board of the Directors;
 - a. To draft and implement the company's internal rules, regulations, and policies.
 - b. To draft and implement the underwriting policy, claims settlement policy, risk management policy, asset-liability management policy, financial budget, and annual policies.
 - c. To draft and amend the company's bylaws in accordance with the guidelines and circulars issued by the regulator from time to time.
 - d. To maintain capital, special reserves, other capital reserves, and assets and liabilities at optimal levels.
 - e. To supervise management activities in alignment with the policies set by the board and provide necessary instructions to management as needed.
 - f. To present the annual report, along with the annual financial statements, at the Annual General Meeting.
 - g. To comply with and implement the circulars and instructions issued by the regulator periodically.

Meetings, Attendance and Quorum

1. The board meeting shall be convened by the company secretary or, in their absence, by the Chief Executive Officer.
2. A minimum of six meetings must be held in a financial year, with no more than a two-month gap between consecutive meetings.
3. Meeting notices should be sent to the directors' registered physical address or electronically.
4. Directors may attend the meeting either in person or electronically. If a representative director has been appointed, the alternate director may attend on their behalf.
5. A quorum for the meeting requires the presence of at least 51% of the directors, either physically or electronically.
6. If a quorum is not met, a short notice of 3 days must be given for the next meeting. If a quorum is still not present, decisions made by the members who are present shall be deemed valid.
7. The meeting shall be chaired by the Chairman of the Board or, in their absence, by a director appointed for this role.
8. The agenda of the meeting shall be approved by a majority vote. In case of a tie, the Chairman shall cast the deciding vote. Directors with a conflict of interest regarding any agenda item must abstain from discussing or voting on that item.
9. Dissenting directors may record their objections in the meeting minutes.
10. The minutes of the meeting shall be recorded systematically, either electronically or in physical form.

Number of BOD meetings held during the year: 18 meetings

Information on Composition, Roles, Meetings, Attendance of Board Committees

- a. The board of directors can delegate the power conferred to it by Article of Association to the committees constituted by it according to its need or as required by the circular issued by the regulator. However managerial rights cannot be delegated. Despite the delegation of the power to the committees, the ultimate accountability will lay with the board of directors itself. Except the audit committee, there will not be more than two directors in the committee or subcommittee including the coordinating director.
- b. Except the audit committee, there will not be more than two directors in the committee or subcommittee including the coordinating director.
- c. The list of committees and sub-committees are mentioned in section 7d.

3. BUSINESS MODEL

Claims Handling:

This involves managing and processing claims made by policyholders. The efficiency and transparency in claims handling are crucial for customer satisfaction and retention.

Policy Issuance

Once underwriting is complete, the company issues insurance policies to clients. Policies can cover various areas, including property (homeowners, renters), automobiles, health, liability, and more.

Underwriting:

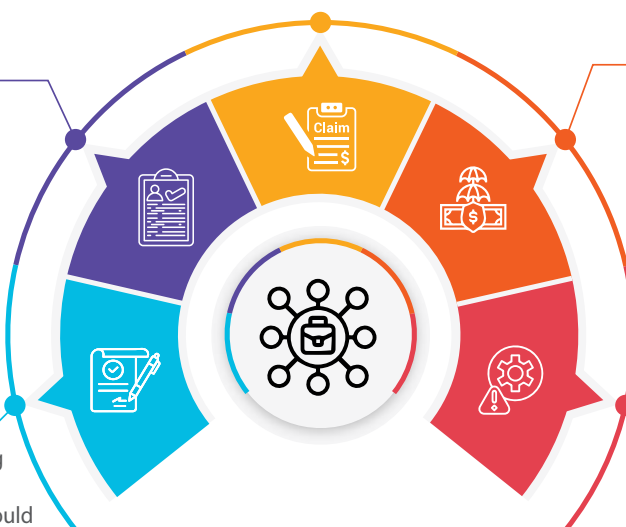
This is the process of evaluating the risk of insuring a client and determining the premium that should be charged. Underwriters analyze various factors, including claims history, the nature of the risk, and statistical data.

Reinsurance:

Reinsurance acts as a safety net for company, allowing it to protect us against unforeseen catastrophic events or significant claims.

Risk Management:

Risk management is a critical function in an insurance company, serving to identify, assess, manage, and mitigate risks that could potentially impact the company's ability to achieve its strategic objectives and fulfill its obligations to policyholders. Risk management includes the following functions: Identification of risks such as (underwriting risks, market risk, operational risk, liquidity risk, regulatory and compliance risk, reputational risk, insurance risks), assessment of risks (quantitative, qualitative and risk profiling), risk mitigation strategies, risk monitoring and reporting, risk governance and crisis management and business continuity planning.



Core Business Activities

Revenue Sources



Premiums

The primary source of revenue for the company comes from the premiums paid by policyholders. The amount varies based on the level of coverage, the type of insurance, and risk factors assessed during underwriting.



Reinsurance Recovery:

The company has policy to use reinsurance to mitigate risks. By transferring a portion of our risk to other insurers and reinsures, we can stabilize the financial performance against large losses.



Investment Income

The company has policy to invest the premiums we collect in various financial instruments like stocks, bonds, mutual funds, fixed deposits and real estate and other instruments. The returns on these investments contribute significantly to our profitability. As per the investment directive 2079 (along with first amendment 2080).

The investment limit has been prescribed as below;

S.N.	Particulars	Limit	Remarks
1	Government Bonds (Bonds or saving certificate issued by Nepal Government, Provincial Government, Local Government or Nepal Rastra Bank or the bonds or certificates backed by Nepal Government)	At least 20% of the total investment.	In case of non- availability, investment to be made in fixed deposits of commercial banks or Infrastructure Development Banks
2	Fixed Deposits		
a	Fixed Deposits in Commercial Banks or Infrastructure Development Banks	At least 30% of the total investment.	Maximum 15% of the total investment in single bank which are in operation for more than 5 years and running in profit for 3 years. Otherwise, maximum 5%)
b	Fixed Deposits in Development Banks	Maximum 10% of the total investment.	Maximum 5% of the total investment in single bank which are in operation for more than 5 years and running in profit for 3 years. Otherwise, maximum 2%
c	Fixed Deposit of Finance Companies	Maximum 5% of the total investment.	Maximum 2% of the total investment in single bank which are in operation for more than 5 years and running in profit for 3 years. Otherwise, maximum 1%.
3	Non-convertible preference shares, Bonds, Debentures, saving certificate issued by A, B, C Banks	Up to 20% of the total investment.	Not more than 10% of the paid up capital of the investee company.
4	Bonds, Debentures and saving certificates of listed companies	Up to 20% of the total investment.	Not more than 10% of the paid-up capital of the investee company.
5	Shares of Listed Companies (Both Equity and preference)	Up to 10% of the total investment.	Not more than 15% of the paid up capital of the investee company.
6	Investment Schemes of Mutual Funds and Citizen Investment Funds	Up to 5% of the total investment	Not more than 1% of the total investment in single scheme.
7	Real State (Housing Projects approved by the government of Nepal	Up to 10% of the total investment.	
9	Agriculture production and distribution, Cold Storage, Renewable energy sectors including Hydropower, Solar Power projects, Tourism Industry , Electricity transmission Lines, Education and Health	Up to 10% of the total investment.	-Not more than 5% of the total investment in single project.
10	Share of investment companies	Up to 5% of the total investment.	-Investment in public companies only
17 (a)		2,622,638,200	2,622,638,200
11	Private Equity Fund and Venture Capital Funds approved by SEBON	Up to 1.5% of the total investment.	-Not more than 1% of the total investment in single fund.

- **Reinsurance Commission:** It includes the commission received from the reinsurers on the ceded premium by SALICO to them on agreed upon rates.

3. Cost Structure

- **Claims Costs:** The most significant expense for the company is often the claims we pay out. We have policy to maintain reserves to meet these future liabilities.
- **Operational Costs:** This includes expenses related to management, administration, underwriting, distribution, marketing, and technology.
- **Reinsurance Costs:** This includes cost pay premiums to reinsurance companies, which can be a considerable expense.
- **Agency commission cost:** It includes the cost provided to agents to bring the business.
- **Insurance Service fee:** It is the regulatory fee to be paid to the regulator, Nepal Insurance Authority at the rate of 0.75% on the gross insurance premium collected.

4. Distribution Channels

- **Direct Sales:** Company sell policies directly to consumers through their websites or call centers.
- **Agents and Brokers:** We rely on independent licensed agents or brokers who sell our policies on commission. This can help reach a broader audience.
- **Partnerships:** Collaborations with banks (bancassurance), retail companies, and other establishments can also serve as distribution channels.


5. Regulatory Environment

- SALICO operates under strict regulations set by regulator Nepal Insurance authority to ensure that we maintain adequate reserves, treat customers fairly, and remain solvent.

6. Market Segmentation and Targeting

- SALICO has segregated the different segments of the market based on demographics, risk profiles, and type of insurance product. This helps in tailoring products and marketing strategies to meet specific customer needs.

Types of the lines of business based on product types:

 Property <ul style="list-style-type: none"> – Property – House – Loss of Profit 	 Engineering <ul style="list-style-type: none"> – Contractor All Risk – Erection All Risk – Contractor Plant and Machinery – Boiler Pressure Plant – Machinery Breakdown – Marine Cum Erection – Electronic Equipment – Storage Cum Erection All Risk – Marine Cum Storage Erection – Machinery Loss Profit – Deterioration of Stock 	 Miscellaneous <ul style="list-style-type: none"> – Personal Accident – Group Personal Accident – Burglary – Burglary (General) – Money Insurance – Cash in transit – Fidelity Guarantee – Cash – All Risk Insurance – Children Health Insurance – Travellers Medclaim Insurance – Product Liability – Medical Insurance – Third Party Liability – Workmen Compensation – Golfer's Insurance – Bankers Blanket – Professional Indemnity – Trekking Insurance – Public Liability Insurance – Commercial General Liability – Professional Liability Insurance
 Motor <ul style="list-style-type: none"> – Motorcycle – Private Vehicle – Commercial Vehicle – Private Vehicle (Short Period) – Commercial Vehicle (Short Period) 		
 Marine <ul style="list-style-type: none"> – Inland Transit – Overseas Transit – Air Transit 	 Agriculture <ul style="list-style-type: none"> – Livestock – Birds – Fishery – Vegetable – Fruits – Spices – Grains – Beekeeping – Tea Coffee – Grass and Pulses 	
 Aviation <ul style="list-style-type: none"> – General Aviation – Loss of License 		



Micro

- Micro Subsidy Policy
- Health Insurance - Micro
- Household - Micro
- Micro Package Policy
- Personal Accident - Micro
- Micro Cattle & Crop Policy



Market Segmentation

- Individual
- Partnership/ Private Firms
- Private Company
- Public Companies
- Cooperatives
- Insurance
- NGO/INGOs
- Private Trust
- Public Trust
- Educational Institution
- Government Organizations
- Diplomatic Organizations
- Nonresident Nepali
- Foreign Person
- Foreign Company
- Foreign NGO/INGOs



Segmentation on the basis of risk profiles

- High
- Medium
- Low Risk

7. Technology Utilization

- SALICO is increasingly adopting InsurTech solutions to streamline operations, improve customer experience, enhance risk assessment, and boost claims processing efficiency. It has been using its very own Beema Manager for core insurance solution based on our own customization needs.
- We have mobile applications which can be accessed by the customers directly can make correspondence with us in terms of policy issuance and claim inquiry.

8. Consumer Engagement and Retention

- Customer service and engagement are key factors in retaining clients, building trust, providing value through additional services (like risk management advice), and ensuring quick claims fulfillment are essential. SALICO is dedicated to faster claim settlement, VIP claim settlement, and providing quick and pro response the customer queries.

9. Competitive Landscape

- The company has been facing competition from both existing companies and new entrants like micro insurance companies, including broker companies. Price competition, innovation, and customer service are critical differentiators.

Company's Resources, Usage, Sustainable Competitive Edge and Value Creation

Resources

1. Human Resources

SALICO has teamed up with wide range of professional ranging from engineers, M. Phil scholars, lawyers, doctors, chartered accountant, management experts, IT professionals and actuaries and their expertise have been well placed at various departments such as underwriting, claim, reinsurance, finance & planning, Information technology, human resource, administration, actuaries, legal, risk, internal control, compliance, research and development. As of now, the company is equipped with 641 number of human resources. Categories of the core insurance human resources have been prescribed below.

- **Underwriters:** Professionals who assess risks and determine the terms and pricing of insurance policies.
- **Claims Adjusters:** Specialists who handle the evaluation and processing of insurance claims, ensuring that they are handled fairly and promptly.
- **Actuaries:** Experts in mathematics and statistics who analyze actuarial data to assess risk and set premium rates and claim reserving.
- **Sales and Marketing Teams:** Personnel who develop strategies to sell insurance products and promote the company's brand.
- **Customer Service Representatives:** Staff who interact with clients, addressing inquiries and resolving issues related to policies and claims.
- **IT Specialists:** Technology professionals who maintain the company's digital infrastructure, support systems, and cybersecurity.

2. Financial Resources

Financial resources of SALICO refers to the monetary reserves and assets, including premiums collected, investments, and capital, used to fund operations, cover claims, and ensure long-term solvency of the company. They are comprised as follow;

- **Capital:** Funds provided by shareholders or retained earnings that support business operations, underwriting, and claims payments.
- **Premium Income:** Revenue generated from policyholders in the form of insurance premiums.
- **Investment Income:** Earnings derived from investing the premiums collected, which can include stocks, bonds, real estate, and other financial assets. Proper investment management is crucial since these funds are used to pay future claims.

3. Technical Resources

- **Information Technology Systems:** Software and hardware infrastructure that supports policy administration, claims processing, underwriting, and customer relationship management. The company as it's own in house software Beema Manager.

- **Data Analytics Tools:** Systems used for analyzing large volumes of data for risk assessment, pricing strategies, claims analysis, and market research. The data analysis is supported by the company's inhouse software Beema Manager.
- **Claims Management Systems:** The claim management is carried out through the inhouse software Beema Manager; our own customized specialized software designed to streamline the claims process, improve accuracy, and enhance customer satisfaction.

4. Tangible Assets

- **Offices and Facilities:** These include the physical locations where employees work, which include head office, regional offices, branch offices and extension counters. Altogether there are 108 offices of SALICO including 1 head office, 7 regional offices, 67 branch offices, 29 sub branches and 4 extension counters.
- **Fixed Assets:** There are various groups of fixed assets of SALICO such as Land and Building, Office Equipment, Computers & Accessories, Leasehold properties and other assets for effective operations.

5. Legal and Regulatory Resources

- **Compliance and Risk Management Teams:** Groups responsible for ensuring that the company adheres to laws, regulations, and industry standards, mitigating legal and operational risks.
- **Legal Advisors:** In-house or external legal professionals who provide guidance on contracts, disputes, and regulatory issues.

6. Reinsurance Relationships

- **Reinsurance Contracts:** Treaty Agreements with reinsurers that help manage risk exposure, allowing the insurance company to transfer a portion of its risk to another entity.

7. Market Resources

- **Distribution Channels:** Partnerships with insurance agents, brokers, and online platforms, mobile application that facilitate the sale of policies to consumers.
- **Customer Relationships:** Established trust and goodwill with policyholders are vital for retention and to attract new customers through referrals and word-of-mouth.

8. Brand and Reputation

- **Market Presence:** The company's reputation, brand recognition, and customer loyalty, which influence its competitive positioning in the insurance market.
- **Customer Feedback and Insights:** Information gathered from customers about their experiences and preferences, which can guide product development and service improvement.

Sustainable competitive edge

- **Unique Product Differentiation**
SALICO seeks to differentiate its products and services in a competitive market by offering tailored insurance packages that cater to the specific needs of individuals, families, and businesses can set the company apart. This could include customizable coverage limits, deductibles, and add-ons.
- **Fast and reliable claims services**
The company typically emphasizes efficient claims processing, aimed at minimizing the time taken from the submission of a claim to its settlement. It has a dedicated customer service team that can assist clients with the claims process, answering queries and providing guidance to ensure all necessary documentation is in order. SALICO prioritizes transparency in their claims procedures, providing clear information about what is covered under each policy and the steps involved in filing a claim. The company employs professional assessors to evaluate claims promptly, facilitating quick and fair settlements. Customers can expect regular updates on the status of their claims, keeping them informed throughout the process. The company typically aims to resolve claims in a manner that meets customer expectations, reinforcing their commitment to client satisfaction.
- **One and only non-life JV company**
Being a joint venture company in alliance with Ceylinco Holdings PLC, Shrilanka, the leader insurer in Shrilanka, allows the company to leverage international best practices and technologies, enhancing the quality of its services and products. The company enjoys better financial stability due to the pooling of resources, which can result in more reliable claims settlement. With exposure to global markets, SALICO focuses on innovation and modernization in the insurance industry, incorporating advanced technology and digital solutions.
- **A leading non-life company**
SALICO is considered one of the leading non-life insurance companies in Nepal. Its prominence in the insurance market can be attributed to several factors such as premium collection, efficient claim handling, best reinsurance arrangements etc.
- **Good corporate governance**
The company established a framework for transparency, accountability, and responsible management as a part of adherence to good corporate governance. It has a well-structured and diverse board of directors that includes experienced professionals from various fields. The board has independent director who can provide objective insights and oversight. There are clear definitions of the roles and responsibilities of the board, management, and other stakeholders ensure accountability in the company. There is regular and transparent communication with stakeholders regarding financial performance, strategic direction, and governance practices enhance trust and timely

disclosure of important information, including financial statements and annual reports to the stakeholders. It has established a code of conduct to promote ethical behavior within the organization is important for maintaining a positive corporate culture.

- **Strong management team (Technically sound manpower)**

A strong management team is crucial for the success of any organization. SALICO has technically sound workforce which enables the company to navigate the complexities of the insurance sector, meet regulatory requirements, and provide high-quality services to its customers. It has team up with mix of qualified professionals from fields of finance, law, business administration, economics, actuaries and risk management that can offer technical grounding to the company necessary for effective decision-making.

- **Harmonious Board**

A well-functioning board of SALICO has contributed to the company's strategic direction, risk management, and overall performance. The board is composed of members with diverse backgrounds, experiences, and expertise. This diversity fosters richer discussions, varied perspectives, and innovation in decision-making. The board maintains a collective focus on the company's strategic objectives tend to collaborate more effectively, making it easier to align individual perspectives with the larger organizational mission. The board is aware of and addresses the interests of various stakeholders, including shareholders, employees, customers, and regulators, helping to build a culture of collaboration.

- **Wide networks**

108 offices networks of SALICO across the country has helped to enhance customer reach, improve service delivery, and facilitate partnerships within the industry. A broad presence through multiple branch offices has enabled the company to serve clients in various geographical locations, making it more accessible to customers in urban and rural areas. A robust network of agents has helped the company to extend the company's reach. Utilization of digital channels, including websites and mobile applications has allowed the company for broader customer interaction and service. Online platforms has enabled the clients to get quotes, purchase policies, manage claims, and get support conveniently.

- **Rated as good reinsurance back-up**

Utilizing a mix of different types of reinsurance (e.g., quota share, excess of loss, stop-loss coverage) has provided comprehensive protection against various types of risks to SALICO. It has adopted the careful underwriting practices to choose the right risks for reinsurance, which has helped the company to maintain a healthy balance in the risk portfolio. The reinsurance agreements of SALICO have sufficient coverage limits to absorb potential large losses without exposing the company to significant financial strain.

- **Financially sound**

A higher solvency ratio of SALICO suggests that the company has a solid capital base relative to its liabilities. It has properly funded reserves to cover claims. A high claims settlement ratio of SALICO reflects the company's reliability in settling claims. This enhances customer trust and contributes to financial stability. A diversified and well-managed investment portfolio of SALICO has reduced risk of the company and helped maintain returns on capital. Year-on-year premium growth rates and market share expansion are positive indicators of SALICO indicating financial strength and competitiveness.

- **Customizable IT systems**

SALICO has its very own inhouse customizable core insurance software known as Beema Manager. The software can be designed to meet the specific needs and workflows of the organization, ensuring it aligns perfectly with business processes. SALICO can modify the software easily in response to changing requirements or regulatory landscapes without relying on external vendors. The company maintains complete control over the development, implementation, and maintenance of the software, allowing for more effective management of data and processes. Having control over the software also means better management of sensitive data, reducing the risk of data breaches associated with third-party solutions. Inhouse software has helped the company automate repetitive tasks, improve workflow efficiency, and reduce the time needed for processes such as policy underwriting and claims management. In-house software development has led the company to long-term savings by reducing licensing fees and other recurring costs associated with third-party applications and other subscription fees.

- **A good physical infra**

SALICO has accessible offices located in business hubs or major cities can facilitate easy client interactions and employee commuting. It has outsourced secure data centers equipped with robust servers, backup systems and has prepared for disaster recovery solutions which are very crucial for managing large volumes of sensitive data. It has reliable telecommunication networks, including phone systems, video conferencing tools, and internet connectivity to facilitate effective communication within the company and with clients. It has robust physical or virtual centers for customer service that enable efficient handling of inquiries and claims. SALICO has strong measures in place to protect against data breaches and cyber threats, including firewalls, encryption, and security protocols. The company has separate areas designated for staff training, workshops, and continuing education to foster professional development. It has developed the infrastructure that includes contingency planning for disaster recovery and business continuity in the event of unforeseen circumstances, such as natural disasters.

- **A strong brand image**

SALICO has preserved a strong brand image in the market because of various factors such as financial stability, efficient claim handling and settlement, exceptional customer service, strong marketing and communication, community involvement, corporate social responsibility programs, visual branding, positive media coverage, awards and recognition.

VALUE CREATION

SALICO has adopted the strategies and practices that not only focus on profitability of the company but also focuses on enhancement of customer satisfaction, stakeholder confidence, and the overall impact on the community.

Value Creation to the customers

The primary value of SALICO is to protect policyholders from unexpected financial losses due to accidents, natural disasters, theft, or liability claims. SALICO is offering a range of products tailored to meet various customer needs to attract a wider customer base. It has been creating bespoke insurance solutions for specific industries or customer segments to enhance client satisfaction and loyalty. It approaches the clients with risk management advice and resources can help them mitigate risks, leading to fewer claims and enhanced relationships. Fast and fair claims processing has helped the company to build trust and satisfaction among policyholders. It has been providing consistent, reliable customer support through various channels (phone, chat, social media) which improves customer satisfaction and retention. The company has invested in user-friendly digital interfaces for policy management, claims submission, and inquiries that enhances the overall customer experience. Utilizing a mix of agents, brokers, online platforms, and direct sales and collaboration with other businesses has helped company reach a broader customers base.

Value Creation to the company and shareholders

SALICO has been able to achieve the sustainable growth and profitability due to prudent underwriting, which has reduced the likelihood of claims, thereby ensuring profitability. It has been maintaining a favorable loss ratio through diligent risk selection by enhancing profitability, directly benefiting shareholders. A well-managed investment portfolio has helped the company generate substantial income, contributing significantly to the company's overall earnings. Streamlining operations through technology and process improvements had led to cost reduction and increase in margins. This enhances profitability, which directly benefits shareholders. A strong relationship with policyholders had led to cross-selling of other insurance products, enhancing revenue streams. Introducing new insurance products to meet emerging market needs has captured new customer segments and increased market share. A mix of insurance products across different sectors and geographical areas of the country has helped spread risk. This diversification stabilizes revenue and reduces the impact of adverse events in any one area. Utilization of big data and analytics has allowed for better decision-making regarding underwriting, claims management, and customer engagement, thus enhancing overall performance. SALICO has been able to distribute consistent dividend to the shareholders which has helped boost stock prices, providing direct financial benefits to shareholders.

Value Creation to the society

SALICO has played a crucial role in society beyond their primary function of providing financial protection to individuals and businesses. By offering coverage against various risks, SALICO has helped individuals and businesses manage uncertainties, leading to greater financial stability within the community. It encourages individuals and businesses to adopt safety measures (like smoke detectors, security systems, or safe driving practices) to lower premiums, contributing to overall public safety. Insurance enables businesses to operate with greater confidence, knowing they have protection against potential losses. This support allows businesses to innovate, invest, and create jobs, which benefits the economy at large. In the wake of natural disasters or significant accidents, the company provides essential financial resources for recovery, helping communities rebuild and restore normalcy. By providing health insurance, SALICO supports access to healthcare services for individuals, promoting overall public health and reducing the burden on private expenses. SALICO is engaged in educating consumers about risk management, financial planning, and the importance of insurance, promoting financial literacy within communities. SALICO is significant employer, providing various job opportunities, from underwriting and claims management to sales and customer service, thus supporting local economies and national economies. SALICO is engaged in various CSR initiatives, supporting local communities through charitable contributions, sponsorships, and volunteering activities. The company is providing microinsurance products that can help protect low-income individuals from unexpected emergencies without placing a heavy financial burden on them, promoting resilience. It has also supported new start ups by providing necessary coverage for startups and small businesses, fostering entrepreneurship, supporting innovation and economic diversification.

Value Creation to the national economy

SALICO provide essential coverage that allows individuals and businesses to protect their assets. This mitigates financial risks associated with unforeseen events like natural disasters, accidents, or health crises, enabling greater economic stability. Many businesses, from small startups to large corporations, require various types of insurance to operate legally and efficiently, which SALICO has been able to cater the need in the country. With insurance coverage, entrepreneurs can take calculated risks, explore new opportunities, and launch ventures that contribute to job creation and economic growth. SALICO has helped national economy by creating employment opportunity, offering a wide range of jobs, from underwriting and claims processing to sales and customer service. The company's premiums collection is invested in long-term financial instruments (like government bonds, infrastructure projects, and shares), contributing to capital formation and funding essential development projects. SALICO has played crucial role in national economy by contributing significantly to government revenue through taxes (corporate taxes, property taxes). This revenue can be used to fund public services and infrastructure by the government. The company also contribute through regulatory fees, which support the broader financial regulatory framework. In the aftermath of disasters, company's payouts help stabilize local economies by providing funds for recovery and reconstruction, helping communities bounce back quickly to attain economic resilience. The products of SALICO like marine and cargo insurance are crucial for businesses engaging in international trade, enabling smoother transactions and greater economic cooperation. Providing affordable insurance products (such as microinsurance) protects low-income populations, contributing to their economic participation and reducing poverty levels. In overall SALICO has been able to create value addition in the GDP of national economy.



Major Sources of Capital and Their Interconnectedness

Major sources of capital of SALICO can be illustrated as below;



Equity share capital

The company has raised the capital by issuing stocks (equity) to investors. This include initial public offerings (IPOs), right shares and bonus shares issues at various time frames since the date of establishment. As of now the company has the authorized capital of NPR 5,000,000,000 (50,000,000 Ordinary Shares of Rs. 100 Each) and paid up capital of NPR 2,622,638,200 (26,226,382 Ordinary Shares of Rs. 100 Each.)



Reserves

These are funds set aside to pay for future claims. Company maintains reserves to ensure they have enough capital to meet their obligations, and the returns on these reserves are also a source of income. The reserves are adequately maintained complying the adherence to the directives issued by the regulator and report provided by the actuarial valuation. There are various types of reserves maintained by the company such as special reserve, Catastrophe reserves, retained earnings and outstanding claim reserves, unexpired risk reserves. These reserves helps company to free up the capital in case of potential threats and losses to the company. As per the prevailing laws, the company needs to allocate 50% of the net profit to the special reserve until it equalizes the prescribed capital by the regulator, and 10% of the remainder should be allocated for catastrophe reserve.



Debt Financing

SALICO has provision in article of association regarding raising of capital through debt instruments, such as issuing bonds or obtaining loans. This provides immediate capital but also requires repayment with interest. As of now, the company has not resorted to the debt financing.



Retained Earning

This refers to the profits that the SALICO retained after paying dividends to shareholders. Retained earnings are reinvested back into the business, providing an internal source of capital.



Asset Sales

SALICO can resort to sale of the portions of investment portfolio or other assets to raise capital when needed.



Partnership or Joint Ventures

Collaboration with Ceylinco Insurance PLC as joint ventures has provided additional capital or resources for expansion and risk management and cross border technological reciprocation as well.

Interconnectedness of capital resources

- **Risk Management:** The capital resources are employed in risk assessment and management strategies. For instance, having sufficient equity capital allows a company to absorb losses from claim payouts, supporting a stable financial position.
- **Investment Strategies:** The capital raised is invested in various asset classes (bonds, stocks, real estate) to generate returns. The performance of these investments directly impacts the company's profitability and its ability to meet liabilities.
- **Regulatory Requirements:** Company is operated under strict regulatory frameworks that dictate minimum capital requirements. The interconnection between equity, reserves, and reinsurance is critical in ensuring compliance with solvency regulations.
- **Liquidity Management:** Maintaining a balance between liquid assets and liabilities is essential. This interconnectedness ensures that the company can meet its short-term obligations while still having adequate capital for long-term growth.
- **Operational Flexibility:** Sufficient capital resources allow a general insurance company to adapt its business strategy in response to changing market conditions or emerging risks, including climate change or economic shifts.

Plan for Resources Usage and Major Programs and Their Relation with the Capital Plan

SALICO's plan for resource usage and major programs is intricately connected to its capital planning. By aligning these components, SALICO has the opportunity to optimize its operations, manage risks effectively, and ensure long-term financial stability. This creates a holistic approach that supports sustainable growth, regulatory compliance, and responsiveness to changing market dynamics. Implementing a structured framework that integrates these plans enables the company to navigate complexities and capitalize on opportunities within the insurance landscape. Company's plan for resource usage and major programs is fundamentally tied to its overall capital plan. These components work together to ensure the company operates efficiently while managing risks and meeting regulatory requirements. Here's how these plans are typically structured and related:

1. Resource Usage Plan

This plan outlines how SALICO will allocate its financial, human, and operational resources to achieve its strategic objectives. It includes:

- **Human Resources Plan:** Identifying the workforce needed for various functions of departments such as (underwriting, claims, Accounts, reinsurance, administration, internal control, legal, human resource, risk management, and customer service) and assessing training and development needs. SALICO has annual and semiannual assessment of staff need and evaluation.
- **Financial Resources Plan:** This plan includes allocation of capital for underwriting new policies, handling claims, investing in technology, and maintaining operational infrastructure, reserving etc. The assessment of position of the solvency and capital is reviewed quarterly by the company to see whether capital is adequate according to the operation.
- **Operational Resources:** This plan of SALICO ensures that all necessary systems (IT and infrastructures are in place and effectively functioning. These are monitored on a quarterly basis.

Key Aspects of Resource Usage Planning:

- **Efficiency and Cost Control:** Analyzing operational processes to minimize costs while maintaining service quality.
- **Alignment with Strategic Goals:** Ensuring that resource allocation is aligned with the SALICO's strategic goals, such as entering new markets or developing new insurance products.
- **Adaptability:** Being prepared to adjust resource allocations in response to market conditions, regulatory changes, or unforeseen events (e.g., natural disasters).

2. Major Programs

Major programs of SALICO refer to significant initiatives undertaken by the company to enhance its operational capabilities, market reach, or overall effectiveness. These could include:

- **Product Development:** Launching new insurance products or enhancing existing products based on market analysis and consumer needs.
- **Technology Investments:** Upgrading the existing software systems for underwriting, claims management, Reinsurance management or customer service to improve operational efficiency.
- **Marketing and Outreach:** SALICO has various programs in pipeline aimed at increasing brand awareness, customer engagement, and retention.
- **Risk Management Initiatives:** Programs designed to strengthen the company's risk assessment and mitigation capabilities, including investing in actuarial resources and analytics.

Program Planning Considerations:

- **Return on Investment (ROI):** Analyzing the expected financial and strategic benefits from major programs against the required investment.
- **Timeline and Milestones:** Establishing timelines for implementation and defining success metrics.
- **Stakeholder Involvement:** Engaging relevant internal stakeholders to ensure alignment and support for program initiatives.

3. Relation with the Capital Plan

The capital plan of SALICO outlines how the company will maintain adequate capital levels to support its operations, meet regulatory

requirements, and manage risks. Here's how it connects to resource usage and major programs:

- **Capital Allocation:** SALICO regularly ensures that sufficient capital is set aside for underwriting activities, claims reserves, investment in new programs, and maintaining financial stability. This includes assessing the capital impact of major programs and ensuring they are funded without jeopardizing the insurer's solvency.
- **Risk-Based Capital:** SALICO is continuously aware about the maintenance of capital in relation to their risk profile. This directly influences resource usage decisions—more capital may be allocated to high-risk areas, while programs that improve risk management frameworks might need less capital.
- **Regulatory Compliance:** The capital plan of SALICO is in alignment with regulatory requirements related to solvency and capital ratios. Resource usage is monitored to support compliance efforts, ensuring the company remains solvent under various stress scenarios.
- **Strategic Investments:** Major programs that require significant capital investment are assessed regularly for their long-term impact on the company's capital position. The company has developed capital forecasts that include potential returns from these programs, influencing their timing and scope.

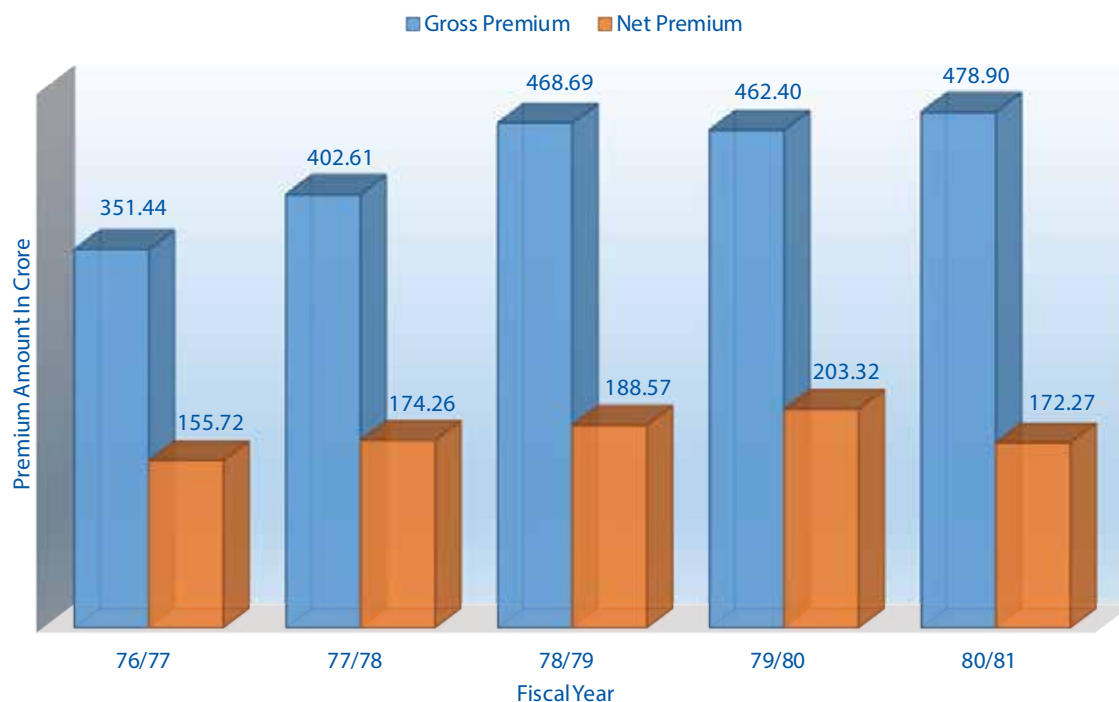
4. PERFORMANCE EVALUATION AND KEY PERFORMANCE

Note:

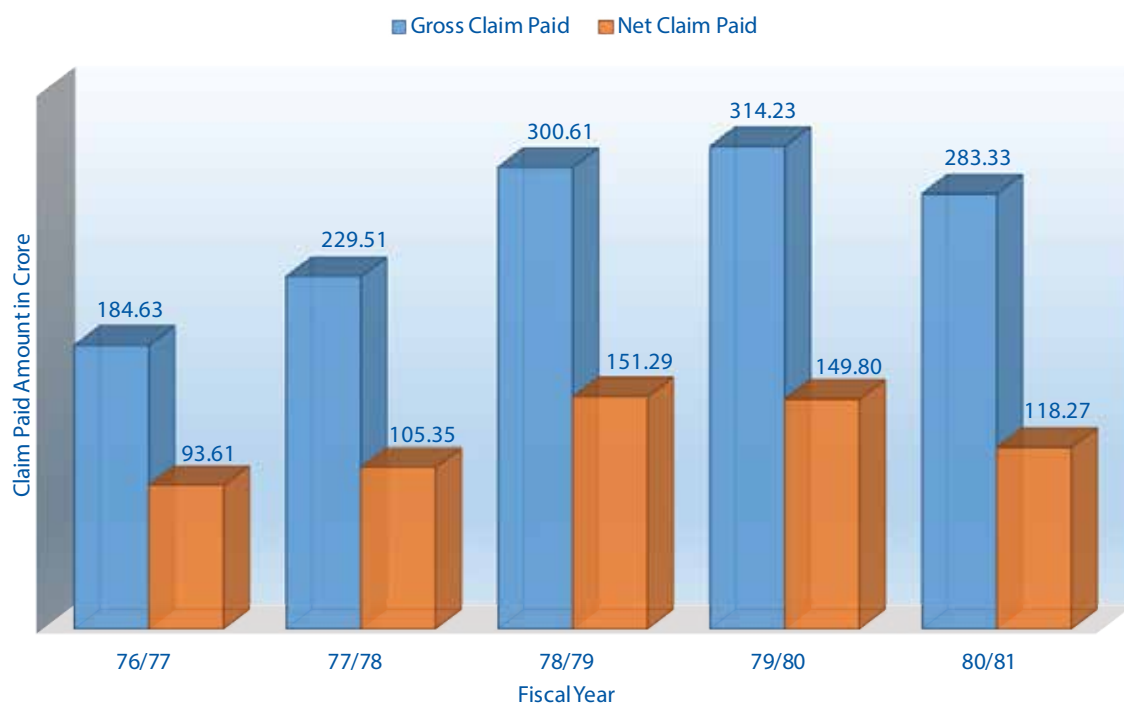
- Comparative Figures includes the data of Erstwhile Lumbini General Insurance Company Limited before merger.
- To ensure consistent comparability. The share capital component of Erstwhile Lumbini General Insurance Company Limited is calculated at 80%, based on the swap ratio of 100:80.
- To assess historical trends, a comparative analysis has been prepared using the the data of previous five fiscal years'.

Key Indicators

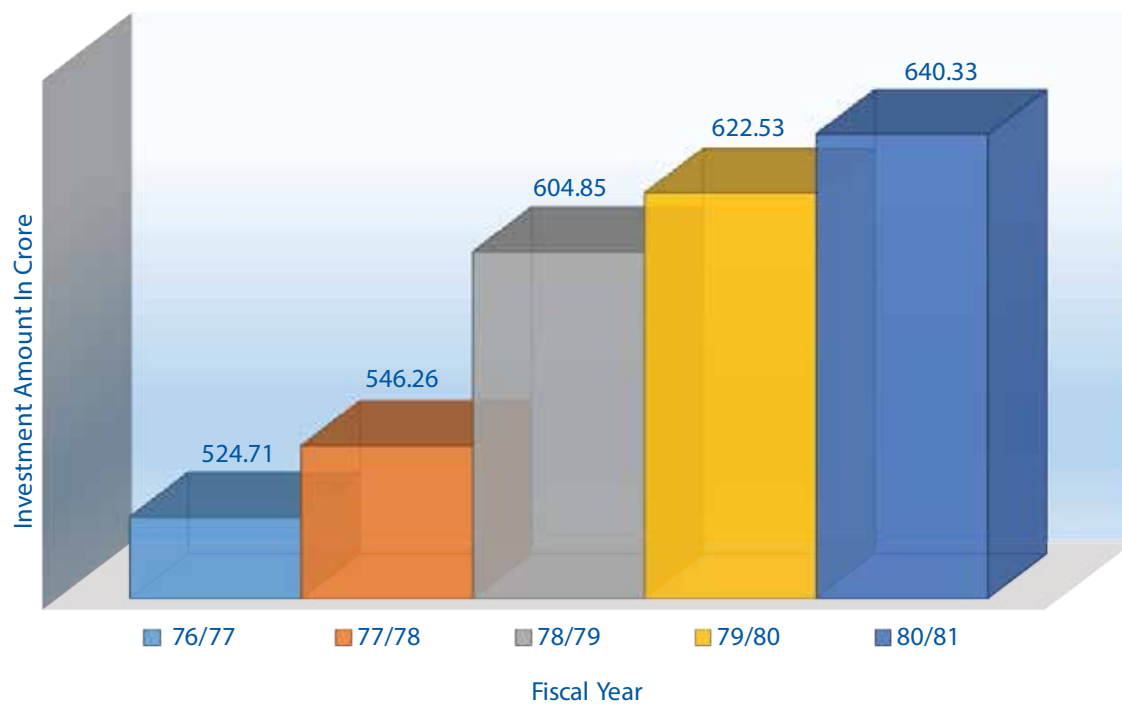
GROSS / NET PREMIUM



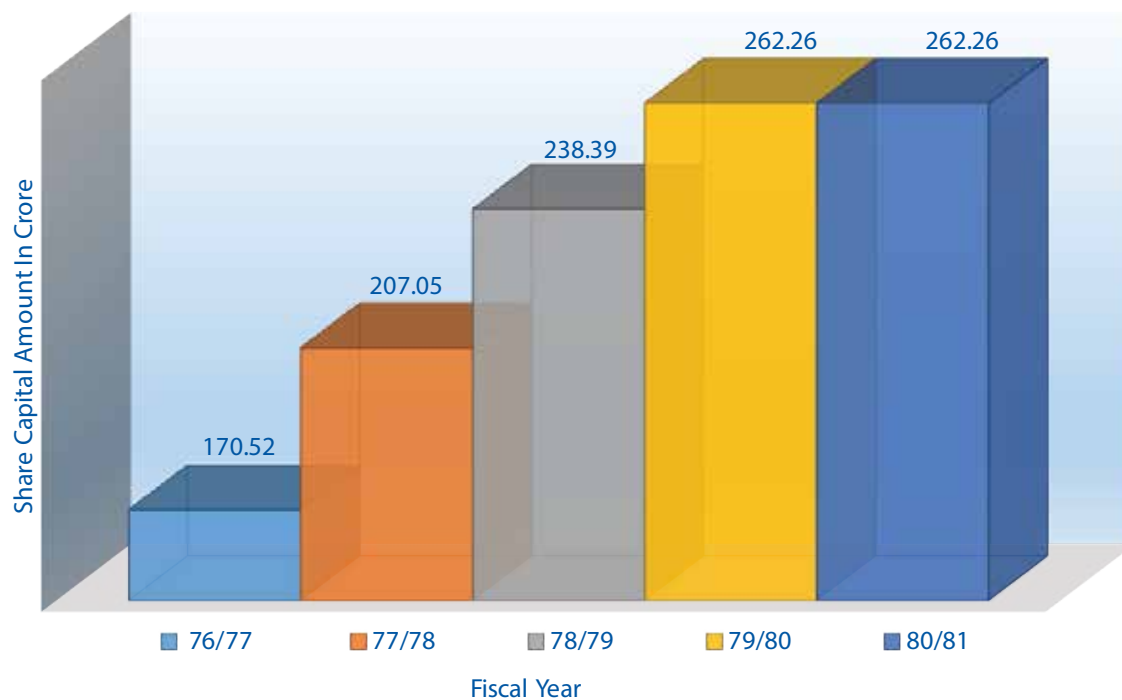
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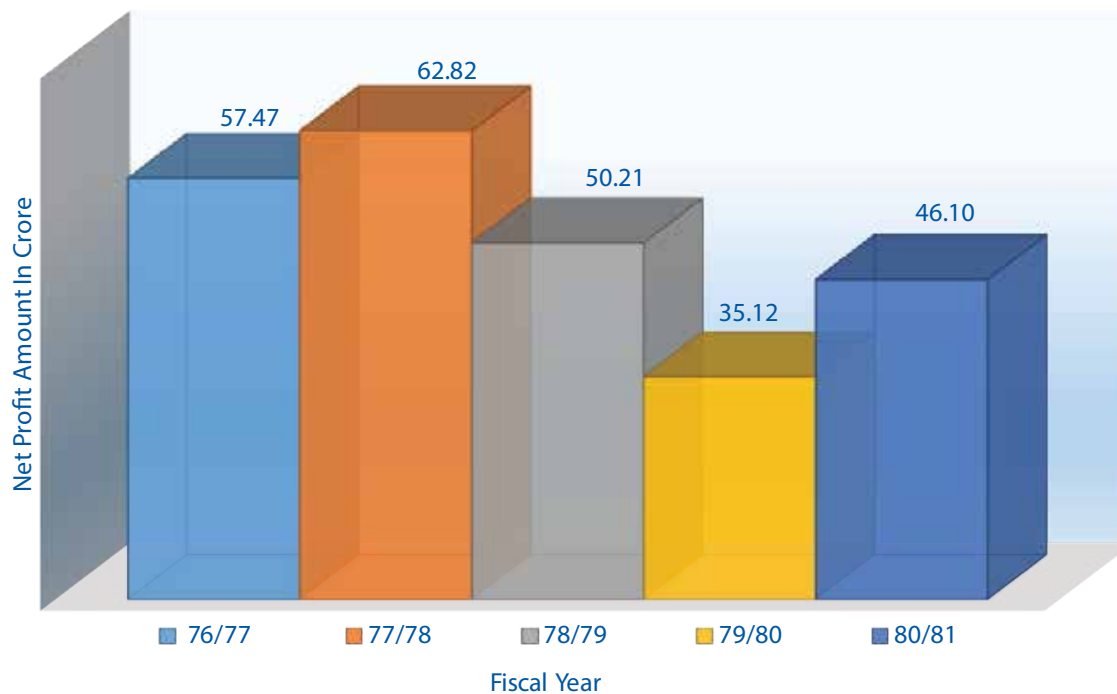
TOTAL INVESTMENT



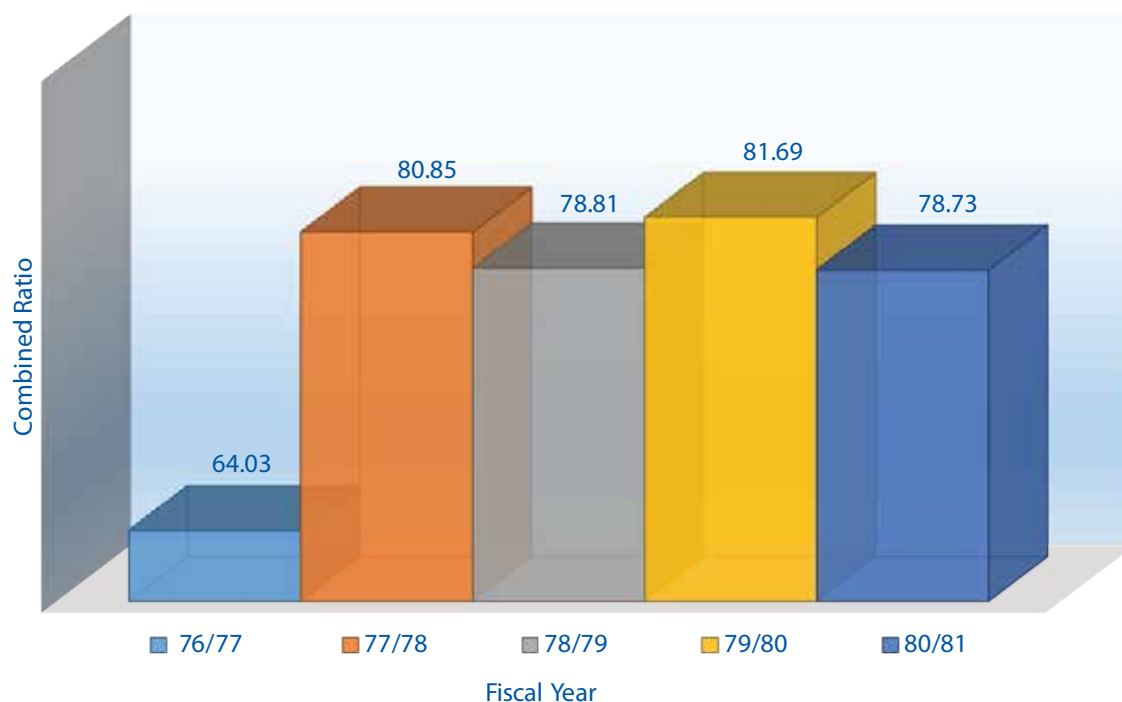
SHARE CAPITAL



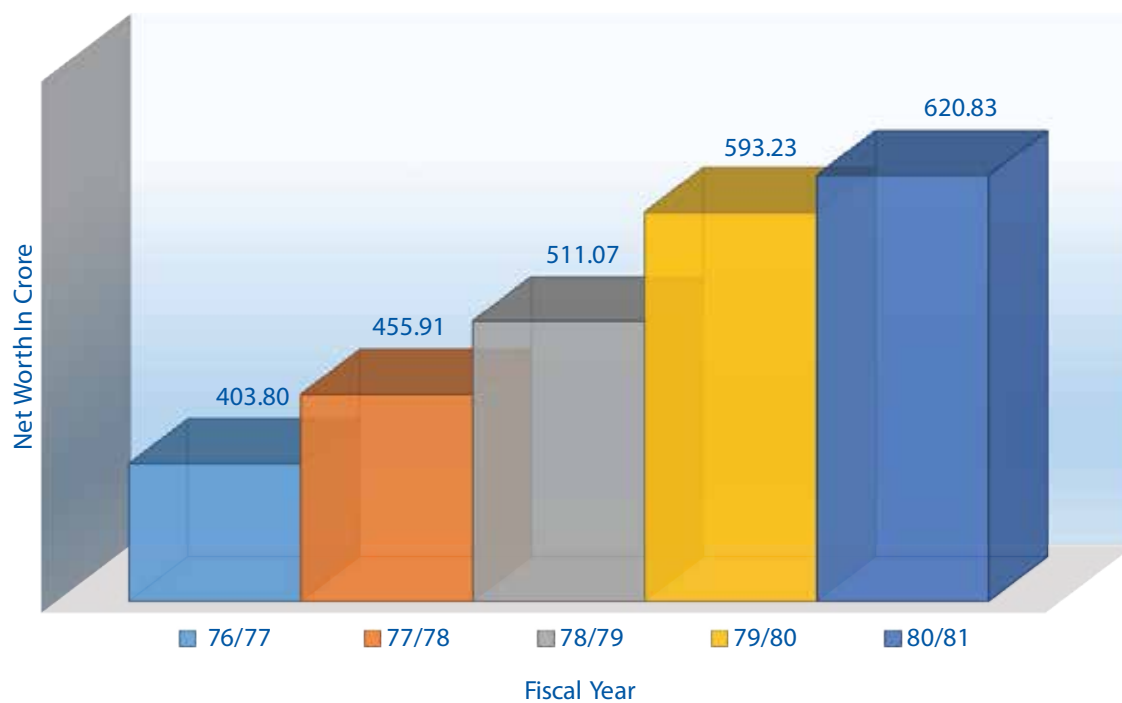
NET PROFIT



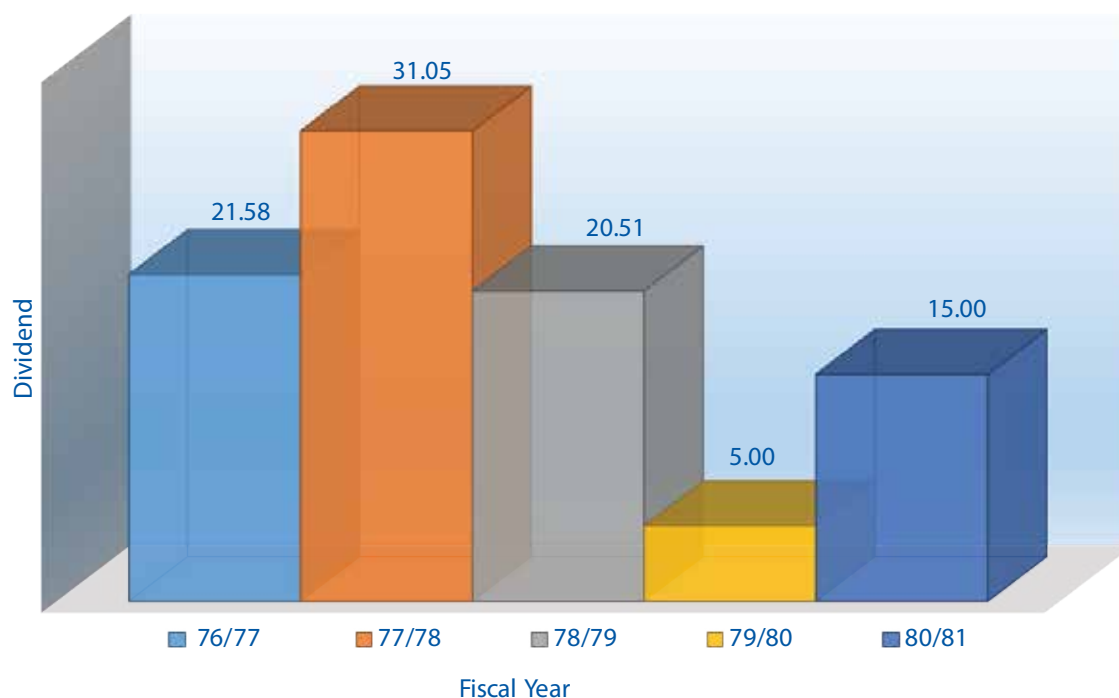
COMBINED RATIO



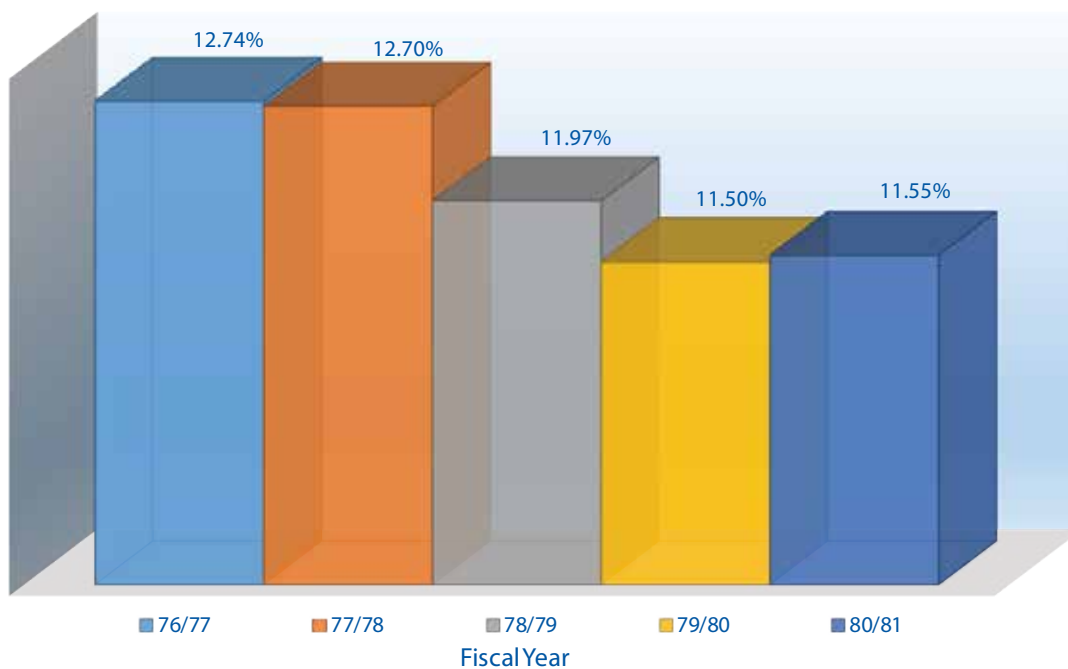
NET WORTH



DIVIDEND PER SHARE



MARKET SHARE



Information about Different Products, Insurance Policies and Enterprise Wide Function

Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:



I) PROPERTY PORTFOLIO:

Property/Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the property/fire insurance business.



II) MOTOR PORTFOLIO:

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.



III) MARINE PORTFOLIO:

Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.



IV) ENGINEERING PORTFOLIO:

Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.



V) MICRO PORTFOLIO:

It covers low income people by various Micro Insurance product and some special type of policies as formulated by Nepal Insurance Authority (NIA).



VI) AVIATION PORTFOLIO:

Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.



VII) AGRICULTURE PORTFOLIO:

It covers against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.



VIII) MISCELLANEOUS PORTFOLIO:

All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

5. STRATEGIC PLAN AND DEVELOPMENT

Short, Medium and Long Term Strategies of the Organization and Resource Allocation

In order to achieve its strategic objectives, SALICO has devised clear short-term, medium-term, and long-term strategies, along with effective resource allocation. Here's a breakdown of each timeframe's strategies and the associated resource allocation:

Short-Term Strategies (0 - 1 Year)

1. Strategies:

- **Enhancing Customer Service:** Implementing improvements in claims processing and customer support.
- **Market Penetration:** Aggressively marketing existing products to increase policy sales within current markets.
- **Cost Control:** Streamlining operations to reduce overhead costs and improve profitability.
- **Regulatory Compliance:** Ensuring all practices meet necessary regulations to avoid fines and penalties.

2. Resource Allocation:

- **Financial Resources:** Redirecting budget towards marketing, customer support enhancements, and operational efficiencies.
- **Human Resources:** Training staff in better customer interactions and claims processing efficiency.
- **Technology Investments:** Upgrading IT systems for faster claims processing and efficient customer service (e.g., chatbots and CRM systems).
- **Working Capital:** Ensuring enough liquidity to meet operational demands and pay out claims promptly.
- **Medium-Term Strategies (1 - 3 Years)**

Medium-Term Strategies (1 - 3 Years)

1. Strategies:

- **Product Diversification:** Developing and launching new insurance products tailored to meet evolving customer needs (e.g., usage-based insurance).
- **Expansion into New Markets:** Entering new geographic regions or demographic markets to grow the customer base.
- **Risk Management Enhancements:** Strengthening risk assessment capabilities through advanced analytics and data management.
- **Partnerships and Collaborations:** Building alliances with insurtech firms or other companies to leverage technology and customer access.

2. Resource Allocation:

- **Investment in R&D:** Allocating a budget for the development of new products and market research.
- **Marketing Budget:** Increasing spending on marketing campaigns to support new product launches and market expansion efforts.
- **Human Capital:** Hiring specialists (actuaries, data analysts, product developers) to support diversification and innovation efforts.
- **Capital Reserves:** Setting aside funds to support entry into new markets and manage regulatory requirements.

Long-Term Strategies (3+ Years)

1. Strategies:

- **Transformational Digital Initiatives:** Fully integrating technology throughout the insurance value chain, from underwriting to claims and customer engagement.
- **Sustainability Goals:** Developing practices and products that promote environmental responsibility and meet emerging regulatory standards.
- **Brand Building and Reputation Management:** Establishing a strong brand presence and trust in the marketplace through consistent and high-quality service delivery.
- **Adaptation to Market Disruptions:** Creating flexible business models to adapt to changes in customer preferences, competitive landscapes, and technological evolutions.

2. Resource Allocation:

- **Long-Term Capital Investments:** Committing substantial financial resources to advanced technology ecosystems (e.g., AI, machine learning) that enhance decision-making and operational efficiency.
- **Strategic Workforce Development:** Investing in ongoing training and career development programs to groom future leaders and retain talent.
- **Research and Development (R&D):** Continuously investing in market research to stay ahead of trends and refine product offerings.
- **Sustainability Initiatives:** Allocating funds for sustainable practices and investments that enhance corporate social responsibility, which can also serve as a marketing advantage.

Strategy for Insurance Development, Insurance Products and Insurance Services

1. Insurance Development

Strategy Overview:

SALICO's strategy for insurance development focuses on enhancing the company's capabilities, expanding its market presence, and adapting to changing industry dynamics.

Key Strategies:

- **Market Research and Analysis:** Implementing comprehensive research to identify market gaps, customer preferences, and emerging trends to inform product development and service enhancements.
- **Regulatory Compliance:** Establishing robust frameworks to ensure compliance with local and international regulations, thereby minimizing legal risks and fostering trust.
- **Technological Advancements:** Investing in technology platforms (e.g., data analytics, artificial intelligence) that enhance underwriting precision, claim analysis, and customer insights.
- **Risk Assessment Improvements:** Strengthening actuarial and underwriting models with data-driven insights to better evaluate and price risks.

Implementation Steps:

- Create cross-functional teams dedicated to continuous improvement and innovation.
- Establish partnerships with technology firms to leverage cutting-edge solutions.
- Conduct regular training for staff on market trends and regulatory updates.

2. Insurance Products

Strategy Overview:

SALICO's strategy for developing a diverse range of insurance products tailored to meet the specific needs of various market segments is crucial for attracting and retaining customers.

Key Strategies:

- **Product Diversification:** Expanding the product portfolio to include innovative insurance offerings, such as cyber liability, usage-based insurance (UBI), and enhanced health insurance products.
- **Customization:** Allowing flexible policy frameworks that enable customers to tailor coverage according to their individual needs, such as add-ons or endorsements.
- **Sustainability and Social Responsibility:** Developing products that cater to environmentally conscious consumers, like green insurance policies that offer incentives for sustainable practices.
- **Bundling Opportunities:** Creating bundled insurance packages (e.g., home and auto insurance) to simplify customer choices and drive higher sales volumes.

Implementation Steps:

- Invest in market testing for potential new products to gauge customer interest and price sensitivity.
- Provide ongoing training for sales teams to effectively communicate product features and benefits.
- Establish clear channels for receiving and acting on customer feedback regarding existing products.

3. Insurance Services

Strategy Overview:

The strategy related to insurance services emphasizes delivering exceptional customer experience and value-added services throughout the customer lifecycle.

Key Strategies:

- **Enhanced Customer Support:** Establishing multi-channel customer service platforms (phone, chat, online portals) to address customer inquiries and claims efficiently.
- **Claims Processing Efficiency:** Implementing technology solutions that streamline the claims process, including digital submission, status tracking, and fast-tracking claims for low-risk scenarios.

- **Advisory Services:** Offering consultancy services for risk management, safety assessments, and loss prevention to help clients mitigate risks before they occur.
- **Educational Initiatives:** Providing resources, workshops, and seminars to educate clients about coverage options, risk management, and claims processes.
- **Distribution Channel:** Establishing the new distribution channel of insurance products and services.

Implementation Steps:

- Develop a customer relationship management (CRM) system to keep track of customer interactions and preferences.
- Regularly train customer service representatives on the latest products and claims handling procedures.
- Utilize customer feedback surveys to gauge satisfaction and areas for improvement.

Sustainability Strategy with Measurable Objectives

The company has developed the sustainability strategy integrating environmental, social, and governance (ESG) principles into its operations and offerings. This not only helps mitigate risks but can also enhance competitiveness in a market that increasingly values sustainability. Below mentioned are the comprehensive sustainability strategy with measurable objectives tailored specifically for SALICO.

1. Environmental Responsibility

Objectives:

- **Carbon Neutrality:** Achieve carbon neutrality in company operations by 2030.
- **Sustainable Underwriting:** Integrate ESG risk assessments into 100% of underwriting processes by 2030.
- **Office Energy Efficiency:** Reduce energy consumption in offices by 20% through energy efficiency upgrades by 2030.

Measurable Actions:

- Conduct greenhouse gas (GHG) emissions audits annually and track progress toward carbon neutrality.
- Implement a revised underwriting framework that incorporates ESG criteria and report on the percentage of policies evaluated annually.
- Monitor energy usage and conduct annual reviews of energy consumption metrics, reporting on savings and achieved efficiencies.

2. Social Commitment

Objectives:

- **Diversity, Equity, and Inclusion:** Ensure that 25% of all new hires and leadership roles come from underrepresented groups by 2030.
- **Community Engagement:** Invest at least 1% of post-tax profits annually in community programs and initiatives focused on education, health, and sustainability. (CSR)
- **Consumer Education:** Reach at least 50% of policyholders through educational initiatives about sustainable practices and available green insurance products by 2030.

Measurable Actions:

- Track demographic data on new hires and leadership positions annually, assessing progress toward diversity goals.
- Establish a program to monitor community investments and run annual reports detailing how funds improve community outcomes.
- Develop a reporting mechanism to gauge customer participation and feedback on educational workshops and products, tracking engagement metrics quarterly.

3. Governance and Ethical Standards

Objectives:

- **Transparent Reporting:** Commit to publishing an annual sustainability report by 2030 that aligns with Climate Risk guideline and standards issued by Nepal Insurance Authority.
- **Risk Management Framework:** Include ESG criteria in the company's risk management framework by 2030, with a focus on recognizing potential climate-related risks in underwriting and investment decisions.
- **Stakeholder Engagement:** Engage at least 60% of stakeholders (employees, clients, investors) in sustainability initiatives through surveys or participatory programs annually.

Measurable Actions:

- Create a dedicated section on the company's website for sustainability reports and progress updates, monitored for transparency and accessibility.
- Track the integration of ESG factors in reports, investment strategies, and risk assessments through regular compliance audits.
- Utilize stakeholder surveys and feedback mechanisms to measure engagement and satisfaction levels with sustainability initiatives.

Implementation Plan

1. **Leadership Support:**
Establish a sustainability governance structure led by a Risk Officer supported by cross-departmental teams.
2. **Stakeholder Engagement:**
Involve employees, clients, and community members in the design and implementation phases through workshops, focus groups, and feedback sessions.
3. **Progress Monitoring:**
Set up dashboards to track KPIs related to environmental impact, social initiatives, and governance practices. Conduct quarterly reviews to assess progress toward objectives.
4. **Adaptation and Innovation:**
Continuously evaluate industry's best practices and emerging trends in sustainability to adapt strategies as necessary.

Review of the Future Business Prospects

The company faces a dynamic and evolving landscape influenced by economic, technological, regulatory, and environmental factors. Here's a review of the future business prospects of SALICO, highlighting key trends, challenges, and opportunities.

1. Market Trends and Growth Potential

- **Increasing Awareness of Risk Management:**
Businesses and consumers are becoming more aware of the need for adequate insurance coverage due to rising instances of natural disasters, cyber threats, and health crises. This trend is expected to bolster demand for general insurance products.
- **Digital Transformation:**
The adoption of digital technologies is reshaping the insurance landscape. Innovations such as artificial intelligence (AI), machine learning, and big data analytics are enhancing underwriting accuracy, improving customer service, and streamlining claims processes.
- **Sustainability and ESG Focus:**
There is a growing expectation for insurers to embrace sustainable practices and offer products that reflect environmental, social, and governance (ESG) principles. Companies that align their offerings with these values can capture new market segments.
- **Tailored Products and Customization:**
The demand for personalized insurance solutions is rising. Insurers that leverage data analytics to provide tailored coverage will likely capture more clients and enhance customer loyalty.

2. Regulatory Environment

- **Stricter Regulations:**
Insurers are facing increasing regulatory scrutiny around data protection, financial stability, and claims handling. Companies will need to invest in compliance frameworks to navigate these complexities.
- **Sustainability Regulations:**
As governments and regulatory bodies push for sustainability, insurers will need to demonstrate their commitment to ESG initiatives in reporting practices and their investment portfolios.

3. Technological Advancements

- **Insurtech Collaboration:**
The rise of insurtech firms is prompting traditional insurers to consider partnerships or collaborations that can enhance their service offerings and operational efficiency.
- **Automation and AI:**
Implementing AI and automation in claims processing, underwriting, and customer service will streamline operations and reduce costs while enhancing customer experience.

4. Risk Landscape

- **Climate Change and Natural Disasters:**
The increasing frequency and severity of natural disasters pose significant challenges. Insurers will need to adapt their risk models and pricing strategies accordingly to mitigate potential losses.
- **Cyber Risks:**
The rise in cyber incidents calls for innovative coverage solutions. General insurers that develop comprehensive cyber insurance products can meet the growing demand from both businesses and individuals.

- **Health Risks Post-Pandemic:**
The COVID-19 pandemic has resulted in lasting changes to health and life insurance markets. Insurers must adapt to these shifts by offering products that address emerging health risks.

5. Competitive Landscape

- **Emerging Competitors:** New entrants, particularly micro insurers and brokers, are disrupting traditional insurance markets. This creates both competition and opportunities for collaboration.
- **Customer Expectations:** As customers increasingly expect seamless experiences similar to those provided by technology companies, insurers need to enhance their digital channels and customer service capabilities.

6. Financial Performance and Investment Opportunities

- **Investment in Technology:** Allocating resources toward digital transformation and technology upgrades will be critical for long-term profitability. Companies that can efficiently leverage technology will gain a competitive edge.
- **Focus on Product Innovation:** Investing in the development of innovative insurance products that cater to new risks, such as gig economy coverage or pandemic-related policies, can drive growth.
- **Diverse Investment Portfolio:** Maintaining a diverse investment portfolio will be essential for managing risks and ensuring financial stability, particularly in uncertain economic conditions.

Effect of External Environment on Business

The external environment has exerted a significant influence on company's business operations, strategy, and overall performance. Below is an analysis of the key external environmental factors and their potential effects on a general insurer's business:

1. Economic Factors

- **Economic Cycles:**
Economic growth or recession directly impacts the demand for insurance products. In prosperous times, businesses and consumers are more likely to invest in insurance for protection against risks. Conversely, during economic downturns, insurance purchases may decline as both individuals and businesses reduce expenditures.
- **Inflation Rates:**
Rising inflation can lead to higher claims costs and increased underwriting expenses, prompting insurers to adjust premiums accordingly. Insurers must also evaluate the adequacy of reserves to account for increased future claims due to inflation.
- **Interest Rates:**
Interest rates affect insurers' investment income, which is a significant revenue source. Low-interest rates can decrease investment returns, prompting insurers to seek alternative investment strategies to maintain profitability.

2. Regulatory Environment

- **Compliance Requirements:**
The insurance industry is heavily regulated, and changes in laws and regulations can impact operations, product offerings, and profitability. Insurers must continuously adapt to comply with evolving regulatory requirements regarding consumer protection, solvency, and data privacy.
- **Capital Requirements:**
Insurers are required to hold a certain level of capital reserves. Changes in these requirements can impact the company's financial flexibility and ability to underwrite new business.
- **Environmental Regulations:**
Regulatory pressures regarding climate change and sustainability may necessitate changes in underwriting guidelines, particularly for sectors exposed to environmental risks (e.g., real estate and motor insurance in flood zones).

3. Technological Factors

- **Digital Transformation:**
Rapid technological advances are reshaping the insurance landscape. Insurers must invest in digital platforms and capabilities (e.g., mobile apps, online portals) to enhance customer experience, streamline operations, and improve claim processing.
- **Data Analytics:**
The use of big data and advanced analytics enables company to refine risk assessment, personalize products, and improve pricing accuracy. However, reliance on data raises questions about privacy and data security, necessitating investments in cybersecurity measures.
- **Insurtech Competition:**
The emergence of insurtech startups has intensified competition, offering innovative technology-driven products and services. Insurers must adapt to this competition, either through collaboration or by developing their own technological solutions.

4. Social and Demographic Factors

- **Changing Customer Expectations:**
Customers are demanding more personalized, transparent, and accessible insurance solutions. Insurers need to leverage data and technology to meet these evolving expectations and enhance customer service.
- **Demographic Changes:**
Shifts in demographics, such as an aging population, can affect insurance product demand. For example, an older demographic may increase demand for health and life insurance products, while younger generations may favor digital-first solutions.
- **Cultural Attitudes:**
Attitudes toward risk and insurance vary by culture and may affect purchasing behavior. Insurers must understand these cultural nuances to tailor their marketing and product offerings effectively.

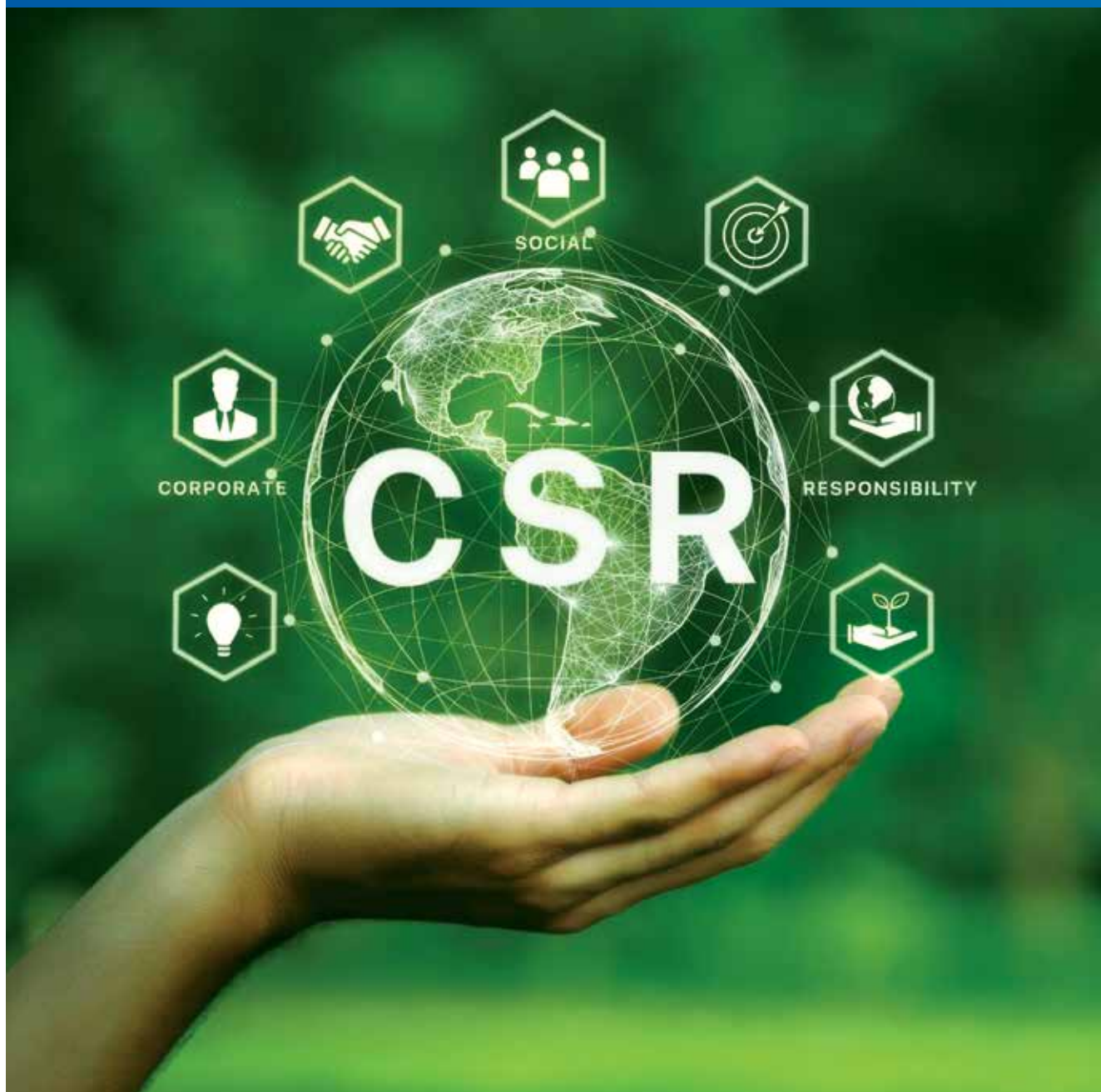
5. Environmental Factors

- **Climate Change:**
The increasing frequency and severity of natural disasters (e.g., earthquake, floods, landslide, wildfires) associated with climate change can lead to higher claims and necessitate re-evaluation of risk exposure. Insurers may need to adjust pricing models, enhance risk assessment capability, and develop new products for emergent risks.
- **Sustainability Initiatives:**
There is growing pressure from stakeholders for companies to adopt sustainable practices. Companies are expected to incorporate ESG considerations into their operations and offerings, which can impact branding, customer loyalty, and policy development.

6. Political Factors

- **Political Stability:**
Political stability within a region influences the business environment for insurers. Political instability or turmoil can lead to increased risk exposure and affect underwriting practices.
- **Tax Policies:**
Changes in taxation, particularly regarding capital gains, corporate taxes, or tax incentives for insurance products, can influence insurers' profitability and revenue generation.

6. CORPORATE SOCIAL RESPONSIBILITY



Initiatives Taken for Staff Welfare

Sagarmatha Lumbini Insurance Company (SALICO) has a strong devotion to staff welfare since they believe that a facilitated workforce will bring more productivity and job satisfaction within the workplace. As part of this devotion, the company initiated the following various steps toward staff welfare:

- Despite employees being enrolled with the Social Security Fund as required by law, SALICO has further gone ahead and provided additional security. The company offers medical insurance coverage of up to Rs. 2.5 lakhs and accidental insurance of up to Rs. 44.64 Lakhs so that its workers are better financially secured.
- SALICO is committed to the continuous growth and expansion of its human resources. Towards this, it undertakes several Province wise In-House Training Programs and specialist-led programs to enhance and upgrade the employees' knowledge and skills.
- SALICO regularly conducts training sessions covering various aspects of professional and personal development. Additionally, the company collaborates with renowned institutions and trainers to further enhance learning opportunities for its employees.
- SALICO values the importance of work-life balance and fosters a good work environment. SALICO has different policies and programs in place to enable staff to balance their personal and work lives.
- The company has introduced well-structured policies aimed at supporting employees' mental health and overall well-being, ensuring a positive and healthy work environment.
- To foster mental health and a healthy work-life balance, the company goes beyond the standard leave policies by offering additional leave benefits in form of Force Leave. This initiative is specifically designed to offer greater flexibility and support to employees, helping them manage their personal and family responsibilities while maintaining their well-being and job satisfaction.

SALICO's employee welfare programs are an indicator of the company's high degree of dedication to creating a favorable and compassionate working environment. Through its high prioritization of workers' well-being in its policies and benefits, the company makes the employees feel valued and cared for. Such programs, from comprehensive health insurance to force leave, continuous training, and mental health care, not only enhance employees' satisfaction but also their morale and performance.

As a result of this positive work culture, it has a direct impact on overall company success. Valued and supported employees are more motivated, loyal, and engaged, thus performing better and innovating. Moreover, the reputation of SALICO as a caring and responsible employer improves the company's brand image, making it an attractive workplace and a trustworthy company to stakeholders and clients.

Contribution in National Economy

- SALICO provide essential coverage that allows individuals and businesses to protect their assets. This mitigates financial risks associated with unforeseen events like natural disasters, accidents, or health crises, enabling greater economic stability.
- Many businesses, from small startups to large corporations, require various types of insurance to operate legally and efficiently, which SALICO has been able to cater the need in the country. With insurance coverage, entrepreneurs can take calculated risks, explore new opportunities, and launch ventures that contribute to job creation and economic growth.
- SALICO has helped the national economy by creating employment opportunity, offering a wide range of jobs, from underwriting and claims processing to sales and customer service.
- The company's premiums collection is invested in long-term financial instruments (like government bonds, infrastructure projects, and shares), contributing to capital formation and funding essential development projects.
- SALICO has played a crucial role in national economy by contributing significantly to government revenue through taxes (corporate taxes, property taxes). This revenue can be used to fund public services and infrastructure by the government.
- The company also contributes through regulatory fees, which support the broader financial regulatory framework.
- In the aftermath of disasters, companies' payouts help stabilize local economies by providing funds for recovery and reconstruction, helping communities bounce back quickly to attain economic resilience.
- The products of SALICO, like marine and cargo insurance are crucial for businesses engaging in international trade, enabling smoother transactions and greater economic cooperation.
- Providing affordable insurance products (such as microinsurance) protects low-income populations, contributing to their economic participation and reducing poverty levels.
- In overall SALICO has been able to create value addition in the GDP of national economy.

Action Taken by the Company to Become More Sustainable and to Contribute to a Sustainable Global Economy

As awareness of environmental, social, and governance (ESG) issues has grown, SALICO aims in taking significant steps to become more sustainable and contribute to a sustainable global economy. Below are various actions that SALICO is aiming to enhance their sustainability profiles:

1. Sustainable Investment Strategies

- **Responsible Investment:** SALICO aims in integrating ESG criteria into their investment strategies. This includes investing in renewable energy projects, green bonds, and socially responsible companies while avoiding investments in fossil fuels, tobacco, and petrol and diesel vehicles.
- **Climate Risk Assessment:** SALICO has developed the frameworks to assess climate-related financial risks in their investment portfolios and underwriting practices. This assessment helps in aligning investments with climate goals, such as those outlined in Nepal Insurance Authority's directives.

2. Green Insurance Products

- **Eco-friendly Policies:** SALICO aims in developing products that encourage sustainable practices among policyholders. For example, offering green home insurance that provides coverage for solar panels or other energy-efficient installations, or auto insurance discounts for electric vehicles.
- **Climate Resilience Coverage:** SALICO aims in creating specialized products that promote resilience against climate-related risks, such as coverage for flood defenses or financial incentives for businesses that implement sustainable practices.

3. Operational Sustainability Initiatives

- **Reducing Carbon Footprint:** SALICO aims in taking steps to reduce own carbon emissions from its processes. This can include green office spaces, energy-efficient technologies, adopting telecommuting practices, and minimizing business travel.
- **Sustainable Supply Chain:** SALICO aims in assessing the sustainability of their supply chains. This includes choosing vendors and partners who align with their sustainability goals and encouraging responsible practices throughout their operations.

4. Community Engagement and Social Responsibility

- **Supporting Local Communities:** SALICO has been engaging in corporate social responsibility (CSR) initiatives aimed at benefiting local communities. This might involve funding community projects, promoting financial literacy programs, or supporting disaster relief efforts.
- **Stakeholder Engagement:** SALICO is beginning to communicate more transparently with stakeholders about their sustainability goals, including clients, employees, shareholders, and the broader community. Regular reporting on ESG performance and initiatives fosters accountability.

5. Regulatory Compliance and Leadership

- **Meeting Regulatory Standards:** Many countries have introduced regulations that require transparency regarding climate-related risks and sustainability practices. SALICO is also staying ahead of these regulations by adopting best practices and reporting standards such as the Task Force on Climate-related Financial Disclosures (TCFD). The company has framed climate risk policy.
- **Industry Collaboration:** SALICO aims to collaborate with industry associations, NGOs, and governmental bodies to advocate for sustainable policies and practices, participating in collaborative initiatives aimed at addressing systemic risks related to climate change.

6. Employee Engagement and Training

- **Sustainability Training:** SALICO is providing training programs for employees to raise awareness of sustainability issues and encourage sustainable practices in their personal and professional lives.
- **Diversity and Inclusion:** The company has assessed and recognizing the need for diversity and inclusion in their workforce as part of their ESG strategies. A diverse workforce contributes to innovative solutions and reflects a commitment to social responsibility.

7. Technology and Innovation

- **Leveraging Insurtech:** SALICO is oriented in utilizing technology to enhance efficiency and promote sustainability. This includes digital platforms that minimize paper usage, AI for predictive analytics that can improve risk assessment, and blockchain for transparent and efficient transactions.
- **Smart Risk Management:** By using data analytics, insurers can refine their underwriting processes to better assess risks associated with climate change and other environmental factors, allowing for more accurate pricing and improved risk management.

Initiatives towards Environment Conservation, Social Development and Sustainability

SALICO has recognized its role in promoting environmental conservation, social development, and overall sustainability. This recognition has translated into various direct and indirect initiatives that aim to create positive impacts in these areas. Here's a breakdown of such initiatives:

Environmental Conservation Initiatives

Direct Initiatives

1. Sustainable Insurance Products:

- **Green Policies:** Offering insurance products that cover eco-friendly technologies such as solar panels, energy-efficient appliances, and electric vehicles. Providing incentives or discounts for sustainable practices among policyholders.
- **Climate Resilience Insurance:** Developing products that provide coverage for climate-related risks, encouraging policyholders to invest in mitigating measures (e.g., flood defenses, wildfire protection).

2. Investment in Renewable Energy:

- Insurers allocate a portion of their investment portfolios to renewable energy projects (e.g., solar, wind) and electric vehicle. This helps support the transition to a low-carbon economy.

Indirect Initiatives

1. Risk Assessment and Management:

- Developing models to assess the environmental impact of various sectors, which guides underwriting decisions and investment strategies.

2. Supporting Climate Research:

- Funding research and partnerships with academic institutions, NGOs, and public agencies to better understand, predict, and mitigate climate-related risks and impacts.

3. Policy Advocacy:

- Engaging in advocacy for policies that promote environmental sustainability at local, national, and global levels, supporting regulations that address climate change and reduce environmental risks.

Social Development Initiatives

Direct Initiatives

1. Corporate Social Responsibility (CSR) Programs:

- Funding and initiating community development projects, such as educational programs, healthcare initiatives, or disaster relief efforts, especially in underserved regions.

2. Diversity and Inclusion Programs:

- Implementing initiatives to promote diversity and inclusion within the workforce, ensuring equal opportunities for women, minorities, and marginalized communities.

3. Community Engagement:

- Collaborating with local organizations to address social issues, such as poverty alleviation and access to education, often through volunteer programs and employee engagement.

Indirect Initiatives

1. Ethical Conduct and Governance:

- Promoting transparent and ethical business practices including anti-corruption measures and responsible marketing, which contribute to building trust in communities.

2. Financial Literacy Campaigns:

- Offering programs that educate consumers and small business owners about financial management, insurance products, and risk management, fostering economic resilience and empowerment.

3. Collaboration with NGOs:

- Partnering with non-profits and other organizations to tackle pressing social issues, leveraging resources, and expertise to create more substantial social impact.

Sustainability Initiatives

Direct Initiatives

1. Reducing Operational Footprint:

- Implementing energy-efficient technologies, reducing waste, and promoting remote work to minimize the carbon footprint of office spaces. This can include using renewable energy sources in their facilities.

2. Sustainable Supply Chain Management:

- Conducting assessments of suppliers and partners to ensure they are aligned with sustainability goals, and promoting eco-friendly sourcing practices.

3. Green Office Practices:

- Promoting initiatives within the organization, such as recycling programs, paperless operations, and using sustainable materials in office supplies and furniture.

Indirect Initiatives

1. Engaging Stakeholders:

- Communicating sustainability goals and progress to stakeholders, including clients, investors, and the community through annual sustainability reports and updates.

2. Training and Development:

- Offering training for employees on sustainability practices and integrating sustainability into corporate culture, ensuring that all staff members understand and contribute to the company's sustainability goals.

3. Engagement and Collaboration:

- Joining industry groups or initiatives focused on sustainability, sharing best practices, and collaborating on common sustainability challenges and solutions.

Disclosure in Relation to CSR

The company adheres to a policy of allocating 1% of its net profit each financial year to a dedicated Corporate Social Responsibility (CSR) fund. During the fiscal year 2080/81, the company incurred a total CSR expenditure of NPR 3,295,974. This fund is utilized to support a range of impactful social initiatives, including education, healthcare, disaster relief, insurance awareness programs, poverty alleviation, and assistance to marginalized and underprivileged communities.

The company remains firmly committed to its social responsibilities, operating in accordance with well-defined internal policies and the directives issued by the Nepal Insurance Authority. All CSR proposals are assessed with transparency, fairness, and diligence to ensure meaningful outcomes and equitable distribution of resources.



7. CORPORATE GOVERNANCE AND COMPLIANCE

Compliance Report

Effective governance is in the utmost priority of SALICO to operate in a transparent, accountable manner while adhering to laws and regulations, thus protecting the interests of policyholders, shareholders, and other stakeholders. Below is an overview of the key aspects of corporate governance and compliance within SALICO.

S.N.	Particulars	Status
1.	Insurance Act, 2079	Fully Complied
2.	Insurance Regulation, 2049	Mostly Complied
3.	Investment Directive for non- life insurer 2080 (With first amendment 2080)	Fully Complied
4.	Insurer's Corporate Governance Directive, 2080 (With first amendment 2081)	Fully Complied
5.	Insurer's Financial Directive, 2080 (With first amendment 2080)	Fully Complied
6.	Claim Settlement Directive	Mostly Complied
7.	Marine Insurance Directive, 2065	Fully Complied
8.	Agent Training Directive 2072	Fully Complied
9.	Motor Insurance Directive 2073	Mostly Complied
10.	Property directive 2080,(With first amendment, 2081)	Fully Complied
11.	Non-Life and Re-Insurance Actuarial valuation Directive, 2076	Fully Complied
12.	Agricultural Insurance Directive 2079	Fully Complied
13.	Fixed Asset Directive 2065	Fully Complied
14.	Accidental Insurance Directive 2078	Fully Complied
15.	IRMIS Guidelines 2080	Fully Complied
16.	ORSA Directive 2023	Fully Complied
17.	Reinsurance Directive, 2080	Fully Complied
18.	Risk Based Internal Audit Directive 2079	Fully Complied
19.	Risk Management Guideline 2076	Fully Complied
20.	Mobile Insurance Directive 2076	Fully Complied
21.	Insurer's Branch Office Directive, 2079	Fully Complied
22.	Micro Insurance Directive 2079	Fully Complied
23.	Directive for insurers regarding Promoter share, 2077	Fully Complied
24.	AMLCFT Directive 2081 (With First Amendment)	Mostly Complied
25.	IT Guideline for insurer, 2076	Mostly Complied

Non- Compliance Issues and Reason for Non- Compliance

SN	Issues	Provision	Reason
1.	Section 36 (Ka) of Insurance Regulation 2049.	Distribution of Certificates to insured on account of motor insurance	In case of VIP cover, the company has provided VIP cards. But the certificates for each insurance of motor not provided as the insureds are provided with the insurance policy paper which suffice the evidence of insurance.
2.	Section 5 of AMLCFT Directive, 2081	Development of mechanism of PEPs	Due to unavailability of public data regarding unique identification of PEPs, practical feasibility has been difficult.
3.	Section 17(7) of AMLCFT Directive, 2081	AMLCFT Training to shareholders holding above 1% holding	SALCIO is planning for the program in near future.
4.	Section 7 of Claim Settlement Directive 2081	Disbursement of claim within 21 days of receipt of surveyors report.	In some cases, claim disbursement is delayed due to non-acceptance of claim assessment amount by the customers.
5.	Section 12 of Claim Settlement Directive 2081	Claim Authority to be provided to regional and branch offices	SALICO has started giving claim authority to city centric branch offices and all the regional office and planning in near future to grant authority to all the branches in near future.
6.	Section 26 of Reinsurance Directive	Complete settlement of accounts with local insurers and reinsurers	As the inter company accounts with local insurers and reinsurers are of a revolving and on-going nature. Complete settlement cannot be achieved as there are cases of account settlements and adjustments.
7.	Section 15 of IT Guideline, 2076	Use of electronic signatures on documents	The provision has been complied.
8.	Section 18 of IT Guideline, 2076	IT Policy to be prepared	It is complied now.
9.	Section 87 of Insurance Act, 2079	Audit of the insurer is to be completed within 5 months from the end of financial year.	Due to practical issues the audit could not be completed within 5 months from the end of financial year.
10.	Section 84 of Insurance Act, 2079	Submission of audited financial statements of the insurer to Nepal Insurance Authority within 6 months from the end of financial year.	Due to non-completion of audit and allied assignment, the submission could not be completed.
11.	Section 76 of the Companies Act, 2063	The annual General Meeting of the company to be completed within 6 month of the elapse of financial year.	Due to non-completion of audit and allied assignment, AGM could not be held on time.

Prepared by:
Basudev Joshi
Compliance Officer

Report on Effectiveness of the Board

संचालक समितिकोको प्रभावकारिताका प्रमुख विशेषताहरू:

- **विशेषज्ञताको विविधकरण:** संचालक समितिको संरचनामा वित्त, जोखिम व्यवस्थापन, कानून, प्रविधि, उद्योग क्षेत्रका हस्तीहरूको विविध विशेषज्ञताको मिश्रणलाई समेटेको छ, जसले हामीलाई हाम्रो कम्पनीको उद्देश्यसँग मेल खाने जानकारीपूर्ण रणनीतिक निर्णयहरू गर्न सहयोग पुगेको छ ।
- **सक्रिय संलग्नता:** संचालक समितिको प्रत्येक सदस्यले समितिको बैठकहरूमा सक्रिय रूपमा भाग लिएका छन्, र हामीले बजारको गतिशीलता र ग्राहकको आवश्यकताहरूको बुझाइलाई आत्मसात गर्न खुला छलफल तथा विचार विमर्शको आदान प्रदान गर्ने परिपाटीलाई प्रोत्साहन गरेका छौं । संचालक समितिको कार्य प्रभावकारीतामा औपचारिक राय सुभाष लिनै पद्धतिकोको कार्यान्वयनले हाम्रो छलफलहरू तथा निर्णयलाई थप गुणस्तरीय बनाएको छ ।
- **व्यवस्थापनसंगको छलफल:** यस वर्ष, हामीले व्यवस्थापनमा रहेका पदाधिकारीहरूसँग संगै बसेर प्रशिक्षण र अन्तरक्रिया सत्रहरू आयोजना गरेका थियौं र यो परिपाटीलाई आगामी दिनहरूमा पनि निरन्तरता दिने योजना बनाएका छौं । यो कार्यक्रमले समिति र पदाधिकारीहरू संगको सम्बन्ध थप सुदृढिकरण भई वर्तमान बीमा बजारको परिवर्तनशील परिदृश्यमा प्रभावकारी रूपमा कम्पनीलाई उभ्याउन आवश्यक ज्ञान र बौद्धिक स्तर निखारिएको आभाष हामीले गरेका छौं ।
- **रणनीतिक पहलहरू:** संचालक समितिले प्रमुख रणनीतिक पहल सुरु गर्न महत्त्वपूर्ण भूमिका निभाएको छ । डिजिटल रूपान्तरणमा हाम्रो सक्रिय दृष्टिकोणले हामीलाई बजारमा प्रतिस्पर्धात्मक रूपमा अलग पहिचान दिन सफल भएको छ ।
- **जोखिम व्यवस्थापनमा ध्यान:** क्रमिक रूपमा बढ्दो बीमा क्षेत्रको जटिल नियमनको वातावरणमा, जोखिम व्यवस्थापनमा हाम्रो समग्र दृष्टिकोणले हामीलाई हाम्रो व्यवसायका लागि संभावित जोखिमहरूलाई पूर्वानुमान र कमजोर बनाउनमा सुनिश्चित गरेको छ। कम्पनीको नियमित जोखिम मूल्याङ्कन गर्ने परिपाटीको सुरुवात भएको छ, जसले कम्पनीको जोखिम व्यहोर्ने क्षमतालाई सुदृढ परिणाम दिएको छ ।

Report of the Board Committees

The list of the committees and sub committees are mentioned below:

Audit Committee

Dr. Bijan Bhattarai, Coordinator

Mr. Padma Jyoti, Member

Ms. Nirmala Devi Manandhar, Member

Compliance Officer, Secretary

- The audit committee shall consist of three members. The chairman of the board of directors, the chief executive officer, the board advisor, the head of finance and planning, and their relatives are not eligible to serve as members of the audit committee.
- The coordinator of the audit committee shall be appointed from among the public shareholders.
- At least one member of the committee must be an expert with a professional accounting certification or possess a minimum of 10 years of relevant experience, holding at least a bachelor's degree in finance, accounting, management, commerce, or economics. Alternatively, the member may be a chartered accountant with a minimum of five years of post-qualification experience.
- According to the company's audit committee charter, the quorum for an audit committee meeting requires the presence of at least two members. If the coordinator is absent, the meeting shall be chaired by an agreed-upon member.
- A notice of the meeting, along with the agenda, must be circulated to all members at least 24 hours prior to the meeting.
- The audit committee must meet at least eight times per year, with a minimum of two meetings held quarterly.
- The minutes of the meeting must be recorded within three days of the meeting.

Roles of Audit Committee:

- **Review of accounts and finance**
Review the accounting and financial statements to ensure their accuracy, truthfulness, and fairness, while promoting financial discipline within the entity.
- **Evaluate internal control**
Evaluate the internal control system, risk management framework, and budget processes of the entity.

- **Oversee the internal audit function**
Oversee the internal audit system and its reporting procedures.
- **Procurement review**
Assess and confirm the adequacy of the procurement processes and mechanisms.
- **Appointment of statutory auditors**
Recommend firms for the appointment of statutory auditors to the board of directors, in accordance with Section 86 of the Insurance Act 2079 and Section 112 of the Companies Act 20.
- **Appointment of internal auditor**
Appoint internal auditors as per applicable laws and notify the board of directors accordingly.
- **Ensure the compliance by auditor**
Review whether auditors have complied with relevant legal requirements.
- **Management Response review**
Request management's response to the remarks raised by internal and external auditors and provide ongoing guidance to the management as necessary.
- **Advise the management**
Advise and guide the management on profitability and asset-liability management strategies.
- **Review of the underwriting profit and claim ratio**
Review the entity's underwriting profit, including the contributions from branches and provinces, and provide instructions to management regarding control of claim ratios.
- **Monitoring the compliance**
Monitor compliance with laws, regulations, and directives issued by the regulator, ensuring the company adheres to corporate governance standards.
- **Accounting system review**
Confirm that accounting systems and records are maintained accurately in both physical and electronic formats.
- **Recommending the suggestion to the board of directors**
Provide recommendations to the board of directors as needed.
- **Drafting and implementing accounting policies**
Draft and ensure the implementation of the entity's accounting policies.

Report of Audit Committee regarding the work performed during the year

Number of audit committee meetings held during the year: **9 meetings**

work performed:

- Quarterly review of the internal audit reports and findings provided by the internal auditors.
- Quarterly review of follow-up status on the findings provided by the internal auditors on each quarter.
- Ensure integrity and accuracy in the company's financial statements.
- Engagement of IT auditors.
- Review significant accounting policies, adjustments, and estimates to ensure they comply with applicable accounting standards.
- Review of the internal bylaws of the company and amendments thereto.
- Assess the adequacy and effectiveness of internal control systems related to financial reporting and operational processes.
- Review internal control reports and recommendations from the internal control department and management.
- Monitor the internal audit function's independence, scope, and effectiveness.
- Ensure that the company adheres to legal, regulatory, and ethical standards.
- Providing regular reports to the board of directors outlining its activities, findings, and recommendations.

Achievement

Due to the work performed during the year the company has been able to achieve enhanced financial transparency, strengthened internal control, independence and quality of audit findings, regulatory compliance and stakeholders' confidence.

Human Resource Management Committee

Mr. Arun Raj Shrestha, Coordinator

Mr. Siddhartha Mani Rajbhandari, Member

Chief Executive Office, Member

Head of Human Resource Department, Secretary

Roles of Human Resource Management Committee

The Human Resource Management (HRM) committee plays a critical role in the strategic management of an organization's workforce. Its functions typically include:

- **Policy Development:** The HRM committee is responsible for formulating HR policies that align with the organization's goals and comply with legal regulations. This includes policies related to recruitment, training, employee relations, diversity, and performance management.
- **Strategic Planning:** The committee works closely with the executive team to align human resource planning with the overall strategic objectives of the organization. This includes identifying workforce needs, succession planning, and talent management strategies.
- **Recruitment and Retention:** The committee oversees strategies and processes for attracting, hiring, and retaining talent. This may involve developing job descriptions, managing recruitment campaigns, and analyzing turnover rates to implement effective retention strategies.
- **Employee Development:** The HRM committee is responsible for promoting professional development opportunities. This includes training programs, mentorship initiatives, and performance appraisal systems aimed at fostering employee growth and enhancing skills.
- **Compensation and Benefits:** The committee evaluates and develops compensation structures to ensure competitive salaries and benefits packages. This includes periodic assessments of employee compensation against industry standards.
- **Diversity and Inclusion:** The HRM committee promotes diversity in the workplace by creating initiatives that enhance an inclusive culture. This includes addressing issues related to discrimination and implementing practices that support an equitable work environment.
- **Health and Well-Being:** The committee often oversees employee wellness programs and initiatives that support physical and mental health. This can include stress management programs, health screenings, and work-life balance initiatives.
- **Labor Relations:** In organizations with unionized workforces, the HRM committee may also handle labor relations, negotiating contracts, and ensuring compliance with collective bargaining agreements.
- **Compliance and Risk Management:** The committee is tasked with ensuring compliance with labor laws and regulations. This includes keeping abreast of changes in employment legislation and implementing necessary changes in HR policies and practices.
- **Performance Metrics:** The HRM committee monitors and evaluates HR metrics to assess the effectiveness of HR policies and practices. Key performance indicators (KPIs) such as employee satisfaction, turnover rates, and training effectiveness are frequently reviewed.
- **Communication and Culture:** The committee helps foster a positive organizational culture through effective internal communication strategies, employee engagement initiatives, and promoting organizational values.
- **Crisis Management:** In times of crisis, such as economic downturns or unexpected events (like a pandemic), the HRM committee plays a vital role in developing strategies to support and sustain the workforce.

Report of Human Resource Committee regarding the work performed during the year

Number of HR Management committee meetings held during the year: 4 meetings

Work performed:

- Review of the effective succession planning for key positions to maintain organizational stability.
- Review and approve compensation structures, including salaries, bonuses, and benefits to ensure they are competitive and aligned with the company's goals.
- Establish policies relating to employee performance evaluations, training programs, and professional development opportunities.
- Assessed the planning for fostering a culture of continuous learning and improvement.
- Review and update of HR policies to remain compliant with legal standards and best practices.
- Assess and recommend changes to the organizational structure to enhance efficiency and align with strategic goals.
- Ensure that roles and responsibilities within the organization are clearly defined.
- Review human resource policies and procedures to ensure they reflect the company's values and strategic objectives.

Achievement

SALICO has achieved during the year the benefits such as effective talent acquisition and management. Successful retention strategies have resulted in lower turnover rates, contributing to organizational stability. Development of a competitive compensation and benefits package that aligns with market standards and employee expectations, improving employee satisfaction and loyalty. Successful implementation of succession plans for key leadership positions, ensuring continuity and stability in the leadership pipeline has been observed. Development and execution of training and development programs has enhanced employee skills, directly impacting productivity and employee readiness for future roles.

Investment Committee

Mr. Lok Many Golchha, Coordinator

Mr. Pama Jyoti, Member

Chief Executive Office, Member

Head of Finance & Planning, Secretary

Roles and responsibilities of Investment Committee

1. Investment Policy Development

Formulation of Policies: Establish and recommend investment policies and guidelines that align with the company's overall strategy, risk appetite, and regulatory requirements.

Asset Allocation: Determine optimal asset allocation strategies to balance risk and return based on market conditions, underwriting performance, and liquidity needs.

2. Investment Strategy and Planning

Strategic Planning: Develop long-term investment strategies that reflect the company's financial goals, cash flow needs, and risk tolerance.

Market Analysis: Continuously analyze market trends, economic conditions, and investment opportunities to make informed decisions.

3. Portfolio Management

Investment Oversight: Oversee the management of the investment portfolio, ensuring it is consistent with the established investment policies and objectives.

Performance Monitoring: Regularly review and assess the performance of investments in the portfolio, comparing actual returns against benchmarks and industry standards.

4. Risk Management

Risk Assessment: Identify and evaluate risks associated with investment choices, including market risk, credit risk, interest rate risk, and liquidity risk.

Mitigation Strategies: Implement risk management strategies to minimize potential losses while seeking to maximize returns.

5. Compliance and Regulatory Oversight

Regulatory Compliance: Ensure that all investment activities comply with applicable regulatory requirements and standards governing insurance investments.

Reporting: Prepare and present detailed reports to the board of directors, including investment performance, compliance issues, and market outlook.

6. Investment Selection and Due Diligence

Investment Opportunities: Identify potential investment opportunities suitable for the organization's portfolio, including equities, fixed-income securities, real estate, and alternative investments.

Due Diligence: Conduct thorough due diligence on potential investments, assessing their quality, risk profile, and expected return on investment.

7. Advisor and Manager Selection

External Managers: Evaluate and select external investment managers or advisors, if utilized, based on performance history, expertise, and alignment with the company's investment strategy.

Monitoring Managers: Regularly review the performance and strategies of external managers to ensure they meet performance expectations and adhere to investment guidelines.

8. Stakeholder Communication

Internal Reporting: Communicate investment strategy, performance, and risk assessments to internal stakeholders, including senior management and the board of directors.

External Communication: Address inquiries from regulators and other stakeholders concerning the investment strategy and performance.

9. Training and Education

Continuous Learning: Stay informed about trends and developments in the investment landscape, including changes in regulations and market dynamics.

Capacity Building: Facilitate training sessions and workshops for internal teams on investment principles and practices.

10. Crisis Management / Response Planning

Contingency Planning: Develop plans to respond to significant market downturns or economic events that may impact on the investment portfolio adversely.

Report of Investment Committee regarding the work performed during the year

Number of Investment committee meetings held during the year: 7 meetings

Work Performed

- Ensuring that the investment policy aligns with the company's business objectives and regulatory framework.
- Overseeing the management of the investment portfolio, including the selection and monitoring of investment managers and funds.
- Implement risk management strategies to mitigate exposure and ensure compliance with regulatory requirements.
- Regular review and analyze the performance of the investment portfolio against benchmarks and performance objectives.
- Analysis of market trends, economic conditions, and investment opportunities to inform decision-making.
- Consultation with investment consultants and advisors to gain insights into best practices and emerging trends in the investment landscape.
- Assessment of the impact of various scenarios on the company's solvency and liquidity.

Achievement

Formulation and implementation of robust investment strategies has led alignment with the SALICO's risk appetite and financial goals, leading to increased portfolio returns. SALICO has been maintaining 100% compliance with regulatory requirements related to investments, which has strengthens the company's reputation and mitigates legal liabilities. Diversification strategies has reduced the overall risk of the investment portfolio while enhancing potential returns through various asset classes. It has enhanced stakeholder confidence through transparent reporting and effective communication of investment performance, strategies, and market outlook. The solvency position of the company has remained very sound so far.

AML/CFT Committee

Ms. Nirmala Devi Manandhar, Coordinator

Dr. Bijan Bhattarai, Member

Chief Executive Office, Member

Implementing Officer, Secretary

Roles and responsibility of AML/CFT Committee

1. Policy Development

- Establishing Policies: Develop, review, and implement AML/CFT policies and procedures that align with regulatory requirements and best practices.
- Regular Updates: Ensure that policies are regularly updated to reflect changes in laws, regulations, and industry standards.

2. Risk Assessment

- Conducting Risk Assessments: Regularly assess and identify risks related to money laundering and terrorist financing associated with the organization's operations, customers, and products or services.
- Mitigation Strategies: Develop and implement strategies to mitigate identified risks effectively.

3. Compliance Monitoring

- Overseeing Compliance: Monitor the organization's compliance with AML/CFT laws and regulations, assessing the effectiveness of existing controls and measures.
- Internal Audits: Conduct regular internal audits or assessments of AML/CFT activities to ensure adherence to policies and procedures.

4. Training and Awareness

- Training Programs: Develop and deliver training programs for employees to ensure they understand AML/CFT requirements, red flags, and reporting obligations.
- Awareness Campaigns: Foster a culture of compliance and awareness throughout the organization regarding AML/CFT issues.

5. Reporting and Recordkeeping

- Suspicious Activity Reporting: Ensure that internal processes are in place for the identification and reporting of suspicious activities or transactions to the relevant authorities.
- Documentation: Maintain comprehensive and accessible records of AML/CFT activities, including training sessions, risk assessments, and compliance monitoring.

6. Collaboration with Authorities

- Engagement with Regulators: Establish and maintain effective communication with regulatory bodies and law enforcement agencies regarding AML/CFT matters.
- Information Sharing: Facilitate information sharing about potential risks, suspicious activities, and emerging trends in money laundering and terrorism financing.

7. Review and Oversight of Customer Due Diligence (CDD)

- Customer Verification: Ensure that appropriate CDD measures are implemented to verify the identity of customers and assess their risk profiles.
- Enhanced Due Diligence (EDD): Oversee processes for conducting enhanced due diligence on high-risk customers or transactions.

8. Incident Response

- Crisis Management Planning: Develop protocols for responding to potential AML/CFT-related incidents, ensuring swift and coordinated actions to mitigate risks and regulatory implications.
- Investigation Oversight: Assist in overseeing investigations related to suspicious activities and transactions.

9. Reporting to the Board

- Regular Updates: Provide regular reports to the board of directors and senior management on the organization's AML/CFT compliance status, risks, and any incidents that may have arisen.
- Recommendations: Make recommendations to the board regarding improvements to AML/CFT policies and practices based on findings from assessments and audits.

10. Continuous Improvement

- Monitoring Trends: Stay informed about emerging trends, typologies, and risks related to money laundering and terrorist financing, ensuring the organization's policies and procedures remain effective.
- Benchmarking: Compare the AML/CFT program against industry standards and best practices for continuous enhancement.

Report of AML/CFT Committee regarding the work performed during the year

Number of AMLCFT Management committee meetings held during the year: 1 meeting

Work Performed

- Assessing AML/CFT policies and procedures of the company in accordance with regulatory requirements and best practices.
- Ensuring the communication with regulatory bodies to ensure compliance with AML/CFT legislation in terms of TTR and STR reporting.
- Ensure that proper records are maintained that document compliance with AML/CFT regulations, including documentation of customer due diligence and transaction monitoring such as KYCs; both simplified and enhanced.
- Discussion on the procedures for managing identified incidents related to money laundering and terrorist financing, ensuring timely reporting and resolution.

Achievement

Comprehensive risk assessments has led to the identification and mitigation of money laundering and terrorist financing risks tailored to the company's operations and client profiles. It has ensured robust process for the timely filing of SARs and other regulatory reports, ensuring transparency with regulatory authorities and maintaining the company's integrity. Passing internal and external audits with minimal findings, showcasing the effectiveness of the AML/CFT framework and commitment to compliance has been observed in the company.

Claim Settlement and Reinsurance Committee

Mr. Siddhartha Mani Rajbhandari, Coordinator

Mr. Arun Raj Shrestha, Member

Chief Executive Office, Member

Head of Claim Department, Secretary

Roles and responsibilities of Claim Settlement and Reinsurance Committee

1. Claims Management Oversight

- Policy Development: Formulate and review the policies and procedures related to the claims settlement process to ensure fairness, efficiency, and compliance with regulatory requirements.
- Claims Strategy: Develop strategic objectives for claims management that align with the company's overall business goals and risk management framework.

2. Claims Review and Approval

- Claims Assessment: Review and approve significant or complex claims that exceed a certain threshold, ensuring adherence to company policies and regulatory guidelines.
- Dispute Resolution: Address disputes or disagreements in claims settlements between the company and policyholders, seeking equitable resolutions.

3. Reinsurance Oversight

- Reinsurance Policies: Establish and periodically review the company's reinsurance policies and programs, including treaties and facultative arrangements.
- Reinsurance Strategy: Develop strategies for securing reinsurance that align with the company's risk appetite and financial goals, ensuring adequate coverage for retained risks.

4. Risk Assessment and Management

- Risk Evaluation: Assess the impact of claims on the company's financial position and risk exposure, making necessary adjustments to underwriting and pricing strategies.
- Loss Experience Analysis: Monitor and analyze loss experience data to identify trends and potential areas of concern, informing underwriting and pricing decisions.

5. Regulatory Compliance

- Compliance Monitoring: Ensure that the claims settlement process and reinsurance activities comply with applicable laws, regulations, and industry standards.
- Reporting: Prepare regular reports on claims settlements and reinsurance activities for internal stakeholders, including management and the board of directors.

6. Stakeholder Communication

- Internal Coordination: Collaborate with other departments, such as underwriting, finance, and legal, to ensure effective claims handling and reinsurance practices.
- External Relationships: Maintain relationships with external parties, including reinsurers and regulatory authorities, ensuring transparency and effective communication.

7. Training and Education

- Staff Development: Ensure that claims and reinsurance staff receive appropriate training on policies, procedures, and regulatory requirements to enhance their competency.
- Awareness Programs: Promote awareness of claims processes and reinsurance policies among staff and stakeholders.

8. Performance Monitoring and Benchmarking

- Claims Performance Indicators: Establish key performance indicators (KPIs) to monitor the efficiency and effectiveness of the claims settlement process.
- Benchmarking: Compare the company's claims handling and reinsurance practices against industry benchmarks to identify areas for improvement.

9. Continuous Improvement

- Process Evaluation: Regularly review and evaluate the claims settlement and reinsurance processes for opportunities to enhance efficiency and effectiveness.
- Feedback Mechanisms: Implement mechanisms for stakeholders to provide feedback on the claims process, using this information for continuous improvement.

10. Crisis Management and Contingency Planning

- Incident Response: Develop contingency plans for managing claims in response to large-scale events such as natural disasters or catastrophic losses.
- Crisis Communication: Ensure effective communication strategies are in place for stakeholders during significant claims events or crises.

Report of Claim Settlement and Reinsurance Committee regarding the work performed during the year

Number of Claim Settlement and Reinsurance Committee meetings held during the year: 8 meetings

Work Performed

- Develop and review claims handling policies and procedures to ensure compliance with regulatory standards and industry best practices.
- Establishment of guidelines for claims assessment, evaluation, and settlement processes.
- Overseeing the evaluation and assessment of insurance claims to determine validity, extent of coverage, and appropriate compensation.
- Ensuring that claims are settled in a timely manner in accordance with policy terms.
- Reviewing the measures and procedures to detect and prevent fraudulent claims.
- Formulate annual reinsurance plan of company to manage risk exposure effectively and optimize the company's financial performance.
- Overseeing the placement of reinsurance treaties and contracts, ensuring terms are favorable and align with company objectives.
- Monitoring the performance of reinsurance contracts, ensuring adherence to terms and conditions.
- Review of the claims paid under reinsurance agreements and assess the impact on financial results.

Achievements

SALICO has been successful in Implementation of streamlined claims processing procedures resulting in reduced turnaround times for claims settlement, improving customer satisfaction rates. It has been able to establish effective fraud detection mechanisms that led to a significant decrease in fraudulent claims, thereby protecting the company's financial resources. We have observed continuous improvement in the quality of claims handling, evidenced by positive customer feedback and reduced complaints regarding claim settlements. Negotiation of favorable terms with reinsurers has resulted in cost savings while maintaining necessary coverage levels, thereby enhancing profitability. There is fostering collaboration between claims, underwriting, and finance departments, leading to more integrated decision-making and risk management processes.

Risk Management and Financial Solvency Committee

Mr. Padma Jyoti, Coordinator

Mr. Lok Manya Golchha, Member

Head of Risk Department, Secretary

Roles of Risk Management and Financial Solvency Committee

1. Risk Identification and Assessment

- Risk Framework Development: Develop a comprehensive framework for identifying, assessing, and categorizing various risks, including underwriting, operational, market, credit, liquidity, and reputational risks.

- Ongoing Risk Monitoring: Regularly monitor internal and external environments to identify emerging risks and trends that could impact the organization.
- 2. **Risk Management Strategy**
 - Risk Appetite and Tolerance: Establish the company's risk appetite and tolerance levels, ensuring they align with the overall business strategy and regulatory requirements.
 - Mitigation Strategies: Develop and recommend risk mitigation strategies, controls, and policies to safeguard the company's assets and ensure operational continuity.
- 3. **Financial Solvency Oversight**
 - Solvency Monitoring: Monitor the company's financial solvency by regularly reviewing solvency ratios, capital adequacy, and reserve levels to ensure compliance with regulatory capital requirements.
 - Stress Testing and Scenario Analysis: Conduct stress testing and scenario analyses to assess the impact of adverse events on the company's solvency and financial stability.
- 4. **Compliance and Regulatory Oversight**
 - **Regulatory Compliance:** Ensure compliance with relevant regulations related to risk management and financial solvency, including local and international requirements (e.g., Solvency II).
 - **Reporting:** Prepare and review reports on risk management and solvency matters for the board of directors and regulatory authorities.
- 5. **Internal Controls**
 - **Control Framework Oversight:** Review and evaluate internal control frameworks to ensure effective management of risks and protection of the company's assets.
 - **Audit Coordination:** Collaborate with internal and external auditors on risk management practices and financial solvency assessments.
- 6. **Policy Development and Review**
 - **Policy Formulation:** Develop, review, and approve policies related to risk management, solvency, and financial reporting.
 - **Guidance for Implementation:** Provide guidance to operational units on the implementation of risk management and solvency policies.
- 7. **Collaboration with Other Committees**
 - **Cross-Committee Collaboration:** Work collaboratively with other committees, such as the Audit Committee, Investment Committee, and Underwriting Committee, to ensure comprehensive risk management across all domains.
 - **Communication of Risks:** Foster communication regarding significant risks and issues within the organization to facilitate informed decision-making.
- 8. **Training and Culture**
 - **Promoting Risk Awareness:** Foster a culture of risk awareness and management throughout the organization by providing training and resources.
 - **Employee Engagement:** Encourage all employees to take an active role in identifying and managing risks within their areas of responsibility.
- 9. **Monitoring and Reporting**
 - **Regular Reporting:** Prepare and present regular reports to the board of directors on the risk landscape, financial solvency status, and any significant risk management activities under ORSA framework.
 - **Key Performance Indicators (KPIs):** Establish KPIs and metrics to measure the effectiveness of risk management processes and financial solvency.
- 10. **Crisis Management and Business Continuity**
 - **Crisis Response Planning:** Develop and oversee crisis management and business continuity plans to respond to significant events that could affect the company's operations and solvency.
 - **Resilience Planning:** Ensure that the organization is prepared for potential financial shocks by implementing robust risk management practices.

Report of Risk Management and Financial Solvency Committee regarding the work performed during the year

Number of Risk Management and Financial Solvency Committee held during the year: 1 Meeting

Work Performed

- Drafting and implementation of risk management policy and framework that covers operational, underwriting, credit, market, and liquidity risks.
- Formulated and implemented risk mitigation strategies and action plans to address identified risks.
- Drafted and implemented the ORSA Plan of SALICO.

Achievement

SALICO has been able to draft risk management policy and ORSA plan according to the directive issued by the Nepal Insurance Authority. It has ensured establishment of a robust risk management culture within the organization, leading to increased awareness and accountability related to risk management across all departments. It has laid the foundation for stress tests run which provides valuable insights into the company's resilience under various adverse scenarios, leading to informed strategic adjustments and better preparedness.

ORSA Owner: Mr. Padma Jyoti

ORSA Operational Owner: Mr. Basudev Joshi

The Self-Evaluation of Board's Performance

कम्पनीको संचालक समिति र उपसमितिको प्रभावकारिताको स्वमूल्यांकन तथा स्वमूल्यांकन गर्न अपनाएको विधि

संचालक समितिले सम्पादित कार्य प्रभावकारिताको आत्मसमीक्षा तथा स्वमूल्यांकन गर्ने परिपाटी अवलम्बन गरेको छ । नियमित मूल्याङ्कनले कम्पनीको लागि सुधारको क्षेत्र, र कम्पनीको रणनीतिक उद्देश्यहरूसँग मेल खाने नखाने कुरा पहिचान गर्न मदत गरेको छ । समितिले कार्य प्रभावकारिताको आत्मसमीक्षा तथा स्वमूल्यांकनका लागि निम्न बमोजिम प्रक्रियाहरू अवलम्बन गर्ने गरेको छ ।

- संचालक बैठकमा छलफल भएका विषयवस्तुहरू र निर्णयहरूलाई क्रमिक चरणबद्ध रूपले माइन्सुटमा उतार्ने गरिएको छ ।
- विगतमा भएका निर्णयहरू लागु गरिएको नगरिएको सम्बन्धमा पुनरावलोकन गर्ने गरेको र कार्यान्वयनमा जोड दिने गरेको ।
- संचालक बैठकको क्रममा सबै सदस्यहरूको विचार र तर्कलाई समाहित गरेर लैजाने गरेको ।
- संचालक बैठकमा विषयवस्तु उपर छलफल हुँदा संचालक निर्णयमा कुनै सदस्यको विमति रहेमा उक्त सदस्यको आशयलाई पनि निर्णय माइन्सुटमा स्थान दिने गरेको ।
- संचालक समितिमा दख्खल स्वतन्त्र संचालक तथा सर्वसाधारण शेयरधनी प्रतिनिधिको उपस्थितिले संचालक समितिको निर्णयको गुणस्तरलाई बढाई पूर्वाग्राही हुन बाट रोकेको छ ।
- संचालक समितिमा बिदेशी साम्रोदारको उपस्थितिले बिदेशमा रहेका सुशासनको प्रक्रिया र पद्धतिलाई कम्पनीको हितमा प्रयोग गर्न सकिएको छ भने संचालक समितिको निर्णय प्रक्रियालाई अत्यन्त सहभागितात्मक र समावेशिमुलक बनाउन मदत गरेको छ ।
- समितिले संचालक वर्गबाट समय समयमा समितिको कार्य प्रभावकारिताका विषयमा छलफल राख्ने तथा गोप्य प्रतिक्रिया लिने परिपाटी थालेको छ ।

Major Policies and Practices

Policy of the company	Remarks
Internal Policy and procedure regarding AMLCFT, 2079	The purpose of an internal policy and procedure regarding Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) is to establish a comprehensive framework within SALICO to prevent, detect, and respond to activities related to money laundering and the financing of terrorism.
Claim Settlement Manual 2079	The purpose of a claim settlement manual company is to provide a structured and comprehensive framework for the efficient and equitable processing of insurance claims. It helps to establish consistent procedures for processing different types of claims, ensuring that all claims are handled uniformly. It provides clear instructions and guidelines for claims adjusters, underwriters, and support staff on how to assess, investigate, and settle claims. It ensures that claims are evaluated fairly, consistently, and objectively, irrespective of the claimant or circumstances.
Procedure for monitoring and supervising the corporate governance, 2079	The purpose of a procedure for monitoring and supervising the corporate governance of SALICO is to ensure that the organization operates in a manner that is ethical, transparent, and compliant with applicable laws and regulations
CSR Policy, 2080	The purpose of a Corporate Social Responsibility (CSR) policy of SALICO is to outline the company's commitment to ethical behavior, social responsibility, and sustainable practices while addressing the needs and concerns of its stakeholders. It focuses on contributing positively to the communities in which the company operates, through programs that support education, health, environment, and social development.
Financial Administration Bylaws, 2079	The purpose of financial administration bylaws of SALICO is to establish a framework for managing the company's financial activities, ensuring compliance with regulations and standards, and promoting operational efficiency and accountability. It is essential in maintaining the integrity and sustainability of the company's financial operations and to maintain financial governance and internal control.
IT Policy, 2081	The IT (Information Technology) policy of of SALICO serves as a framework to guide the management and use of technology resources within the organization. This policy is crucial for ensuring that Information Technology aligns with the company's business objectives, protects sensitive information, and manages the risks associated with technology use. It ensures data security and data privacy.
IT Manual, 2079	IT manuals of SALICO serves as comprehensive documents that outline the procedures, guidelines, and best practices related to the organization's information technology systems and processes. It outlines the SOP, operational guideline and quality assurance.
Marketing and promotion policy and procedure, 2079	A Marketing and Promotion Policy and Procedure of SALICO serves as a strategic guide for how the organization promotes its products and services to potential customers. The policy outlines the company's branding, marketing strategies, and promotional tactics, ensuring they align with legal regulations, company values, and business objectives. It focuses on brand consistency, target market identification, strategic planning, performance measurement and analysis, innovation , adaptability and training and development.



Reinsurance Policy, 2080	Reinsurance policy of SALICO serves as a critical risk management tool. It involves the transfer of a portion of SALICO's risk to reinsurers in exchange for a premium. This practice augments the financial stability and operational performance of the company. It aims in risk management, capital management, stabilization of loss experience, expansion of underwriting capacity and financial stability of company.
Reinsurance Manual , 2079	Reinsurance Manual serves as a comprehensive guide for SALICO regarding reinsurance operations and policies. It outlines the processes, guidelines, and best practices involved in reinsurance agreements and transactions and SOPs.
Human Resource Policy, 2079	Human Resource (HR) Policy of SALICO serves several important purposes that help manage the workforce effectively, comply with legal requirements, and support the company's business goals. It helps to ensure the company comply with labor laws and regulation, effective employee recruiting and onboarding, outlines employees rights and responsibilities, conflict resolution and grievance handling, health & safety and employee training and development.
Underwriting Manual, 2079	Underwriting Manual of company serves as a comprehensive guide that outlines the principles, policies, and procedures used in the underwriting process. The main purpose of this manual is to ensure consistency, accuracy, and efficiency in assessing risks and determining the terms of insurance coverage. It helps in standardization of underwriting practices withing the organization, sets the criteria for risk assessment and evaluation, ensures compliance with tariff guidelines of regulator.
Climate Change and Risk Management Policy, 2080	The Climate Change Risk Management Policy of SALICO serves several key purposes, aimed at safeguarding the company's assets, providing value to clients, and contributing to broader environmental sustainability. The policy helps the organization identify various climate-related risks, including physical (e.g., extreme weather events), transition (changes due to shifting to a low-carbon economy), and liability risks (lawsuits from climate-related damages). By establishing a framework to assess the impact of climate change on different lines of business, the policy ensures that the company comprehensively understands its exposure to climate risks. The policy facilitates compliance with existing and emerging regulations and standards for climate risk disclosure
Risk Based Internal Audit Policy, 2081	The Risk-Based Internal Audit Policy of SALICO serves several critical purposes aimed at enhancing the overall governance, risk management, and operational effectiveness of the organization. It is aimed is strengthening the risk culture of company and optimization of resource utilization.

8. RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Policy or Framework

SALICO has framed a risk management framework designed to identify, assess, monitor, and manage the myriad risks that are inherent to the insurance industry. This framework is crucial for safeguarding the company's financial health, ensuring regulatory compliance, and enhancing overall operational effectiveness. Below is an overview of the framework along with mechanisms employed to us identify and manage risks:

Components of an Insurer's Risk Management Framework of SALICO

1. Risk Governance Framework

- **Leadership and Oversight:** Establishment of a Risk Management Committee at the board or executive level that oversees risk management activities.
- **Defined Roles and Responsibilities:** Clear delineation of responsibilities for risk management throughout the organization, starting from the board to various departmental heads.

2. Risk Management Objectives

- Risk Management Objectives aligned with the overall strategic goals of the insurer, such as maintaining adequate capital levels, ensuring regulatory compliance, and protecting the interests of policyholders.

3. Risk Identification

- **Comprehensive Risk Assessment:** Utilization of various methodologies such as workshops, surveys, interviews, and scenario analyses to compile a thorough inventory of risks (underwriting, operational, market, credit, liquidity, etc.).
- **Data Analytics:** Employ advanced analytics and modeling techniques to identify emerging risks based on historical data patterns and current market trends.
- **Regulatory and Industry Monitoring:** Update on information about changes in regulations, economic conditions, and industry trends that might introduce new risks.

4. Risk Assessment and Measurement

- **Qualitative Risk Analysis:** Assessing risks based on their nature, potential impact, and probability through expert judgment or assessment matrices.
- **Quantitative Risk Analysis:** Use techniques like Value at Risk (VaR), stress testing, and predictive modeling to quantify risks and their potential financial implications.
- **Risk Profiling:** Developing a risk profile map that categorizes risks based on their likelihood and impact, enabling prioritization.

5. Risk Control and Mitigation Strategies

- **Risk Avoidance:** The company has enlisted high-risk activities that should be avoided altogether.
- **Risk Sharing/Transfer:** The has in practice of using reinsurance contracts and risk-sharing arrangements to hedge against potential severe losses.
- **Risk Reduction:** Implementing measures to mitigate risks, such as enhancing underwriting guidelines, improving claims management, and strengthening internal controls.
- **Risk Acceptance:** Identifying and documenting the risks that are accepted because the cost of mitigation exceeds the potential impact.

6. Implementation of Risk Management Practices

- **Policies and Procedures:** Documenting and formalizing the risk management processes in operational policies to ensure consistency

across the organization.

- **Integration into Business Processes:** Embedding the risk management into day-to-day operations and decision-making processes, including product development and pricing.

7. Monitoring and Reporting

- **Continuous Monitoring:** Established mechanisms to regularly monitor risks using Key Risk Indicators (KRIs) and other metrics that provide ongoing insight.
- **Risk Reporting:** Create a routine reporting process that provides management and the board with updates on risk exposure and the effectiveness of risk mitigation measures.

8. Review and Continuous Improvement

- **Regular Reviews:** Conducting periodic reviews of the risk management framework, including effective assessments and updates based on changes in the risk landscape.
- **Feedback Loops:** Incorporate findings from incident reports, audit results, and stakeholder inputs to refine the risk management process.

9. Crisis Management and Business Continuity Planning

- **Crisis Response Plans:** SALICO has developed plans to address potential crises or significant adverse events, ensuring that the organization can respond effectively.
- **Business Continuity Management:** Ensure continuity of critical operations in the event of disruptions through well-defined recovery strategies.

10. Compliance and Regulatory Oversight

- **Alignment with Regulatory Standards:** Ensuring that the risk management framework complies with relevant regulations set by the regulator.
- **Documentation and Auditing:** Maintaining comprehensive documentation supporting risk management activities to facilitate external reviews and audits.

Mechanisms deployed by SALICO to Identify and Manage Risks

1. Risk Assessment Tools

- Developed the tools like risk matrices, and dashboards help visualize and prioritize risks effectively.

2. Technology Utilization

- Planning to embed risk management software solutions that provide data analytics, reporting capabilities, and central repositories for tracking risks.
- Planning to use machine learning and AI to predict risk based on historical data trends.

3. Stakeholder Engagement

- Engaging employees, clients, and partners in the risk identification process to gather diverse perspectives and insights.
- Establishing feedback channels (e.g., surveys or forums) for employees to voice concerns and report potential risks.

4. Scenario Analysis and Stress Testing

- Conduct scenario analyses and stress tests to evaluate how the insurer would perform under various adverse conditions, helping identify vulnerabilities.

5. Regular Training and Awareness Programs

- Ongoing training initiatives for employees to increase risk awareness, ensuring everyone understands their role in risk management.

6. External Audits and Consultations

- Utilizing third-party auditors or consultants for objective evaluation of the risk management framework, including compliance checks and validations.

Other Disclosure in Respect of Risk Management

As required by risk management guideline 2076 ORSA guideline 2081 issued by Nepal Insurance Authority, the company has been preparing the policies to streamline the risk management function through the entity.

Climate Risk Related Disclosure

SALCO has framed the Climate Risk Management Policy 2080, as required by the directive on climate risk management, 2078 issued by the Nepal Insurance Authority. The company reviews its strategic plan in alignment with impact of climate risks and opportunities on the company's business, strategy and financial planning considering the orderly scenario as defined by the Network for Greening Financial System (NGFS). The company's risk management systems framework include the process for identifying, assessing, and managing climate change risks including the effect of climate change risk on reputation, liability, credit, market, strategic, and operational risks. The company has developed key metrics, indicators and other measurements used to assess the company's climate change risks. The company has set the three targets as an initial approach towards assessing the climate change risk management awareness;

1. Commitment of SALICO to reduce carbon emissions
The target includes efforts of the company to transition to renewable energy sources, improve energy efficiency in offices, and reduce wastes.
2. Investment in sustainable and environmentally friendly assets (such, renewable energy projects such as hydropower, solar power etc. to a certain percentage.
3. Creating guidelines for pricing insurance products based on climate risk exposure, adjusting coverage conditions to reflect the risks posed by climate change, or developing new products aimed at supporting policyholders in climate adaptation efforts (like insurance for renewable energy projects).

Reinsurance Policy and Disclosure on Adequacy of Reinsurance Cover Including Catastrophic Reinsurance

SALICO has practice of framing an annual reinsurance policy, which is a contract between SALICO and a reinsurer. This type of reinsurance agreement is crucial for the company, as it helps them manage risk more effectively, stabilize company's financial results, and mitigate the impact of large claims. The policy has provided the benefits to the company such as, risk management, capital relief, stabilization of earning and support for future growth.

The reinsurance policy of the company has provided for different types of coverage for different types lines and sublines of the business such as quota share treaty, surplus treaty, , excess of loss treaty, CAT XL and umbrella treaty. While finalizing the reinsurance covert the reinsurers are selected by the company on the basis of market position of the leader reinsurer, access to foreign exchange settlement, credit rating agency of leader (at least A-). Same due regards is also given while selecting the reinsurance broker as well. In case of reinsurance exceeding treaty capacity the company has policy to resort the facultative reinsurance arrangements. As per the guidelines from the regulator, the company has appropriated 16% direct cession arrangement for local reinsurers on account of reinsurance arrangements.

As per guideline from the regulator, 10% of the net profit is required to be allocated to catastrophe reserved annually. The company has set aside approximately NPR 190 million for catastrophe reserve so far. In the fiscal year, the company has taken the cover for the catastrophic exposure, to the limit of total NPR 3 billion; 1 billion for whole property+ Engineering and GPA catastrophic excess of loss and 2 billion for spillover cover for catastrophe excess of loss, the per event retention limit of exposure being NPR 100 Million.

Internal Control System Framework

An effective internal control system in an insurance company is essential for ensuring compliance with regulations, safeguarding assets, enhancing operational efficiency, and achieving strategic objectives. The internal control framework of SALICO typically consists of several components that work together to form a robust system. Below is a detailed overview of the key components of an internal control system framework in SALICO.

Internal Control Environment:

There is a clearcut organizational structure mentioning the position of Internal Control Department in the organization which oversees the overall internal control function of the company. There is strong commitment from the board of directors and management to ethical behavior and sound corporate governance. There is a separate compliance officer in the company which checks the compliance with laws and regulations applicable to the company. The company has also framed the Risk Based Internal Audit Policy for the company which emphasizes risk assessment and control activities to mitigate the risk on various sector and departments of the organizations.

Risk Environment

The company has in place the robust process of risk assessment including that risk identification, risk evaluation and risk tolerance. The risk identification further focuses on identifying the internal and external risks, including credit risk, operational risk, market risk, and compliance risk specific to the company. Risk assessment process assess the likelihood and impact of identified risks, prioritizing them based on potential severity. And risk tolerance establishes risk appetite and tolerance levels to guide decision-making for the higher level management.

Control Activities of SALICO

The company has developed the risk based internal audit policy and risk management framework the helps to mitigate the identified risks. Further company has developed many department centric policies and procedures with clear segregation of duties among the employees and establishing the proper authorization protocols for transactions, investments and policy change. The company has deployed both preventive and corrective mechanisms in the operations at various departments.

Management Information System and Monitoring

SALICO has framed the management information system through direct involvement of Internal Control Department which facilitates sharing of information related to risks, controls, and responsibilities and other findings to the respective departments and higher authority on periodic basis. It has also been conducting ongoing training programs to ensure staff understand their roles in the internal control system and the importance of compliance.

The internal control department conduct continuous monitoring of operations and controls, including data analytics and automated systems checks. It is engaged in internal audits to assess the effectiveness of internal controls and compliance with policies and regulations.

Report of internal control and evaluation

The internal control department provide regular reports to senior management and the board of directors on the effectiveness of internal controls and any identified deficiencies. It has a system of developing action plans for addressing any shortcomings or weaknesses identified in the internal control system.

The control mechanism in SALICO has helped to foster a culture of continuous improvement regarding internal controls, updating practices as needed based on changing risks, regulatory requirements, and organizational growth.

Effectiveness of Internal Control System

Internal control system of SALICO has proved to be critical for ensuring that the company can achieve its objectives, manage risk, maintain compliance with regulatory requirements, and safeguard its assets. The internal control system of the company has helped enhancing the overall governance of the organization and providing confidence to the stakeholders. SALICO's internal control system has been proved to be effective on the following grounds;

1. Alignment with Corporate Objectives

- **Strategic Alignment:** The internal control system is aligned with the overall strategic goals of the company. This has ensured that internal controls are designed to support the achievement of business objectives while managing relevant risks.

2. Comprehensive Risk Assessment

- **Identifying Risks:** The company's internal control system begins with a thorough risk assessment process, identifying both internal and external risks affecting the organization, including underwriting risks, operational risks, market risks, and compliance risks which is the core of insurance function in global scenarios.
- **Risk Prioritization:** The control system has prioritized risks based on their potential impact, allowing the company to focus resources on significant areas of concern.

3. Robust Control Activities

- **Preventive and Detective Controls:** A balance of preventive controls (to avoid issues) and detective controls (to identify issues if they occur) has enhanced the effectiveness of the system. Controls include system access, transaction authorizations, and regular reconciliations.
- **Segregation of Duties:** Ensuring that no single individual has control over all aspects of a financial transaction has helped prevent fraud and errors, thus strengthening the internal control system.

4. Effective Communication and Training

- **Information Dissemination:** Clear and open communication channels has ensured that relevant information regarding internal controls, policies, and responsibilities reaches all employees.
- **Training Programs:** Regular training of employees on internal control processes and compliance requirements has enhanced their understanding and commitment to maintaining effective controls.

5. Regular Monitoring and Evaluation

- **Ongoing Monitoring Activities:** Continuous monitoring by the system has allowed for timely identification of control deficiencies. This includes real-time data analytics and automatic alerts for any unusual transactions.
- **Internal Audits:** Periodic internal audits assess the effectiveness of internal controls, providing independent evaluations of processes and compliance, while highlighting areas for improvement.

6. Management and Board Oversight

- **Leadership Commitment:** Strong support from senior management and the board of directors has supported for fostering a culture of compliance and emphasizing the importance of internal controls.
- **Accountability Structures:** Assigning clear responsibilities for oversight and accountability regarding internal controls has helped the company reinforce its importance within the organization.

7. Adaptability and Continuous Improvement

- **Responsive to Changes:** The company has been be adaptable, allowing the organization to respond to changes in the regulatory landscape, market conditions, and internal dynamics.
- **Feedback Mechanisms:** System of gathering feedback from employees, audits, and performance measures has helped in improvements in internal control processes.

8. Documentation and Record Keeping

- **Thorough Documentation:** SALICO has well-documented policies, procedures, and controls that are critical for effective implementation and consistency of internal controls.

- **Access to Records:** It has in place of maintaining accurate and accessible records enables timely analysis and oversight, facilitating compliance and transparency.

9. Fraud Prevention and Detection

- **Fraud Mitigation Strategies:** The company has followed various measures to prevent and detect fraudulent activities.

IT System and Control

For managing various business operations, improving customer experience, enhancing decision-making processes, and ensuring compliance with regulatory requirements SALICO has been functioning under enhanced reliance on information technology. It has integrated all of the procedures in the system and the company has aimed to transform into complete digitalization in the near future. Major features of IT system of SALICO are mentioned below:

1. Core IT System

SALICO has its own inhouse software "Beema Manager" for management of core insurance function. The core Beema manager system administers the following functions.

Insurance Policy Management System

- **Functions:** Manages the lifecycle of insurance policies, including underwriting, binding, endorsement, renewal, and cancellation.
- **Features:** Automates premium calculations, policy issuance, and customer communications.

Claims Management System

- **Functions:** Handles the processing and management of insurance claims from initiation to settlement.
- **Features:** Includes workflows for claims intake, fraud detection, adjuster assignments, and payment processing.

Customer Relationship Management (CRM) System

- **Functions:** Centralizes customer data and interactions, helping insurance companies manage their relationships with policyholders and prospective clients.
- **Features:** Includes tools for tracking leads, managing customer service requests, and analyzing customer interactions.

Underwriting System

- **Functions:** Assesses risk and determines the appropriate premiums for different insurance products.
- **Features:** Leverages data analytics, algorithms, and actuarial models to evaluate risks associated with potential clients.

Accounts and Payments System

- **Functions:** Manages premium collections, invoicing, and accounts receivable.
- **Features:** Facilitates various payment methods, including online payments, automated billing, and reminders.

Reinsurance Management System

- **Functions:** Handles reinsurance treaties, contractual agreements, and transactions with reinsurers.
- **Features:** Assists with risk management through analytics and reporting on the reinsurance portfolio.

2. Data Management and Analytics

a. Data Warehousing

- **Functions:** Centralizes data from multiple sources within the organization to support reporting and analysis.
- **Features:** Provides a single source of truth for data used in decision-making.

b. Business Intelligence (BI) Tools

- **Functions:** Visualizes and analyzes data to derive insights for strategic planning and operational improvement.
- **Features:** Dashboards, interactive reports, and data visualization tools, enabling users to perform ad-hoc analysis.

c. Predictive Analytics

- **Functions:** Analyzes historical data to predict future trends and behaviors.
- **Features:** Used in underwriting, fraud detection, claims forecasting, and customer segmentation.

3. Customer Engagement Tools

a. Digital Portals and Mobile Applications

- **Functions:** Provide a user-friendly platform for customers to manage their policies, submit claims, and make payments.
- **Features:** Self-service capabilities, mobile app functionalities, personalized dashboards, and communication channels.

b. Chatbots and AI Assistants

- **Functions:** Enhance customer service by providing instant responses to frequently asked questions and guiding users through processes.
- **Features:** Available 24/7, reducing the load on human agents and improving response times.

4. Security and Compliance

a. Cybersecurity Measures

- **Functions:** Protect sensitive customer data and company systems from unauthorized access, breaches, and other cyber threats.
- **Features:** Firewalls, intrusion detection systems, encryption protocols, and regular security audits.

b. Compliance Management Systems

- **Functions:** Ensure adherence to regulatory requirements (e.g., GDPR, HIPAA, state and federal insurance regulations).
- **Features:** Track regulatory changes, facilitate reporting, and maintain necessary documentation.

5. IT Infrastructure and Support

a. Cloud Computing

- **Functions:** Provides scalable resources that can be accessed anywhere, improving operational efficiency and flexibility.
- **Features:** Offers solutions such as for disaster recovery solutions.

b. Network Infrastructure

- **Functions:** Connects various systems and users through secure, reliable networks.
- **Features:** Includes local area networks (LAN), wide area networks (WAN), and Virtual Private Networks (VPN) for secure remote access.

c. Technical Support and Helpdesk

- **Functions:** Aids users experiencing technical issues with IT systems.
- **Features:** Support ticketing systems, knowledge bases, and user-training material.

6. Integrations and APIs

- **Interoperability:** APIs (Application Programming Interfaces) enable different systems to work together, facilitating seamless data exchange between core applications, third-party services, and external partners.
- **Data Sharing:** Enables collaboration with insurers, reinsurers, and regulatory bodies.

Key IT Controls

- **Access Controls:** Restrict access to sensitive data and systems based on user roles and responsibilities. Implementing multi-factor authentication and regular password updates is essential.
- **Data Encryption:** Protect sensitive customer data both at rest and in transit through strong encryption methods, ensuring confidentiality and integrity.
- **Change Management Controls:** Establish procedures for managing changes to IT systems, including approvals for system modifications, testing of changes, and documentation of changes made.
- **Backup and Recovery Procedures:** Regularly back up data and have a disaster recovery plan in place to ensure prompt restoration of operations in the event of data loss or system failure.
- **Monitoring and Logging:** Implement continuous monitoring and logging of system access and transactions to detect unauthorized activities and facilitate audits.
- **Incident Response Plan:** Develop an incident response plan to address potential data breaches and cybersecurity incidents, detailing roles, responsibilities, and communication processes.

IT Compliance

- **Regulatory Compliance:** Ensure that all IT systems comply with regulatory requirements as set out in the IT directives issued by the Nepal Insurance Authority in 2076.
- **IT Governance Framework:** Establish an IT governance framework that aligns IT strategies with business objectives, ensuring that IT investments deliver value and mitigate risks.
- **Third-party Risk Management:** Assess and manage risks associated with third-party service providers, ensuring they comply with the same security and operational standards as the company.

IT Audit

- **Regular Audits:** Conduction of internal and external audits of IT systems and controls to assess effectiveness and identify areas for improvement.
- **Performance Metrics:** Define and track performance metrics related to IT system effectiveness, incident response times, user satisfaction, and compliance adherence.
- **Technology Upgrades:** Stay updated with technological advancements and trends to maintain a competitive edge and improve system capabilities.

Training and Awareness

- **Employee Training:** Regularly training employees on cybersecurity best practices, data privacy, and the importance of following IT policies and procedures.
- **Phishing and Social Engineering Awareness:** Conduct awareness campaigns to educate employees about common attack vectors and how to recognize potential threats.

9. A COMPARATIVE STATEMENT OF SOLVENCY BALANCE SHEET AND NFRS BASED FINANCIAL STATEMENT

Statement of Responsibility of the Chief Finance Officer

As the **Chief Finance Officer (CFO)**, I acknowledge my responsibility for ensuring the integrity, accuracy, and compliance of the company's financial statements. This responsibility encompasses the following key areas:

1. Maintenance of Accounting Records and Compliance with Regulations

The company maintains proper accounting records that accurately reflect its financial position in accordance with:

- Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN).
- The Companies Act, 2063, which governs corporate financial reporting and disclosure requirements.
- The Insurance Act, 2079, which sets regulatory frameworks specific to the insurance sector.
- Directives regarding the preparation of Financial Statement, 2080, which sets clear guidelines regarding the preparation of financial statements of non-life Insurance companies.

These records ensure transparency, accountability, and adherence to statutory obligations.

2. Preparation and Presentation of Financial Statements

The financial statements have been prepared and presented fairly, ensuring that:

- Appropriate accounting policies have been selected and applied consistently.
- Reasonable and prudent judgments and estimates have been made to reflect a true and fair view of the company's financial position.
- The financial statements comply with applicable accounting standards and legal requirements.
- The going concern assumption has been adopted, considering the company has adequate financial resources to sustain its operations in the foreseeable future.

3. Internal Control System and Risk Management

To protect the company's financial and operational interests, an effective internal control system has been established. This system is designed to:

- Safeguard the company's assets from unauthorized use, fraud, and misappropriation.
- Prevent and detect fraud, errors, and other irregularities through periodic financial audits, reconciliations, and risk assessments.
- Ensure compliance with regulatory and corporate governance requirements.

The management is committed to continuously improving internal control mechanisms to strengthen financial security and operational efficiency.

4. Investment Management and Prudence in Financial Decisions

To optimize returns while managing risks, the company follows a prudent investment strategy as per the Investment Guidelines issued by Nepal Insurance Authority. This involves:

- Diversified investments in permitted asset classes to minimize risks.
- Maximizing returns through income generation in the form of interest, dividends, and capital appreciation.
- Ensuring that investments align with liquidity needs, risk tolerance, and regulatory constraints.

By adhering to these principles, the company seeks to enhance shareholder value, maintain financial stability, and ensure sustainable growth.

Thus, I confirm that the financial statements have been prepared in accordance with applicable standards, laws, and regulations and reflect a true and fair view of the company's financial position and performance.

Ganesh Dhakal
Chief Finance Officer

Appointed Actuary's Report on Adequacy of the Liability in Financial Statements


Certificate of Appointed Actuary of the Insurer as on 12th January, 2025

I, Puneet Avinash Sudan, being the Appointed Actuary to the insurer Sagarmatha Lumbini Insurance Company Limited, being the fellow of Institute of Actuaries of India, with Membership Number: 370 and COP No.: 370/093 to the best of my knowledge certify the following that:

- a. I have complied with the provisions of the Insurance Act and directives of Nepal Insurance Authority;
- b. I have taken reasonable steps to ensure the accuracy and completeness of the data for the purpose of valuation.
- c. I have complied with the extant RBC and Solvency Directives in conducting the valuation.
- d. The various risk components like market risk, credit risk, Non-life Insurance risk and Operational Risk has been determined by the Company as per the extant RBC and Solvency Directives to arrive at the Total Risk-Based Capital.
- e. The technical provisions of the insurer are adequate to meet its liabilities towards policyholders.
- f. My observations are as under;
 - o The Company has adequate Available Capital Resources (ACR) on the date of valuation viz. July 15, 2024 with Solvency Ratio of 275.7% with transitional requirements for Non-Life Insurers.
- g. I also declare that:
 1. I have not been held guilty of professional misconduct by my professional body or court or any other body;
 2. I do not have any conflict of interest while performing the valuation exercise of the insurer; and
 3. I have not furnished any false information in any statement furnished to the Nepal Insurance Authority;


Chunky Chhetry
Chief Executive Officer




Puneet Avinash Sudan
Appointed Actuary
Fellow, Institute of Actuaries of India

Place : Kathmandu

Place: Delhi, India

Date : 12th January 2025

Date : 12th January 2025

Statutory Auditor's Report

J. B. Rajbhandary & DiBins

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED (SALICO), which comprise of the Statement of Financial Position as at 31st Ashad 2081 (15th July 2024) and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Distributable Profit or Loss 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 present fairly, in all material respects, the financial position of SALICO as at 31st Ashad 2081 (15th July 2024), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our audit report. We are independent in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the 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. These matters were addressed in the context of the audit of the financial statements, 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. No	Description	How the matter was addressed in our audit
1.	<p>Investment</p> <p>The investment portfolio of the company includes investment in debenture of public companies, fixed deposits of commercial banks, development banks, investment in shares and mutual funds.</p> <p>Total Investments: Rs. 6.40 billion as on 15th July 2024 (Rs. 6.23 billion on 16th July 2023)</p> <p>Total Investment represents 42.33% of total assets of SALICO.</p> <p>Investments are made as per Investment Directives issued by Nepal Insurance Authority. Thus, we have considered it as a key audit matter.</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none"> 1. We have checked the compliance of the financial Investments made by company with the Investment Directive issued by Nepal Insurance Authority and company's internal policy with regards to decisions and procedures related to financial investment. 2. We have assessed the appropriateness of the valuation of investments and checked whether required impairment loss has been booked or not. 3. We have verified the adequacy of disclosure made in the financial statement regarding financial investments. <p>Our results: We considered the valuation and disclosure of financial investment to be acceptable.</p>

[Signature]



2.	<p>Valuation of Insurance Contract Liabilities</p> <p>The valuation of the liabilities for insurance contracts involves complex and subjective judgments about future events, both external and internal to the business for which small changes can result in a material impact on valuation of these liabilities.</p> <p>Economic assumptions such as investment returns and associated discount rates and operating assumptions such as expenses, mortality and lapse rates are the key inputs.</p>	<p>Our audit approach included:</p> <p>Our audit approach focused on assessing the appropriateness of the actuarial assumptions, models and methodologies used by valuator in accordance with the guidelines provided by Nepal Insurance Authority, in calculation of gross contract liabilities. Also, we have verified the data forwarded to the valuator for valuation of Gross contract liabilities of business.</p> <p>Our results: The valuation of insurance contract liabilities is appropriately determined and the presentation of these liabilities in the financial statement is fairly made in accordance with applicable regulatory requirements.</p>
3.	<p>Information Technology General Controls</p> <p>IT controls include recording of transactions, generating reports in compliance with NIA directives and guidelines and other applicable regulations. Hence, SALICO's financial and reporting processes are highly dependent on the effective working of information technology systems and other allied systems.</p> <p>We have considered this as a key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in incorrect reporting to the management, shareholders, regulators and stakeholders.</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none"> 1. Understanding the Core Insurance Software and other allied systems used by SALICO for accounting and reporting purposes. 2. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in SALICO. 3. Checking of the user requirements for any changes in the regulations/ policy of SALICO. 4. Reviewing the reports generated by the system on a sample basis. 5. Reviewing of IS Audit Report. <p>Our Results: We considered the controls in information technology to be acceptable.</p>
4.	<p>Revenue Recognition (Premium Income):</p> <p>Premium income comprises major part of revenue which is recorded on issue of the policy as prescribed by the directives of Insurance board. Unearned premium income as estimated by actuarial valuation report has been accounted in books of account.</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none"> 1. Obtaining a clear understanding of the process of issuing the policies as directives issued by the Nepal Insurance Authority and understanding the process of booking such income. 2. Verified unearned premium income as provided by actuarial valuation report. 3. Verification of the documentation requirement as per the directives issued by Nepal Insurance authority related to AML/CFL, individual policy directives. <p>Our Results: We considered the premium income recognition to be acceptable.</p>

Information other than the Financial Statements and Auditor's Report Thereon

SALICO's management is responsible for the presentation of the other information. The other information comprises the information included in SALICO's Annual Report, including the Report of Board of Directors/Chairman's Statement but does not include the financial statements and our auditor's report thereon. We have not received the Annual Report prior to the date of this Auditor's Report but it is expected to be received for review after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated.

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

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

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

In preparing the Financial Statements, management is responsible for assessing SALICO'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 SALICO'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 it is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- i. Identify and assess the risks of material misstatement of the Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- ii. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SALICO's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SALICO's ability to continue as a going concern. If we conclude that 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- v. 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.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SALICO 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 the relevant ethical requirement 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.

Report on Other Legal and Regulatory Requirements

To the best of our knowledge and according to the explanations given to us and from our examination of the books of accounts of SALICO, necessary for the purpose of our audit to the extent for the scope of our audit:

- a. We have obtained all the information and explanations along with replies to our queries, which to the best of our knowledge and understanding, were necessary for the purpose of the audit.
- b. In our opinion, the financial statements comprising of Statements of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Distributable profit or Loss and Statement of Cash flows, prepared in accordance with the requirements of Company Act, 2063 and format prescribed by Nepal Insurance Authority are in agreements with the books of Accounts.
- c. In our opinion, books of accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws.
- d. To the best of our information and according to the explanations provided to us and as so far appeared from the examination of the books of accounts, we have not come across cases where board of directors or any official has committed any act contrary to the prevailing laws or committed any irregularity or caused any loss or damage to the company and/or violated directives of Nepal Insurance Authority or acted in a manner to jeopardize the interest and security of the company, its clients and investors.
- e. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of books of accounts.
- f. To the best of our knowledge, SALICO has maintained Insurance Fund, and other required reserves in line with directives issued by Nepal Insurance Authority.
- g. We did not obtain any information indicating engagement of company in activities other than Insurance business as approved/ licensed by Nepal Insurance Authority.
- h. We did not obtain any information indicating the company's activities, which is prejudicial to the interest of the insured.
- i. It appears that all the financial and other information/subject matters which are required to inform the shareholders as per the prevalent laws have been provided to the shareholders.
- j. To the best of our knowledge, the company is eligible and capable of bearing its long-term liabilities from the assets of the company.
- k. The internal control system implemented by the company is found to be effective.



CA Kiran Dongol
Partner
COP: 212
Place: Kathmandu
Date: 2081/12/28
UDIN: 250410CA00249DwXKz

Financial Statements Approved by Nepal Insurance Authority

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Minimum Disclosure in Directors' Report

A	Information related to Sagarmatha Lumbini Insurance Company Limited
	Following matters are disclosed under this title
1	Date of establishment: 2051/10/17
2	Insurer licence date: 2053/03/12
3	Insurance business type, nature: Non Life Insurance
4	Date of commencement of business: 2053/04/02
5	Other matters: Sagarmatha Lumbini Insurance Company Ltd with Brand Name "SALICO" has been in operation after the merger of Sagarmatha Insurance Company Ltd and Lumbini Genreal Insurance Company Ltd merged on 13 March 2023. SALICO is one of Nepal's leading non-life insurers with more than 112 branches all over Nepal.
B	Board of Directors has approved following matters:
1	Tax, service charges, fine and penalties to be paid under laws & regulation whether paid or not Tax, service charges are paid to the concerned authority.
2	Share structure of the insurer, changes if any in line with prevailing laws & regulation The share structure of company is change to promotor holding 51% and public holding 49% .
3	Whether solvency ratio as prescribed by Nepal Insurance Authority is maintained or not Solvency ratio as prescribed by Nepal Beema Pradhikaran is maintained.
4	a) Statement regarding assets that financial amount contained in SOFP are not overstated than it's fair value. The assets of the company that financial amount contained in SOFP are not overstated. b) Measurement basis of the assets recognized in financial statements. The measurement basis of the assets recognized in financial statements are mentioned in the Notes to the Financial Statements.
5	Declaration on investment made by insurer that are in line with prevailing laws. If not reason to be disclosed. Investment made by insurance in line with prevailing laws except government bonds. In case government bonds, it is less than prescribed limit due to non availability of government bonds in the market.
6	Number of claim settled within the year and outstanding claim number and time frame to settle the outstanding claim. 14,958 number of claim file are settled and 13,321 number of claim file are still outstanding within the year and the claim outstanding file shall be settled within 35 days upon receiving survey report.
7	Declaration on compliance with the provision of Insurance Act 2079, Insurance Regulation, Company Act 2063, NFRSs and other prevailing laws & regulation to which insurer shall adhere to and any non compliance with reasons thereof. The company has made compliance with such legal and regulatory provision.
8	Declaration that the appropriate accounting policy has been consistently adopted. The appropriate accounting policy has been consistently adopted based on Nepal Financial Reporting Standards (NFRS).
9	Declaration on Financial Statements as at Reporting Date that the insurer's Financial Position and Financial Performance are presented true & fairly. The company's Financial Position and Financial Performance as on date are presented true & fair.
10	Declaration that Board of Directors have implemented adequate and appropriate provision to safeguard the assets and for identification and mitigation against losses due to fraud, embezzlement and irregularities. The company has implemented adequate and appropriate provision like physical verification of assets on regular interval to safeguard the assets and for identification and mitigation against losses due to fraud, embezzlement and irregularities.
11	Declaration that Financial Statements have been prepared based on going concern basis. The company has prepared Financial Statement based on going concern basis.
12	Declaration that the internal control system is commensurate with the size, nature & volume of the insurer's business. The internal control system of the company is effective & adequate based on volume of the business.
13	Declaration that the insurer has not conducted any transactions contrary to Insurance Act, 2079, Insurance Regulation, Companies Act, 2063, related regulations and directions with any person, firm, company and insurer's director or with any entity in which insurer's director has interest. The company has not conducted any such transactions.
14	Disclosure on any penalties, levied by Nepal Insurance Authority for the particular financial year. There is no any such penalties.
15	Other disclosure which is deemed appropriate by Board of Directors/management The company has maintained all reserve & fund as per the provision of Insurance Act and Rules.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Financial Position As At 15th July, 2024 (Ashad End 2081)

Fig in NPR

Particulars	Notes	Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	157,908,034	157,766,615
Property and Equipment	5	253,904,384	264,134,949
Investment Properties	6	112,576,632	113,238,278
Deferred Tax Assets	7	61,407,847	3,237,463
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	6,403,300,940	6,225,267,243
Loans	11	10,658,216	11,121,779
Reinsurance Assets	12	4,598,415,205	5,501,072,122
Current Tax Assets/(Liabilities) (Net)	21	322,132,187	169,761,537
Insurance Receivables	13	1,017,174,653	1,045,001,459
Other Assets	14	1,403,116,678	735,413,839
Other Financial Assets	15	86,843,479	264,304,698
Cash and Cash Equivalent	16	698,369,027	243,548,479
Total Assets		15,125,807,282	14,733,868,461
Equity & Liabilities			
Share Capital	17 (a)	2,622,638,200	2,622,638,200
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Special Reserves	17 (d)	2,550,477,445	2,550,477,445
Catastrophe Reserves	17 (e)	188,982,189	167,747,461
Retained Earnings	17 (f)	403,873,383	135,314,068
Other Equity	17 (g)	442,291,564	456,120,490
Total Equity		6,208,262,781	5,932,297,664
Liabilities			
Provisions	18	89,483,586	81,460,391
Gross Insurance Contract Liabilities	19	6,612,296,151	7,399,201,598
Deferred Tax Liabilities	7	-	-
Insurance Payable	20	1,482,601,113	743,547,768
Current Tax Liabilities	21	-	-
Borrowings	22	-	-
Other Liabilities	23	509,359,681	360,311,133
Other Financial Liabilities	24	223,803,970	217,049,907
Total Liabilities		8,917,544,501	8,801,570,797
Total Equity and Liabilities		15,125,807,282	14,733,868,461

The accompanying notes form an Integral Part of Financial Statements.

Manohar Das Mool
Chairman

Ajith R. Gunawardena
Director

Lokmanya Golchha
Director

Siddhartha Mani Rajbhandari
Director

Arun Raj Shrestha
Public Director

Bijan Bhattarai
Public Director

Nirmala Devi Manandhar
Independent Director

Chunky Chhetry
Chief Executive Officer

Ganesh Dhakal
Chief Finance Officer

As per our report of even date,
CA Kiran Dongol
Partner
For J. B. Rajbhandari & DiBins
Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

Fig in NPR

Particulars	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	4,893,836,679	3,248,479,863
Premiums Ceded	26	(3,173,626,727)	(1,644,343,788)
Net Earned Premiums		1,720,209,952	1,604,136,075
Commission Income	27	506,016,093	472,845,114
Other Direct Income	28	33,274,526	24,614,527
Income from Investments & Loans	29	479,920,286	391,880,292
Net Gain/ (Loss) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	26,817,790	3,432,444
Other Income	32	6,026,208	1,143,642
Total Income		2,772,264,855	2,498,052,094
Expenses:			
Gross Claims Paid	33	2,833,292,614	2,386,751,213
Claims Ceded	33	(1,650,584,250)	(1,213,885,278)
Gross Change in Contract Liabilities	34	(682,036,004)	2,030,981,628
Change in Contract Liabilities Ceded to Reinsurers	34	795,296,859	(2,021,811,426)
Net Claims Incurred		1,295,969,219	1,182,036,138
Commission Expenses	35	38,221,816	46,825,765
Service Fees	36	12,920,256	12,346,527
Other Direct Expenses	37	7,202,057	6,597,725
Employee Benefits Expenses	38	608,007,691	397,761,780
Depreciation and Amortization Expenses	39	46,966,017	34,610,295
Impairment Losses	40	(3,585,431)	76,332,755
Other Operating Expenses	41	144,327,746	144,249,583
Finance Cost	42	14,631,672	8,517,715
Total Expenses		2,164,661,042	1,909,278,282
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		607,603,813	588,773,812
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		607,603,813	588,773,812
Income Tax Expense	43	146,623,944	257,750,796
Net Profit/(Loss) For The Year		460,979,869	331,023,016
Earning Per Share	51		
Basic EPS		17.58	17.51
Diluted EPS		17.58	17.51

The accompanying notes form an Integral Part of Financial Statements.

Manohar Das Mool
Chairman

Ajith R. Gunawardena
Director

Lokmanya Golchha
Director

Siddhartha Mani Rajbhandari
Director

Arun Raj Shrestha
Public Director

Bijan Bhattarai
Public Director

Nirmala Devi Manandhar
Independent Director

Chunky Chhetry
Chief Executive Officer

Ganesh Dhakal
Chief Finance Officer

As per our report of even date,
CA Kiran Dongol
Partner
For J. B. Rajbhandary & DiBins
Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

Fig in NPR

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	4,788,967,236	3,248,479,863
Reinsurance Commission Received	526,046,495	472,845,114
Claim Recovery Received from Reinsurers	1,650,584,250	1,003,411,033
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income Received	33,274,526	24,614,527
Others (Other Income received)	6,026,208	1,143,642
Others (Others to be specified)	-	-
Cash Paid		
Gross Benefits and Claims Paid	(2,833,292,614)	(2,386,751,213)
Reinsurance Premium Paid	(3,066,266,669)	(1,118,416,855)
Commission Paid	(39,564,197)	(46,825,765)
Service Fees Paid	(28,066,108)	(43,415,913)
Employee Benefits Expenses Paid	(540,927,572)	(444,121,566)
Other Expenses Paid	(144,327,746)	(144,249,583)
Other Direct Expenses Paid	(7,202,057)	(6,597,725)
Others (Changes in Working Capital)	67,116,217	(566,154,199)
Income Tax Paid	(174,624,560)	(265,539,716)
Net Cash Flow From Operating Activities [1]	237,743,408	(271,578,358)
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(550,000)	-
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Acquisitions of Property & Equipment	(8,343,900)	-
Proceeds From Sale of Property & Equipment	3,808,754	18,143,825
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(322,922,837)	(163,459,495)
Proceeds from Sale of Equity Instruments	199,295,641	54,292,632
Purchase of Mutual Funds	(16,713,928)	(29,220,209)
Proceeds from Sale of Mutual Funds	4,892,300	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(73,360,236)	(62,842,000)
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	-	-
Maturity of Deposits	99,250,000	113,000,000

Continue...

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

Fig in NPR

Particulars	Current Year	Previous Year
Loans Paid	-	-
Proceeds from Loans	463,563	(562,828)
Rental Income Received	14,400,567	13,710,254
Proceeds from Finance Lease	-	-
Interest Income Received	459,032,896	373,684,879
Dividend Received	8,944,906	4,485,158
Others (to be specified)	(20,000,000)	-
Total Cash Flow From Investing Activities [2]	348,197,727	321,232,218
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(32,721,059)	(28,120,233)
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	(418,834)	-
Dividend Paid	(97,980,694)	(8,703,684)
Dividend Distribution Tax Paid	-	-
Others (to be specified)	-	-
Total Cash Flow From Financing Activities [3]	(131,120,587)	(36,823,917)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	454,820,548	12,829,943
Cash & Cash Equivalents At Beginning of The Year/Period	243,548,479	166,011,300
Cash & Cash Equivalents transferred from LGIC	-	64,707,236
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	698,369,027	243,548,479
Components of Cash & Cash Equivalents		
Cash In Hand	227,706	227,706
Cheuege in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	698,141,321	243,320,773

Notes: Statement of Cashflow has been prepared using direct method

The accompanying notes form an Integral Part of Financial Statements.

Manohar Das Mool
Chairman

Ajith R. Gunawardena
Director

Lokmanya Golchha
Director

Siddhartha Mani Rajbhandari
Director

Arun Raj Shrestha
Public Director

Bijan Bhattarai
Public Director

Nirmala Devi Manandhar
Independent Director

Chunky Chhetry
Chief Executive Officer

Ganesh Dhakal
Chief Finance Officer

As per our report of even date,
CA Kiran Dongol
Partner
For J. B. Rajbhandari & DiBins
Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Other Comprehensive Income

For Period 17th July, 2023 - 15th July, 2024

(For the Year Ended Ashad 2081)

Fig in NPR

Particulars	Notes	Current Year	Previous Year
Net Profit/(Loss) For the Year		460,979,869	331,023,016
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		(76,833,023)	70,544,059
Revaluation of Property and Equipment/ Goodwill & Intangible Assets			
Remeasurement of Post-Employment Benefit Obligations		-	-
Share of other comprehensive income of associates accounted for using the equity method			
Income Tax Relating to Above Items		23,049,907	(21,163,218)
Total Other Comprehensive Income For the Year, Net of Tax		(53,783,116)	49,380,841
Total Comprehensive Income For the Year, Net of Tax		407,196,752	380,403,858

The accompanying notes form an Integral Part of Financial Statements.

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Director

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Director

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Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Consolidated Statement of Distributable Profit or Loss

For Period 17th July, 2023 - 15th July, 2024

(For the Year Ended Ashad 2081)

Fig in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	135,314,068	175,089,548
Transfer from OCI reserves to retained earning in current year		
Net profit or (loss) as per statement of profit or loss	460,979,869	331,023,016
Appropriations:		
i) Transfer to Insurance Fund		
ii) Transfer to Special Reserve	-	(202,453,963)
iii) Transfer to Catastrophe Reserve	(21,234,728)	(10,122,698)
iv) Transfer to Capital Reserve		
v) Transfer to CSR reserve	(4,246,946)	(4,049,079)
vi) Transfer to/from Regulatory Reserve	-	3,656,290
vii) Transfer to Fair Value Reserve	(6,733,118)	(1,281,170)
viii) Transfer of Deferred Tax Reserve	(36,285,299)	59,905,528
ix) Transfer to OCI reserves due to change in classification		
x) Transfer on business combination (LGIC Retained Earning)	-	(38,031,805)
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	-	-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	-	-
ix) Overdue loans	-	-
x) Fair value gain recognised in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares	-	-
xii) Delisted share Investment or mutual fund investment	-	-
xiii) Bonus share/ dividend paid	(131,131,910)	(174,073,684)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Share issuance cost	(418,834)	(1,939,405)
xvi) Others (Prior Period Adjustment)	7,630,281	(2,408,510)
xvii) Lease Equalization Fund	-	-
xviii) Actuarial Reserve	-	-
Adjusted Retained Earning	403,873,382	135,314,068
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	-	-
Add/Less: Others	-	-
Total Distributable Profit/(loss)	403,873,383	135,314,068

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Changes In Equity

For Period 17th July, 2023 - 15th July, 2024

(For the Year Ended Ashad 2081)

Previous Year

Fig in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actual Reserves	Deferred Tax Reserve	Regulatory Reserves	Other Reserves	Total
Balance as on Shrawan 1, 2079	1,333,629,000				175,089,548				118,630,802	3,748,119	1,250,398,638	32,618,551		99,415,696	7,862,989	-	3,021,593,343
Adjustment for Actuarial Reserve																	
Prior period adjustment					(2,408,510)												(2,408,510)
Restated Balance as at Shrawan 1, 2079	1,333,629,000				172,681,038				118,630,802	3,748,119	1,250,398,638	32,618,551		99,415,696	7,862,989		3,019,184,832
Profit/(Loss) For the Year					331,023,016												331,023,016
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 and Equipment/ Goodwill & Intangible Assets																	
vi) Remeasurement of Post-Employment Benefit Obligations																	
Transfer to Reserves/ Funds					(156,720,212)		202,453,963		10,122,698	4,049,079				(59,805,528)			
Transfer to Regulatory Reserve					3,656,290		3,931,494		196,575	78,630					7,862,989		
Transfer to Deferred Tax Reserves																	
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 FVOCI																	
Transfer of Insurance Reserve to Special Reserve					(1,381,170)							896,819					(384,351)
Transfer on business combination	1,123,639,200				(38,031,805)		1,093,493,350		38,797,386	1,307,333	(1,250,398,638)	119,854,038		50,620,259		156,141,249	2,545,821,010
Share Issuance Costs					(1,939,405)												(1,939,405)
Contribution by Distribution to the owners of the Company																	
i) Bonus Share Issued	165,370,000				(165,370,000)												
ii) Share Issue																	
iii) Cash Dividend					(8,703,684)												(8,703,684)
iv) Dividend Distribution Tax																	
v) Others (CSR Reserved used during this year)										(2,084,597)							(2,084,597)
Balance as on Ashad end, 2080	2,622,638,200				135,314,068		2,550,477,445		167,747,461	7,098,564		202,750,249		90,130,427		156,141,249	5,932,297,664

The accompanying notes form an Integral Part of Financial Statements.

Manohar Das Mool
Chairman

Ajith R. Gunawardena
Director

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Director

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Chief Finance Officer

As per our report of even date,
CA Kiran Dongol
Partner
For J. B. Rajbhandary & DIBins
Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Changes In Equity For Period 17th July, 2023 - 15th July, 2024 (For the Year Ended Ashad 2081)

Particulars	Current Year										Fig in NPR						
	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Regulatory Reserves	Other Reserves	Total
Balance as on Shrawan 1, 2080	2,622,638,200	-	-	-	135,314,068	-	2,550,477,445	-	167,747,461	7,098,564	-	202,750,249	-	90,130,427	-	156,141,249	5,932,297,664
Prior period adjustment					7,650,281												7,650,281
Restated Balance as at Shrawan 1, 2080																	
Profit/(Loss) for the Year					460,979,869												460,979,869
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												(53,783,116)					(53,783,116)
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																	-
vi) Remeasurement of Post-Employment Benefit Obligations																	-
Transfer to Reserves/ Funds					(61,766,973)		-		21,234,728	4,246,946				36,285,299		-	
Transfer to Regulatory Reserve																	
Transfer to Deferred Tax Reserves																	-
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 FVOCI					(6,733,118)							2,777,919					(4,015,199)
Transfer of Insurance Reserve to Special Reserve																	
Transfer on business combination																	-
Share Issuance Costs					(418,834)												(418,834)
Contribution by/ Distribution to the owners of the Company																	-
i) Bonus Share Issued																	-
ii) Share Issue																	-
iii) Cash Dividend					(124,575,315)												(124,575,315)
iv) Dividend Distribution Tax					(6,556,596)												(6,556,596)
v) Others (CSR Reserved used during this year)										(3,295,974)							(3,295,974)
Balance as on Ashadh end, 2081	2,622,638,200	-	-	-	403,673,383	-	2,550,477,445	-	188,982,189	8,049,536	-	151,685,952	-	126,415,726	-	156,141,249	6,208,862,781

The accompanying notes form an Integral Part of Financial Statements.

Manohar Das Mool
Chairman

Ajith R. Gunawardena
Director

Lokmanya Golchha
Director

Siddhartha Mani Rajbhandari
Director

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As per our report of even date,
CA Kiran Dongol
Partner
For J. B. Rajbhandary & DiBins
Chartered Accountants

April 10, 2025
Kathmandu, Nepal

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

1 Reporting Entity

Sagarmatha Lumbini Insurance Company Limited (herein after referred to as the 'Company') was incorporated on 17/10/2051 and operated as general insurance company after obtaining license from Insurance Board of Nepal on 3/12/2053 under the Insurance Act 2079. The registered office of the Company is located at Bhagwati Marg, Naxal, Kathmandu, Nepal. The Company's shares are listed and trading on Nepal Stock Exchange.

On March 13, 2023, Sagarmatha Insurance Company Limited and Lumbini General Insurance Company Limited underwent a merger at a swap ratio of 100:80 and commenced the operation under the unified banner of Sagarmatha Lumbini Insurance Company Limited (SALICO).

The principal activities of the company are to provide various non-life insurance products through its province offices, branches, sub-branches, and network of agents.

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) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2080 to 31st Ashadh 2081 with the corresponding previous year from 1st shrawan 2079 to 31st Ashadh 2080. These financial statements have been approved by the Management on April 10, 2025.

(b) 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 and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act, 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of 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 financial statements are approved for issue by the Company's Board of Directors on April 10, 2025.

(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:

- Certain Financial Assets & Liabilities which are required to be measured at fair value
- Defined Employee Benefits
- Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

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

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

- **Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- **Level 2** - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- **Level 3** - Inputs are unobservable inputs for the Asset or Liability.

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

(d) Use of Estimates

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

(e) Functional and Presentation Currency

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

(f) Going Concern

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

(h) Recent Accounting Pronouncements

Accounting standards issued and effective

All the accounting standard made effective by the ASB are applied while preparing the financial statement of the Company & IFRS 16 "Leases"

Accounting standards issued and non-effective

IFRS 17 "Insurance Contracts"

(i) Carve-outs

The company has not applied any carve outs provided by ASB

(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 Nepalese Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) 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.

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

3 Significant Accounting Policies

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

(a) Property, Plant and Equipment (PPE)

i) Recognition

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

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

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

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

The Company has not used revaluation model for subsequent measurement of its PPE.

iii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

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

Useful Life of Property, Plant and Equipment based on DBM is categorised as stated below:

List of Asset Categories	Rate of Depreciation (in %) for DBM
Buildings	5%
Furniture & Fixtures	25%
Computers and IT Equipments	25%
Office Equipment	25%
Vehicles	20%
Other Assets	25%

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iv) Derecognition

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

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

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

(b) Goodwill & Intangible Assets

i) Recognition

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

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

ii) Amortization

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

Amortisation is recognised in income statement on straight line method 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 amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

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

List of Asset Categories	Useful Life (In Years) for SLM
Softwares	5

iii) Derecognition

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

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

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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.

(c) Investment Properties

Cost Model

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

(d) Cash & Cash Equivalent

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

(e) Financial Assets

i) Initial Recognition & Measurement

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

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

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

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

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

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

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

A Financial Asset which is not classified in any of the above categories are measured at FVTPL.

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



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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.

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition. All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

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

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

iii) De-Recognition

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

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(h) Reinsurance Assets

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

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

(i) Equity

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.

(j) Reserves and Funds

- i) **Share Application Money Pending allotment:** Share Application Money Pending Allotment means the amount received on the application on which allotment is not yet made (pending allotment).
- ii) **Share Premium:** If the Company issues share capital at premium it receives extra amount other than share capital such amount



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is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

- iii) **Catastrophe Reserves:** The Company has allocated catastrophe reserve for the amount which is 10% of the net profit for the year as per Regulator's Directive. But as per the benefit provided to merger company, we have allocated 5% of the net profit for the year 2080/81
- iv) **Fair Value Reserves:** The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.
- v) **Regulatory Reserves:** Reserve created out of net profit in line with different circulars issued by regulatory authority. It has been transferred to Special Reserve.
- vi) **Actuarial Reserves:** Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.
- vii) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipments & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.
- viii) **Special Reserves:** Reserve created as per the provision of Sec. 39 of Insurance Act, 2079.
- ix) **Other Reserves:** Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

ii) Outstanding claims provisions

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

iii) Provision for claim incurred but not reported (IBNR)

Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

Liability adequacy

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

(l) Employee Benefits

i) Short Term Obligations

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

ii) Post - Employment Benefits

- Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds/Social Security Fund as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expenses when they are due.

- Defined Benefit Plan

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For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

iv) Termination

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

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

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

(m) Revenue Recognition

i) Gross Premiums

Gross Premium are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

ii) Unearned Premium Reserves

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rate basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premium on Reinsurance Accepted

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

iv) Reinsurance Premium

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

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v) Commission Income

Commission Income is recognized on accrual basis. If the income is for future periods, then they are deferred and recognized over those future periods.

vi) Investment Income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument. Investment income also includes dividends when the right to receive payment is established.

vii) Net realised gains and losses

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

(n) Claims and Expenses

i) Gross Claims

Claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlement of claims. Claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified. Reserve for Incurred but not Reported Claims (IBNR) has been created as per actuarial Valuation.

ii) Reinsurance Classification

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the term of the relevant contracts.

(o) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company has following portfolios under which it operates its business:

i) Property Portfolio - Property/Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the property/fire insurance business.

ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.

v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.

vi) Aviation Portfolio - Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.

vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.

viii) Miscellaneous Portfolio - All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business.



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Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(p) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(q) **Cash Flow Statement**

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

(r) **Leases**

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 10%. After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

(s) **Income Taxes**

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

i) **Current Tax**

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) **Deferred Tax**

Deferred Tax is recognized on temporary difference between the carrying amounts of Assets and 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 & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary 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.

(t) **Provisions, Contingent Liabilities & Contingent Assets**

(i) **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses. Provisions for Contingent Liability are recognized in the books a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.



(ii) Contingent Liabilities

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

(iii) Contingent Assets

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

(u) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(v) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year. For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(w) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

(x) Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Insurance Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The Insurance Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquire, plus
- if the business combination is achieved in stages, the fair value of the preexisting equity interest in the acquire, less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Transaction costs, other than those associated with the issue of debt or equity securities, that the company incurs in connection with a business combination are expensed as incurred.
- Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss except for measurement period adjustment.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

4. Goodwill & Intangible Assets

Fig in NPR

Particulars	Softwares	Goodwill	Others(to be Specify)	Total
Gross carrying amount				
As at Shrawan 1, 2079	-	-		
Additions during the year				
Acquisition				-
Internal Development				-
Business Combination(to be Specified)	1,765,761	156,141,249		157,907,010
Disposals during the year				-
Revaluation/Adjustment				-
Balance as at Ashadh 31, 2080	1,765,761	156,141,249	-	157,907,010
Additions during the year	550,000			
Acquisition				
Internal Development				
Business Combination(to be Specified)	-	-		-
Disposals during the year				
Revaluation/Adjustment				
Balance as at Ashadh 31, 2081	2,315,761	156,141,249	-	158,457,010
Accumulated amortization and impairment				
As at Shrawan 1, 2079				
Additions during the year	140,396			140,396
Disposals during the year				-
Impairment during the year				-
Balance as at Ashadh 31, 2080	140,396	-	-	140,396
Additions during the year	408,580			408,580
Disposals during the year				
Impairment during the year				
Balance as at Ashadh 31, 2081	548,976	-	-	548,976
Capital Work-In-Progress				
As on Shrawan 1, 2078				
Additions during the year	-			
Capitalisation during the year				
Disposals during the year				
Impairment during the year				
Balance as on Ashadh 32, 2079	-	-	-	-
Additions during the year				
Capitalisation during the year				
Disposals during the year				
Impairment during the year				
Balance as on Ashadh 31, 2081	-	-	-	-
Net Carrying Amount				
As on Ashadh 31, 2080	1,625,365	156,141,249	-	157,766,615
As on Ashadh 31, 2081	1,766,785	156,141,249	-	157,908,034

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

5. Property and Equipment

Fig in NPR

Particulars	Freehold land	Building	Leasehold Improvement	Furniture and Fixture	Computer and IT equipments	Office equipments	Vehicles	Other Assets	Total
Gross carrying amount									
As on Shrawan 1, 2079	8,669,548	21,965,838	-	48,788,003	30,225,962	39,956,637	50,683,031	2,685,352	202,974,371
Additions during the year									
Acquisition	38,679,414	36,519,981	334,602	3,376,650	4,216,087	3,750,266	11,696,566		98,573,567
Capitalization				1,368,785	1,967,016	1,450,661	21,150,742		25,937,204
Disposals during the year							(8,058,358)		(8,058,358)
Write-offs during the year									-
Revaluation during the year									-
Transfer/ adjustments									-
Balance as on Ashadh 31, 2080	47,348,962	58,485,819	334,602	53,533,439	36,409,065	45,157,564	75,471,981	2,685,352	319,426,783
Additions during the year									
Acquisition				2,430,244	1,278,296	4,635,360			8,343,900
Capitalization									-
Disposals during the year				(231,150)	(88,525)		(2,684,503)		(3,004,178)
Write-offs during the year									-
Revaluation during the year									-
Transfer/ adjustments									-
Balance as on Ashadh 31, 2081	47,348,962	58,485,819	334,602	55,732,533	37,598,837	49,792,924	72,787,478	2,685,352	324,766,506
Accumulated depreciation and impairment									
As on Shrawan 1, 2079	-	9,781,390	-	31,981,221	20,224,999	30,403,415	37,597,911	2,184,760	132,173,696
Additions during the year		1,241,299	26,650	4,684,577	3,305,546	2,907,168	5,429,362	75,089	17,669,692
Disposals during the year							(4,564,829)		(4,564,829)
Write-offs during the year									-
Impairment during the year									-
Transfer/ adjustments									-
Balance as on Ashadh 31, 2080	-	11,022,689	26,650	36,665,798	23,530,545	33,310,583	38,462,444	2,259,849	145,278,559

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Fig in NPR

Particulars	Freehold land	Building	Leasehold Improvement	Furniture and Fixture	Computer and IT equipments	Office equipments	Vehicles	Other Assets	Total
Additions during the year		2,373,156	61,590	4,504,074	3,360,272	3,404,420	7,092,528	63,825	20,859,866
Disposals during the year				(190,010)	(22,131)		(189,601)		(401,743)
Write-offs during the year									-
Impairment during the year									-
Transfer/ adjustments									-
Balance as on Ashadh 31, 2081	-	13,395,846	88,240	40,979,862	26,868,685	36,715,002	45,365,371	2,323,674	165,736,682
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 on Ashadh 32, 2080	-	-	-	-	-	-	-	-	-
Additions during the year									-
Capitalisation during the year									-
Disposals during the year									-
Impairment during the year									-
Balance as on Ashadh 31, 2081	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As on Ashadh 32, 2080	47,348,962	47,463,129	307,952	16,867,640	12,878,520	11,846,982	37,009,537	425,503	174,148,225
As on Ashadh 31, 2081	47,348,962	45,089,973	246,362	14,752,668	10,730,152	13,077,922	27,422,106	361,678	159,029,821

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Right-of-Use Assets (after Implementation of NFRS 16)

Fig in NPR

Particulars	Freehold land	Building	Leasehold Improvement	Furniture and Fixture	Computer and IT equipments	Office equipments	Vehicles	Other Assets	Total
Gross carrying amount									
As on Shrawan 1, 2079	-	134,779,326	-	-	-	-	-	-	134,779,326
Additions during the year									
Disposals during the year		(58,055,395)							(58,055,395)
Write-offs during the year									-
Revaluation during the year									-
Transfer/Adjustment		44,898,497							44,898,497
Balance as on Ashadh 31, 2080	-	121,622,429	-	-	-	-	-	-	121,622,429
Additions during the year		38,432,511							38,432,511
Disposals during the year									-
Write-offs during the year									-
Revaluation during the year									-
Transfer/Adjustment									-
Balance as on Ashadh 31, 2080	-	160,054,940	-	-	-	-	-	-	160,054,940
Accumulated depreciation									
As on Shrawan 1, 2079	-	21,790,233	-	-	-	-	-	-	21,790,233
Additions during the year		16,103,738							16,103,738
Disposals during the year									-
Write-offs during the year									-
Impairment during the year									-
Transfer/adjustments		(6,258,266)							(6,258,266)
Balance as on Ashadh 31, 2080	-	31,635,705	-	-	-	-	-	-	31,635,705
Additions during the year		25,035,926							25,035,926
Disposals during the year									-
Write-offs during the year									-
Impairment during the year									-
Transfer/adjustments		8,508,747							8,508,747
Balance as on Ashadh 31, 2081		65,180,377							65,180,377
Net Carrying Amount									
As on Ashadh 31, 2080	-	89,986,724	-	-	-	-	-	-	89,986,724
As on Ashadh 31, 2081	-	94,874,563	-	-	-	-	-	-	94,874,563
Grand Total									
As on Ashadh 31, 2080	47,348,962	137,449,853	307,952	16,867,640	12,878,520	11,846,982	37,009,537	425,503	264,134,949
As on Ashadh 31, 2081	47,348,962	139,964,535	246,362	14,752,668	10,730,152	13,077,922	27,422,106	361,678	253,904,384

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

6. Investment Properties Investment Properties at Cost

Fig in NPR

Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2079	100,005,359	26,015,510	126,020,869
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	100,005,359	26,015,510	126,020,869
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	100,005,359	26,015,510	126,020,869
Accumulated depreciation and impairment			
As at Shrawan 1, 2079	-	12,086,122	12,086,122
Additions during the year		696,469	696,469
Disposals during the year			-
Impairment during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 31, 2080	-	12,782,591	12,782,591
Additions during the year		661,646	661,646
Disposals during the year			-
Impairment during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 31, 2081	-	13,444,237	13,444,237
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 on Ashadh 32, 2079	-	-	-
Additions during the year			
Capitalisation during the year			
Disposals during the year			
Impairment during the year			
Balance as on Ashadh 31, 2081			
Net Carrying Amount			
Net Balance As At Ashad 31, 2080	100,005,359	13,232,919	113,238,278
Net Balance As At Ashad 31, 2081	100,005,359	12,571,273	112,576,632

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

(i) Amounts recognised in statement of profit or loss

Fig in NPR

Particulars	Current Year	Previous Year
Rental income	14,400,567	13,710,254
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	14,400,567	13,710,254
Depreciation charge	661,646	696,469
Profit from investment properties	13,738,921	13,013,785

(ii) Fair value of investment properties:

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

Notes on Fair Value :

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including :

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The fair values of investment properties have been deteremined by Er.Reinforcement Consultant Pvt Ltd. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transcatons and industry data.

(iii) Disclosure on restriction on the realisability of investment properties:

(iv) Contractual obligations:

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

7. Deferred Tax Assets/(Liabilities)

Fig in NPR

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Goodwill & Intangible Assets			-			-
Property and Equipment	(29,511,008)	-	(29,511,008)	(25,896,107)	-	(25,896,107)
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCI	-	(65,007,879)	(65,007,879)	-	(86,892,964)	(86,892,964)
Provision for Leave	22,774,006	-	22,774,006	16,850,812	-	16,850,812
Provision for Gratuity	1,140,301	-	1,140,301	1,230,309	-	1,230,309
Impairment Loss on Financial Assets	34,119,715	-	34,119,715	39,912,018	-	39,912,018
Impairment Loss on Other Assets	-	-	-	-	-	-
Unearned Premium Reserve	(18,768,936)	-	(18,768,936)	-	-	-
Premium Deficiency Reserve	1,259,937	-	1,259,937	124,351	-	124,351
IBNR and IBNER Claims	17,150,245	-	17,150,245	12,028,739	-	12,028,739
Margin For Adverse Deviation	27,414,609	-	27,414,609	-	-	-
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
Others (Provisions as prescribed by Beema Pradhikaran)	1,725,000	-	1,725,000	1,725,000	-	1,725,000
i) Deferred commission income	68,304,212	-	68,304,212	45,028,910	-	45,028,910
ii) Deferred commission expense	(5,164,994)	-	(5,164,994)	(4,762,280)	-	(4,762,280)
iii) ROU Assets and Lease Liability	5,972,638	-	5,972,638	3,888,677	-	3,888,677
Total	126,415,726	(65,007,879)	61,407,847	90,130,427	(86,892,964)	3,237,463
Deferred Tax Asstes	126,415,726		126,415,726	90,130,427	(86,892,964)	3,237,463
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	90,130,427	(86,892,964)	3,237,463	113,395,075	(13,979,379)	99,415,696
Added through merger			-	50,620,261	(51,366,016)	(745,755)
Charged/(Credited) to Statement of Profit or Loss	36,285,299		36,285,299	(73,884,909)		(73,884,909)
Charged/(Credited) to Other Comprehensive Income		23,049,907	23,049,907		(21,163,218)	(21,163,218)
Charged/(Credited) Directly to Equity		(1,164,823)	(1,164,823)		(384,351)	(384,351)
As at Ashadh 31, 2081	126,415,726	(65,007,879)	61,407,847	90,130,427	(86,892,964)	3,237,463

8. Investment in Subsidiaries

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

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Investment in Quoted Subsidiaries

Fig in NPR

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equit Method	Cost	Fair Value	(or) Equit Method
..... 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	(or) Equit Method	Cost	Fair Value	(or) Equit Method
..... 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.	-	-

9. Investment in Associates

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) Equit Method	Cost	Fair Value	(or) Equit 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) Equit Method	Cost	Fair Value	(or) Equit 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	-	-	-	-	-	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Information Relating to Associates

Fig in NPR

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	-	-

10. Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost	5,042,917,363	5,068,807,127
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	377,411,236	304,051,000
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	6,500,000	6,500,000
iv) Fixed Deposits in "A" Class Financial Institutions	3,885,250,000	4,036,000,000
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	635,000,000	594,000,000
vii) Fixed Deposits in "C" Class Financial Institutions	139,000,000	128,500,000
viii) Others (to be Specified)	-	-
Less: Impairment Losses	(243,873)	(243,873)
Investments at FVTOCI	1,360,383,577	1,156,460,116
i) Investment in Equity Instruments (Quoted)	1,127,942,046	336,900,125
ii) Investment in Equity Instruments (Unquoted)	147,653,220	758,606,874
iii) Investment in Mutual Funds	84,788,311	60,953,118
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Investments at FVTPL	-	-
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Total	6,403,300,940	6,225,267,243

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

a) Details of Impairment Losses

Fig in NPR

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 Deposit with "B" Class Financial Institutions	243,873	-
Fixed Deposit with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	243,873	-

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	21,802,840	-
Investment in Bonds (Nepal Government/NRB/Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions	3,456,050,000	3,154,050,000
Fixed Deposit with Infrastructure Banks		
Fixed Deposit with "B" Class Financial Institutions	560,000,000	320,000,000
Fixed Deposit with "C" Class Financial Institutions	132,000,000	70,000,000
Others (to be Specified)		
Total	4,169,852,840	3,544,050,000

c) Information relating to investment in equity instruments

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)	-	-	-	-
Api Power Company Ltd.-39067-Equity Share of Rs 100 Each	8,940,415	7,461,797	5,551,866	3,811,950
Arun Kabeli Power Ltd.-764-Equity Share of Rs 100 Each	66,000	141,340	29,500	85,124
Asian Life Insurance Co. Limited-7673-Equity Share of Rs 100 Each	5,297,614	4,780,279	3,918,537	3,816,402
Barun Hydropower Co. Ltd.-35584-Equity Share of Rs 100 Each	14,276,256	10,532,864	14,276,256	8,860,416
Butwal Power Company Limited-30746-Equity Share of Rs 100 Each	10,020,000	9,531,260	10,020,000	10,161,553
CEDB Hydropower Development Company Limited-21857-Equity Share of Rs 100 Each	22,319,726	25,332,263	1,191,360	1,194,184
Central Finance Co. Ltd.-0-Equity Share of Rs 100 Each	-	-	1,073,824	846,522
Chhimek Laghubitta Bittiya Sanstha Limited-24959-Equity Share of Rs 100 Each	29,365,165	22,463,100	29,365,165	23,770,000
Chilime Hydropower Company Limited-51512-Equity Share of Rs 100 Each	26,980,147	23,953,080	10,019,046	9,235,534
Citizen Investment Trust-7523.75-Equity Share of Rs 100 Each	19,440,112	14,633,694	19,440,112	12,573,691
Dordi Khola Jal Bidyut Company Limited-7-Equity Share of Rs 100 Each	2,159	3,154	2,616,740	2,081,765
Forward Microfinance Laghubitta Bittiya Sanstha Limited-1-Equity Share of Rs 100 Each	1,033	1,413	1,033	1,321
Global IME Bank Limited-58081-Equity Share of Rs 100 Each	13,870,685	11,279,330	7,041,298	4,509,198
Green Development Bank Ltd.-544-Equity Share of Rs 100 Each	52,500	267,104	52,500	166,464

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SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Fig in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Himalayan Bank Limited-24084-Equity Share of Rs 100 Each	7,021,300	4,917,953	7,021,300	5,125,075
Himalayan Distillery Limited-3976-Equity Share of Rs 100 Each	9,306,259	5,502,784	9,306,259	8,126,520
Hydorelectricity Investment and Development Company Ltd-22433-Equity Share of Rs 100 Each	3,088,452	4,015,507	3,088,452	4,127,672
Hydorelectricity Investment and Development Company Ltd-200655-Equity Share of Rs 100 Each	19,727,796	20,667,465	10,040,000	10,537,000
Lumbini Bikas Bank Ltd.-1-Equity Share of Rs 100 Each	-	417	-	413
Manjushree Finance Ltd.-3660-Equity Share of Rs 100 Each	2,082,620	2,206,614	2,082,620	2,013,000
Mero Microfinance Bittiya Sanstha Ltd.-271-Equity Share of Rs 100 Each	10,900	189,700	10,900	179,131
Multipurpose Finance Company Limited-0-Equity Share of Rs 100 Each	-	-	11,732,373	12,323,631
National Hydro Power Company Limited-68387-Equity Share of Rs 100 Each	20,796,121	11,140,242	18,516,521	8,110,639
National Life Insurance Co. Ltd.-10244.12-Equity Share of Rs 100 Each	8,219,095	6,095,251	6,411,349	4,314,405
National Laghubitta Bittiya Sanstha Limited-106-Equity Share of Rs 100 Each	1,900	149,354	1,900	133,868
Nepal Bank Limited-44670-Equity Share of Rs 100 Each	9,887,607	10,251,765	7,152,685	8,333,283
Nepal Finance Ltd.-12909-Equity Share of Rs 100 Each	1,211,900	3,601,611	1,211,900	3,601,611
Nepal Hydro Developers Ltd.-26569-Equity Share of Rs 100 Each	9,008,342	14,187,846	9,008,342	9,361,287
Nepal Infrastructure Bank Limited-43256-Equity Share of Rs 100 Each	16,852,463	9,862,368	10,986,901	4,429,376
Nepal Investment Mega Bank Limited-25092-Equity Share of Rs 100 Each	3,611,127	3,485,279	3,611,127	3,861,659
Nepal Investment Mega Bank Limited-58131-Equity Share of Rs 100 Each	12,063,781	10,178,738	5,741,843	3,814,562
Nepal Life Insurance Co. Ltd.-5768-Equity Share of Rs 100 Each	2,480,925	3,570,392	2,480,925	4,291,392
NIC Asia Bank Ltd.-38700-Equity Share of Rs 100 Each	23,751,138	17,151,840	23,751,138	23,814,000
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited-34286-Equity Share of Rs 100 Each	39,703,532	24,408,203	39,703,532	26,228,790
People's Power Limited-0-Equity Share of Rs 100 Each	-	-	1,448,724	1,245,000
Prabhu Bank Limited-35639-Equity Share of Rs 100 Each	9,748,891	5,834,104	9,748,891	5,794,902
Reliance Finance Ltd.-11340-Equity Share of Rs 100 Each	6,154,302	5,205,060	6,154,302	4,109,063
Reliance Finance Ltd.-98077-Equity Share of Rs 100 Each	6,500,000	20,007,708	6,500,000	19,799,780
Ridi Power Company Limited-1045-Equity Share of Rs 100 Each	310,821	199,073	275,432	169,128
River Falls Power Limited-0-Equity Share of Rs 100 Each	-	-	550,987	500,000
RSDC Laghubitta Bittiya Sanstha Ltd.-134-Equity Share of Rs 100 Each	7,400	92,728	7,400	76,024
Samata Gharelu Laghubitta Bittiya Sanstha Limited-218-Equity Share of Rs 100 Each	254,377	213,858	254,377	145,459
Sanima Bank Limited-32779-Equity Share of Rs 100 Each	7,977,901	9,145,341	7,977,901	7,834,017
Sanima Middle Tamor Hydropower Limited-0-Equity Share of Rs 100 Each	-	-	957,395	849,300
Saptakoshi Development Bank Ltd-3000-Equity Share of Rs 100 Each	780,293	1,290,000	780,293	774,000
Shine Resunga Development Bank Ltd.-170101-Equity Share of Rs 100 Each	73,918,791	68,907,915	72,551,208	57,336,576
Singati Hydro Energy Limited-6820-Equity Share of Rs 100 Each	1,417,820	1,169,630	1,076,820	954,800
Standard Chartered Bank Limited-3837-Equity Share of Rs 100 Each	2,102,700	2,309,874	2,102,700	2,033,994
SuryaJyoti Life Insurance Company Limited-5163-Equity Share of Rs 100 Each	4,130,850	2,219,574	4,130,850	2,856,630
Suryadaya Laghu Bittiya Sanstha -53-Equity Share Of Rs 100 Each	-	-	1,700	38,849
Swarojgar Laghu Bitta Bikas Bank Ltd.-10097-Equity Share of Rs 100 Each	11,494,182	8,592,547	11,494,182	6,568,485
Synergy Power Development Ltd.-5064-Equity Share of Rs 100 Each	1,196,698	1,290,814	61,600	177,321
Union Hydropower Limited-0-Equity Share of Rs 100 Each	-	-	2,227,252	1,795,360
Prime Commercial Bank Ltd.-3966-Equity Share of Rs 100 Each	742,548	879,659	-	-

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SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Fig in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Suryodaya Womi Laghubitta Bittiya Sanstha Limited-62-Equity Share of Rs 100 Each	1,700	58,590	-	-
Chandragiri Hills Limited-3880-Equity Share of Rs 100 Each	5,184,394	3,523,040	-	-
Citizen Life Insurance Company Limited-782-Equity Share of Rs 100 Each	386,900	425,877	-	-
IME Life Insurance Company Limited-8522-Equity Share of Rs 100 Each	4,742,290	3,860,466	-	-
Reliable Nepal Life Insurance Limited-25328-Equity Share of Rs 100 Each	12,643,861	11,600,224	-	-
SHIVAM CEMENTS LTD-2636-Equity Share of Rs 100 Each	1,335,142	1,324,063	-	-
Himalayan Bank Limited-141116-Equity Share of Rs 100 Each	18,508,158	17,639,500	-	-
Jyoti Bikas Bank Limited-1996-Equity Share of Rs 100 Each	635,152	626,744	-	-
Muktinath Bikas Bank Ltd.-17462-Equity Share of Rs 100 Each	6,629,182	6,408,554	-	-
NRN Infrastructure and Development Limited-0-Equity Share of Rs 100 Each	-	-	-	-
Sindhu Bikash Bank Ltd-5333-Equity Share of Rs 100 Each	1,561,308	2,421,182	-	-
Sonapur Minerals And Oil Limited-7000-Equity Share of Rs 100 Each	3,553,052	3,192,700	-	-
Himalayan Reinsurance Limited-29109-Equity Share of Rs 100 Each	19,883,851	16,883,220	-	-
Ngadi Group Power Ltd.-33383-Equity Share of Rs 100 Each	11,138,136	11,383,603	-	-
Sagarmatha Jalabidhyut Company Limited-0-Equity Share of Rs 100 Each	-	-	-	-
Nepal Reinsurance Company Limited-4146892-Equity Share of Rs 100 Each	323,633,600	611,459,225	323,633,600	691,373,215
Investment in Equity Instruments (Quoted) Through Portfolio Manager				
Nepal SBI Capital				
Life Insurance Company Nepal-870-Equity Share of Rs 100 Each	1,188,559	1,251,060		
National Life Insurance Company Limited-851-Equity Share of Rs 100 Each	562,911	506,345		
NIC Asia Bank Limited-1100-Equity Share of Rs 100 Each	583,889	487,520		
Sanima Mai Hydropower Limited-1100-Equity Share of Rs 100 Each	369,367	373,450		
Shivam Cements Limited-7641-Equity Share of Rs 100 Each	3,296,128	3,838,074		
Universal Power Company Limited-3143-Equity Share of Rs 100 Each	778,966	647,772		
Muktinath Capital				
Asian Life Insurance Company Limited-3124-Equity Share of Rs 100 Each	1,874,519	1,946,252		
Garima Bikas Bank Limited-3000-Equity Share of Rs 100 Each	1,154,084	1,155,300		
Ghorahi Cement Industry Ltd.-1000-Equity Share of Rs 100 Each	520,082	496,000		
Mountain Energy Nepal Limited-1500-Equity Share of Rs 100 Each	919,916	895,500		
NIC Asia Bank Limited-3000-Equity Share of Rs 100 Each	1,530,445	1,329,600		
Sanima Reliance Life Insurance Limited-3000-Equity Share of Rs 100 Each	1,395,991	1,417,200		
Shine Resunga Development Bank Limited-1000-Equity Share of Rs 100 Each	401,405	405,100		
Shivam Cements Limited-1000-Equity Share of Rs 100 Each	503,757	502,300		
Sonapur Minerals and Oil Ltd.-1000-Equity Share of Rs 100 Each	458,812	456,100		
Suryajyoti Life Insurance Company Limited-3298-Equity Share of Rs 100 Each	1,605,122	1,417,810		
NIC Asia Capital				
Api Power Company Ltd.-800-Equity Share of Rs 100 Each	146,245	152,800		
Arun Kabeli Power Ltd.-800-Equity Share of Rs 100 Each	143,290	148,000		
Citizen Investment Trust-500-Equity Share of Rs 100 Each	1,057,788	972,500		
Garima Bikas Bank Limited-5000-Equity Share of Rs 100 Each	1,890,496	1,925,500		
Kamana Sewa Bikas Bank Limited-5800-Equity Share of Rs 100 Each	2,174,237	2,412,800		
Mahalaxmi Bikas Bank Limited-4992-Equity Share of Rs 100 Each	1,707,495	1,757,184		
Muktinath Bikas Bank Limited-3000-Equity Share of Rs 100 Each	1,098,104	1,101,000		

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SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Fig in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Prime Commercial Bank Limited-10000-Equity Share of Rs 100 Each	1,936,140	2,218,000		
Investment in Equity Instruments (Unquoted)				
Insurance Inst. Of Nepal (P)	9,403,220	9,403,220	9,403,220	9,403,220
Nepal Insurance Association-Promoter's Share	-	-	2,080,439	2,080,439
Bandipur Cable Car And Tourism(P)	52,500,000	52,500,000	52,500,000	50,000,000
Machhapuchhre Capital Ltd (P)	5,750,000	5,750,000	5,750,000	5,750,000
Appolo Hydropower	10,000,000	10,000,000	-	-
Mewa Developers	70,000,000	70,000,000	-	-
Investment In Mutual Funds (Quoted)				
Citizens Mutual Fund -1-1064806-Equity Share of Rs 100 Each	10,520,905	10,264,730	10,474,759	9,933,664
Global IME Balanced Fund-1-251800-Equity Share of Rs 100 Each	2,515,281	2,291,380	2,500,000	2,335,000
Laxmi Equity Fund-555000-Equity Share of Rs 100 Each	9,678,971	5,255,850	9,678,971	5,322,450
Laxmi Unnati Kosh-649455-Equity Share of Rs 100 Each	6,779,193	5,845,095	6,552,824	5,839,312
Mega Mutual Fund -1-375579-Equity Share of Rs 100 Each	3,286,050	2,899,470	2,745,745	2,405,621
NABIL BALANCED FUND-2-501000-Equity Share of Rs 100 Each	5,008,138	4,509,000	5,000,000	4,400,000
Nabil Equity Fund-56323-Equity Share of Rs 100 Each	563,230	557,598	315,480	340,403
NIBL Pragati Fund-0-Equity Share of Rs 100 Each	-	-	7,690,044	4,636,253
NIC Asia Select Fund 30-158817-Equity Share of Rs 100 Each	1,352,613	1,524,643	829,706	899,000
NMB 50-506000-Equity Share of Rs 100 Each	5,055,914	5,080,240	5,000,000	5,250,000
NMB Hybrid Fund L- 1-0-Equity Share of Rs 100 Each	-	-	563,230	541,264
NMB Sulav Investment Fund - 2-250000-Equity Share of Rs 100 Each	2,500,000	2,515,000	2,500,000	2,497,500
Sanima Equity Fund-1010000-Equity Share of Rs 100 Each	10,100,000	11,019,100	10,100,000	11,918,000
Siddhartha Equity Fund-660285-Equity Share of Rs 100 Each	5,874,153	5,539,791	2,550,000	2,404,650
Sanima Large Cap Fund-260100-Equity Share of Rs 100 Each	2,581,468	2,416,329	2,500,000	2,230,000
Citizens Super 30 Mutual Fund-1000700-Equity Share of Rs 100 Each	10,006,162	10,007,000	-	-
Siddhartha Investment Growth Scheme 3-507900-Equity Share of Rs 100 Each	5,066,418	4,799,655	-	-
NIC Asia Growth Fund 2-1000000-Equity Share of Rs 100 Each	10,000,000	8,200,000	-	-
Himalayan 80-20-110-Equity Share of Rs 100 Each	1,003	1,099	-	-
Kumari Dhanabridhhi Yojana-1700-Equity Share of Rs 100 Each	14,507	16,439	-	-
Kumari Equity Fund-5700-Equity Share of Rs 100 Each	46,246	55,062	-	-
Laxmi Value Fund 2-9780-Equity Share of Rs 100 Each	80,240	90,367	-	-
Nabil Balanced Fund-3-18870-Equity Share of Rs 100 Each	138,720	147,186	-	-
NIBL Growth Fund-34341-Equity Share of Rs 100 Each	278,038	365,388	-	-
NIC Asia Balanced Fund-7000-Equity Share of Rs 100 Each	60,021	67,200	-	-
NIC Asia Flexi CAP Fund-4600-Equity Share of Rs 100 Each	40,756	42,550	-	-
Prabhu Select Fund-43699-Equity Share of Rs 100 Each	376,510	427,813	-	-
RBB Mutual Fund 1-29974-Equity Share of Rs 100 Each	239,469	244,588	-	-
RBB Mutual Fund 2-200-Equity Share of Rs 100 Each	1,689	1,900	-	-
Sunrise Bluechip Fund-22200-Equity Share of Rs 100 Each	176,976	183,594	-	-
Sunrise Focused Equity Fund-10000-Equity Share of Rs 100 Each	80,253	82,400	-	-
Siddhartha Investment Growth Scheme - 2-35600-Equity Share of Rs 100 Each	285,396	337,844	-	-
Total	1,143,690,660	1,360,383,578	867,127,332	1,156,460,116

d) The company has earmarked investments amounting to NPR 386.3 Crore To Nepal Insurance Authority.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Fig in NPR

11. Loans

Particulars	Current Year	Previous Year
Loans measured at Amortised Cost	-	-
Loan to Employees	10,658,216	11,121,779
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	10,658,216	11,121,779

a) Expected repayment of loan within 12 months:

Particulars	Current Year	Previous Year
Loan to Employees	-	-
Others (to be Specified)	-	-
Total	-	-

12. Reinsurance Assets

Fig in NPR

Particulars	Current Year	Previous Year
Reinsurance Assets on:	-	-
Unearned Premium Reserve	1,153,932,899	884,388,365
Unexpired Risk Reserve	-	376,904,592
Earthquake Premium Reserve	-	-
Incurred but not reported (IBNR)	65,051,974	597,984,363
Incurred but not enough reported (IBNER)	377,149,895	-
Outstanding Claims	3,002,280,437	3,641,794,803
Others	-	-
Less: Impairment Losses	-	-
Total	4,598,415,205	5,501,072,122

13. Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurer	435,792,634	518,883,904
Receivable from Other Insurance Companies	695,114,403	659,157,614
Others(to be Specified)	-	-
Less: Impairment Losses	(113,732,384)	(133,040,059)
Total	1,017,174,653	1,045,001,459

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurer	435,792,634	518,883,904
Receivable from Other Insurance Companies	695,114,403	659,157,614
Others(to be Specified)	-	-
Total	1,130,907,037	1,178,041,518

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

14. Other Assets

Fig in NPR

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	1,761,540	1,620,032
Claim Advances	1,243,814,608	575,319,960
Advance To Suppliers	-	-
VAT Receivable	-	915,156
Staff Advances	15,929,161	7,693,876
Printing and Stationary Stocks	-	-
Stamp Stocks	125,159	71,119
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	-	-
Deferred Agent Commission Expenses	17,216,648	15,874,266
Lease Receivables	-	-
Others	117,988,799	43,766,556
Others(Sundry Advances)	6,280,764	90,152,875
Less: Impairment Losses	-	-
Total	1,403,116,678	735,413,839

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

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	1,761,540	1,620,032
Claim Advances	1,243,814,608	575,319,960
Advance To Suppliers	-	-
Staff Advances	15,929,161	7,693,876
VAT Receivable	-	915,156
Printing and Stationary Stocks	-	-
Stamp Stocks	125,159	71,119
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	-	-
Deferred Agent Commission Expenses	17,216,648	15,874,266
Lease Receivables	-	-
Others	-	-
Others(Sundry Advances)	6,280,764	90,152,875
Total	1,285,127,880	691,647,283

15. Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	23,561,859	23,794,606
Accured Interest	31,912,832	34,370,915
Other Receivables	-	-
Other Deposits	-	4,956,507
Sundry Debtors	31,368,788	201,182,670
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	86,843,479	264,304,698

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

a) Expected maturities within 12 months:

Fig in NPR

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accured Interest	31,912,832	34,370,915
Other Receivables	-	-
Other Deposits	-	4,956,507
Sundry Debtors	31,368,788	201,182,670
Other (to be Specified)	-	-
Total	63,281,620	240,510,092

16. Cash and Cash Equivalent

Particulars	Current Year	Previous Year
Cash in Hand	227,706	227,706
Cheque in Hand	-	-
Bank Balances	-	-
i) Balance With "A" Class Financial Institutions	576,729,333	197,428,677
ii) Balance With Infrastructure Banks	-	-
iii) Balance With "B" Class Financial Institutions	90,271,476	33,955,650
iv) Balance With "C" Class Financial Institutions	31,132,533	11,936,446
Less: Impairment Losses	(39,700)	-
Deposit with initial maturity upto 3 months	-	-
Others (to be Specified)	47,679	-
Less: Impairment Losses	-	-
Total	698,369,027	243,548,479

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2080	2,622,638,200	1,333,629,000
Additions during the year	-	-
i) Bonus Share Issue	-	165,370,000
ii) Share Issue	-	-
iii) Share Issue due to merger	-	1,123,639,200
As at Ashadh 31, 2081	2,622,638,200	2,622,638,200
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	2,622,638,200	2,622,638,200

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

(i) Ordinary Shares

Fig in NPR

Particulars	Current Year	Previous Year
Authorised Capital:	-	-
50,000,000 Ordinary Shares of Rs. 100 Each	5,000,000,000	5,000,000,000
Issued Capital:		
26,226,382 Ordinary Shares of Rs. 100 Each.	2,622,638,200	2,622,638,200
Subscribed and Paid Up Capital:		
26,226,382 Ordinary Shares of Rs. 100 Each.	2,622,638,200	2,622,638,200
Total	2,622,638,200	2,622,638,200

(ii) Preference Share Capital

Fig in NPR

Particulars	Current Year	Previous Year
Authorised Capital:	-	-
..... Convertible Preference Shares of Rs. XXX Each	-	-
.....Irredeemable Preference Shares of Rs. XXX Each	-	-
Issued Capital:	-	-
..... Convertible Preference Shares of Rs. XXX Each	-	-
.....Irredeemable Preference Shares of Rs. XXX Each	-	-
Subscribed and Paid Up Capital:	-	-
..... Convertible Preference Shares of Rs. XXX Each	-	-
.....Irredeemable Preference Shares of Rs. XXX 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	3,031,770	3,031,770	11.56%	11.56%
Nepali Citizens	7,346,010	7,346,010	28.01%	28.01%
Foreigners				
Others - Ceylinco Holdings PLC (Formerly Known as Ceylinco Insurance PLC), Sri Lanka	2,997,675	2,997,675	11.43%	11.43%
Total (A)	13,375,455	13,375,455	51.00%	51.00%
Other than Promoters				
General Public	12,850,927	12,850,927	49.00%	49.00%
Others (to be Specified)				
Total (B)	12,850,927	12,850,927	49.00%	49.00%
Total(A+B)	26,226,382	26,226,382	100.00%	100.00%

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

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

Fig in NPR

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Ceylinco Holdings PLC, Srilanka	2,997,458	2,997,458	11.43	11.43
Lumbini Bikas Bank Ltd.	1,107,975	1,107,975	4.22	4.22
Manohar Das Mool	1,084,749	1,084,748	4.14	4.14
Salt Trading Corporation Limited	910,991	910,989	3.47	3.47
Laxmi Sunrise Bank Limited	864,295	864,296	3.30	3.30
Dibya Mani Rajbhandari	827,314	790,314	3.15	3.01
Overseas Trading Company Private Limited	411,421	407,936	1.57	1.56
Suraj Vaidya	400,776	400,776	1.53	1.53
Shanker Ghimire	400,724	381,606	1.53	1.46
Narendra Kumar Agrawal	374,726	374,726	1.43	1.43
Chintamani Bhattarai	350,200	350,199	1.34	1.34
Sanjay Golchha	314,246	183,768	1.20	0.70
Bhajuratna And Company Pvt. Ltd	293,864	293,863	1.12	1.12
Himal And Company Pvt. Ltd	293,864	293,864	1.12	1.12
Jyoti And Company Pvt Ltd	293,864	293,863	1.12	1.12
Ram Krishna Manandhar	293,864	293,862	1.12	1.12
Ashok Kumar Todi	271,818	374,671	1.04	1.43
Arun Raj Shrestha	266,077	266,076	1.01	1.01
Birendra Bajracharya	261,120	261,120	1.00	1.00

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

17 (d) Special Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	2,550,477,445	1,201,098,164
Additions	-	1,349,379,281
Utilizations	-	-
As on Ashadh 31, 2081	2,550,477,445	2,550,477,445

17 (e) Catastrophe Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	167,747,461	118,630,802
Additions	21,234,729	49,116,659
Utilizations	-	-
As on Ashadh 31, 2081	188,982,189	167,747,461

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

17 (f) Retained Earnings

Fig in NPR

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	135,314,068	175,089,548
Net Profit or Loss	460,979,869	331,023,016
Items of OCI recognised directly in retained earnings	-	-
Remeasurement of Post-Employment Benefit Obligations	-	-
Transfer to reserves	-	-
Revaluation Reserves	-	-
Special Reserves	-	(202,453,963)
Capital Reserves	-	-
Catastrophe Reserves	(21,234,728)	(10,122,698)
Corporate Social Responsibility (CSR) Reserves	(4,246,946)	(4,049,079)
Insurance Fund including Insurance Reserves	-	-
Fair Value Reserves	(6,733,118)	(1,281,170)
Actuarial Reserves	-	-
Deferred Tax Reserves	(36,285,299)	59,905,528
Regulatory Reserves	-	3,656,290
Other Reserve(to be specified)	-	-
Transfer of Depreciation on Revaluation of Property and Equipment	-	-
Transfer of Disposal of Revalued Property and Equipment	-	-
Transfer of Disposal of Equity Instruments Measured at FVTOCI	-	-
Transfer on business combination (LGIC Retained Earnings)	-	(38,031,805)
Issue of Bonus Shares	(131,131,910)	(174,073,684)
Transaction costs on issue of Shares	(418,834)	(1,939,405)
Dividend Paid	-	-
Dividend Distribution Tax	-	-
Others (Lease Equalization Fund)	-	-
Adjustment of prior period	7,630,281	(2,408,510)
As on Ashadh 31, 2081	403,873,383	135,314,068

17 (g) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves	-	-
Capital Reserves	-	-
Corporate Social Responsibility (CSR) Reserves	8,049,536	7,098,564
Insurance Fund including Insurance Reserves	-	-
Fair Value Reserves	151,685,052	202,750,249
Actuarial Reserves	-	-
Deferred Tax Reserve	126,415,726	90,130,427
Regulatory Reserve	-	-
Other Reserve(to be specified)	156,141,249	156,141,250
Total	442,291,563	456,120,490

18. Provisions

Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	75,913,354	56,169,372
ii) Provision for Gratuity	3,801,003	4,101,031
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations(to be Specified)	3,068,404	14,574,163
Provision for tax related legal cases	-	-
Provision for non-tax legal cases	579,047	579,047
Others(to be Specified)	371,778	286,778
Others (As prescribed by Beema Pradhikaran)	5,750,000	5,750,000
Total	89,483,586	81,460,391

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

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

Fig in NPR

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	56,169,372	69,737,209	(49,993,228)	-	-	75,913,354
ii) Provision for Gratuity	4,101,031	3,429,506	(3,729,534)	-	-	3,801,003
iii) Termination Benefits	-	-	-	-	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-	-	-	-	-
Provision for tax related legal cases	-	-	-	-	-	-
Provision for non-tax related legal cases	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-

(b) Provision with expected payouts within 12 months

Particulars	Current Year	Previous Year
Provision for employee benefits	-	-
i) Provision for Leave	-	-
ii) Provision for Gratuity	3,801,003	-
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations (to be Specified)	3,068,404	14,574,163
Provision for tax related legal cases	-	-
Provision for non-tax related legal cases	579,047	579,047
Others (to be Specified)	-	-

19. Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Unearned Premium Reserve	2,062,129,742	1,900,978,472
Unexpired Risk Reserve	4,199,791	377,319,094
Earthquake Premium Reserve	15,716,559	-
Margin Over Best Estimates	91,382,031	-
Incurred but not reported (IBNR)	124,612,984	745,304,473
Incurred but not enough reported (IBNER)	497,002,227	-
Outstanding Claims	3,817,252,818	4,375,599,559
Others	-	-
Total	6,612,296,151	7,399,201,598

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

19.1 Gross Insurance Contract Liabilities

a) Gross Insurance Contract Liability

Fig in NPR

Particulars	Line of Business							Total
	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous
As at Shrawan 1, 2080	-	-	-	-	-	-	-	-
Unearned Premium Reserve	469,952,389	878,638,545	82,742,244	212,479,700	7,199,325	40,535,962	74,486,871	134,943,435
Unexpired Risk Reserve	240,183,272	-	-	-	-	137,135,822	-	-
Earthquake Premium Reserve	-	-	-	-	-	-	-	-
Margin Over Best Estimates	-	-	-	-	-	-	-	-
Incurred but not reported (IBNR)	201,152,460	168,986,277	14,197,967	55,019,774	103,870,799	147,423,608	18,116,168	36,537,422
Incurred but not enough reported (IBNER)	-	-	-	-	-	-	-	-
Outstanding Claims	1,341,016,398	832,360,604	51,079,755	366,798,496	692,471,991	982,824,050	36,068,481	4,375,599,560
Others	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2081	2,252,304,518	1,879,985,425	148,019,966	634,297,971	803,542,115	1,307,919,442	128,671,520	244,460,642
Changes during the year								
Unearned Premium Reserve	95,179,198	(95,175,696)	(9,948,281)	47,360,804	(6,902,220)	154,469,139	(20,393,877)	(3,437,796)
Unexpired Risk Reserve	(240,183,272)	-	-	-	-	(132,936,031)	-	-
Earthquake Premium Reserve	14,514,733	-	-	938,535	-	-	-	263,292
Margin Over Best Estimates	26,611,417	56,754,204	2,188,589	2,895,385	13,064	391,006	1,422,475	1,105,890
Incurred but not reported (IBNR)	(136,608,799)	(131,082,924)	(11,456,035)	(47,089,858)	(103,870,799)	(147,061,179)	(15,073,562)	(28,448,334)
Incurred but not enough reported (IBNER)	258,174,643	151,613,409	10,967,730	31,719,666	-	-	12,170,421	497,002,227
Outstanding Claims	(461,631,447)	(72,816,467)	138,146,654	(189,464,672)	(7,787,400)	(16,347,074)	(21,976,878)	73,530,541
Others	-	-	-	-	-	-	-	-
Total changes during the year	(443,943,527)	(90,707,473)	129,898,657	(153,640,140)	(118,547,355)	(141,484,139)	(43,851,422)	75,369,951
As at Ashadh 31, 2081								
Unearned Premium Reserve	565,131,587	783,462,849	72,793,962	259,840,505	297,105	195,005,101	54,092,994	131,505,639
Unexpired Risk Reserve	-	-	-	-	-	4,199,791	-	-
Earthquake Premium Reserve	14,514,733	-	-	938,535	-	-	-	263,292
Margin Over Best Estimates	26,611,417	56,754,204	2,188,589	2,895,385	13,064	391,006	1,422,475	1,105,890
Incurred but not reported (IBNR)	64,543,661	37,903,352	2,741,932	7,929,917	-	362,429	3,042,605	8,089,088
Incurred but not enough reported (IBNER)	258,174,643	151,613,409	10,967,730	31,719,666	-	-	12,170,421	497,002,227
Outstanding Claims	879,384,951	759,544,138	189,226,409	177,333,824	684,684,591	966,476,976	14,091,603	146,510,326
Others	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 31, 2081	1,808,360,992	1,789,277,952	277,918,622	480,657,831	684,994,760	1,166,435,303	84,820,098	319,830,593
								6,612,296,150

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

b) Reinsurance Assets

Fig in NPR

Particulars	Line of Business							Total
	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous
As at Shrawan 1, 2080								
Unearned Premium Reserve	283,512,479	154,697,040	59,945,024	186,332,207	68,481	39,534,167	59,867,178	100,431,790
Unexpired Risk Reserve	240,183,272	-	-	-	-	136,721,320	-	-
Earthquake Premium Reserve	-	-	-	-	-	-	-	-
Incurred but not reported (IBNR)	184,603,212	53,354,487	12,732,766	53,159,631	103,870,799	147,055,048	16,267,695	26,940,724
Incurred but not enough reported (IBNER)	-	-	-	-	-	-	-	-
Outstanding Claims	1,230,688,083	253,817,111	44,448,157	354,397,537	692,471,991	980,366,990	29,340,925	56,264,009
Others	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2080	1,938,987,046	461,868,637	117,125,947	593,889,375	796,411,271	1,303,677,525	105,475,797	183,636,523
Changes during the year								
Unearned Premium Reserve	11,209,943	99,206,716	(56,544,399)	59,065,006	(60,256)	153,884,796	(15,242,125)	18,024,854
Unexpired Risk Reserve	(240,183,272)	-	-	-	-	(136,721,320)	-	-
Earthquake Premium Reserve	-	-	-	-	-	-	-	-
Incurred but not reported (IBNR)	(149,838,457)	(40,160,567)	(11,936,158)	(46,455,625)	(103,870,799)	(147,055,048)	(13,770,385)	(19,845,349)
Incurred but not enough reported (IBNER)	251,779,392	52,775,678	3,186,434	31,037,651	-	-	9,989,238	28,381,502
Outstanding Claims	(592,464,169)	(33,116,610)	134,579,760	(189,783,219)	(7,787,400)	(16,306,206)	(17,659,971)	83,023,450
Others	-	-	-	-	-	-	-	-
Total changes during the year	(719,496,563)	78,705,217	69,285,637	(146,136,187)	(111,718,455)	(146,197,779)	(36,683,243)	109,584,456
As at Ashadh 31, 2081								
Unearned Premium Reserve	294,722,421	253,903,755	3,400,626	245,397,213	8,224	193,418,963	44,625,052	118,456,644
Unexpired Risk Reserve	-	-	-	-	-	-	-	-
Earthquake Premium Reserve	-	-	-	-	-	-	-	-
Incurred but not reported (IBNR)	34,764,756	13,193,919	796,608	6,704,006	-	-	2,497,310	7,095,375
Incurred but not enough reported (IBNER)	251,779,392	52,775,678	3,186,434	31,037,651	-	-	9,989,238	28,381,502
Outstanding Claims	638,223,914	220,700,501	179,027,917	164,614,318	684,684,591	964,060,784	11,680,954	139,287,459
Others	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 31, 2081	1,219,490,483	540,573,854	186,411,584	447,753,188	684,692,815	1,157,479,746	68,792,554	293,220,979
								4,598,415,205

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

19.2 Disclosure of Outstanding claim

Fig in NPR

S.no.	Type of insurance	Outstanding claim for claims intimated during the year (A)	Unclaimed Fund			Total Unclaimed Fund (B)	Gross outstanding claim (A+B)	Reinsurance share (C)	Net Outstanding Claim (A+B-C)
			Outstanding claim for claims intimated during the previous 1 year	Outstanding claim for claims intimated during the previous 2 year	Outstanding claim for claims intimated during the previous 3 year				
1	Property	292,353,125	548,509,043	1,577,664	36,945,119.00	587,031,826.29	879,384,951	638,223,912	241,161,039
2	Motor	561,114,073	145,734,222	32,909,088	19,786,753.93	198,430,064.52	759,544,138	220,700,501	538,843,636
3	Marine	181,480,451	4,045,974	3,318,296	381,689.00	7,745,958.74	189,226,409	179,027,917	10,198,493
4	Engineering	124,973,330	31,493,661	12,350,151	8,516,682.73	52,360,493.94	177,333,824	164,614,318	12,719,506
5	Micro	1,300,000	200,000	174,350,000	508,834,591.00	683,384,591.00	684,684,591	684,684,591	-
6	Aviation	354,285,540	612,191,436	-	-	612,191,436.06	966,476,976	964,060,784	2,416,192
7	Cattle and Crop	13,803,603	-	288,000	-	288,000.00	14,091,603	11,680,954	2,410,649
8	Miscellaneous	56,282,172	8,414,919	1,190,000.00	80,623,235.00	90,228,153.57	146,510,326	139,287,459	7,222,867
Total		56,282,172	1,350,589,255	225,983,198	655,088,071	2,231,660,524	3,817,252,818	3,002,280,436	814,972,382

20. Insurance Payable

Particulars	Current Year	Previous Year
Payable to Reinsurer	1,476,084,291	679,659,058
Payable to Other Insurance Companies	6,516,822	63,888,711
Portfolio Withdrawal Premium	-	-
Withdrawal Claims	-	-
Others (to be Specified)	-	-
Total	1,482,601,113	743,547,768

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurer	1,476,084,291	679,659,058
Payable to Other Insurance Companies	6,516,822	63,888,711
Portfolio Withdrawal Premium	-	-
Withdrawal Claims	-	-
Others (to be Specified)	-	-
Total	1,482,601,113	743,547,768

21. Current Tax Assets/(Liabilities) (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	-	(1,127,087,856)
Income Tax Assets	322,132,187	1,296,849,393
Total	322,132,187	169,761,537

22. Borrowings

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

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Payable within 12 months:

Fig in NPR

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	19,936,624	4,649,089
VAT Payable	56,089,785	44,901,270
Unidentified deposits	41,042,718	41,694,211
Advance Premiums	13,889,627	5,615,002
Insurance Service Fee Payable	35,936,863	10,406,216
Lease Liability	114,783,356	102,948,979
Deferred Reinsurance Commission Income	227,680,707	150,096,366
Deferred Income	-	-
Others(to be specified)	-	-
Total	509,359,681	360,311,133

Payable within 12 months

Particulars	Current Year	Previous Year
TDS Payable	19,936,624	4,649,089
VAT Payable	56,089,785	44,901,270
Unidentified Deposits	41,042,718	41,694,211
Advance Premiums	13,889,627	5,615,002
Insurance Service Fee Payable	35,936,863	10,406,216
Lease Liability	114,783,356	102,948,979
Deferred Reinsurance Commission Income	227,680,707	150,096,366
Deferred Income	-	-
Others(to be specified)	-	-
Total	509,359,681	360,311,133

24 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Insured	-	-
Payable to Agents	10,039,912	8,798,304
Payable to Surveyor	35,513,665	-
Sundry Creditors	72,740,065	138,866,293
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	-	-
ii) Bonus Payables	67,080,119	68,681,958
iii) Other employee benefit payable (to be Specified)	1,594,122	-
Audit Fees Payable	535,000	-
Actuarial Fees Payable	650,000	-
Dividend Payable	24,766,673	70,277
Others (to be specified)	10,884,415	633,074
Total	223,803,970	217,049,907

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

Payable within 12 months

Fig in NPR

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Insured	-	-
Payable to Agents	10,039,912	8,798,304
Payable to Surveyor	35,513,665	-
Sundry Creditors	72,740,065	138,866,293
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	-	-
ii) Bonus Payables	67,080,119	68,681,958
iii) Other employee benefit payable (to be Specified)	1,594,122	-
Audit Fees Payable	535,000	-
Actuarial Fees Payable	650,000	-
Dividend Payable	24,766,673	70,277
Others (to be specified)	10,884,415	633,074
Total	223,803,970	217,049,907

25 Gross Earned Premiums

Particulars	Direct Premiums		Premium on Reinsurance Accepted		Gross Change in Unearned Premium		Gross Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	1,178,321,840	796,535,200	-	-	103,877,924	(914,087)	1,282,199,763	795,621,113
Motor	1,658,979,349	1,329,607,533	53,953,902	187,260,580	38,421,491	117,767,806	1,751,354,743	1,634,635,919
Marine	208,862,426	179,265,804	-	-	7,759,693	51,455,538	216,622,119	230,721,343
Engineering	635,325,800	370,463,449	150,391	-	(51,194,724)	(17,115,801)	584,281,467	353,347,647
Micro	657,310	10,912,330	-	-	6,889,157	(3,926,636)	7,546,467	6,985,693
Aviation	603,371,824	174,578,421	-	-	(21,924,114)	(315,624,833)	581,447,710	(141,046,411)
Cattle and Crop	112,713,590	110,585,669	-	-	18,971,402	17,274,791	131,684,993	127,860,460
Miscellaneous	336,630,803	250,590,772	-	-	2,068,614	(10,236,674)	338,699,418	240,354,099
Total	4,734,862,942	3,222,539,178	54,104,293	187,260,580	104,869,444	(161,319,895)	4,893,836,679	3,248,479,863

25.1 Direct Premiums

Particulars	New Business Premium		Renewal Premium		Co-Insurance Premium		Total Direct Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	517,796,865	303,033,218	543,510,442	430,178,058	117,014,533	63,323,924	1,178,321,840	796,535,200
Motor	997,168,287	710,605,311	660,305,891	618,151,990	1,505,171	850,232	1,658,979,349	1,329,607,533
Marine	183,083,169	152,364,740	-	-	25,779,257	26,901,064	208,862,426	179,265,804
Engineering	441,872,474	310,467,487	135,793,241	45,219,740	57,660,085	14,776,221	635,325,800	370,463,449
Micro	349,194	10,912,330	308,116	-	-	-	657,310	10,912,330
Aviation	506,465,549	174,552,298	-	26,123	96,906,274	-	603,371,824	174,578,421
Cattle and Crop	112,713,590	110,572,865	-	12,804	-	-	112,713,590	110,585,669
Miscellaneous	254,292,507	201,703,251	78,091,474	45,382,265	4,246,822	3,505,257	336,630,803	250,590,772
Total	3,013,741,636	1,974,211,499	1,418,009,164	1,138,970,981	303,112,142	109,356,698	4,734,862,942	3,222,539,178

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

26 Premiums Ceded

Fig in NPR

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned Premiums		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	637,503,689	492,113,537	228,973,329	(10,963,668)	866,477,018	481,149,869
Motor	653,815,064	412,946,702	(99,206,716)	92,042,772	554,608,348	504,989,474
Marine	152,837,998	138,654,557	56,544,399	19,342,119	209,382,397	157,996,675
Engineering	617,520,300	327,123,539	(59,065,006)	(1,838,431)	558,455,295	325,285,109
Micro	79,549	1,682,405	60,256	(68,481)	139,805	1,613,924
Aviation	600,199,547	173,654,537	(17,163,476)	(315,051,054)	583,036,072	(141,396,517)
Cattle and Crop	93,777,707	90,680,250	15,242,125	12,791,788	109,019,832	103,472,038
Miscellaneous	310,532,814	219,420,760	(18,024,854)	(8,187,543)	292,507,960	211,233,217
Total	3,066,266,669	1,856,276,286	107,360,058	(211,932,498)	3,173,626,727	1,644,343,788

26.1 Portfolio-wise detail of Net Earned Premiums

Particulars	Gross Earned Premiums		Premium Ceded		Net Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	1,282,199,763	795,621,113	866,477,018	481,149,869	415,722,746	314,471,244
Motor	1,751,354,743	1,634,635,919	554,608,348	504,989,474	1,196,746,395	1,129,646,445
Marine	216,622,119	230,721,343	209,382,397	157,996,675	7,239,722	72,724,667
Engineering	584,281,467	353,347,647	558,455,295	325,285,109	25,826,172	28,062,539
Micro	7,546,467	6,985,693	139,805	1,613,924	7,406,662	5,371,770
Aviation	581,447,710	(141,046,411)	583,036,072	(141,396,517)	(1,588,361)	350,106
Cattle and Crop	131,684,993	127,860,460	109,019,832	103,472,038	22,665,160	24,388,422
Miscellaneous	338,699,418	240,354,099	292,507,960	211,233,217	46,191,458	29,120,882
Total	4,893,836,679	3,248,479,863	3,173,626,727	1,644,343,788	1,720,209,952	1,604,136,075

27 Commission Income

Particulars	Reinsurance Commission Income		Deferred Commission Income		Profit Commission		Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	150,231,353	101,813,802	(25,167,032)	20,504,903	28,135,409	-	153,199,730	122,318,705
Motor	120,404,723	49,915,324	(33,215,038)	38,282,410	2,507,291	3,820,810	89,696,976	92,018,545
Marine	45,908,488	43,636,771	1,963,496	11,142,223	1,580,404	4,059,605	49,452,388	58,838,600
Engineering	99,009,464	66,892,718	(12,887,146)	8,478,466	17,517,195	10,888,996	103,639,514	86,260,180
Micro	11,932	-	(5,393)	-	11,813	-	18,352	-
Aviation	5,382,834	1,635,219	(1,525,486)	780,500	-	-	3,857,348	2,415,719
Cattle and Crop	14,246,998	16,254,580	616,165	2,383,892	5,302,047	6,583,443	20,165,210	25,221,915
Miscellaneous	90,850,703	72,085,371	(7,363,907)	4,261,922	2,499,780	9,424,157	85,986,576	85,771,451
Total	526,046,495	352,233,785	(77,584,341)	85,834,317	57,553,939	34,777,012	506,016,093	472,845,114

28 Other Direct Income

Particulars	Direct Income		Other(to be Specified)		Total Other Direct Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	-	-	-	-	-	-
Motor	31,954,512	23,243,158	-	-	31,954,512	23,243,158
Marine	42,350	69,386	-	-	42,350	69,386
Engineering	-	-	-	-	-	-
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	-	-	-	-	-	-
Miscellaneous	1,277,663	1,301,982	-	-	1,277,663	1,301,982
Total	33,274,526	24,614,527	-	-	33,274,526	24,614,527

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

29 Income from Investments & Loans

Fig in NPR

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs	-	-
i) Fixed Deposit with "A" Class Financial Institutions	345,544,026	283,603,875
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	58,175,018	46,081,078
iv) Fixed Deposit with "C" Class Financial Institutions	12,807,474	9,149,882
v) Debentures	34,417,659	26,203,924
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	295,400	-
vii) Bank Deposits other than Fixed Deposit	5,335,235	8,646,121
xiii) Employee Loans	-	-
ix) Other Interest Income (to be Specified)	-	-
Financial Assets Measured at FVTOCI	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	8,944,906	4,485,158
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	14,400,567	13,710,254
Others(to be Specified)	-	-
Total	479,920,286	391,880,292

30 Net Gain/ (Loss) on Fair Value Changes

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL	-	-
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Others (to be specified)	-	-
Changes in Fair Value on Investment Properties	-	-
Changes in Fair Value on Hedged Items in Fair Value Hedges	-	-
Changes in Fair Value on Hedging Instruments in Fair Value Hedges	-	-
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)	-	-
Realised Gain/(Losses) on Derecognition of Financial Assets at FVTOCI	-	-
i) Equity Instruments	24,275,841	3,432,444
ii) Mutual Fund	2,541,949	-
iii) Others (to be specified)	-	-
Total	26,817,790	3,432,444

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

32 Other Income

Fig in NPR

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loan	-	-
ii) Bonds	-	-
iii) Others (to be Specified)	-	-
Foreign Exchange Income	-	-
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property and Equipment	917,682	773,118
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Miscellaneous income)	5,108,526	370,523
Total	6,026,208	1,143,642

33 Gross Claims Paid and Claims Ceded

Particulars	Gross Claims Paid		Claims Ceded		Net Claims Paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	592,301,949	440,806,101	428,267,832	298,216,198	164,034,118	142,589,904
Motor	1,308,549,370	1,260,994,638	372,405,607	304,003,128	936,143,763	956,991,510
Marine	87,124,330	127,108,074	66,078,240	106,760,201	21,046,090	20,347,873
Engineering	193,546,332	142,800,256	179,836,413	135,609,780	13,709,920	7,190,476
Micro	1,561,967	141,212,089	188,917	140,203,736	1,373,051	1,008,353
Aviation	353,743,367	46,088,000	352,859,008	45,972,780	884,358	115,220
Cattle and Crop	112,663,951	107,717,667	92,573,749	84,968,307	20,090,202	22,749,361
Miscellaneous	183,801,346	120,024,388	158,374,484	98,151,148	25,426,862	21,873,239
Total	2,833,292,614	2,386,751,213	1,650,584,250	1,213,885,278	1,182,708,364	1,172,865,935

33.1 Details of Gross Claim Paid

Particulars	Claim Paid		Survey Fees		Total Claims Paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	567,490,637	425,938,773	24,811,313	14,867,328	592,301,949	440,806,101
Motor	1,277,352,354	1,226,657,656	31,197,016	34,336,982	1,308,549,370	1,260,994,638
Marine	82,295,275	120,954,220	4,829,055	6,153,854	87,124,330	127,108,074
Engineering	176,307,806	132,644,186	17,238,527	10,156,070	193,546,332	142,800,256
Micro	1,328,941	141,014,673	233,026	197,416	1,561,967	141,212,089
Aviation	348,504,456	46,088,000	5,238,911	-	353,743,367	46,088,000
Cattle and Crop	112,227,827	107,380,312	436,124	337,355	112,663,951	107,717,667
Miscellaneous	182,955,369	119,729,149	845,977	295,239	183,801,346	120,024,388
Total	2,748,462,665	2,320,406,969	84,829,949	66,344,244	2,833,292,614	2,386,751,213

34 Change in Insurance Contract Liabilities

Particulars	Gross Change in Insurance Contract Liabilities		Change in Reinsurance Assets		Net Change in Insurance Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	(340,065,603)	845,510,071	(490,523,234)	888,150,573	150,457,631	(42,640,502)
Motor	(52,285,982)	94,880,426	(20,501,499)	46,003,869	(31,784,483)	48,876,557
Marine	137,658,349	(33,120,156)	125,830,036	(25,668,607)	11,828,314	(7,451,549)
Engineering	(204,834,864)	150,865,570	(205,201,193)	152,598,394	366,329	(1,732,825)
Micro	(111,658,199)	(137,132,868)	(111,658,199)	(131,661,306)	-	(5,471,562)
Aviation	(163,408,253)	1,129,785,876	(163,361,255)	1,126,961,411	(46,998)	2,824,465
Cattle and Crop	(24,880,020)	6,487,777	(21,441,118)	7,782,536	(3,438,902)	(1,294,760)
Miscellaneous	77,438,565	(26,295,067)	91,559,603	(42,355,444)	(14,121,037)	16,060,378
Total	(682,036,004)	2,030,981,628	(795,296,859)	2,021,811,426	113,260,855	9,170,202

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

35 Commission Expenses

Fig in NPR

Particulars	Commission Expenses on Direct Premiums		Commission Expenses on Premium on Reinsurance Accepted		Deferred Commission Expenses		Total Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	7,892,724	9,953,601			798,201	2,229,838	8,690,926	12,183,440
Motor	12,541,548	13,938,405			366,765	(3,248,219)	12,908,313	10,690,186
Marine	1,836,782	1,439,664			(47,505)	1,409,243	1,789,277	2,848,907
Engineering	8,933,040	4,265,063			(1,893,066)	8,075,721	7,039,974	12,340,784
Micro	14,836	994,652			442,415	(449,121)	457,251	545,531
Aviation	-	-			-	919,896	-	919,896
Cattle and Crop	1,516,492	764,073			(377,423)	1,795,732	1,139,069	2,559,805
Miscellaneous	6,828,773	5,217,710			(631,768)	(480,494)	6,197,006	4,737,216
Total	39,564,197	36,573,168	-	-	(1,342,382)	10,252,597	38,221,816	46,825,765

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
Property	8,837,414	6,609,270	4,781,276	4,273,598	4,056,137	2,335,672
Motor	12,846,999	12,511,831	4,903,613	3,496,615	7,943,386	9,015,216
Marine	1,566,468	1,516,671	1,146,285	1,246,061	420,183	270,610
Engineering	4,766,071	2,970,673	4,631,402	2,708,472	134,669	262,201
Micro	4,930	90,193	597	12,618	4,333	77,575
Aviation	4,525,289	1,403,858	4,501,497	1,399,048	23,792	4,810
Cattle and Crop	845,352	904,648	703,333	733,365	142,019	171,283
Miscellaneous	2,524,731	2,058,964	2,328,996	1,849,804	195,735	209,160
Total	35,917,254	28,066,108	22,996,999	15,719,581	12,920,256	12,346,527

Note: Service fee is calculated on the basis of gross written premium.

37 Other Direct Expenses

Particulars	Direct Expenses		Other(to be Specified)		Total Other Direct Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	-	-	-	-	-	-
Motor	444,349	1,201,440	-	-	444,349	1,201,440
Marine	-	-	-	-	-	-
Engineering	12,867	-	-	-	12,867	-
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	6,744,841	5,396,285	-	-	6,744,841	5,396,285
Miscellaneous	-	-	-	-	-	-
Total	7,202,057	6,597,725	-	-	7,202,057	6,597,725

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

38 Employee Benefits Expenses

Fig in NPR

Particulars	Current Year	Previous Year
Salaries	233,573,551	151,000,011
Allowances	140,994,391	94,723,734
Festival Allowances	28,139,804	10,104,608
Defined Benefit Plans	-	-
i) Gratuity	3,878,656	3,613,841
ii) Others (to be Specified)	-	-
Defined Contribution Plans	-	-
i) Provident Fund/ Social Security Fund	42,543,855	27,981,780
ii) Others (to be specified)	-	-
Leave Encashments	66,660,931	24,161,054
Termination Benefits	5,498,355	-
Training Expenses	9,947,643	4,196,850
Uniform Expenses	2,300	3,509,650
Medical Expenses	-	9,886,836
Insurance Expenses	5,639,106	594,054
Staff Welfare Expenses	-	-
Others(Wages to Temporary Staffs and Sweeper)	4,048,981	2,570,048
Sub Total	540,927,572	332,342,467
Employees Bonus	67,080,119	65,419,312
Total	608,007,691	397,761,780

39 Depreciation and Amortization Expenses

Particulars	Current Year	Previous Year
Amortization of goodwill & Intangible Assets (Refer Note. 4)	408,580	140,396
Depreciation on Property and Equipment(Refer Note.5)	45,895,791	33,773,430
Depreciation on Investment Properties (Refer Note. 6)	661,646	696,469
Total	46,966,017	34,610,295

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property and Equipment, Investment Properties and 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	76,787	(2,431,071)
iv)Cash and Cash Equivalents	39,700	-
v) Others (to be Specified)	-	-
Impairment Losses on Other Assets	-	-
i) Reinsurance Assets	-	-
ii) Insurance Receivables	(3,701,919)	78,763,826
iii) Lease Receivables	-	-
iv) Others (to be Specified)	-	-
Total	(3,585,431)	76,332,755

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

41 Other Operating Expenses

Fig in NPR

Particulars	Current Year	Previous Year
Rent Expenses	-	-
Electricity and Water	6,525,749	5,173,190
Repair & Maintenance	-	-
i) Building	-	-
ii) Vehicle	1,719,340	1,616,903
iii) Office Equipments	3,297,743	4,527,183
iv) Others(to be Specified)	-	-
Telephone & Communication	9,497,707	9,268,111
Printing & Stationary	11,932,380	11,155,522
Office Consumable Expenses	11,945,896	10,114,315
Travelling Expenses	-	-
i) Domestic	31,031,689	23,703,469
ii) Foreign	2,437,311	1,409,024
Transpotation & Fuel Expenses	-	-
Agent Training	131,984	138,743
Other Agent Expenses	-	-
Insurance Premium	1,386,157	996,375
Security & Outsourcing Expenes	1,519,700	1,026,000
Legal and Consulting Expenses	2,432,272	5,036,029
Newspapers, Books and Periodicals	164,207	148,573
Advertisement & Promotion Expenses	7,035,698	15,852,424
Business Promotion	1,870,609	3,362,437
Guest Entertainment	16,842,264	12,791,704
Gift and Donations	77,000	86,000
Board Meeting Fees and Expenses	-	-
i) Meeting Allowances	1,404,000	1,356,000
ii) Other Allowances	1,044,000	828,000
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	830,000	512,000
ii) Other Allowances	-	-
General Meeting Expenses	744,360	395,015
Actuarial Service Fee	650,000	-
Other Actuarial Expenses	-	-
Audit Related Expenses	-	-
i) Statutory Audit	375,000	375,000
ii) Tax Audit	-	-
iii) Long Form Audit Report	-	-
iv) Other Fees	85,000	85,000
v) Internal Audit	400,000	400,000
vi) Others(Audit expense)	561,775	567,874
Bank Charges	2,668,708	1,381,860
Fee and Charges	3,467,172	3,697,907
Postage Charges	1,400,167	1,581,233
Foreign Exchange Losses	1,206,504	2,472,382
Fines and Penalties	207,492	231,157
Others (to be Specified)	-	-
i) Other direct expense related with insurance business	-	-
ii) Revenue Stamp	2,987,930	2,302,680
iii) Office expense	1,728,017	1,950,805
iv) Computer expense	5,158,820	4,400,115
v) VAT expense	1,531,561	2,299,251
vi) Penalty	-	-
vii) Seminar expense	1,527,719	573,121
viii) Subscription and membership fees	421,580	424,220
ix) Miscellaneous expense	5,373,251	11,352,287
x) SMS credit expense	266,376	364,647
xi) Low Cost Durable Item	407,209	222,426
xii) Generator expense	33,400	70,600
Total	144,327,746	144,249,583

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements

42 Finance Cost

Fig in NPR

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	14,631,672	8,517,715
Interest Expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	14,631,672	8,517,715

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax	-	-
i) Income Tax Expenses for the Year	182,909,243	183,865,887
ii) Income Tax Relating to Prior Periods	-	-
Deferred Tax For The Year	-	-
i) Originating and reversal of temporary differences	(36,285,299)	73,884,909
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	146,623,944	257,750,796

(b) Reconciliation of Taxable Profit & the Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	607,603,813	588,773,812
Income Tax Expense	30%	30%
Average Effective Tax Rate	182,281,144	176,632,144
Less: Tax effect of expenses that are not deductible for tax purpose	3,131,062	8,343,817
Add: Tax effect on exempt income and additional deduction	(2,502,963)	(1,110,073)
Add: Adjustments to Current Tax for Prior Periods	-	-
Add/ (Less): Others(to be Specified)	-	-
i) NFRS Profit & NAS Profit Difference	-	-
ii) Originating and reversal of temporary differences	(36,285,299)	73,884,909
Income Tax Expenses	146,623,944	257,750,796
Effective Tax Rate	24.13%	43.78%

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashad 31, 2081 (Jul 15, 2024) the company has recognised an amount of NPR. 42,543,855 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. The company has run Leave Encashment Plan only as defined benefit plan during the reporting period. Scheme for gratuity has been changed to defined contribution and necessary adjustment has been made accordingly.

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

Fig in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	2,838,312	2,332,678		
Past service cost	-	-		
Net interest cost (a-b)	4,637,356	4,352,966	-	-
a. Interest expense on defined benefit obligation (DBO)	7,019,984	5,166,758		
b. Interest (income) on plan assets	(2,382,628)	(813,792)		
C Net actuarial loss/(gain)	18,569,067	17,170,298		
Defined benefit cost included in Statement of Profit or Loss	26,044,735	23,855,942	-	-

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	-	-	-	-
c. Return on plan assets (greater)/ less than discount rate	-	-	-	-
Total actuarial (gain)/ loss included in OCI	-	-	-	-

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	-	-	-	-
Remeasurements effects recognised in OCI	-	-	-	-
Total cost recognised in Comprehensive Income	-	-	-	-

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	85,738,427	40,347,068		
Business Combination (Transfer From LGIC)	-	25,714,593		
Service cost	2,838,312	2,332,678		
Interest cost	7,019,984	5,166,758		
Benefit payments from plan assets	(9,377,031)	(6,572,588)		
Transfer of scheme				
Actuarial (gain)/ loss - financial assumptions	18,103,501	12,908,226		
Actuarial (gain)/ Loss - experience	-	5,841,692		
Defined Benefit Obligation as at Year End	104,323,193	85,738,427	-	-

Note : Additional Liability booked over the liability calculated at the date of change of scheme has been charged to actuarial reserve and profit and loss proportionately.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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	29,569,055	-		
Interest Income				
Expected return on plan assets	2,382,628	813,792		
Employer contributions	-	-		
Participant contributions				
Benefit payments from plan assets	(3,076,278)	(1,546,430)		
Transfer in/ transfer out	-	28,722,073		
Actuarial gain/ (loss) on plan assets	(465,566)	1,579,620		
Fair value of Plan Assets as at Year End	28,409,839	29,569,055	-	-

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	104,323,193	85,738,427		
Fair Value of Plan Assets	(28,409,839)	(29,569,055)		
Liability/ (Asset) Recognised in Statement of Financial Position	75,913,354	56,169,372		-

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	-	-	-	-

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 year end	56,169,372	40,347,068		
Defined benefit cost included in Statement of Profit or Loss	26,044,735	23,855,942		
Total remeasurements included in OCI	-	-		
Transfer in/ transfer out	-	(3,007,480)		
Acquisition/ divestment	-	-		
Employer contributions	(6,300,753)	(5,026,158)		
Net defined benefit liability/ (asset)	75,913,354	56,169,372	-	-

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	-	-		
Total remeasurements included in OCI	-	-		
Cumulative OCI - (Income)/Loss	-	-	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	12,844,071	10,643,993.00		
Non - Current Liability(Net) of Plan Assets	91,479,122	75,094,435		
Total	104,323,193	85,738,428	-	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

m) Expected Future Benefit Payments

Fig in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	13,935,817	11,548,732		
Between 1-2 years	11,889,328	11,735,229		
Between 2-5 years	35,013,569	29,436,045		
From 6 to 10	48,243,065	40,970,889		
Total	109,081,779	93,690,895	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
	(% Invested)	(% Invested)	(% Invested)	(% Invested)
Government Securities (Central and State)	-			
Corporate Bonds (including Public Sector bonds)	-			
Mutual Funds	-			
Deposits	-			
Cash and bank balances	-			
Retirement Fund	-	-		
Others (to be Specified)	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 0.5% Increase in Discount Rate	100,997,840	8,00,95,218		-
Effect in Defined Benefit Obligation Due to 0.5% Decrease in Discount Rate	107,867,458	9,21,63,974		-
Effect in Defined Benefit Obligation Due to 0.5% Increase in Salary Escalation Rate	10,75,57,079	9,11,80,667		-
Effect in Defined Benefit Obligation Due to 0.5% Decrease in Salary Escalation Rate	10,12,57,667	8,08,54,560		-
Effect in Defined Benefit Obligation Due to 0.5% Increase in withdrawal Rate	10,40,03,010	8,52,02,622		-
Effect in Defined Benefit Obligation Due to 0.5% Decrease in Attrition Rate	10,46,63,339	8,63,43,660		-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	8.5%	-
Escalation Rate (Rate of Increase in Compensation Levels)	10%	-
Attrition Rate (Employee Turnover)	12%	-
Mortality Rate During Employment	Nepali Assured Lives Mortality (2009)	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

45 Fair Value Measurements

Fig in NPR

(i) Financial Instruments by Category & Hierarchy

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

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments	1/3	-	1,275,595,266	-	-	1,095,506,999	-
ii) Investment in Mutual Funds	1	-	84,788,311	-	-	60,953,118	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures		-	-	377,411,236	-	-	304,051,000
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		-	-	6,500,000	-	-	6,500,000
vi) Fixed Deposits		-	-	4,659,250,000	-	-	4,758,500,000
vii) Others (to be specified)		-	-	-	-	-	-
Loans		-	-	-	-	-	-
Other Financial Assets		-	-	86,843,479	-	-	264,304,698
Cash and Cash Equivalents		-	-	698,369,027	-	-	243,548,479
Total Financial Assets		-	1,360,383,577	5,828,373,742	-	1,156,460,116	5,576,904,177
Borrowings							
Other Financial Liabilities		-	-	1,706,405,083	-	-	960,597,675
Total Financial Liabilities		-	-	1,706,405,083	-	-	960,597,675

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments.
- Fair Value of remaining financial instruments is determined using either discounted cash flow analysis or Net-worth basis. (where direct data from market is unavailable)

(iii) Valuation Process

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Valuation processes and results are reviewed 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.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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

Fig in NPR

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	377,411,236	377,411,236	304,051,000	304,051,000
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)				-
iv) Fixed Deposit	4,659,250,000	4,659,250,000	4,758,500,000	4,758,500,000
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Employees	-	-	-	-
ii) Others (to be Specified)	-	-	-	-
Other Financial Assets including Cash	785,212,507	785,212,507	507,853,177	507,853,177
Total Financial Assets at Amortised Cost	5,821,873,742	5,821,873,742	5,570,404,177	5,570,404,177
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	1,706,405,083	1,706,405,083	960,597,675	960,597,675
Total Financial Liabilities at Amortised Cost	1,706,405,083	1,706,405,083	960,597,675	960,597,675

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 includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business 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
- Reinsurance
- Claims Handling
- Reserving

a) Product development:

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

- Property
- Motor
- Marine
- Engineering
- Micro
- Aviation
- Cattle and Crop
- Miscellaneous

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

The significant risks arising under the Non-Life Insurance portfolio emanates from changes in the climate leading to natural disasters, behavioral trends of people due to changing life styles, the steady escalation of costs in respect of spares in the auto industry's.

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

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

b) Pricing:

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

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

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

c) Underwriting:

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

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

d) 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.

e) Claims handling:

Some of the actions undertaken to mitigate claims risks is detailed below:

- i) Claims are assessed immediately,
- ii) Assessments are carried out by in-house as well as independent assessors / loss adjustors working throughout,
- iii) The service of a qualified independent actuary is obtained annually to assess the adequacy of reserves,
- iv) Post-underwriting reviews are conducted to ensure that set guidelines have been observed,
- v) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers.

Sensitivities

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

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

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

Particulars	Land	Current Year				Previous Year			
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax
Average Claim Cost	+ 10%	-	-	-	-	-	-	-	-
Average Number of Claims	+ 10%	-	-	-	-	-	-	-	-
Average Claim Cost	- 10%	-	-	-	-	-	-	-	-
Average Number of Claims	- 10%	-	-	-	-	-	-	-	-

Claim development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive incident year at each reporting date, together with cumulative payments to date.

Gross outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year						2,757,917,212	2,757,917,212
One year later					2,685,465,491		2,685,465,491
Two year later				391,488,906			391,488,906
Three year later			622,712,779				622,712,779
Four year later		15,309,620					15,309,620
More than Four years	177,651,423						177,651,423
Current estimate of cumulative claims	177,651,423	15,309,620	622,712,779	391,488,906	2,685,465,491	2,757,917,212	6,650,545,432
At end of incident year						1,172,324,918	1,172,324,918
One year later					1,334,876,236		1,334,876,236
Two year later				165,505,708			165,505,708
Three year later			79,062,043				79,062,043
Four year later		7,993,939					7,993,939
More than Four years	73,529,770						73,529,770
Cumulative payments to date	73,529,770	7,993,939	79,062,043	165,505,708	1,334,876,236	1,172,324,918	2,833,292,614
Gross outstanding claim provision	104,121,653	7,315,682	543,650,736	225,983,198	1,350,589,255	1,585,592,294	3,817,252,818

Net outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year						1,253,703,219	1,253,703,219
One year later					559,132,606		559,132,606
Two year later				108,439,316			108,439,316
Three year later			35,615,377				35,615,377
Four year later		7,624,545					7,624,545
More than Four years	33,165,682						33,165,682
Current estimate of cumulative claims	33,165,682	7,624,545	35,615,377	108,439,316	559,132,606	1,253,703,219	1,997,680,746
At end of incident year						654,878,688	654,878,688
One year later					410,822,002		410,822,002
Two year later				82,434,681			82,434,681
Three year later			16,150,322				16,150,322
Four year later		5,480,676					5,480,676
More than Four years	12,941,995						12,941,995
Cumulative payments to date	12,941,995	5,480,676	16,150,322	82,434,681	410,822,002	654,878,688	1,182,708,364
Net outstanding claim provision	20,223,687	2,143,869	19,465,056	26,004,635	148,310,604	598,824,531	814,972,382

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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:

Fig in NPR

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Property	1,808,360,992	1,219,490,483	588,870,509	2,252,304,518	1,938,987,046	313,317,473
Motor	1,789,277,952	540,573,854	1,248,704,099	1,879,985,425	461,868,637	1,418,116,788
Marine	277,918,622	186,411,584	91,507,038	148,019,966	117,125,947	30,894,018
Engineering	480,657,831	447,753,188	32,904,643	634,297,971	593,889,375	40,408,596
Micro	684,994,760	684,692,815	301,944	803,542,115	796,411,271	7,130,845
Aviation	1,166,435,303	1,157,479,746	8,955,557	1,307,919,442	1,303,677,525	4,241,917
Cattle and Crop	84,820,098	68,792,554	16,027,544	128,671,520	105,475,797	23,195,723
Miscellaneous	319,830,593	293,220,979	26,609,613	244,460,642	183,636,523	60,824,118
Total	6,612,296,151	4,598,415,205	2,013,880,947	7,399,201,599	5,501,072,122	1,898,129,477

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/ 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.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashad 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	Fixed Deposit	4,659,250,000	0%	-	4,659,250,000
	Debenture	377,411,236	0%	-	377,411,236
	Other Financial assets	86,843,479	0%	-	86,843,479
Credit Risk has significantly increased and not credit impaired	-	-	-	-	-
Credit Risk has significantly increased and credit impaired	-	-	-	-	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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

Fig in NPR

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	Fixed Deposit	4,758,500,000	0%	-	4,758,500,000
	Debenture	304,051,000	0%	-	304,051,000
	Other Financial assets	264,304,698	0%	-	264,304,698
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at 12 months expected credit losses	-	-	-	-
Credit Risk has significantly increased and credit impaired	Loss allowance measured at li fe-time expected credit losses	-	-	-	-

Reconciliation of Loss Allowance Provision

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

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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.

Maturity of Financial Liabilities/Maturity of Financial Assets

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities/Financial Assets.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Borrowings	-	-	-	-	-	-
Other Financial Liabilities	1,706,405,083	-	-	274,271,163	-	-
Other Financial Assets	1,104,018,132	-	-	651,924,557	-	-

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 does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments. The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

b1) Interest Rate Risk

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

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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 has invested in equity securities and the exposure is equity securities price risk from investments held by the Company and classified in the statement of financial position as fair value through OCI/ fair value through profit or loss.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI/ profit or loss 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
Equity Index - Increase By 1%	-	-
Equity Index - Decrease By 1%	-	-

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 Related Risk

Climate Risk Policy has been developed by SALICO.

Assessing the climate change risk of a general insurance company requires a slightly different set of metrics and indicators than for other types of companies. Here are some key metrics and indicators to consider:

- i. **Catastrophe risk exposure:** This measures the extent to which the insurance company's underwriting portfolio is exposed to catastrophic events such as floods, hurricanes, wildfires, and droughts. These events are likely to become more frequent and severe due to climate change, and can lead to significant losses for insurance companies.
- ii. **Geographic concentration:** This measures the extent to which the insurance company's underwriting portfolio is concentrated in regions that are particularly vulnerable to climate change, such as coastal areas, regions prone to wildfires, and areas with high exposure to flooding.
- iii. **Climate change scenario analysis:** This involves modeling the potential impacts of different climate change scenarios on the insurance company's underwriting portfolio, including the frequency and severity of claims related to climate events.
- iv. **Risk management policies:** This measures the insurance company's policies and procedures for managing climate-related risks, including the use of risk transfer mechanisms such as reinsurance, and the development of products and services that help customers manage their own climate-related risks.
- v. **Disclosures and reporting:** This measures the extent to which the insurance company discloses its exposure to climate-related risks and its plans for managing those risks, as well as its progress in reducing its own carbon footprint.
- vi. **Investment portfolio:** This measures the extent to which the insurance company's investment portfolio is aligned with a low-carbon future, and whether the company is investing in companies and sectors that are particularly vulnerable to climate change.
- vii. **Regulatory risks:** This measures the potential impact of current and future regulations related to climate change on the insurance company's operations and financial performance, including the impact of carbon pricing mechanisms. Overall, assessing the climate change risk of a general insurance company involves a thorough analysis of its underwriting portfolio, risk management policies, investment portfolio, and disclosures and reporting, as well as an understanding of the regulatory landscape related to climate change.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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 for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Non-Life insurance companies were required by the Directive issued by Nepal Beema Pradhikaran to attain a stipulated minimum paid up capital of NPR 2.5 billion . As on the reporting date, the company's paid up capital is NPR 2,622,638,200.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
The Company has recognized the 5% cash dividend declared and approved by the Annual General Meeting held on 13th Chaitra 2080 during the fiscal year.	131,131,910	174,073,680
	131,131,910	174,073,680
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, for the year ended Ashad 31, 2081, the directors have recommended the payment of a final Cash dividend of NPR. 15 per fully paid equity share including Tax on Dividend . This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	393,395,730	131,131,910
	393,395,730	131,131,910

51 Earnings Per Share (EPS)

a) Basic Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year	460,979,869	331,023,016
Less: Dividend on Preference Shares	-	-
Profit For the Year used for Calculating Basic Earning per Share	460,979,869	331,023,016
Add: Interest saving on Convertible Bonds		
Profit For the Year used for Calculating Diluted Earning per Share	460,979,869	331,023,016
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	26,226,382	18,899,639
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	26,226,382	18,899,639
Nominal Value of Equity Shares		
Basic Earnings Per Share	17.58	17.51
Diluted Earning Per Share	17.58	17.51
Proposed Bonus Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share	26,226,382	18,899,639
Restated Basic Earning Per Share	17.58	17.51
Restated Diluted Earning Per Share	17.58	17.51

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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. 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) Property
- ii) Motor
- iii) Marine
- iv) Engineering
- v) Micro
- vi) Aviation
- vii) Cattle and Crop
- viii) Miscellaneous

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	1,282,199,763	1,751,354,743	216,622,119	584,281,467	7,546,467	581,447,710	131,684,993	338,699,418	-	4,893,836,679
Premiums Ceded	(866,477,018)	(554,608,348)	(209,382,397)	(558,455,295)	(139,805)	(583,036,072)	(109,019,832)	(292,507,960)	-	(3,173,626,727)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	415,722,746	1,196,746,395	7,239,722	25,826,172	7,406,662	(1,588,361)	22,665,160	46,191,458	-	1,720,209,952
Commission Income	153,199,730	89,696,976	49,452,388	103,639,514	18,352	3,857,348	20,165,210	85,986,576	-	506,016,093
Other Direct Income	-	31,954,512	42,350	-	-	-	-	1,277,663	-	33,274,526
Income from Investments and Loans	17,036,709	25,463,910	1,523,203	7,628,252	394,076	99,241	1,755,103	8,069,860	-	61,970,353
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/ (Losses)	952,006	1,422,915	85,116	426,264	22,021	5,546	98,075	450,941	-	3,462,883
Other Income	213,925	319,742	19,126	95,786	4,948	1,246	22,038	101,331	-	778,142
Total Segmental Income	587,125,114	1,345,604,450	58,361,905	137,615,988	7,846,058	2,375,019	44,705,586	142,077,829	-	2,325,711,949
Expenses:										
Gross Claims Paid	592,301,949	1,308,549,370	87,124,330	193,546,332	1,561,967	353,743,367	112,663,951	183,801,346	-	2,833,292,614
Claims Ceded	(428,267,832)	(372,405,607)	(66,078,240)	(179,836,413)	(188,917)	(352,859,008)	(92,573,749)	(158,374,484)	-	(1,650,584,250)
Gross Change in Contract Liabilities	(340,065,603)	(52,285,982)	137,658,349	(204,834,864)	(111,658,199)	(163,408,253)	(24,880,020)	77,438,565	-	(682,036,004)
Change in Reinsurance Assets	490,523,234	20,501,499	(125,830,036)	205,201,193	111,658,199	163,361,255	21,441,118	(91,559,603)	-	795,296,859
Net Claims Incurred	314,491,749	904,359,281	32,874,404	14,076,249	1,373,051	837,361	16,651,300	11,305,824	-	1,295,969,219
Commission Expenses	8,690,926	12,908,313	1,789,277	7,039,974	457,251	-	1,139,069	6,197,006	-	38,221,816
Service Fees	4,056,137	7,943,386	420,183	134,669	4,333	23,792	142,019	195,735	-	12,920,256
Other Direct Expenses	-	444,349	-	12,867	-	-	6,744,841	-	-	7,202,057
Employee Benefits Expenses	136,405,998	191,881,755	24,127,510	73,002,054	74,876	70,319,112	12,959,308	38,436,309	-	547,206,922
Depreciation and Amortization Expenses	10,536,785	14,822,052	1,863,748	5,639,099	5,784	5,431,853	1,001,052	2,969,042	-	42,269,415
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	32,379,805	45,548,537	5,727,344	17,329,093	17,774	16,692,221	3,076,257	9,123,940	-	129,894,971
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	506,561,400	1,177,907,674	66,802,466	117,234,006	1,933,069	93,304,339	41,713,845	68,227,856	-	2,073,684,656
Total Segmental Results	80,563,714	167,696,776	(8,440,560)	20,381,981	5,912,989	(90,929,320)	2,991,740	73,849,972	-	252,027,293
Segment Assets	1,219,490,483	540,573,854	186,411,584	447,753,188	684,692,815	1,157,479,746	68,792,554	293,220,979	1,017,174,653	5,615,589,858
Segment Liabilities	1,808,360,992	1,789,277,952	277,918,622	480,657,831	684,994,760	1,166,435,303	84,820,098	319,830,593	1,482,601,113	8,094,897,265

Fig in NPR

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:	-	-	-	-	-	-	-	-	-	-
Gross Earned Premiums	795,621,113	1,634,635,919	230,721,343	353,347,647	6,985,693	(141,046,411)	127,860,460	240,354,099	-	3,248,479,863
Premiums Ceded	(481,149,869)	(504,989,474)	(157,996,675)	(325,285,109)	(1,613,924)	141,396,517	(103,472,038)	(211,233,217)	-	(1,644,343,788)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	314,471,244	1,129,646,445	72,724,667	28,062,539	5,371,770	350,106	24,388,422	29,120,882	-	1,604,136,075
Commission Income	122,318,705	92,018,545	58,838,600	86,260,180	-	2,415,719	25,221,915	85,771,451	-	472,845,114
Other Direct Income	-	23,243,158	69,386	-	-	-	-	1,301,982	-	24,614,527
Income from Investments and Loans	33,611,784	20,448,488	12,049,323	10,038,241	960,617	(114,559)	2,651,291	7,509,470	-	87,154,656
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/ (Losses)	294,403	179,106	105,539	87,924	8,414	(1,003)	23,222	65,775	-	763,380
Other Income	98,091	59,676	35,164	29,295	2,803	(334)	7,737	21,915	-	254,347
Total Segmental Income	470,794,227	1,265,595,419	143,822,679	124,478,180	6,343,604	2,649,928	52,292,587	123,791,475	-	2,189,768,099
Expenses:	-	-	-	-	-	-	-	-	-	-
Gross Claims Paid	440,806,101	1,260,994,638	127,108,074	142,800,256	141,212,089	46,088,000	107,717,667	120,024,388	-	2,386,751,213
Claims Ceded	(298,216,198)	(304,003,128)	(106,760,201)	(135,609,780)	(140,203,736)	(45,972,780)	(84,968,307)	(98,151,148)	-	(1,213,885,278)
Gross Change in Contract Liabilities	845,510,071	94,880,426	(33,120,156)	150,865,570	(137,132,868)	1,129,785,876	6,487,777	(26,295,067)	-	2,030,981,628
Change in Reinsurance Assets	(888,150,573)	(46,003,869)	25,668,607	(152,598,394)	131,661,306	(1,126,961,411)	(7,782,536)	42,355,444	-	(2,021,811,426)
Net Claims Paid	99,949,402	1,005,868,067	12,896,324	5,457,652	(4,463,209)	2,939,685	21,454,601	37,933,617	-	1,182,036,137
Commission Expenses	12,183,440	10,690,186	2,848,907	12,340,784	545,531	919,896	2,559,805	4,737,216	-	46,825,765
Service Fees	2,335,672	9,015,216	270,610	262,201	77,575	4,810	171,283	209,160	-	12,346,527
Other Direct Expenses	-	1,201,440	-	-	-	-	5,396,285	-	-	6,597,725
Employee Benefits Expenses	88,382,891	147,832,903	19,981,129	41,147,253	1,114,383	19,616,205	12,339,915	27,570,923	-	357,985,602
Depreciation and Amortization Expenses	7,690,427	12,863,328	1,738,610	3,580,330	96,965	1,706,857	1,073,728	2,399,018	-	31,149,265
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	32,052,338	53,612,076	7,246,220	14,922,183	404,135	7,113,879	4,475,110	9,998,683	-	129,824,624
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	242,594,170	1,241,083,216	44,981,800	77,710,403	(2,224,620)	32,301,332	47,470,726	82,848,618	-	1,766,765,646
Total Segmental Results	228,200,057	24,512,202	98,840,879	46,767,776	8,568,224	(29,651,404)	4,821,861	40,942,857	-	423,002,453
Segment Assets	1,938,987,046	461,868,637	117,125,947	593,889,375	796,411,271	1,303,677,525	105,475,797	183,636,523	1,045,001,459	6,546,073,581
Segment Liabilities	2,252,304,518	1,879,985,425	148,019,966	634,297,971	803,542,115	1,307,919,442	128,671,520	244,460,642	743,547,768	8,142,749,366

Fig in NPR

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

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

Fig in NPR

Particulars	Current Year	Previous Year
Segmental Profit	252,027,293	423,002,453
Less: Employee Benefit Expenses	(60,800,769)	(39,776,178)
Less: Depreciation and Amortization	(4,696,601.70)	(3,461,029)
Less: Other Operating Expenses	(14,432,775)	(14,424,958)
Less: Impairment Losses	3,585,431	(76,332,755)
Less: Finance Cost	(14,631,672)	(8,517,715)
Add: Unallocable Other Income	446,552,906	308,283,995
Profit Before Tax	607,603,813	588,773,813

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	5,615,589,858	6,546,073,581
Goodwill and Intangible Assets	157,908,034	157,766,615
Property, Plant and Equipment	253,904,384	264,134,949
Investment Properties	112,576,632	113,238,278
Deferred Tax Assets	61,407,847	3,237,463
Investments in Subsidiaries	-	-
Investments in Associates	-	-
Investments	6,403,300,940	6,225,267,243
Loans	10,658,216	11,121,779
Current Tax Assets (Net)	322,132,187	169,761,537
Other Assets	1,403,116,678	735,413,839
Other Financial Assets	86,843,479	264,304,698
Cash and Cash Equivalents	698,369,027	243,548,479
Total Assets	15,125,807,282	14,733,868,461

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	8,094,897,265	8,142,749,366
Provisions	89,483,586	81,460,391
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	-
Other Financial Liabilities	223,803,970	217,049,907
Other Liabilities	509,359,681	360,311,133
Total Liabilities	8,917,544,501	8,801,570,798

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

53 Related Party Disclosure

(a) Identify Related Parties

Holding Company:

The company does not have any holding company.

Subsidiaries:

The company does not have any Subsidiaries.

Associates:

The company does not have any Associates.

Fellow Subsidiaries:

The company does not have any Fellow Subsidiaries.

Key Management Personnel:

KMPs of the Sagarmatha Lumbini Insurance Company Ltd. includes members of Board of directors, Chief Executive Officer, Deputy CEO and Assistant General Manager namely:

Name of Key Management Personnel	Designation
Manohar Das Mool	Chairman
Ajit R. Gunawardena	Director
Lokmanya Golchha	Director
Siddhartha Mani Rajdhandari	Director
Arun Raj Shrestha	Public Director
Bijan Bhattarai	Public Director
Padma Jyoti	Alternate Director
Nirmala Devi Manandhar	Independent Director
Chunky Chhetry	Chief Executive Officer
Barishma Saud Acharya	Deputy Chief Executive Officer
Kabiraj Poudel	DGM
Subhash Dixit	AGM
Karuna Devi Manandhar	AGM

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	37,046,555	24,382,133.75
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	1,980,000	-
Total	39,026,555	24,382,134

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

Payment to Chief Executive Officer (CEO)

Fig in NPR

Particulars	Current Year	Previous Year
Annual salary and allowances	13,000,000	8,298,285
Performance based allowances	-	-
i) Employee Bonus	2,150,969	1,959,518
ii) Benefits as per prevailing provisions	1,413,699	402,740
iii) Incentives	-	-
Insurance related benefits	-	-
i) Life Insurance	-	-
ii) Accident Insurance	15,813	-
iii) Health Insurance (including family members)	23,400	-
Total	16,603,880	10,660,543

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Commission Income						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Rental Income						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Interest Income						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Sale of Property, Plant & Equipment						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Purchase of Property, Plant & Equipment						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Premium Paid						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Commission Expenses						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Dividend						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-
Meeting Fees						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	2,234,000	2,234,000
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	2,764,000	2,764,000
Allowances to Directors						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	1,044,000.00	1,044,000
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	828,000.00	828,000
Others (to be specified)						
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2023)	-	-	-	-	-	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

(d) Related Party Balances:

Fig in NPR

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
As at Ashadh 31,2081 (July 15, 2024)	-	-	-	-	-	-
As at Ashadh 31,2080 (July 16, 2023)	-	-	-	-	-	-
Other Receivables (to be Specified)						
As at Ashadh 31,2081 (July 15, 2024)	-	-	-	-	-	-
As at Ashadh 31,2080 (July 16, 2023)	-	-	-	-	-	-
Payables including Reinsurance Payables						
As at Ashadh 31,2081 (July 15, 2024)	-	-	-	-	-	-
As at Ashadh 31,2080 (July 16, 2023)	-	-	-	-	-	-
Other Payables (to be Specified)						
As at Ashadh 31,2081 (July 15, 2024)	-	-	-	-	-	-
As at Ashadh 31,2080 (July 16, 2023)	-	-	-	-	-	-

54 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Company has not entered into any lease agreement i.e. rental agreements to be classified as operating leases

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

There is no non- cancellable lease as such . All the lease (rental agreements) can be cancelled by serving the notice period as per the agreement.

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 classified lease rental agreement entered for branches and head office under finance leases.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	32,752,758	30,733,923
ii) Later than 1 year and not later than 5 years	98,431,549	92,686,540
iii) Later than 5 years	16,932,746	10,451,373
Total Future Minimum Lease Payments	148,117,053	133,871,836
Less: Effect of Discounting	33,333,697	30,922,857
Finance lease liability recognised	114,783,357	102,948,979

(b) Leases as Lessor

(i) Operating Lease:

The Company has leased out certain office spaces that are renewable on a periodic basis. Rental income received during the year in respect of operating lease is NPR 14,400,567 Details of assets given on operating lease as at year end are as below.

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	15,120,595	14,400,567
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

(ii) Finance Lease:

Fig in NPR

The Company has not leased out any of its assets on lease.

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 and not provided for: No capital Commitments has been made

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

56 Contingent Liabilities

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not have a material impact on the reported financial results or future operations of the Company. All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	89,806,721	25,444,909
b) Indirect Taxes	1,299,840	1,299,840
c) Other (to be Specified)	-	-
Total	91,106,561	26,744,749

57 Events occurring after Balance Sheet

There are no such material non-adjusting events after Balance Sheet date to be disclosed.

58 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are: Assets has not been pledged as security

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

59 Corporate Social Responsibility

Directive 57B of Corporate Governance Directive, 2075 issued by Nepal Insurance Authority requires Insurers to create Corporate Social Responsibility Fund and annually appropriate an amount equivalent to 1% of net profit into this fund. The fund is created towards covering the Insurance's expense in CSR activities in the subsequent year. The Insurance appropriates required amount to this fund for every reporting period. Salico has appropriated 1% of profit into the fund as on Ashad end, 2081.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

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

60 Others (Merger and Goodwill)

After merger of Lumbini General Insurance Company Limited (LGIC) with Sagarmatha Insurance Company Limited (SIC) to form Sagarmatha Lumbini Insurance Company Limited (SALICO). All the assets and liabilities of LGIC has been transferred to SALICO at the fair value as on 13/03/2023 as per NFRS 3 business Combination. Purchase consideration for the acquisition of assets and liabilities of LGIC has been derived from net worth per share of SIC as on 16/07/2022 (latest available information (as per audited financial statements) i.e. NRs. 226.57. Goodwill of NRs. 156,141,249/- has been arised as a result of merger as per NFRS 3 business combination as mentioned in below table;

Particulars	Amount (NRs.)
A. Net Assets Acquired	
Assets	
Goodwill & Intangible Assets	1,765,761
Property and Equipment	131,706,362
Investments	2,414,109,666
Loans	10,558,951
Reinsurance Assets	1,302,243,659
Current Tax Assets (Net)	104,696,769
Insurance Receivables	317,140,689
Other Assets	106,167,546
Other Financial Assets	160,641,580
Cash and Cash Equivalents	64,707,236
Total Assets	4,613,738,218
Liabilities	
Provisions	15,486,212
Gross Insurance Contract Liabilities	1,914,252,103
Deferred Tax Liabilities	745,757
Insurance Payables	86,455,619
Other Liabilities	165,587,886
Other Financial Liabilities	41,530,881
Total Liabilities	2,224,058,458
Net Assets Acquired	2,389,679,760
B. Purchase Consideration	
Number of shares of SALICO given to Shareholders of LGIC	11,236,392
Per Share Networth of SIC as on 16/07/2022	226.57
B. Purchase Consideration	2,545,821,010
Purchase Goodwill arised	156,141,249

Goodwill arised of NPR.156,141,249 has been shown under other equity component.

For the financial year 2080/81 there is no any indication of impairment of goodwill inconsidering following factors.

1. A significant decline in the market value of the business.
2. Adverse changes in the economic environment, industry conditions, or operational performance.
3. Loss of key customers, suppliers, or employees.
4. The company's inability to meet financial performance expectations.

61 Impairment of Insurance Recievable

Impairment on Insurance Recievable as per Section 18 of Financial Directive stands to NRs. .113,732,383.90 with comparision to NRS. 133,040,058 of previous Year. Difference has been routed through Profit & Loss. Company has been suceessfull in recovering old balances.

62 Miscellaneous

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

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

For the year ended Ashadh 31, 2081 (July 15, 2024)

Annexure III Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			2080/81	2079/80	2078/79	2077/78	2076/77
A.	Equity:						
1	Net worth	NRs.	6,208,262,781	5,932,297,664	3,021,593,344	2,624,142,558	2,177,841,761
2	Net Profit	NRs.	460,979,869	331,023,016	370,880,681	447,425,708	384,065,959
3	Number of Shares	Number	26,226,382.00	26,226,382.00	13,336,290	11,113,575	10,012,229
4	Earning per Shares (EPS)	NRs.	17.58	17.51	27.81	33.55	34.56
5	Book value per shares	NRs.	236.72	226.20	226.57	236.12	217.52
6	Dividend per Shares (DPS)	NRs.	15.00	5.00	13.16	21.05	11.58
7	Market Price per Shares (MPPS)	NRs.	727.00	748.00	870.00	1,344.00	700.00
8	Price Earning Ratio	Ratio	41.36	42.71	31.28	40.06	20.26
9	Change in Equity	%	-	96.65	20.00	11.00	-
10	Return on Equity	%	7.43	5.58	12.27	17.05	17.64
11	Affiliate Ratio		-	-	-		
12	Capital to Total Net Assets Ratio		42.24	44.21	44.14	42.35	45.97
13	Capital to Technical Reserve Ratio		1.30	1.38	1.03	0.90	0.94
14	Market Share	%	11.55	11.39			
15	Solvency Margin	%	2.75	4.07	4.97	4.79	4.44
B.	Income						
	Business						
16	Net Earnings Ratio		9.42	10.19			
17	Gross Earned Premium Growth Rate		50.65	8.99			
	Property	%	61.16	24.12	11.95	13.58	(1.08)
	Motor	%	7.14	8.58	20.21	13.35	9.37
	Marine	%	(6.11)	34.20	19.49	23.67	(23.17)
	Engineering	%	65.36	58.89	20.49	(2.21)	(2.23)
	Micro	%	8.03	(75.06)	(99.99)	48.98	10,281.79
	Aviation	%	512.24	(188.11)	106.45	421,702.82	-
	Cattle and Crop	%	2.99	23.52	34.95	73.48	18.97
	Miscellaneous	%	40.92	62.38	25.49	(12.13)	(10.17)
18	Direct Premium Growth Rate		46.93	9.76			
	Property	%	47.93	41.30	18.11	25.03	(72.68)
	Motor	%	24.77	6.77	22.74	9.20	(27.60)
	Marine	%	16.51	35.72	(17.07)	48.86	(86.19)
	Engineering	%	71.49	400.09	(17.70)	27.05	(95.92)
	Micro	%	(93.98)	294,880.03	(99.99)	32.32	4,941.72
	Aviation	%	245.62	130.89	37.30	1,645.19	-
	Cattle and Crop	%	1.92	(6.43)	27.74	73.48	(76.21)
	Miscellaneous	%	34.33	94.12	59.47	6.66	(94.02)
19	Retention Ratio		35.15	49.38			
	Property	%	32.42	38.22	32.07	30.40	27.61
	Motor	%	68.33	72.78	65.11	63.77	66.20
	Marine	%	3.34	22.65	15.02	21.64	17.98
	Engineering	%	4.42	11.70	3.71	5.43	4.18
	Micro	%	98.15	84.58	100.00	43.13	48.56
	Aviation	%	(0.27)	0.53	0.28	0.41	100.00
	Cattle and Crop	%	17.21	18.00	18.93	20.00	20.00
	Miscellaneous	%	13.64	12.44	10.27	8.08	6.66
20	Net Reinsurance Inflow/(Outflow)	Amount in Cr.	(90.97)	(16.95)			

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

For the year ended Ashadh 31, 2081 (July 15, 2024)

Annexure III Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			2080/81	2079/80	2078/79	2077/78	2076/77
21	Reinsurance commission Income/ Gross Reinsurance Premium	%	15.94	23	25.05	25.44	28.78
22	Gross Earned Premium to Equity	%	78.83	54.76	98.64	94.73	104.54
23	Net Earned Premium to Equity	%	27.71	27.04	40.67	38.29	45.05
24	Gross Earned Insurance Premium to Total Assets	%	32.35	22.05	53.06	48.61	47.66
25	Gross Premium to Equity	%	77.14	54.92			
26	Net Profit to Gross Premium	%	9.63	10.19	12.06	16.84	16.89
27	Yield on Investments & Loan	%	7.48	5.31	5.24	6.94	7.59
C.	Expenses:						
28	Reinsurance Ratio	%	64.85	50.62	57.53	57.09	45.15
29	Management Expenses Ratio	%	16.56	17.98	13.12	12.26	13.04
30	Regulatory Expenses Ratio	%	1.49	1.07	1.31	1.84	1.90
31	Employee Expenses Per Employee		960,517.68	795,523.56	619,864.00	524,015.37	529,085.50
32	Commission Ratio	%	0.78	2.92	3.81	4.80	4.86
33	Employee Expenses to Total Expenses (Excluding Claims & Benefits)	%	65.32	68.98	66.47	64.72	64.59
34	Expense Ratio	%	3.39	8.00	6.16	3.52	1.77
35	Loss Ratio	%	75.34	73.69	72.66	77.33	62.26
36	Combined Ratio (Loss Ratio + Expense Ratio)	%	78.73	81.69	78.81	80.85	64.03
D.	Assets:						
37	Increment in Investment Held	%	2.86	69.90	23.30	14.77	11.80
38	Increment in Loan	%	(0.04)				
39	Liquidity Ratio	%	30.29	17.37	45.93	218.40	271.35
40	Return on Assets	%	3.05	2.25	5.24	6.94	7.59
41	Long term Investments/Total Investments	%	34.88	43.07	21.16		
42	Short term Investments/Total Investments	%	65.12	56.93	78.84		
43	Total Investment & Loan/Gross Insurance Contract Liabilities	%	97.00	84.28	111.28	94.83	130.50
44	Reinsurer Receivable to Total Assets	%	6.72	7.09			
45	Investment in Shares to Total Assets	%	8.43	18.47	17.22	19.83	7.06
46	Investment in Unlisted Shares to Total Assets	%	0.98	1.18	0.23	-	
E.	Liabilities:						
47	Increment in Gross Insurance Contract Liabilities	%	(10.64)	124.72	5.10	57.94	4.30
48	Gross Technical Provision to Gross Earned Premium	%	1.35	2.28			
49	Gross Technical Provision to Total Equity	%	106.51	124.73			
50	No of Outstanding to No of Paid Claim	%	89.06				
51	No. of Outstanding Claim/ No. of Intimated Claim	%	75.92	83.56	73.16	54.74	45.14
52	Total No of In Force Insurance Policies	No.s	286,367.00	239,984.00			
53	Total No of Renewed Insurance Policies/Last Year's Total No of In Force Policies	%	37.06	35.29	36.83	32.79	25.69
F.	Others:						
54	Number of Offices		112	115	87	76	76
55	Number of Agents		315	283	185	190	190
56	Number of Employees		633	635	437	396	359
57	Number of Surveyors		189	192	135	80	76
58	Employee Expenses to No of Employees	NPR	960,518	795,524	619,864	524,015	529,086

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Annexure IV

Statement of Sum Assured

S. N.	Insurance Type	Existing Insurance Policies Numbers		Insured Amount against Existing Insurance Policies		Insured Risk Ceded to Re-Insurer		Net Insured Risk Retained by Insurer	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Property	65,622	49,012	565,752,166,814	433,838,567,111	306,087,081,823	156,976,586,346	259,665,084,991	276,861,980,765
2	Motor	163,013	146,660	119,134,332,108	102,378,925,511	45,472,770,706	20,418,499,986	73,661,561,402	81,960,425,525
3	Marine	22,850	16,033	133,821,343,552	110,698,456,207	97,925,637,852	75,261,386,696	35,895,705,700	35,437,069,511
4	Engineering	4,572	3,768	83,592,076,713	59,856,867,016	81,230,115,405	34,109,238,626	2,361,961,309	25,747,628,390
5	Micro	286	4,741	316,462,515	5,511,233,015	38,298,708	4,408,986,412	278,163,807	1,102,246,603
6	Aviation	25	14	17,443,944,468	12,658,464,309	17,352,231,512	-	91,712,956	12,658,464,309
7	Cattle and Crop	10,840	7,619	2,425,304,734	2,525,563,892	2,017,853,538	2,019,941,035	407,451,196	505,622,857
8	Miscellaneous	19,159	13,259	135,374,700,375	98,489,162,237	124,879,500,591	87,511,651,696	10,495,199,784	10,977,510,541
Total		286,367	241,106	1,057,860,331,280	825,957,239,298	675,003,490,135	380,706,290,797	382,856,841,146	445,250,948,501

(विनियमावली संशोधनको लागि तयार गरिएको ३ महले विवरण)

कम्पनीको नियमावलीको नियम (३२) को उपनियम (१) को खण्ड (क) र (घ) मा निम्नानुसार संशोधन गर्ने:

हालको व्यवस्था	प्रस्तावित संशोधन	संशोधन गर्नुपर्ने कारण
(क) संचालक समितिको बैठक बस्दा अध्यक्षलाई रु.१२,०००/- र सदस्यहरूलाई रु. १०,०००/- बैठक भत्ता प्रदान गरिनेछ ।	(क) संचालक समितिको बैठक बस्दा अध्यक्षलाई रु. २५,०००/- र सदस्यहरूलाई रु. २३,०००/- बैठक भत्ता प्रदान गरिनेछ ।	समयानुकूल बैठक भत्ता संशोधन गर्नुपर्ने भएकोले ।
(घ) समिति वा उप-समितिका संयोजक तथा सदस्यहरूको बैठक बस्दा संचालकहरूले पाए सरह रु. १०,०००/- बैठक भत्ता प्रदान गरिनेछ ।	(घ) समिति वा उप-समितिका संयोजक तथा सदस्यहरूको बैठक बस्दा संचालकहरूले पाए सरह रु. २३,०००/- बैठक भत्ता प्रदान गरिनेछ ।	



धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६(१) संग सम्बन्धित थप विवरणः

- क) कम्पनीको आ.ब. २०८०/०८१ को बार्षिक प्रतिवेदन यसैमा समाविष्ट छ ।
- ख) कम्पनीको आ.ब. २०८०/०८१ को लेखापरीक्षकको प्रतिवेदन यसैमा समाविष्ट छ ।
- ग) कम्पनीको आ.ब. २०८०/०८१ को वित्तीय विवरण प्रतिवेदन यसैमा समाविष्ट छ ।
- घ) कानूनी कारवाही सम्बन्धी विवरणः
- अ. समीक्षा अवधिमा केहि बीमा दावी भुक्तानी सम्बन्धी बिचाराधिन मुद्दा बाहेक अन्य नरहेको ।
- आ. कम्पनीको संस्थापक वा सञ्चालकले संस्थापक वा सञ्चालकको बिरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै दायर गरेको वा भएकोबारे कुनै जानकारी प्राप्त नभएको ।
- इ. कुनै सञ्चालक वा संस्थापक बिरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएकोबारे कुनै जानकारी प्राप्त नभएको ।
- ड) कम्पनीको शेयर कारोवार तथा प्रगतिको विश्लेषणः
- अ. कम्पनीको शेयरको कारोवार बजारको सिद्धान्त अनुसार सञ्चालन हुने भएकोले यस सम्बन्धमा व्यवस्थापनको कुनै छुट्टै धारणा रहेको छैन ।
- आ. गत वर्ष २०८०/०८१ को प्रत्येक त्रैमासिक अवधिमा कम्पनीको शेयरको अधिकतम, न्युनतम र अन्तिम मूल्यका साथै कूल कारोवार शेयर संख्याः
- साबिकका सगरमाथा इन्स्योरेन्स कम्पनी लि. तथा लुम्बिनी जनरल इन्स्योरेन्स कम्पनी लि. बीच कम्पनी गाभ्ने/गाभिने सम्बन्धी सम्झौताका क्रममा शेयर कारोवार रोक्का रहेको हुँदा पहिलो र दोश्रो त्रैमासिक अवधिमा शेयर कारोवार भएन । बाँकी तेश्रो र चौथो त्रैमासिकको कारोवार देहाय बमोजिम रहेको छ । (श्रोतः नेपाल स्टक एक्वेज्ज)

त्रैमासिक अवधि	अधिकतम मूल्य रु.	न्युनतम मूल्य रु.	अन्तिम मूल्य रु.	कारोवार दिन	कारोवार संख्या	शेयर संख्या
प्रथम	७८०।००	६५६।००	६८८।९०	६१।००	,५१६।००	७४०,०५०।००
दोश्रो	७४६।००	६३९।००	७१४।००	४९।००	३,९२३।००	६३२,५११।००
तेश्रो	७२०।००	६३८।००	६६१।००	५८।००	३,६२२।००	४६४,११५।००
चौथो	७४०।००	६०२।००	७२७।००	६१।००	४,३७७।००	७४४,५५१।००

- च) समस्या र चुनौतिका पक्षहरू यसैसाथ समाविष्ट भएको सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।
- छ) संस्थागत सुशासन सम्बन्धी विषय यसैसाथ समाविष्ट भएको सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको छ ।





मिति: २०८२।०१।०३

वि. वि. शा. : २२० (२०८१/०८२) च.नं. ५०७१

श्री सगरमाथा लुम्बिनी इन्स्योरेन्स कं. लि.,
नक्साल, काठमाण्डौ ।



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

तहाँको मिति २०८१।१२।२९ को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०८०।८१ को वित्तीय विवरण सम्बन्धमा लेखिदैंछ ।

उरोक्त सम्बन्धमा बीमक श्री सगरमाथा लुम्बिनी कं. लि. 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, 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, साधारण सभामा पेश 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. बीमकले स्थिर सम्पत्ती रजिष्टर तयार गरी सो लाई अध्यावधिक गर्ने ।
३. बीमकले प्राधिकरणबाट जारी AML/CFT सम्बन्धी निर्देशनको व्यवस्थाहरू पूर्ण पालना गर्ने ।
४. बीमकको संस्थागत सुशासन सम्बन्धी निर्देशिका २०८० को दफा ४५ को उपदफा (२) को व्यवस्था पूर्ण रूपमा पालना गर्ने ।
५. बीमकले लेखा परीक्षण समितिलाई प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणालि सुदृढ बनाउने ।
६. बीमकको जोखिमाङ्कन तथा दाबी भुक्तानी प्रक्रिया प्रभावकारी गराउने ।
७. प्राधिकरणको स्थलगत निरीक्षण क्रममा देखियका कैफियत तथा लेखापरीक्षकले औल्याएका कैफियतहरू सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने ।
८. बीमकले प्राधिकरणबाट वित्तीय विवरण स्वीकृत भएको मितिले ६०(साठी) दिन भित्र साधारण सभा गर्ने ।

सगरमाथा लुम्बिनी इन्स्योरेन्स कं. लि.
केन्द्रीय कार्यालय
दर्ता नं. ८३६६
मिति: २०८२/०१/०३ तारिख
समाप्त:

(Signature)

विरोध बाले
उप निर्देशक



Board Response to the Conditions Set by Nepal Insurance Authority on Financial Statements

बीमा प्राधिकरणद्वारा आ.व.२०८०/०८१ को वित्तीय विवरण सशर्त स्वीकृत दिइएको हुँदा त्यसमा उल्लेखित शर्तहरू सम्बन्धी व्यवस्थापनको निम्न बमोजिमको प्रत्युत्तर रहेको छ ।

१. बीमकले NFRS-17 Insurance Contracts लागू गर्ने सम्बन्धमा, कार्यान्वयनका लागि बोलपत्र आव्हान गरिसकेको र आगामी १५ दिन भित्र सो संग सम्बन्धित कार्ययोजना बनाई पेश गरिने व्यहोरा अनुरोध गर्दछौ ।
२. बीमकको स्थीर सम्पत्तीको रजिष्टर कम्पनीको Beema Manager Software System मार्फत तयार गरी अध्यावधिक गरिने व्यहोरा जानकारी गराउँदछौ ।
३. बीमकले नेपाल बीमा प्राधिकरणबाट जारी गरिएको AML/CFT सम्बन्धि व्यवस्थाहरूको पुर्ण पालनाका लागि आवश्यक कर्मचारीहरू नियुक्त गरी सम्पूर्ण कर्मचारीहरूलाई नियमित रूपमा AML/CFT संग सम्बन्धि अभिमूखिकरण कार्यक्रमहरू संचालन गर्दै आएका छौ । AML/CFT सम्बन्धि व्यवस्थाहरूको पुर्ण पालनाका लागि कम्पनी कटीबद्ध रहेको जानकारी गराउन चाहन्छौ ।
४. कम्पनीबाट नेपाल बीमा प्राधिकरणबाट जारी बीमकको संस्थागत सुसाशन सम्बन्धी निर्देशिका, २०८० को दफा ४५(२) को व्यवस्थाहरू पालना भईरहेको जानकारी गराउन चाहन्छौ ।
५. कम्पनीको लेखा परीक्षण समिति प्रभावकारी रहेको र कम्पनीको आन्तरिक नियन्त्रण प्रणालीलाई अझ सुदृढ बनाउन छुट्टै आन्तरिक नियन्त्रण विभाग खडा गरिएको जानकारी गराउँदछौ ।
६. जोखिमांकन तथा दावी भूक्तानी प्रकृयालाई प्रभावकारी बनाइएको र यसलाई अझै समयसापेक्ष थप सवल, सुदृढ र शसक्त बनाईने व्यहोरा जानकारी गराउँदछौ ।
७. प्राधिकरणको स्थलगत निरीक्षणको क्रममा देखिएका तथा लेखा परीक्षकले औल्याईएको कैफियतहरू सुधार गरिनेछ र आगामी दिनहरूमा त्यस प्रकारका कैफियतहरू दोहोरिन नदिनका लागि आवश्यक कार्यार्थ सम्बन्धित विभागीय प्रमुखलाई निर्देशन दिइएको व्यहोरा अनुरोध गराउँदछौ ।
८. प्राधिकरणबाट वित्तीय विवरण स्वीकृति पाएको ६० दिन भित्रै उपयुक्त स्थान छनोट गरी कम्पनीको साधारण सभा सम्पन्न हुने जानकारी गराउन चाहन्छौ ।



Disclosure on Quality of Assets and Capital Resources

1. Quality of Assets

i. Analysis of Asset Composition

The Composition of the assets of the company as at 15th July 2024 is hereunder:

Particulars	Current Year	Previous Year	Composition (%)
Assets			
Goodwill & Intangible Assets	157,908,034	157,766,615	1%
Property and Equipment	253,904,384	264,134,949	2%
Investment Properties	112,576,632	113,238,278	1%
Deferred Tax Assets	61,407,847	3,237,463	0%
Investments	6,403,300,940	6,225,267,243	42%
Loans	10,658,216	11,121,779	0%
Reinsurance Assets	4,598,415,205	5,501,072,122	30%
Current Tax Assets/(Liabilities) (Net)	322,132,187	169,761,537	2%
Insurance Receivables	1,017,174,653	1,045,001,459	7%
Other Assets	1,403,116,678	735,413,839	9%
Other Financial Assets	86,843,479	264,304,698	1%
Cash and Cash Equivalent	698,369,027	243,548,479	5%
Total Assets	15,125,807,282	14,733,868,461	

As of the end of the current year, the company's total assets amounted to NPR 1,513 crores, reflecting a growth from NPR 1,473 crores in the previous year. Reinsurance assets and investments continue to dominate the asset portfolio, collectively accounting for 73% of total assets. The remaining assets include intangible assets, property, plant and equipment, investment properties, deferred and current tax assets, insurance receivables, and other financial instruments.

Reinsurance assets, which are provisions against receivables from reinsurers for unexpired premium reserves (UPR), unexpired risk reserves (URR), outstanding claims reserves, IBNER, and IBNR, declined from NPR 550 crores to NPR 460 crores.

Investments represent the largest asset component, contributing approximately 42% of total assets. The investment portfolio comprises fixed deposits, debentures, equities, mutual funds, and other financial instruments, all maintained in alignment with the Nepal Insurance Authority's regulatory framework, the company's investment policy, and its asset-liability management guidelines. Most of these investments are in fixed-income instruments, primarily fixed deposits and debentures issued by commercial banks. The investment strategy prioritizes risk-adjusted returns, liquidity, and alignment with claims and operational obligations. With robust monitoring systems in place, particularly for cash flow and short-term funding needs, the company ensures financial stability. During the year, the total investment value increased by NPR 18 crores, reaching NPR 640 crores.

ii. Geographical Distribution and Exposure of Assets:

The Company's Assets are located within the Nepal expect a certain amount of reinsurance receivables from foreign reinsurers.

2. Quality of Capital Resources

i. Capital Strength, Solvency Position, and Shareholders' Equity

As of 15th July 2024, the company's shareholders' fund reached NPR 621 crores, up from NPR 593 crores recorded on 16th July 2023. The company maintains a strong capital efficiency position within the insurance sector, as reflected by its favorable ratio of gross written premiums to share capital.

In adherence to the Nepal Insurance Authority's solvency regulations, which mandate a minimum solvency margin of 150% (the excess of asset value over insurance liabilities), the company has reported a robust solvency ratio of 275.7% based on its solvency balance sheet—significantly exceeding the regulatory requirement.

The composition of shareholders' equity as of 15th July 2024 is detailed below.

Equity	Current Year	Previous Year
Share Capital	2,622,638,200	2,622,638,200
Special Reserves	2,550,477,445	2,550,477,445
Catastrophe Reserves	188,982,189	167,747,461
Retained Earnings	403,873,383	135,314,068
Other Equity	442,291,564	456,120,490
Total Equity	6,208,262,781	5,932,297,664

ii. Return on Equity

The company achieved a return on equity (ROE) of 7.43% for the current year, marking an improvement from 5.58% in the previous year.

iii. Dividend

In light of its consistent financial and operational performance, along with a strong solvency ratio of 275.7% under the risk-based capital framework, the Board of Directors, in its meeting on 10th April 2025, approved to propose a cash dividend of 15% in Annual General Meeting. This decision reflects the company's solid capital base, stable liquidity position, and commitment to delivering value to its shareholders.

Variance Report on Statement of Financial Position As At 15th July, 2024 (Ashad End 2081)

Particulars	Unaudited 4th Qtr 80/81	Audited Final 80/81	Difference	Variance %	Remarks
Assets					
Goodwill & Intangible Assets	157,441,541	157,908,034	466,493	0.30	
Property and Equipment	227,855,231	253,904,384	26,049,153	11.43	Right of Use Asset In quarterly Statement calculated in last year basis, In Annual Report calculated on actual basis.
Investment Properties	112,576,632	112,576,632	-	-	
Deferred Tax Assets	28,364,552	61,407,847	33,043,295	116.50	In quarterly statement DTA/DTL created only in FVTOCI, However in annual calculated on UPR, URR, IBNR, IBNER, EPR, and More.
Investment in Subsidiaries	-	-	-	-	
Investment in Associates	-	-	-	-	
Investments	6,413,393,248	6,403,300,940	(10,092,308)	(0.16)	
Loans	10,658,216	10,658,216	-	-	
Reinsurance Assets	5,060,362,527	4,598,415,205	(461,947,322)	(9.13)	
Current Tax Assets	184,807,175	322,132,187	137,325,012	74.31	Lower Tax Liability due to decrease in profit, Increase in Deferred tax income. Advance tax on Commision on RSMDST and other various not booked earlier.
Insurance Receivables	1,057,059,185	1,017,174,653	(39,884,532)	(3.77)	
Other Assets	1,148,066,187	1,403,116,678	255,050,492	22.22	Classification Error
Other Financial Assets	375,089,450	86,843,479	(288,245,971)	(76.85)	Classification Error
Cash and Cash Equivalent	286,597,150	698,369,027	411,771,877	143.68	Classification Error
Total Assets	15,062,271,094	15,125,807,282	63,536,188	0.42	
Equity:					
Share Capital	2,622,638,200	2,622,638,200	-	-	
Share Application Money Pending Allotment	-	-	-	-	
Share Premium	-	-	-	-	
Special Reserve	2,622,638,200	2,550,477,445	(72,160,755)	(2.75)	
Catastrophe Reserves	194,584,482	188,982,189	(5,602,292)	(2.88)	
Retained Earnings	507,577,719	403,873,383	(103,704,336)	(20.43)	Due to Decrease In Profit
Other Equity	400,411,453	442,291,564	41,880,111	10.46	Increase in Deffered tax reserve
Total Equity	6,347,850,054	6,208,262,781	(139,587,273)	(2.20)	
Liabilities:					
Provisions	90,554,589	89,483,586	(1,071,003)	(1.18)	
Gross Insurance Contract Liabilities	6,904,746,633	6,612,296,151	(292,450,482)	(4.24)	
Deferred Tax Liabilities	-	-	-	-	
Insurance Payable	1,096,882,459	1,482,601,113	385,718,654	35.16	Classification Error
Current Tax Liabilities	-	-	-	-	
Borrowings	-	-	-	-	
Other Liabilities	393,520,829	509,359,681	115,838,852	29.44	Classification Error
Other Financial Liabilities	228,716,530	223,803,970	(4,912,560)	(2.15)	
Total Liabilities	8,714,421,040	8,917,544,501	203,123,461	2.33	
Total Equity and Liabilities	15,062,271,094	15,125,807,282	63,536,188	0.42	

Variance Report on Statement of Profit or Loss For Period 17th July, 2023 - 15th July, 2024

Particulars	Unaudited 4th Qtr 80/81	Audited Final 80/81	Difference	Variance %	Remarks
Income:					
Gross Earned Premiums	4,672,381,127	4,893,836,679	221,455,552	4.74	
Premiums Ceded	(2,762,359,541)	(3,173,626,727)	(411,267,186)	14.89	Due to Margin over Best Estimate not considered in quaterly Statement. Marine Closing UPR Consider for only 2080.81 Net Premium only.
Net Earned Premiums	1,910,021,586	1,720,209,952	(189,811,633)	(9.94)	
Commission Income	534,453,873	506,016,093	(28,437,781)	(5.32)	
Other Direct Income	30,357,805	33,274,526	2,916,721	9.61	
Income from Investments & Loans	473,464,420	479,920,286	6,455,866	1.36	
Net Gain/(Loss) on Fair Value Changes	-	-	-	-	
Net Realised Gains/ (Losses)	24,321,687	26,817,790	2,496,103	10.26	
Other Income	1,433,956	6,026,208	4,592,252	320.25	Motor TPL management income.
Total Income	2,974,053,327	2,772,264,855	(201,788,473)	(6.78)	
Expenses:					
Gross Claims Paid	2,833,292,614	2,833,292,614	-	-	
Claims Ceded	(1,647,357,599)	(1,650,584,250)	(3,226,650)	0.20	
Gross Change in Contract Liabilities	(610,240,961)	(682,036,004)	(71,795,044)	11.77	Calculated on the basis of Acturial Valuation in Annual Financial report however in quarterly Statement calculated as per Insurers Quaterly financials Statement related Circular.
Change in Contract Liabilities Ceded to Reinsurers	680,483,222	795,296,859	114,813,637	16.87	
Net Claims Incurred	1,256,177,276	1,295,969,219	39,791,943	3.17	
Commission Expenses	39,564,197	38,221,816	(1,342,382)	(3.39)	
Service Fees	13,395,255	12,920,256	(474,999)	(3.55)	
Other Direct Expenses	7,189,158	7,202,057	12,899	0.18	
Employee Benefits Expenses	618,211,548	608,007,691	(10,203,856)	(1.65)	
Depreciation and Amortization Expenses	42,974,764	46,966,017	3,991,253	9.29	
Impairment Losses	(27,231,689)	(3,585,431)	23,646,257	(86.83)	Write off of SIC LGIC Balance.
Other Operating Expenses	142,700,972	144,327,746	1,626,773	1.14	
Finance Cost	11,213,013	14,631,672	3,418,659	30.49	Finance cost In quarterly calculated in last year basis, In Annual calculated on actual basis.
Total Expenses	2,104,194,494	2,164,661,042	60,466,547	2.87	
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	869,858,833	607,603,813	(262,255,020)	(30.15)	
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-	
Profit Before Tax	869,858,833	607,603,813	(262,255,020)	(30.15)	
Income Tax Expenses	260,957,650	146,623,944	(114,333,706)	(43.81)	
Net Profit/(Loss) For The Year	608,901,183	460,979,869	(147,921,314)	(24.29)	
Earning Per Share	23.22	17.58	(5.64)	(24.29)	

A comparative Statement of Solvency Balance Sheet and NFRS Based Financial Statement, Solvency Calculation Sheet and Statement of Available Capital

Balance Sheet

Reporting date : Ashad-End 2081

Assets	Financial Statement	Solvency Balance Sheet
Goodwill	156,141,249	
Deferred acquisition costs	-	
Intangible assets	1,766,785	
Deferred tax assets	73,822,184	
Pension benefit surplus	-	-
Property, plant & equipment held for own use	253,904,384	460,838,099
Investments (other than replicating unit portion index/unit-linked contracts)	6,526,535,788	6,618,622,260
Investments in properties (other than for own use)	112,576,632	148,968,000
Investment in subsidiaries	-	-
Investment in associates	-	-
Equities	1,275,595,266	1,275,595,266
Equities - listed in stock exchange licensed by SEBON	1,127,942,046	1,127,942,046
Equities - listed in stock exchange other than licensed by SEBON	-	-
Equities - unlisted	147,653,220	147,653,220
Bonds	383,911,236	436,883,724
Government Bonds	6,500,000	6,268,639
Corporate Bonds	377,411,236	430,615,085
Fixed-income bonds with no option	377,411,236	430,615,085
Floating rate notes	-	-
Other bonds with embedded interest rate derivatives	-	-
Structured notes	-	-
Collateralised securities	-	-
Collective Investments Undertakings	84,788,311	84,788,311
Derivatives	-	-
Deposits other than cash equivalents	4,659,006,127	4,664,190,943
Other investments	-	-
Loans and mortgages	10,658,216	8,196,016
Loans on policies	-	-
Other loans with collateral or guarantees	10,658,216	8,196,016
Other loans without collateral or guarantees	-	-
Assets replicating the unit portion of index/unit-linked contracts	-	-
Reinsurance recoverables from:	5,031,762,427	4,142,480,578
Non-life technical reserves (after risk correction)	4,639,796,326	3,750,514,477
Life excluding index-linked and unit-linked technical reserves (after risk correction)	-	-
Life index-linked and unit-linked technical reserves (after risk correction)	-	-
Deposits to cedants (related to accepted reinsurance)	-	-
Reinsurance receivables	391,966,101	391,966,101
Current tax assets (net)	323,373,621	323,373,621
Insurance, coinsurance and intermediaries receivables	625,208,553	436,178,765
Receivables from insurers other than coinsurance	625,208,553	436,178,765
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	698,369,027	698,369,027
Any other assets, not elsewhere shown	1,489,960,158	1,470,981,970
Total assets	15,180,844,176	14,150,844,320

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Liabilities (without transitionals)	Financial Statement	Solvency Balance Sheet
Technical provisions - non-life	6,612,296,151	6,611,933,725
Best Estimate Direct Insurance (excluding Earthquake reserves)	6,404,271,586	6,403,914,782
Best estimate Direct Insurance Earthquake reserves	15,716,559	15,716,560
Margin over best estimate Direct insurance	91,019,946	91,019,946
Best estimate Accepted reinsurance (excluding Earthquake reserves)	100,925,977	100,920,354
Best estimate Accepted Earthquake reserves	-	-
Margin over best estimate Accepted reinsurance	362,083	362,083
Technical provisions - life (excluding index-linked and unit-linked)	-	-
Best Estimate Direct insurance participating life insurance	-	-
Best Estimate Direct insurance non-participating life insurance	-	-
Margin over best estimate Direct insurance	-	-
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	-	-
Reinsurance deposits and payables	1,476,084,291	1,476,084,291
Deposits from reinsurers	-	-
Reinsurance payables	1,476,084,291	1,476,084,291
Insurance, coinsurance and intermediaries payables	6,516,822	6,516,822
Payables to insurers other than coinsurance	6,516,822	6,516,822
Payables to coinsurance/pools	-	-
Payables to intermediaries	-	-
Other payables (not related to insurance or reinsurance)	509,359,681	509,359,681
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	-	-
Derivatives	-	-
Current tax liabilities	-	-
Provisions other than technical provisions	6,700,825	6,700,825
Contingent liabilities	-	-
Pension benefit obligations	82,782,761	82,782,761
Deferred tax liabilities	-	-
Any other liabilities, not elsewhere shown	227,942,083	227,942,083
Total liabilities	8,921,682,614	8,921,320,188
Excess of assets over liabilities		5,229,524,132

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

EQUITY	Financial Statement
Share capital	2,622,638,200
Share application money pending allotment	-
Share premium	-
Special reserves	2,550,477,445
Catastrophe reserves	190,906,412
Retained earnings	440,048,760
Other equity	455,090,744
Revaluation reserves	-
Capital reserves	-
Corporate Social Responsibility Reserves (CSR)	8,434,380
Insurance Fund	-
Fair Value Reserves	151,685,052
Actuarial reserves	-
Deferred Tax Reserves	138,830,063
Other reserves	156,141,249
Total Equity	6,259,161,561

Available Capital Resources (ACR), Solvency position and MCR

Amounts in NPR units (no decimals)

Reporting date : Ashad-End 2081

TIER 1 CAPITAL. List of items (Capital resources that absorb losses on a going-concern basis and in winding-up basis)	Solvency Balance Sheet
Excess of assets over liability as per Solvency Balance Sheet	5,229,524,132
Add: Paid-in (paid-up) subordinated debts qualified as tier 1 Available Capital Resources	-
Less: Revaluation reserve	-
Less: CSR Reserve	-8,434,380
Less: Fair value reserve	-151,685,052
Less: Actuarial reserve	-
Less: Excess of deferred tax reserve shown in equity of 02.01 BS over deferred tax assets as per Financial Statement	-65,007,879
Less: Assets pledged by the insurer when the facility guaranteed is not in the liability side of the solvency balance sheet	-
Less: Credit Facilities granted by the insurer and secured by its own shares when the facility is not in the liability side	-
Less: Direct and indirect investments, reciprocal cross holdings, arranged either directly or indirectly between financial institutions	-
Less: Assets not valued at nil whose valuation in the solvency balance sheet should not increase the Available Capital Resources	-260,000,000
Less: Deduction as per para 66(6) of Risk-Based Capital and Solvency Directive if not valued at nil in solvency balance sheet	-
Less: Deduction as per para 66(7) of Risk-Based Capital and Solvency Directive if not valued at nil in solvency balance sheet	-
Less: Embedded profit if already included in surplus i.e. excess of assets over liability as per 02.01 BS	-
TIER 1 - TOTAL BEFORE LIMITS	4,744,396,821

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Available Capital Resources (ACR), Solvency position and MCR

Amounts in NPR units (no decimals)

Reporting date : Ashad-End 2081

TIER 2 CAPITAL. List of items (capital resources that absorb losses only in winding-up basis)	Solvency Balance Sheet
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)	-
TIER 2 - TOTAL BEFORE LIMITS	-
Dividend during financial year 2078 - 2079	233,970,000
Dividend during financial year 2079 - 2080	174,073,680
Dividend during financial year 2080 - 2081	131,131,910
Dividend agreed or expected during financial year 2081 - 2082	260,000,000

SOLVENCY SITUATION

Risk-Based Capital Requirement	1,720,745,943
Reduction of life technical reserves due to transitional (only where approved by the NIA)	-
Reduction of non-life technical reserves due to transitional (only where approved by the NIA)	-

	Calculations without Transitional	Calculations with Transitionals
Tier 1 items before limits		-
Tier 1 Paid-in subordinated debt before limit		-
Reduction to limit up to 30% Tier 1		
Tier 1 Paid-in subordinated debt after deduction of the limit		
Exceptional increase para (65)(6) Annexure V of RBC Directive - only previous NIA approval		
Tier 1 items after limits	4,744,396,821	4,744,396,821
Tier 2 before limits		-
Before limits - Future profits embedded in technical reserves		-
After limits - Future profits embedded in technical reserves		-
Recalculated Tier 2 after limits to Future profits embedded in technical reserves		-
Tier 2 after limit 40% RBC	-	-
Total Solvency Available Capital Resources	4,744,396,821	4,744,396,821
Solvency surplus/deficit	3,023,650,878	3,023,650,878
Solvency ratio	275.7%	275.7%

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Supervisory Target Capital Level (paragraph (85) Annexure VI of RBC Directive (%))

130.00%

	Calculations without Transitional	Calculations with Transitionals
MINIMUM CAPITAL REQUIREMENT	573,581,981	573,581,981
Tier 1 covering MCR	4,744,396,821	4,744,396,821
Tier 2 covering MCR	-	-
MCR surplus/deficit	4,170,814,840	4,170,814,840
MCR ratio	827.2%	827.2%



Risk Based Capital and Solvency Approval from Regulator



नेपाल बीमा प्राधिकरण
NEPAL INSURANCE AUTHORITY



मिति: २०८१/११/२८

जो.व्य.शा.१०५ (२०८१/८२) च.नं. ४४१७
श्री सगरमाथा लुम्बिनी इन्स्योरेन्स कं. लि.,
नक्साल, काठमाडौं।

विषय: आ.व. २०८०/८१ को RBC-S मूल्याङ्कन स्वीकृति बारे।

यस प्राधिकरणमा प्राप्त तर्हको मिति २०८१/१०/२२ (च.नं. १३३६/२०८१/०८२) को पत्र सम्बन्धमा लेखिदैछ।

उपरोक्त सम्बन्धमा Risk Based Capital and Solvency Directive, 202१ बमोजिम तयार गरी पेश भएको आ.व. २०८०/८१ को RBC-S मूल्याङ्कन प्रतिवेदन सम्बन्धमा मूल्याङ्कन अवधि सम्म तर्हको सोल्भेन्सी मार्जिन २७५.७% रहेको छ। साथै, Gross Technical Provision र Technical Reserve Ceded and retroceded after Risk Correction निम्न बमोजिम रहेको निर्णयानुसार जानकारी गराइन्छ।

Particulars	Gross Technical Provision	Technical Reserve ceded and retroceded after Risk Correction.
सम्पत्ति (Property)	१,८०८,३६०,९९५.००	९,८९,४९७,९९८.००
मोटर (Motor)	१,७८९,२७७,९५२.००	४७३,९९३,९०५.००
सामुन्द्रिक (Marine)	२७७,९९८,६२९.००	१८३,६८७,९९५.००
इन्जिनियरिङ (Engineering)	४८०,६५७,८३२.००	३५५,४९२,००५.००
हवाई (Aviation)	१,९६६,०७२,८७४.००	९९६,९९९,९५४.००
पशुपन्छी तथा बाली (Cattle and Crop)	८४,८२०,०९८.००	५४,७७८,०७९.००
लघु (Micro Insurance)	६८४,९९४,७६०.००	५४२,२३०,८३४.००
बिविध (Miscellaneous)	३९९,८३०,५९३.००	२३४,८८३,३९५.००
जम्मा (Total)	६,६९९,९३३,७२५.००	३,७५०,५९४,४७७.००

(Signature)




नेपाल बीमा प्राधिकरण
NEPAL INSURANCE AUTHORITY



शर्तहरू:

- (१) आगामी आ.व को RBC-S मूल्याङ्कन प्रतिवेदन तयार गर्दा प्राधिकरणले जारी गरेको “Guideline Related to Actuary Appointment for Insures, 2024” मा भएको व्यवस्था बमोजिम बीमाङ्की नियुक्त गरी कार्य गर्नुहुन ।
- (२) आगामी आ.व.को RBC-S मूल्याङ्कन गर्दा बीमकले Mark to Model Valuation लाई आवश्यकता अनुसार परिष्कृत गर्नुहुन ।
- (३) Earthquake Reserve तथा MOBE लाई वित्तीय विवरणको Annexure १९.१ मा कायम गर्नुहुन ।
- (४) आगामी आ.व.को RBC-S मूल्याङ्कन गर्दा, QRRT मा कुनै पनि पक्षको क्रेडिट रेटिङ उल्लेख गर्दा विशेष ध्यान दिई एकरूपता सुनिश्चित गर्नुहुन ।


(सुशील देव सुवेदी)
निर्देशक

बोधार्थ:

श्रीमान अध्यक्षज्यूको सचिवालय, नेपाल बीमा प्राधिकरण ।

10. OTHER DISCLOSURE

Communication Mechanism for Interaction and Information Flow to Stakeholders

SALICO has developed and maintained the effective communication mechanisms which are essential for ensuring smooth interaction and information flow among stakeholders of the Company. Stakeholders of SALICO include employees, customers (policyholders), agents and brokers, regulatory bodies, suppliers, and shareholders. Below are various communication mechanisms that company has employed to enhance interaction and information dissemination among these stakeholders:

1. Internal Communication Mechanisms

a. Intranet

There system in place in the company of a centralized internal web portal for employees. Share company announcements, policies, training materials, and info access of inter departmental documents. It has facilitated ease of access to information and encourages collaboration among employees.

b. Email Communication

The company has outsourced Zoho mail service for standard email systems for official communication and sharing updates, reports, and announcements, and facilitating discussions. It has provided a record of communication and allows for detailed correspondence.

c. Instant Messaging and Collaboration Tools

For effective and instant communication, the company has encouraged other free online tools such as Microsoft Teams, Whatsapp and Viber. It has fostered real-time collaboration and discussions among teams. It has enabled quick information exchange and enhances team synergy.

d. Regular Meetings and Briefings

The company has in place of holding scheduled monthly meetings which focus on regular and periodical discussion of operational updates, performance metrics, and strategic initiatives. It has promoted transparency and keeps all employees informed of company objectives.

2. External Communication Mechanisms

a. Customer Relationship Management (CRM) Systems

A dashboard on website has been created to manage customer interactions and data. It keeps track of customer inquiries, service requests, and feedback.

b. Website

The company has created an informative and user-friendly website for customers and stakeholders, which has enabled us to provide information on products, services, claims processes, and company news. It has also served as a central hub for customer inquiries and enhances accessibility to information.

c. Mobile Application

SALICO has developed a mobile app for policyholders that enables customers to manage their policies, submit claims, and communicate with support. It has provided a convenient platform for policyholders to interact with the company.

d. Social Media Channels

Company has ensured the presence on platforms like Facebook, Twitter, LinkedIn, and Instagrams. The platforms has been used to share important updates, encouraging the engagement with customers, and inform about products and services to the society. It has helped the company to enhance brand visibility and allowed us for direct interaction with customers.

3. Customer Support and Engagement

a. Customer Service Department

SALICO has a separate department with a dedicated customer service department with dedicated phone lines for customer service. The department provides assistance with policy inquiries, claims, and complaints. It has been offering personalized and immediate support to customers.

b. Chatbots

The company has developed a AI-driven chat systems on website or mobile app to provide 24/7 assistance for frequently asked questions and basic inquiries for enhancing customer engagement and to reduce response time.

c. Nodal and Grievance Handling Mechanisms

The company has appointed Nodal officer and Information officer with responsibility and accountability to address and manage the grievance of stakeholders. The mechanism gathers customer opinions and suggestions on services and processes. It also provides insights into customer satisfaction and areas for improvement.

4. Reporting and Transparency

a. Stakeholder Reports

SLAICO has practice of publication of regular reports (annual, quarterly) both on newspaper and online on web portals for stakeholders to share insights on company performance, financial health, and strategic direction. The company has adopted culture of transparency and builds trust among stakeholders.

b. Regulatory Reporting

SALICO has been regularly observing compliance communication with regulatory bodies by submitting required data and reports to regulatory authorities which has ensured company's adherence to legal obligations and maintains good standing with regulators.

The company has appointed a Nodal Officer and an Information Officer, both responsible and accountable for addressing and managing stakeholder grievances. The mechanism collects customer feedback, including opinions and suggestions on services and processes, providing valuable insights into customer satisfaction and areas for improvement. Multiple channels have been enabled for grievance registration, including an online portal, mobile app, website, email, phone support, and in-person visits to the office. Employee grievances are handled internally by the Human Resources Department. SALICO has also established a clear escalation process for unresolved grievances, which can be directed to higher management or specialized departments (e.g., compliance, legal) by the grievance officer. Management has set timelines for the initial review and resolution of grievances.

SALICO has yet to pursue credit ratings from independent agencies. However, the company is actively working towards obtaining ratings from local credit rating agencies. While it is not formally rated by independent entities, its financial statements demonstrate a strong position of liquidity and stability. Additionally, SALICO has maintained a significant market share in the industry, with a proven track record of delivering consistent, guaranteed returns to its shareholders.

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MANAGEMENT TEAM



Mr. Chunky Chhetry
Chief Executive Officer



Ms. Barishma Saud Acharya
Deputy Chief Executive Officer/
Company Secretary



Mr. Kabiraj Paudel
DGM / National Coordinator



Mr. Subhash Dixit
AGM/Head - Claims Department



Ms. Karuna Devi Manandhar
AGM/Head - Technical (Claims)

HEAD OF DEPARTMENT



Mr. Ganesh Dhakal
Chief Finance Officer



Mr. Anand Babu Khadka
Head- Legal & AML/CFT



Mr. Ganesh Man Maharjan
Head - Reinsurance



Ms. Manju Shree Katuwal
Head- Research and Development



Mr. Basudev Joshi
Head- Internal Control, Risk and
Compliance



Mr. Rajendra Aryal
Market Coordinator

HEAD OF DEPARTMENT



Ms. Jamuna Maharjan
Head- Bancassurance



Mr. Jas Karana Chaudhary
Head- Information Technology



Mr. Dibash Timilsina
Head - Underwriting



Mr. Sashidhar Sharma
Head - Human Resource/
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Ms. Reena Gurung
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