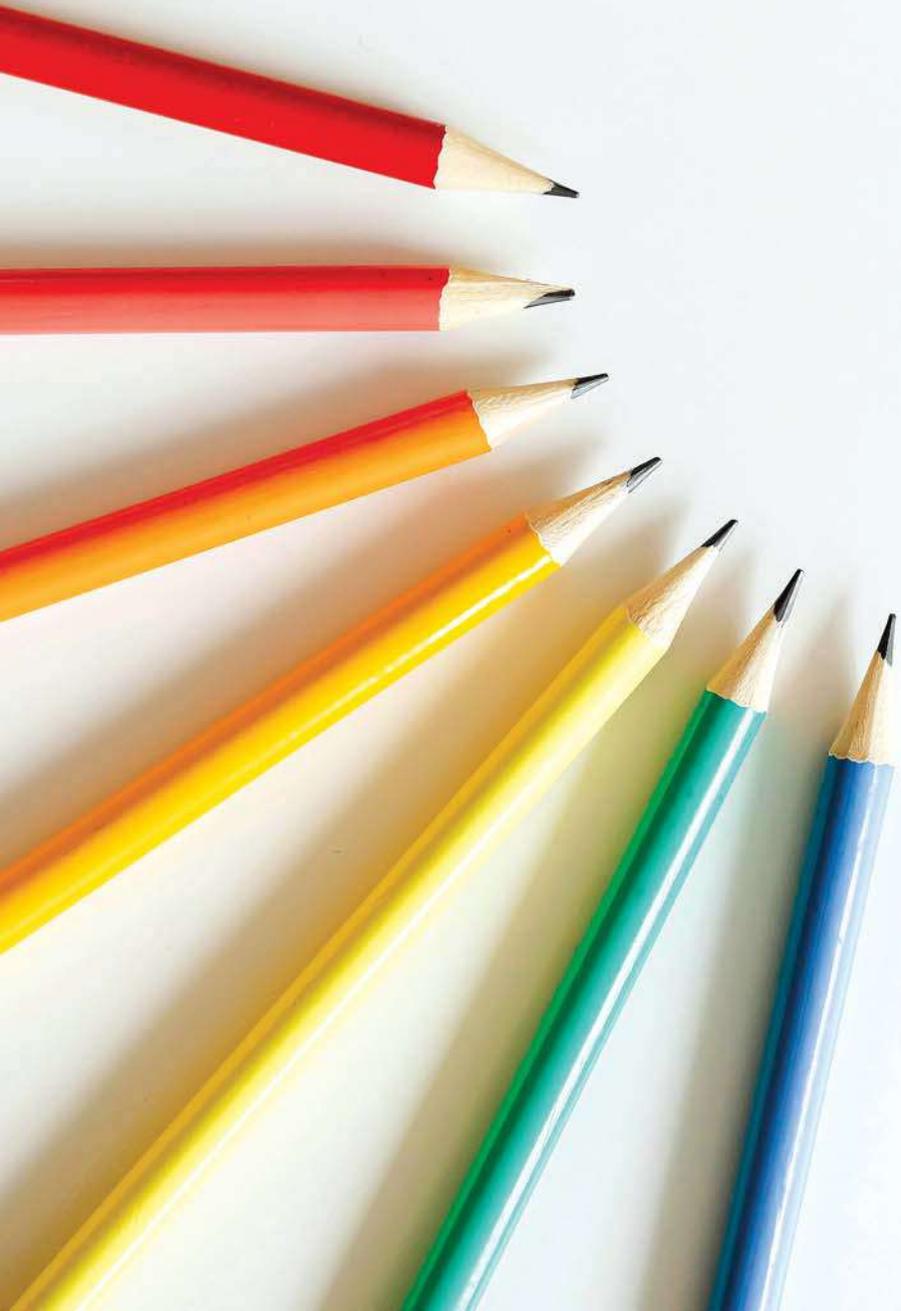




नेपाल इन्स्योरेन्स कम्पनी लिमिटेड
Nepal Insurance Company Limited



७७^{औं} वार्षिक प्रतिवेदन
आ. व. २०८१/८२
77th ANNUAL REPORT 2024-25

UDYOG PARISHAD
DEVELOPMENT BOARD

TEL. ADDRESS:
Clo. BADAHAKIM, RAHAUL

SINGHA DURBAR,

Ref. No. २६/३-२१/०६

Nepal
(Via India) १६ वैशाख, २००६



नेपाल कम्पनी कानून बमोजिम रजिस्टर भएको नेपाल माल
कतानी र बीमा कम्पनी लिमिटेड बाई कम्पनीको काम शुरू गर्न यो
इजाजत पत्र दिने काम भएकोछ ।

विजय शम्शेर
समापाते

NEPAL INSURANCE COMPANY LIMITED, A PIONEER NON-LIFE INSURANCE
COMPANY OF NEPAL WAS ESTABLISHED ON 1947 A.D. BY NEPAL BANK LIMITED
(THE FIRST COMMERCIAL INSURANCE OF NEPAL)



नेपाल इन्स्योरेन्स

About this Report



“Welcome to the 77th Integrated Annual Report of Nepal Insurance Company Limited. This report presents an integrated view of the Company’s strategic priorities, operational performance, and long-term value creation approach, while detailing both financial and non-financial outcomes achieved during the year. As Nepal’s first and one of the most trusted general insurance companies, NICL continues to strengthen its role in supporting economic resilience, infrastructure development, and risk protection across the country.”

In line with NICL’s commitment to transparency, accountability, and continuous improvement, this Annual Report incorporates enhanced quantitative and qualitative disclosures to provide stakeholders with a comprehensive understanding of the Company’s performance. The report reflects compliance with regulatory guidelines issued by Nepal Insurance Authority and aligns with evolving best practices in integrated reporting. Previous annual reports are available for reference through the Company’s official communication channels.

Target Audience

This report is intended to provide relevant and decision-useful information to NICL’s diverse stakeholders, including policyholders, agents, reinsurers, shareholders, regulators, employees, business partners, and the wider community. The disclosures aim to address the information needs of stakeholders operating within Nepal’s evolving economic, regulatory, and climatic environment.

Key Improvements captured in the Current Report

- Enhanced disclosure on risk management practices to demonstrate greater transparency in identifying, assessing, and managing insurance risks arising from natural catastrophes.
- Strengthened focus on corporate governance, including improved reporting on Board oversight, internal control systems, regulatory compliance, and adherence to directives issued by Nepal Insurance Authority.
- Initiation of sustainability and ESG-related disclosures, reflecting NICL’s commitment to responsible underwriting, gradual digitalization of policy and claims processes, and the expansion of insurance access in underserved and emerging regions.



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७७औं वार्षिक साधारण सभा बस्ने सम्बन्धी सूचना

श्री शेयरधनी महानुभावहरू,

यस कम्पनीको सञ्चालक समितिको मिति २०८२/०९/०५ गते बसेको बैठक नं. ०८-२०८२/८३ को निर्णयानुसार कम्पनीको ७७औं वार्षिक साधारण सभा निम्न स्थान, मिति र समयमा निम्न लिखित विषयहरू उपर छलफल गर्न बस्ने भएको हुँदा शेयरधनी महानुभावहरूलाई उपस्थितिको लागि यसै सूचनाद्वारा अनुरोध गर्दछौं ।

७७औं साधारण सभा हुने स्थान, मिति र समय

- स्थान :** त्रिभुवन आर्मी अफिसर्स क्लब, भद्रकाली, काठमाण्डौं ।
मिति : २०८२ साल पौष २९ गते (तदनुसार १३ जनवरी २०२६) मंगलबार
समय : विहानको ११:०० बजे ।

विषय सूची:

(क) सामान्य प्रस्तावहरू:

- १) कम्पनीको आ.व. २०८१/८२ को सञ्चालक समितिको वार्षिक प्रतिवेदन पारित गर्ने ।
- २) आ.व. २०८१/८२ को लेखापरीक्षकको प्रतिवेदन सहितको वासलात, नाफा नोक्सान हिसाब र नगद प्रवाह विवरण तथा सोसँग सम्बन्धित अनुसूचीहरू पारित गर्ने ।
- ३) कम्पनीको आ.व. २०८१/८२ को मुनाफाबाट हाल कायम चुक्ता पूँजी रु. २,५४,८५,७५,००५/- (अक्षरुपी दुई अर्व चौवन्न करोड पचासी लाख पचहत्तर हजार पाँच) को ६.३१५८ प्रतिशतका दरले हुने रु. १६,०९,६२,६३१.८७ (अक्षरुपी सोह्र करोड नौ लाख बैसठ्ठी हजार छ सय एकतीस र पैसा सतासी मात्र) बराबरको नगद लाभांश कर सहित वितरण गर्ने प्रस्ताव पारित गर्ने ।
- ४) कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आ.व. २०८२/८३ को लेखापरीक्षण गर्नका लागि लेखापरीक्षकको नियुक्ती गर्ने र निजको पारिश्रमिक निर्धारण गर्ने (वर्तमान लेखापरीक्षक Kripa Shrestha & Associates कानूनत पुनः नियुक्त हुन सक्ने) ।

(ख) विशेष प्रस्तावहरू:

- १) संशोधित प्रबन्ध-पत्र तथा नियमावली अभिलेख गर्ने निकाय वा नियमनकारी निकायबाट कुनै फेरबदल गर्न निर्देशन प्राप्त हुन आएमा सो अनुसार गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने सम्बन्धी प्रस्ताव पारित गर्ने ।

ग) विविध :

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव



साधारण सभा सम्बन्धी सामान्य जानकारी

- कम्पनीको ७७औं वार्षिक साधारण सभा प्रयोजनका लागि मिति २०८२/०९/१४ गते कम्पनीको शेयरधनी दर्ता किताब बन्द रहनेछ। साथै, नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०८२/०९/१३ गते सम्म कारोवार भई प्रचलित कानून बमोजिम यस कम्पनीको शेयर रजिष्ट्रार एनआइएमबि एस. क्यापिटल लिमिटेड, लाजिम्पाट, काठमाडौंमा प्राप्त शेयर नामसारी लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले मात्र उक्त सभामा भाग लिन पाउने छन्।
- शेयरधनी महानुभावहरूले आफ्नो परिचय दिने आधिकारिक परिचयपत्र तथा साधारणसभा प्रयोजनार्थ जारी प्रवेश पत्र वा नागरिकताको प्रमाणपत्रको प्रतिलिपि वा शेयर प्रमाणपत्रको प्रतिलिपि/हितग्राही खाता नम्बर लिई आउनु हुन अनुरोध गरिन्छ। सभा शुरु हुनु भन्दा एक घण्टा अगावै सभाकक्षमा उपस्थित भई दिनुहुन समेत शेयरधनी महानुभावहरूलाई अनुरोध गरिन्छ।
- सभामा भाग लिन प्रत्येक शेयरधनी महानुभावले सभा हुने स्थानमा उपस्थित भई त्यहाँ रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्नेछ। हाजिरी पुस्तिका बिहानको १०:०० बजे देखि ११:०० बजे सम्म खुल्ला रहनेछ।
- नाबालक शेयरधनीहरूको तर्फबाट संरक्षकले सभामा भाग लिन, छलफल गर्न, प्रतिनिधि नियुक्त गर्न र मत दिन समेत सक्नेछन्। शेयरधनीको दर्ता किताबमा संरक्षकको रुपमा नाम लेखिएको व्यक्तिलाई मात्र संरक्षक मानिनेछ।
- संयुक्त रुपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयरधनीहरूको किताबमा जसको नाम पहिले उल्लेख भएको छ सो व्यक्ति वा संयुक्त शेयरधनीहरूको सर्वसम्मतिबाट आफूहरू मध्ये नियुक्त व्यक्तिले मात्र सभामा भाग लिन, छलफल गर्न, प्रतिनिधि नियुक्त गर्न र मत दिन सक्नेछन्।
- सभामा भाग लिन प्रतिनिधि नियुक्त गर्न चाहने शेयरधनी महानुभावले कम्पनीको सोही समूहको अर्को शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ र सो सम्बन्धी प्रोक्सी फारम सभा शुरु हुनु भन्दा ४८ घण्टा अगावै कम्पनीको प्रधान कार्यालयमा बुझाई सक्नु पर्नेछ। प्रोक्सी फारम यस कम्पनीको वेवसाईट बाट डाउनलोड गर्न सकिने छ।
- सभामा भाग लिन प्रतिनिधि नियुक्त गरी प्रोक्सी कम्पनीमा बुझाई सकेपछि सो प्रोक्सी बदर गरी अर्को दिन चाहेमा सोको सूचना सभा शुरु हुनुभन्दा ४८ घण्टा अगावै कम्पनीको प्रधान कार्यालयमा पुग्नु पर्नेछ र नयाँ प्रोक्सीको हकमा बुँदा नं (६) मा लेखिए बमोजिम हुनेछ।
- शेयरधनीले एक भन्दा बढी प्रतिनिधि नियुक्त गरेको अवस्थामा जसको सबैभन्दा पहिले प्राप्त भई दर्ता भएको हो माथिको बुँदा नं (७) मा लेखिए बमोजिम बदर गरिएमा बाहेक उसैलाई प्रतिनिधि मानिनेछ र सभामा सम्बन्धित शेयरधनी आफै उपस्थित हुन आएमा शेयरधनीले गरिदिएको प्रोक्सी स्वतः बदर हुनेछ।
- सभा सम्बन्धी अन्य काम कारवाही कम्पनी ऐन, २०६३ तथा कम्पनीको प्रबन्ध-पत्र र नियमावली बमोजिम हुनेछ।
- अन्य विस्तृत जानकारीको लागि कम्पनीको प्रधान कार्यालयमा सम्पर्क राख्नु हुन अनुरोध गरिन्छ।

2024-25 OVERVIEW

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Awards and Accolades



Non Financial Highlights

Social Performance

Employees

Total Number of Employees

285

FY 23/24: 302

-6% ↓

Employee Turnover

13%

FY 23/24: 3%

333% ↑

Percentage of Female Employees

32%

FY 23/24: 34%

-7% ↓

Female Employees in Decision Making Roles

1

FY 23/24: 1

Training Expenses

6 Mn

FY 23/24: 5 Mn

8% ↑

Total Employee Benefits Distributed

13 Mn

FY 23/24: 37Mn

-65% ↓

Employee Expenses Per Employees

1.12

FY 23/24: 1.11

1% ↑

Total number of Injuries

0

FY 23/24: 0

Customer and Society

Tax Paid

409 Mn

FY 23/24: 685 Mn

-40% ↓

Investment in CSR

5 Mn

FY 23/24: 3 Mn

105% ↑

No. of Interns Added to Company Employee

3

FY 23/24: 2

50% ↑



Governance & Ethics

Female Representation in Board

50%

FY 23/24: 33%

52% ↑

Number of Total Audits Conducted on Management Systems

3

FY 23/24: 3

Number of incidents with regards to Human rights violations

0

FY 23/24: 0



Financial Highlights

Financial Performance

Particulars	Measurement Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Total Revenue	NPR. Mn	1511	1351	1263	1156	1032
Gross Written Premium	NPR. Mn	1993	1567	1566	1516	1951
Net Earned Premium	NPR. Mn	1001	710	728	683	678
Commission Income	NPR. Mn	232	218	215	244	187
Investment and other income	NPR. Mn	268	318	317	227	162
Commission Expenses	NPR. Mn	18	18	23	33	32
Employee Benefits Expenses	NPR. Mn	321	336	258	277	203
Other Operating Expenses	NPR. Mn	106	90	103	100	90
Gross Claim Paid	NPR. Mn	982	534	750	511	502
Gross Outstanding Claim	NPR. Mn	825	775	935	1038	1226
Net Claims Incurred	NPR. Mn	548	373	250	200	313
Profit Before Tax (PBT)	NPR. Mn	472	482	555	512	300
Profit After Tax (PAT)	NPR. Mn	338	304	373	332	238
Return on Equity	%	9.0	8.8	7.0	3.6	7.0
Return on Asset	%	5.4	4.9	4.9	6.4	5.0

Financial Position and Stability

Particulars	Measurement Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Total Assets	NPR. Mn	6,308	6,232	5,522	5,200	4,797
Property & Equipment	NPR. Mn	247	140	137	87	83
Investment	NPR. Mn	4,445	4,325	3,525	3,367	2,400
Total Equity	NPR. Mn	3,761	3,458	2,901	2,502	2,246
Share Capital	NPR. Mn	1,891	1,644	1,495	1,379	1,242
Special Reserves	NPR. Mn	1,516	1,335	1,024	753	-
Retained Earnings	NPR. Mn	163	264	160	121	153
Other Equity	NPR. Mn	79	119	157	204	249
Total Liabilities	NPR. Mn	2,547	2,773	2,622	2,698	2,551

Investor Ratios

Particulars	Measurement Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Earning per Share(EPS)	Times	18	18	25	24	19
Price/Earnings Ratio	Times	36	48	33	19	53
Dividend cover	Times	6	16	11	8	12
Net worth	NPR. Mn	338	304	373	332	238
Dividend Per Share (DPS)	NPR.	6	16	11	8	12
Market Price Per Share	NPR.	645	880	820	446	1022

Regulatory Ratio

Particulars	Measurement Unit	2024-25	2023-24	2022-23	2021-22	2020-21
Solvency Ratio	%	429	432	208	396	341

Economic Value Added

To Employees as Salaries and Other Benefits

321 Mn ↓

FY 23/24: 336 Mn

To Government as Taxes

409 Mn ↓

FY 23/24: 685 Mn

Claims Paid (Gross)

982 Mn ↑

FY 23/24: 534 Mn

Benefits Paid to Investors

161 Mn ↓

FY 23/24: 260 Mn

To intermediaries as Commission

18 Mn

FY 23/24: 18 Mn

Net Earned Premium

1001 Mn ↑

FY 23/24: 710 Mn

Investment and Other Income

277 Mn ↓

FY 23/24: 423 Mn

Operating Costs

106 Mn ↑

FY 23/24: 90 Mn

Economic Value Retained

Depreciation

41 Mn ↑

FY 23/24: 39 Mn

Amortisation

0.9 Mn ↑

FY 23/24: 0.6 Mn

Retained Profit

163 Mn ↓

FY 23/24: 264 Mn

Gross change in Contract Liabilities

124 Mn ↑

FY 23/24: -64 Mn

Market Value Retained

Market Value of Equity

8,678 Mn ↓

FY 23/24: 9,606 Mn

Shareholders' Funds

3,761 Mn ↑

FY 23/24: 3,458 Mn

Market Value Added

4,917 Mn ↓

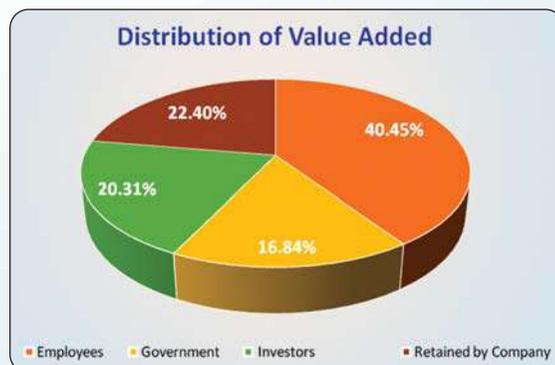
FY 23/24: 6,147 Mn

Value Added Statement

Particulars	NPR
Value of Output	2,502,179,909
Less: Bought-in Goods & Services	-1,668,315,459
Gross Value Added	833,864,450
Less: Depreciation & Amortisation	-41,519,347
Net Value Added	792,345,104

Distribution of Value Added

Stakeholder	NPR	%
Employees	320,516,494	40.45%
Government	133,393,004	16.84%
Investors	160,962,632	20.31%
Retained by Company	177,472,974	22.40%
Total	792,345,104	100.00%



Chairman's Statement

Respected Shareholders,

On behalf of the Board of Directors, I warmly welcome all the shareholders who have accepted our hospitality and attended this 77th Annual General Meeting of Nepal Insurance Company Limited. I also extend my heartfelt welcome to the representatives from regulatory bodies, observers, employees, journalists, and other invited guests.

Established in 2004 B.S. (1947 A.D.) as Nepal's first insurance company, this organization carries a proud history. It has maintained its distinct identity, reputation, and prestige in the insurance market while providing reliable and trustworthy insurance services to its policyholders for the past 78 years, always prioritizing customer service and satisfaction.

The insurance sector has not remained unaffected by the national and international economic recession, floods and landslides, reduced lending by banks and financial institutions, and the stagnation in industrial and commercial activities. Beyond this, collecting insurance premiums as targeted while maintaining healthy competition in a competitive insurance market has certainly been challenging. Nevertheless, the company's effective business policies, maximum use of information technology, and the hard work and dedication of all employees have helped steer the company toward success.

In FY 2081/82 (2024/25 A.D.), the company successfully earned approximately NPR. 2 billion in premiums, an increase of nearly 28% compared to the previous year. However, due to floods and landslides caused by continuous rainfall in Ashoj (September-October) of the same fiscal year, claim amounts increased compared to the previous year, with approximately NPR 0.98 billion paid out in claims. I would like to inform you that our reinsurance policy and partnership with one of the world's best reinsurance companies Hannover Rueck SE as our lead reinsurer has prevented any significant impact on profits due to the claim incurred in the company. Similarly, due to the slowdown in industrial and commercial activities, lending by banks and financial institutions contracted, and excessive liquidity led to reduced interest rates. In response, the company has been diversifying its investments in shares, debentures, and mutual funds of various banks, financial institutions, and other companies. I would like to inform you that the company's total investments to date stand at NPR 4.44 billion.



In the current FY 2082/83 (2025/26 A.D.), the company has successfully earned NPR 1.01 billion in premiums by the end of Mangsir (mid-December). However, due to the Gen-G movement and floods and landslides, claim amounts have continued to increase. Most of the claims have already been settled, and we have directed the management to arrange prompt payment for the remaining claims as well.

According to the Insurer Registration and Insurance Business Operation Directive, 2073 (2016 A.D.) issued by the Nepal Insurance Authority, non-life insurance companies are required to maintain their paid-up capital to NPR 2.5 billion. While the company's paid-up capital stood at only Rs 1.89 billion at the end of FY 2081/82, I would like to inform you that following the issuance of right shares amounting to Rs 657,696,776 in the current fiscal year, the company's paid-up capital has now reached NPR 2.54 billion. I have proposed distributing a cash dividend of 6.3158% (including tax) from the distributable profits shown in the profit and loss account for FY 2081/82 (2024/25 A.D.) on the current paid-up capital of NPR 2.54 billion. It is worth noting that if calculated based on last year's paid-up capital, this would amount to approximately 8.5%.

The company has raised its paid-up capital to NPR 2.54 billion and have set target to achieve premium growth consistent with the capital structure in the current year. Along with business growth, we have adopted policies focusing on corporate governance, strengthening internal control systems, minimizing potential risks in non-life business, maximizing the use of information technology, implementing digital payment systems, and enhancing employee competency. We are committed to comply with prevailing laws and directives issued by regulatory bodies from time to time. In accordance with the directives of the Nepal Insurance Authority, the necessary work for the implementation of NFRS 17 (Insurance Contracts) is

underway. I believe this will present the company's financial position in a more refined and realistic manner. Furthermore, the company aims to distribute attractive dividends to its shareholders, ensuring they remain at par with or above the average dividend rate of the non-life insurance industry.

The company currently provides accessible insurance services to policyholders through 54 branch/sub-branch offices across various parts of the country including the head office, 4 third-party insurance counters, and 2 service centers. I would like to inform you that the company is moving forward with the goal of expanding its branch network based on necessity and increasing insurance access to customers at the rural level.

Finally, as Chairman of the Board of Directors, I want to assure you that I remain firmly committed to fulfilling my responsibilities with complete integrity, dedication, and honesty while leading the company forward. I express my gratitude to all shareholders who provide constructive suggestions and guidance for the company's progress, concerned agencies, the Office of the Company Registrar, Nepal Insurance Authority, domestic and foreign reinsurance companies, brokers, banks and financial institutions, Securities Board of Nepal, Nepal Stock Exchange Limited, CDS and Clearing Limited, policyholders, surveyors, insurance agents, and all employees who work honestly to take the company forward. I also thank all media professionals who communicate news about the company and all individuals and organizations who support us directly or indirectly. I am confident that we will continue to receive your invaluable suggestions and advice in the coming days, I believe that you will approve the agenda presented at this general meeting.

Thank you.

Chandra Singh Saud
Chairman

Date: 2082/09/29 (January 13, 2026)

Reflections from Chief Executive Officer

Dear Stakeholders,

It is my pleasure to present the Annual Report of Nepal Insurance Company Limited (NICL) for the Financial Year 2024/25. We continued to focus on steady growth, disciplined financial management and reliable customer service during the year. Despite economic headwinds and increasing competition in the insurance market, NICL maintained stable financial performance supported by strong underwriting discipline, operational efficiency and a trusted customer base.

Operating Environment

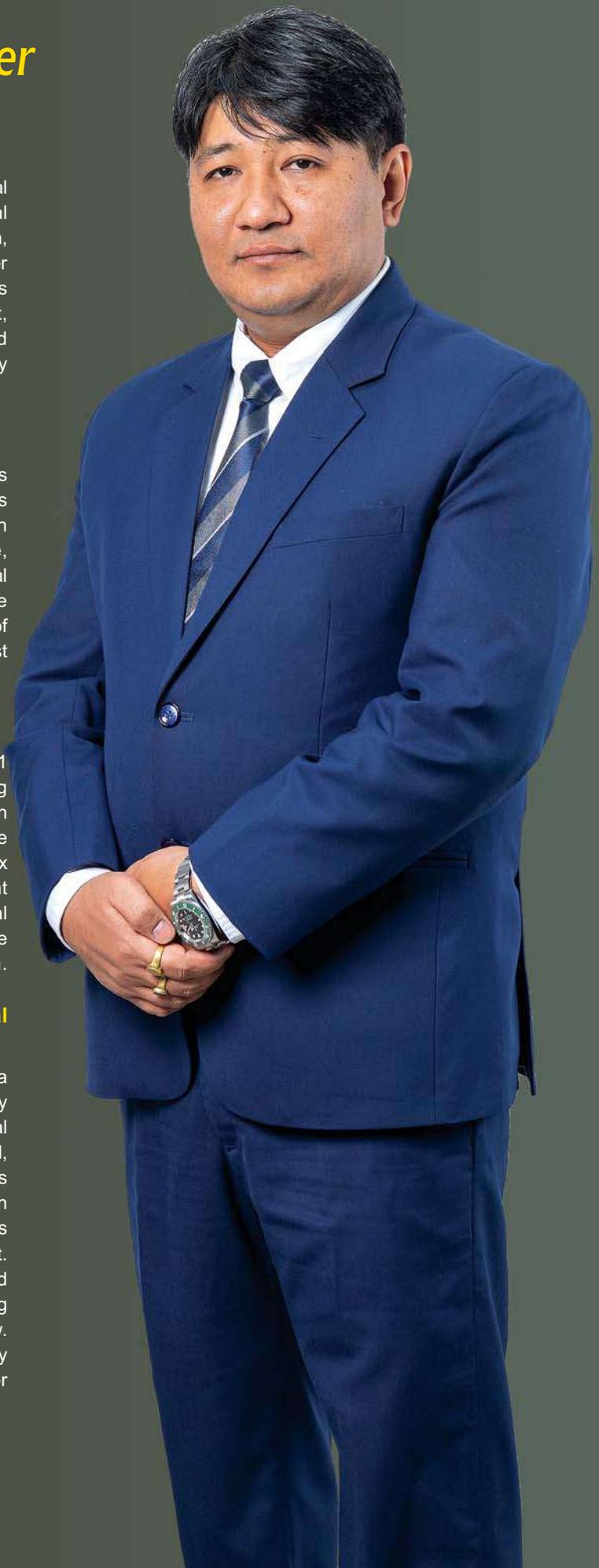
The operating environment during the year was influenced by moderate economic activity, with banks being careful about how they provided loans. Competition in the general insurance industry remained intense, requiring greater emphasis on service quality, operational discipline and underwriting prudence. Through these efforts, the NICL achieved Gross Written Premiums of NPR 2,030 million, reflecting a growth of 28% against market growth of 10%.

Business and Financial Performance

NICL recorded Net Earned Premiums of NPR 1,001 million during the year through disciplined underwriting and stronger control over operating costs achieving an Underwriting Result of NPR 740 million. Profit Before Tax stood at NPR 470 million, while Profit After Tax amounted to NPR 340 million, supported by prudent expense management and sound risk discipline. Total Assets at year-end stood NPR 6,308 million, while Shareholders' Equity reached NPR 3,761 million.

Emerging Socio-Political Trends and Natural Calamities

Although FY 2024/25 remained largely stable from a socio-political perspective, social movements led by Gen-Z groups began gaining momentum after the fiscal year ended, in September 2025. Around the same period, the country experienced significant floods and landslides which are expected to influence the insurance sector in the coming years. NICL registered gross claim liabilities of NPR 436 million arising from the Gen-Z movement. However, due to strong reinsurance coverage and effective risk-sharing arrangements, the net claims falling in to own account are expected to be relatively low. Accordingly, the net impact is not expected to significantly affect the financial performance, solvency position, or overall financial stability of NICL.



Risk Management and Governance

Risk management remained a central focus during the year. NICL further strengthened its internal control framework and maintained active oversight through the Audit Committee, Investment Committee, Risk Management Committee, Claim Committee, Human Resources Committee, and AML Committee. These committees played an important role in monitoring overall aspect of the risks ensuring regulatory compliance and implementing recommendations from internal and external audits.

Reinsurance Protection and Risk Transfer

Reinsurance program continued to provide a strong foundation for managing underwriting risk. Partnerships with internationally reputed reinsurers, including Hannover Rück SE of Germany, world's third Largest International Reinsurance Company having AA- rating by S&P Global, supported to the capacity to absorb large or unexpected losses. Engagement with experienced international brokers and highly rated reinsurers remained a key element of risk transfer strategy. Only NPR 471 million of the gross NPR 982 million in claim settlement falls on it's net account due to appropriate reinsurance arrangements.

Investment and Capital Management

Investment activities during the year were guided by a prudent approach that prioritized capital preservation and long-term returns in compliant with Investment Directive issued by regulator and Investment Guidelines approved by the Board ensuring appropriate investment and risk diversification as well. Total investments reached NPR 4,457 million, generating investment income of NPR 270 million, reflecting a Return on Investment of 6.02% during the year. This approach supported stable profit contribution while protecting shareholder capital. NICL has maintained a solvency margin of 428.51%, as verified and approved by the Nepal Insurance Authority.

People and Capability Development

Employees remain our greatest strength. Recruitment continued through open and competitive processes, and regular training program were conducted to enhance technical expertise and managerial capability. These initiatives ensured operational excellence, service quality, and compliance discipline.

Infrastructure and Digital Enablement

Construction of the modern 11 Storey Corporate building at Kamaladi, Kathmandu, progressed steadily during the year. Major structural works have been completed, and remaining architectural and interior works are advancing as planned. Completion is expected in FY 2025/26. The new facility will

support a more efficient, technology-enabled operating environment, improving coordination, service delivery, and long-term operational effectiveness.

Market Presence and Customer Service

NICL is operating 54 branches and 3 sub-branch offices, ensuring broad access to insurance services across the country. Expansion into underserved and rural areas remains a strategic priority, with continued emphasis on customer convenience, timely claims settlement, and service reliability.

Environmental, Social and Governance (ESG) Commitment

Environmental Responsibility

NICL continued its transition toward resource-efficient operations through paper-light workflows, responsible energy use, and environmentally considerate design for the modern corporate Office.

Social Responsibility

We remain committed to our communities through:

- Expanding insurance access across the country
- Supporting customers during claims
- Promoting insurance awareness
- Providing employment and skills development opportunities
- Contributing to government-led relief and recovery funds to support disaster-affected communities

During the year, NICL contributed **NPR 5 million to the “Pradhan Mantri Daibi Prakop Uddhar Kosh”** to support communities affected by floods across Nepal. We aim to serve society with fairness and responsibility.

Governance Excellence

Strong governance remains the foundation of our success. NICL continued to comply with all directives and circulars issued by the Nepal Insurance Authority and other oversight bodies, upholding integrity, transparency, and accountability.

Awards and Recognition

NICL's unwavering commitment to transparency, accountability, and excellence in corporate reporting has been recognized at the highest level. The Annual Report for fiscal year 2023/24 received the Gold Award in the Insurance Sector at the National Best Presented Annual Report Awards 2024, organized by the Institute of Chartered Accountants of Nepal, making it the only insurance company in history to receive this recognition. This distinguished achievement highlights NICL's leadership in setting industry benchmarks for clarity, accuracy, and comprehensiveness in financial reporting. It reflects the tireless efforts of our

teams to ensure that our reports not only comply with regulatory standards but also provide meaningful and insightful information to our shareholders, customers, business partners, and other stakeholders. This recognition reinforces our commitment to maintaining the highest standards of corporate governance and stakeholder engagement in the corporate sector. A significant milestone in NICL journey is its classification in Category 'A' by the Nepal Stock Exchange Limited (NEPSE), making it stand alone insurance company to receive this recognition. This emphasizes NICL as the best-performing insurance company in the country, underscoring its financial strength, governance, and market credibility. These recognitions collectively reflect NICL's dedication to maintain the highest standards of corporate governance, stakeholder engagement, and operational excellence in corporate sector.

Looking Ahead: 2026 and Beyond

NICL continues to balance prudent growth with responsible risk management, disciplined underwriting, digital transformation, and customer-focused service delivery. Supported by a capable workforce, a sound governance framework, and clear strategic direction, NICL is well-positioned to deliver sustainable value to all stakeholders in the years ahead.

Appreciations

I would like to thank to the Board of Directors for regular guidance and support which has encouraged to maintain and strengthen market position despite the many challenges faced.

I thank my colleagues for their dedication, hard work, and unwavering teamwork, which have been key to this success and resilience over the years. I am grateful to Nepal Insurance Authority for continued guidance and supports that helped navigate the evolving insurance landscape effectively.

Finally, on behalf of Management Team, I extend sincere thanks to all Shareholders, Customers, Regulators, Reinsurers, Brokers, Surveyors, Agents, Auditors, Actuaries, Vendors, Financial Institutions, Capital Markets and remaining all others, for their trust and confidence upon us. I encourage, all to be with us in our journey, as we grow ahead with new opportunities.

B. K. Maharjan

BRIEF HISTORY OF NEPAL INSURANCE COMPANY LIMITED

When insurance services were not well developed in Nepal and public awareness about risk protection was very limited, a pioneering initiative was taken by Nepal Bank Limited to introduce insurance in the country. In 1947 AD, the company was established under the name “Nepal Malchalani Tatha Beema Company”, marking the beginning of the formal insurance industry in Nepal. With the gradual growth of economic activities and transport services, the scope of the company expanded, and in 1959 AD it was renamed “Nepal Insurance & Transport Company Ltd.” now known as “Nepal Insurance Company Ltd.” since 1991 AD to reflect its broader operations.

The company was officially registered on November 7, 2008 AD (corresponding to 2065/07/22 BS) under Registration

No. 1088/065/066, in accordance with the Company Act, 2006 AD. It obtained its license to operate as a general insurance company from Nepal Insurance Authority (formerly Beema Samiti) on March 25, 2008 AD (2064/12/12 BS) under License No. 01/050, pursuant to the Insurance Act, 1992 AD and Insurance Regulation, 1992 AD.

Since its establishment, Nepal Insurance Company Limited has played a key role in the development of Nepal’s insurance sector. Over the decades, the company has steadily expanded its operations, strengthened its financial position, and earned a strong reputation for reliability, innovation, and customer-oriented insurance solutions.

PROFILE OF THE COMPANY

Nepal Insurance Company Limited is a leading non-life insurance company of Nepal with more than seven decades of operational experience. The company offers a wide range of general insurance products, including property, marine, motor, engineering, aviation, and miscellaneous insurance, serving individuals, corporate clients, and institutions. The company is jointly promoted by Nepal Bank Limited and Asian Life Insurance Company Limited, along with other promoters, who collectively hold 51% of the share capital, while the remaining 49% is held by the general public. The company’s shares are listed on the Nepal Stock Exchange (NEPSE), reflecting transparency, good governance, and public participation in ownership.

Nepal Insurance Company Limited operates through an extensive nationwide network of 54 branches, ensuring accessibility and convenience for clients across the country. The company is supported by a dedicated workforce of 285 skilled employees, who play a vital role in underwriting, service delivery, and timely claims settlement. As of the

reporting period, the company serves 217,169 policyholders, demonstrating strong market presence and high customer confidence. The company is supported by a strong reinsurance arrangement with leading global reinsurers known for their financial stability and claims-paying ability. The reinsurance program is led by Hannover Rueck SE, Germany, the world’s third-largest reinsurance company, along with other internationally reputed reinsurers rated highly by agencies such as Standard & Poor’s and A.M. Best. In addition, Nepal Insurance Company Limited has been assigned a credit rating of “IRN A- (Is)” as of May 19, 2024, reflecting its adequate financial strength and satisfactory claims-paying ability in the Nepalese insurance market.

With its long-standing history, strong promoter backing, nationwide branch network, skilled human resources, reliable reinsurance support, and stable credit rating, Nepal Insurance Company Limited continues to contribute significantly to Nepal’s economic development through effective risk management and efficient customer service.



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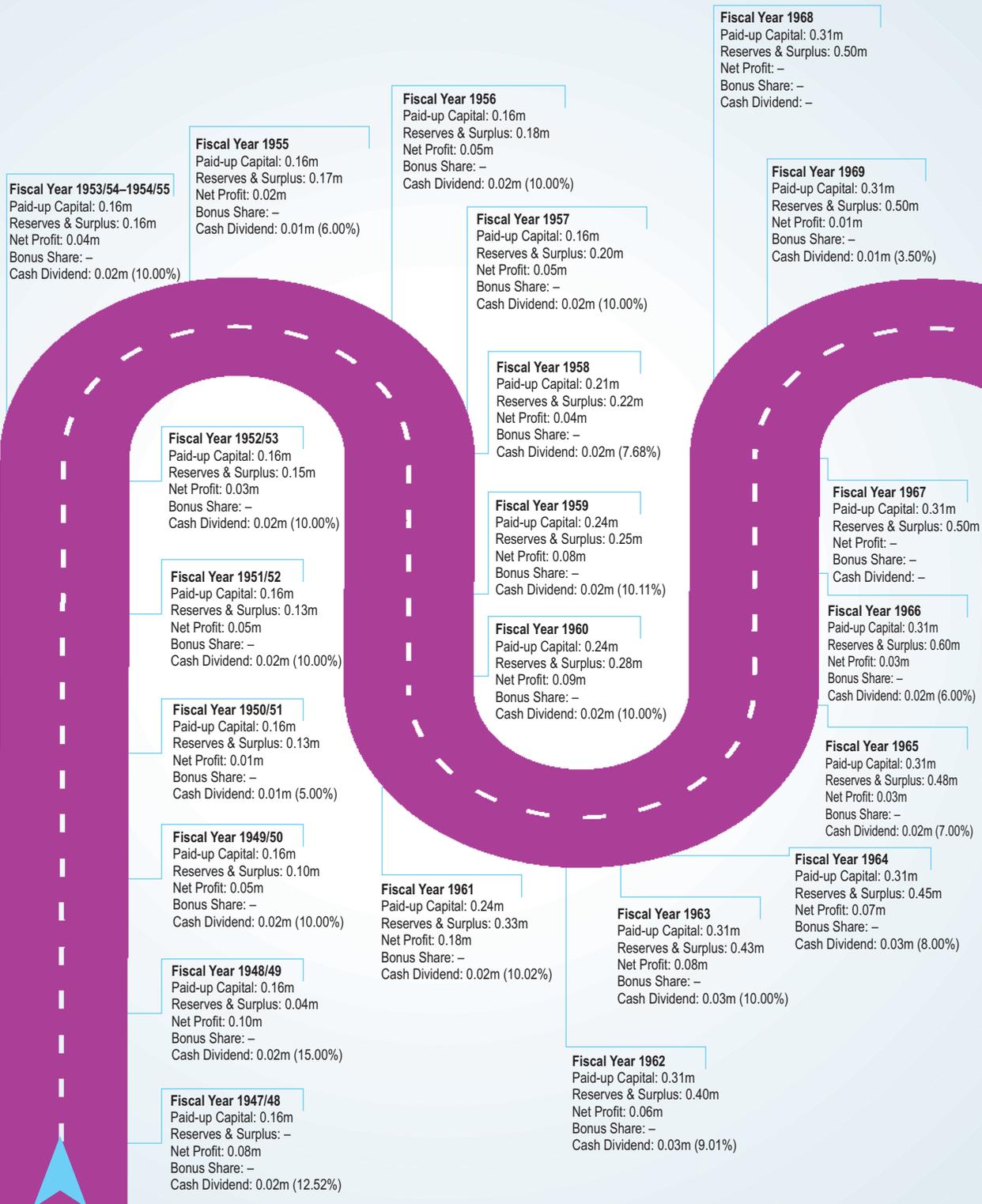




CORPORATE INFORMATION

Date of Incorporation	: 1947 AD
Commencement of Business	: 1947 AD
Obtained License Under Company Act	: May 30, 1996 AD
Registered with Nepal Insurance Authority	: March 25, 2008 AD
Company Registration No.	: 1088/065/066
Authorized Capital	: NPR 2.6 billion
Paid-Up Capital	: NPR 2.55 billion (As on 8 th Oct, 2025)
Reserve and Surplus	: NPR 1.87 billion
Registered Head Office	: Kamaladi, Kathmandu, Nepal
Type of Organization	: Public Limited Company
Nature of Business	: Non-Life Insurance Company
Number of Directors	: 6
Number of Shareholders	: 26,260
Number of Branches	: 54
Number of Employees	: 285
Statutory Auditor	: Kripa Shrestha & Associates, Chartered Accountants
Internal Auditor	: B & S. Associates, Chartered Accountants
Appointed Actuary	: Jatin Arora
Information System (IS) Auditor	: Ways Consulting Pvt. Ltd.
Registrar to Shares	: NIMB Ace Capital Limited
Reinsurance Arrangement	: Led by Hannover Re, Germany, along with other internationally reputed reinsurers
Credit Rating Agency	: Infomeric Rating Nepal
Credit Rating	: IRN A- (Is) (Rating Date: May 19, 2024)
Tax Identification Number (PAN)	: 500056921
E-Mail	: nic@nepalinsurance.com.np
Hotline / Call Centre	: 16600161666
Tel	: 5321353, 5328690, 5345565/68
URL (Website)	: www.nepalinsurance.com.np
Principal Promoter	: Nepal Bank Limited

JOURNEY OF LEGACY





Fiscal Year 1970

Paid-up Capital: 0.31m
Reserves & Surplus: 0.50m
Net Profit: 0.01m
Bonus Share: –
Cash Dividend: –

Fiscal Year 1971

Paid-up Capital: 0.31m
Reserves & Surplus: 0.50m
Net Profit: 0.21m
Bonus Share: –
Cash Dividend: 0.05m (15.00%)

Fiscal Year 1972

Paid-up Capital: 0.31m
Reserves & Surplus: 0.55m
Net Profit: 0.45m
Bonus Share: 0.16m (50.00%)
Cash Dividend: 0.03m (10.00%)

Fiscal Year 1973

Paid-up Capital: 0.47m
Reserves & Surplus: 0.57m
Net Profit: 0.59m
Bonus Share: 0.16m (33.35%)
Cash Dividend: 0.05m (10.00%)

Fiscal Year 1974

Paid-up Capital: 0.63m
Reserves & Surplus: 0.80m
Net Profit: 0.75m
Bonus Share: 0.16m (25.00%)
Cash Dividend: 0.09m (15.00%)

Fiscal Year 1975

Paid-up Capital: 0.79m
Reserves & Surplus: 0.85m
Net Profit: 0.87m
Bonus Share: 0.20m (25.00%)
Cash Dividend: 0.12m (15.00%)

Fiscal Year 1981

Paid-up Capital: 2.40m
Reserves & Surplus: 2.45m
Net Profit: 2.90m
Bonus Share: –
Cash Dividend: 0.72m (30.00%)

Fiscal Year 1982

Paid-up Capital: 2.40m
Reserves & Surplus: 3.15m
Net Profit: 3.57m
Bonus Share: 0.60m (25.00%)
Cash Dividend: 0.36m (15.00%)

Fiscal Year 1980

Paid-up Capital: 1.92m
Reserves & Surplus: 1.80m
Net Profit: 2.18m
Bonus Share: 0.48m (25.00%)
Cash Dividend: 0.29m (15.00%)

Fiscal Year 1979

Paid-up Capital: 1.53m
Reserves & Surplus: 1.49m
Net Profit: 1.51m
Bonus Share: 0.38m (25.00%)
Cash Dividend: 0.23m (15.00%)

Fiscal Year 1978

Paid-up Capital: 1.53m
Reserves & Surplus: 1.30m
Net Profit: 1.19m
Bonus Share: –
Cash Dividend: 0.31m (20.00%)

Fiscal Year 1977

Paid-up Capital: 1.23m
Reserves & Surplus: 1.10m
Net Profit: 0.83m
Bonus Share: 0.31m (25.00%)
Cash Dividend: 0.15m (12.07%)

Fiscal Year 1976

Paid-up Capital: 0.98m
Reserves & Surplus: 1.00m
Net Profit: 0.82m
Bonus Share: 0.25m (25.00%)
Cash Dividend: 0.15m (15.00%)

Fiscal Year 1983

Paid-up Capital: 2.99m
Reserves & Surplus: 3.90m
Net Profit: 3.59m
Bonus Share: 0.75m (25.00%)
Cash Dividend: 0.45m (15.00%)

Fiscal Year 1984

Paid-up Capital: 3.74m
Reserves & Surplus: 4.80m
Net Profit: 2.95m
Bonus Share: –
Cash Dividend: 0.75m (20.00%)

Fiscal Year 1986

Paid-up Capital: 4.77m
Reserves & Surplus: 7.60m
Net Profit: 4.76m
Bonus Share: 0.95m (20.00%)
Cash Dividend: 0.60m (12.50%)

Fiscal Year 1988

Paid-up Capital: 8.02m
Reserves & Surplus: 10.60m
Net Profit: 7.18m
Bonus Share: 4.01m (50.00%)
Cash Dividend: 0.80m (10.00%)

Fiscal Year 1989/90

Paid-up Capital: 12.03m
Reserves & Surplus: 12.90m
Net Profit: 13.04m
Bonus Share: 6.02m (50.00%)
Cash Dividend: 1.20m (10.00%)

Fiscal Year 1990/91

Paid-up Capital: 18.05m
Reserves & Surplus: 16.30m
Net Profit: 11.48m
Bonus Share: 3.61m (20.00%)
Cash Dividend: 1.80m (10.00%)

Fiscal Year 1991/92

Paid-up Capital: 21.65m
Reserves & Surplus: 20.40m
Net Profit: 13.72m
Bonus Share: 5.41m (25.00%)
Cash Dividend: 2.16m (10.00%)

Fiscal Year 1987

Paid-up Capital: 5.73m
Reserves & Surplus: 9.60m
Net Profit: 5.97m
Bonus Share: 2.29m (40.00%)
Cash Dividend: 0.57m (10.00%)

Fiscal Year 1985

Paid-up Capital: 3.97m
Reserves & Surplus: 5.85m
Net Profit: 3.13m
Bonus Share: 0.79m (20.00%)
Cash Dividend: 0.60m (15.00%)

Fiscal Year 1995/96

Paid-up Capital: 43.84m
Reserves & Surplus: 44.94m
Net Profit: 34.49m
Bonus Share: 8.77m (20.00%)
Cash Dividend: 13.15m (30.00%)

Fiscal Year 1994/95

Paid-up Capital: 36.52m
Reserves & Surplus: 39.70m
Net Profit: 26.27m
Bonus Share: 7.30m (20.00%)
Cash Dividend: 7.30m (20.00%)

Fiscal Year 1993/94

Paid-up Capital: 30.44m
Reserves & Surplus: 32.60m
Net Profit: 21.61m
Bonus Share: 6.09m (20.00%)
Cash Dividend: 6.09m (20.00%)

Fiscal Year 1992/93

Paid-up Capital: 27.06m
Reserves & Surplus: 27.45m
Net Profit: 18.09m
Bonus Share: 3.38m (12.50%)
Cash Dividend: 4.06m (15.00%)



Fiscal Year 1996/97

Paid-up Capital: 52.63m
Reserves & Surplus: 52.84m
Net Profit: 35.56m
Bonus Share: –
Cash Dividend: 18.42m (35.00%)

Fiscal Year 1997/98

Paid-up Capital: 52.63m
Reserves & Surplus: 56.04m
Net Profit: 30.49m
Bonus Share: 10.53m (20.00%)
Cash Dividend: 13.16m (25.00%)

Fiscal Year 1998/99

Paid-up Capital: 63.18m
Reserves & Surplus: 63.24m
Net Profit: 32.29m
Bonus Share: –
Cash Dividend: 0.00m (0.00%)

Fiscal Year 1999/2000

Paid-up Capital: 63.18m
Reserves & Surplus: 63.24m
Net Profit: 38.89m
Bonus Share: –
Cash Dividend: 31.59m (50.00%)

Fiscal Year 2000/01

Paid-up Capital: 63.18m
Reserves & Surplus: 65.49m
Net Profit: 37.81m
Bonus Share: 15.79m (25.00%)
Cash Dividend: 12.64m (20.00%)

Fiscal Year 2001/02

Paid-up Capital: 79.00m
Reserves & Surplus: 77.73m
Net Profit: 24.02m
Bonus Share: –
Cash Dividend: 0.00m (10.00%)

Fiscal Year 2002/03

Paid-up Capital: 79.00m
Reserves & Surplus: 90.50m
Net Profit: 20.67m
Bonus Share: –
Cash Dividend: 0.00m (10.00%)

Fiscal Year 2003/04

Paid-up Capital: 79.00m
Reserves & Surplus: 85.71m
Net Profit: 26.80m
Bonus Share: 0.00m (30.00%)
Cash Dividend: 0.00m (10.00%)

Fiscal Year 2005/06

Paid-up Capital: 102.68m
Reserves & Surplus: 92.85m
Net Profit: 0.03m
Bonus Share: –
Cash Dividend: –

Fiscal Year 2006/07

Paid-up Capital: 102.68m
Reserves & Surplus: 24.57m
Net Profit / (Loss): (63.69m)
Bonus Share: –
Cash Dividend: –

Fiscal Year 2009/10

Paid-up Capital: 102.68m
Reserves & Surplus: 107.39m
Net Profit: 39.33m
Bonus Share: –
Cash Dividend: –

Fiscal Year 2008/09

Paid-up Capital: 102.68m
Reserves & Surplus: 73.46m
Net Profit: 47.51m
Bonus Share: –
Cash Dividend: –

Fiscal Year 2007/08

Paid-up Capital: 102.68m
Reserves & Surplus: 28.69m
Net Profit: 6.87m
Bonus Share: –
Cash Dividend: –

Fiscal Year 2004/05

Paid-up Capital: 102.68m
Reserves & Surplus: 92.83m
Net Profit: 17.36m
Bonus Share: –
Cash Dividend: 0.00m (10.00%)

Fiscal Year 2010/11

Paid-up Capital: 102.68m
Reserves & Surplus: 122.47m
Net Profit: 10.48m
Bonus Share: 7.57m (7.37%)
Cash Dividend: –

Fiscal Year 2011/12

Paid-up Capital: 109.82m
Reserves & Surplus: 152.95m
Net Profit: 40.03m
Bonus Share: 21.96m (20.00%)
Cash Dividend: 1.16m (1.05%)

Fiscal Year 2014/15

Paid-up Capital: 287.61m
Reserves & Surplus: 131.68m
Net Profit / (Loss): (60.01m)
Bonus Share: –
Cash Dividend: –

Fiscal Year 2015/16

Paid-up Capital: 287.61m
Reserves & Surplus: 221.92m
Net Profit: 55.88m
Bonus Share: 14.38m (5.00%)
Cash Dividend: 1.48m (0.51%)

Fiscal Year 2016/17

Paid-up Capital: 287.61m
Reserves & Surplus: 295.54m
Net Profit: 115.12m
Bonus Share: 13.66m (4.75%)
Cash Dividend: 0.72m (0.25%)

Fiscal Year 2013/14

Paid-up Capital: 258.17m
Reserves & Surplus: 195.14m
Net Profit: 28.04m
Bonus Share: 23.74m (9.00%)
Cash Dividend: 1.25m (0.47%)

Fiscal Year 2012/13

Paid-up Capital: 131.90m
Reserves & Surplus: 169.08m
Net Profit: 45.91m
Bonus Share: –
Cash Dividend: –



Fiscal Year 2017/18

Paid-up Capital: 617.64m
Reserves & Surplus: 437.44m
Net Profit: 118.81m
Bonus Share: 76.43m (7.50%)
Cash Dividend: –

Fiscal Year 2018/19

Paid-up Capital: 1,019.10m
Reserves & Surplus: 652.90m
Net Profit: 210.48m
Bonus Share: 54.78m (5.37%)
Cash Dividend: 31.71m (3.11%)

Fiscal Year 2019/20

Paid-up Capital: 1,095.54m
Reserves & Surplus: 818.49m
Net Profit: 262.25m
Bonus Share: 92.03m (0.00%)
Cash Dividend: 23.01m (2.00%)

Fiscal Year 2020/21

Paid-up Capital: 1,150.31m
Reserves & Surplus: 973.18m
Net Profit: 306.39m
Bonus Share: –
Cash Dividend: –

Fiscal Year 2021/22

Paid-up Capital: 1,379.00m
Reserves & Surplus: 1,122.93m
Net Profit: 331.67m
Bonus Share: 110.32m (8.00%)
Cash Dividend: 5.81m (0.42%)

Fiscal Year 2022/23

Paid-up Capital: 1,494.77m
Reserves & Surplus: 1,405.78m
Net Profit: 373.10m
Bonus Share: 149.48m (10.00%)
Cash Dividend: –

Fiscal Year 2023/24

Paid-up Capital: 1,644.24m
Reserves & Surplus: 1,813.96m
Net Profit: 303.76m
Bonus Share: 246.64m (15.00%)
Cash Dividend: 12.98m (0.79%)

Fiscal Year 2024/25

Paid-up Capital: 1,890.88m
Reserves & Surplus: 1,791.28m
Net Profit: 338.44m
Bonus Share: –
Cash Dividend: 160.96m (6.32%)

PROTECT YOUR VEHICLES TODAY

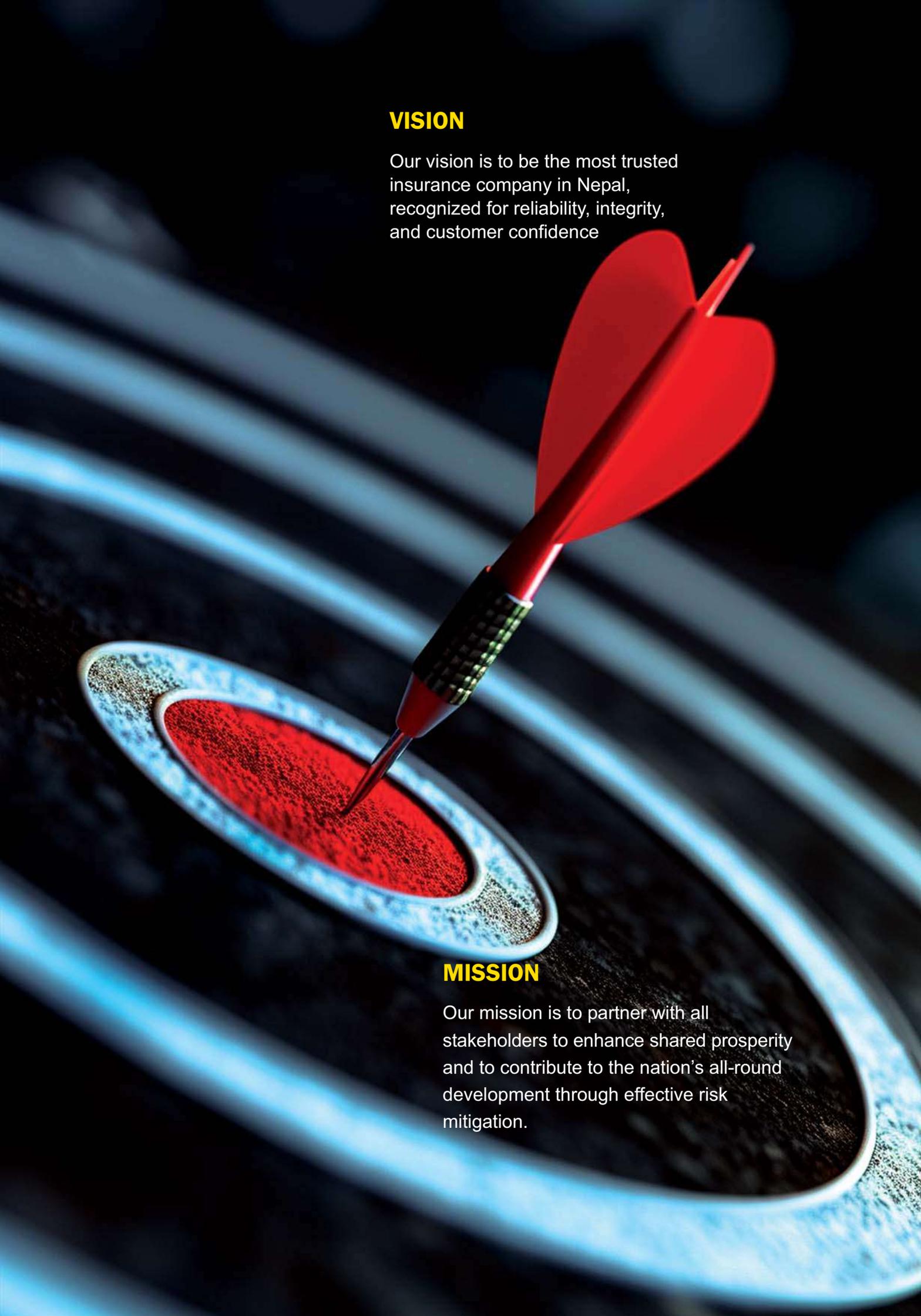
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Comprehensive Motor Insurance that keeps you covered on every journey.

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VISION

Our vision is to be the most trusted insurance company in Nepal, recognized for reliability, integrity, and customer confidence

MISSION

Our mission is to partner with all stakeholders to enhance shared prosperity and to contribute to the nation's all-round development through effective risk mitigation.

Our Core Values and Ethics

Trustworthy

We prioritize honesty and transparency through clear communication and ethical practices. By adhering to international standards and collaborating with global reinsurers, we ensure maximum credibility and financial security for every client.

Fair Treatment

NICL offers fair pricing with no hidden clauses and a customer-first approach. We guarantee an unbiased, efficient claims process and maintain transparency through regular updates, ensuring policyholders fully understand their coverage

Pursuit of Excellence

We deliver modern, user-friendly insurance through digital innovation and continuous workforce development.



Partnership

Our collaborations with domestic and international partners strengthen our financial stability. By aligning with global reinsurers, we mitigate risks and deliver reliable, diverse insurance solutions to the market.

Transparent, Accountable & Socially Responsible

Guided by ethical governance and regulatory compliance, we build trust through accountability. Beyond insurance, we are committed to social responsibility, contributing to our community through impactful CSR initiatives.



OVERALL STRATEGIC OBJECTIVES

ECONOMY FOCUS

- Support national economic development by encouraging productive activities across the country.
- Help reduce the financial stress and hardship caused by loss, damage, or destruction of property.

SERVICE FOCUS

- Strengthen trust and long-term relationships with customers by delivering quality service with professionalism, teamwork, and integrity.

FOCUS ON SHAREHOLDERS

- Maintain strong financial performance and sustainable growth to create long-term value for shareholders through consistent profitability and a strong customer focus.

CLIENT FOCUS

- Build a customer-oriented culture that prioritizes care, convenience, and responsive service.
- Develop innovative insurance products and services tailored to the needs of our target customers and market segments.
- Help reduce the financial vulnerability of society by offering wider insurance protection.

FOCUS ON SUSTAINABLE DEVELOPMENT GOALS (SDGs)

- Promote responsible and sustainable business practices by supporting environmental and social responsibility among our clients, in line with national regulations and global standards.



CODE OF CONDUCT

Nepal Insurance Company Ltd. maintains a pleasant and professional working environment within the organization through the presence of a well-structured and clearly defined compensation framework, clearly articulated organizational goals, and performance-driven job descriptions for employees at all levels. The management of NICL ensures and sustains adequate opportunities for both professional

development and long-term career progression of its employees. The Company further ensures a supportive working environment through well-designed strategic direction and adequate logistic support, which enhances employee satisfaction and engagement, ultimately strengthening employee loyalty to the organization and its institutional culture.



Code of Conduct for Employees

This Code of Conduct sets out the basic standards of behaviour expected from all employees of the Company. Employees shall not engage in any conduct that may affect their job performance, damage Company or public property, endanger safety, or harm the reputation of the Company or the general insurance industry.

Employees are responsible for understanding and complying with this Code as well as other Company policies, procedures, notices, and regulatory guidelines issued by **Nepal Insurance Authority**.



Prudent Conduct and Behaviour

Employees must behave sensibly and responsibly in the workplace. Proper conduct helps in building trust, discipline, and respect among colleagues and customers.

All employees shall follow workplace rules, professional standards, and ethical behaviour expected in a Nepalese general insurance Industry.



Compliance with Laws, Rules and Regulations

Employees are required to comply with all laws, rules, and regulations applicable to the Company's business.

These include insurance laws, regulatory directives, AML/CFT guidelines, labour laws, and other legal requirements of Nepal. Employees should be familiar with laws relevant to their job responsibilities.



Conflicts of Interest

A conflict of interest occurs when personal interest interferes with official duties. Employees must not use their position for personal benefit.

Employees shall avoid situations where personal, family, or financial interests conflict with the interests of the Company.

Common causes of conflict of interest may include:

- a) Personal financial gain
- b) Undue influence or pressure
- c) Acceptance of improper benefits
- d) Business dealings with insureds or vendors

Employees must disclose any conflict of interest to Management.



Responsibility

The Company shall protect the lawful interests of shareholders and policyholders. Employees must understand customer needs and serve them fairly, promptly, and honestly.

Employees shall comply with legal, regulatory, and social norms while conducting insurance business.



Confidentiality

Employees shall not disclose confidential or official information without authorization.

Customer information, underwriting data, claims records, reinsurance details, vendor quotations, and Company policies must be kept confidential. Information of government or regulatory bodies shall not be disclosed without approval.



Independency

Employees shall perform their duties independently and objectively. Decisions related to underwriting, claims, and operations must be free from undue influence.

The Company shall ensure employees have the authority and responsibility to carry out their duties ethically.

The Company maintains a professional working environment through fair compensation, defined job roles, and performance-based evaluation. Management shall encourage professional growth and career development of employees.



Diversity

The Company respects all employees as individuals with equal rights. It values cultural, social, and ethnic diversity and promotes an inclusive workplace.

Equal opportunity shall be provided in recruitment, training, and career advancement.



Anti-Money Laundering

The Company shall not engage in business with criminals, money launderers, or terrorist financiers.

An AML/CFT Policy shall be implemented in line with BFIU guidelines. Employees must follow customer due diligence procedures and report suspicious transactions as required.



Workplace Environment

A healthy workplace is essential for organizational success. Employees shall maintain a work environment that is friendly, transparent, and free from harassment, corruption, and discrimination.

Teamwork and mutual respect shall be encouraged at all levels.



Fraud, Theft or Illegal Activities

Employees shall not engage in fraud, theft, misrepresentation, or illegal activities.

Any suspected fraudulent or illegal activity must be immediately reported to the supervisor or management. Employees shall act responsibly to protect the Company's interests.



Prohibition of Personal Investments and Insider Trading

Employees and other representatives of Nepal Insurance Company Limited shall not use confidential or non-public information for personal investment or trading purposes.

Trading in securities based on insider information is strictly prohibited.



Employees' Grievance

A grievance is any work-related issue that cannot be resolved through routine communication.

Employees are encouraged to resolve grievances informally. If unresolved, formal grievance procedures may be followed as per Company policy.



Disciplinary Procedures and Actions

The Company shall maintain disciplinary procedures in compliance with labour laws of Nepal.

Disciplinary actions shall be fair, transparent, and proportionate. Breach of this Code may result in disciplinary measures, including termination.

OUR GOALS

- Promotion of professional harmony and ethical conduct through scientific and transparent management practices;
- Alignment with national development priorities in line with government policies and Sustainable Development Goals (SDGs);
- Contribution to national economic growth through effective risk protection and long-term financial stability;
- To actively engage in Corporate Social Responsibility (CSR) initiatives supporting socio-economic development;
- Expansion of insurance coverage across industries, infrastructure, businesses, and professional sectors;
- Strengthening of a balanced and resilient economy through domestic capacity building and international cooperation;
- Facilitation of industrial and commercial growth through effective risk identification and risk mitigation practices;
- To enhance underwriting strength and optimize reinsurance utilization;
- Assurance of adequate and reliable financial protection for policyholders while minimizing overall risk exposure.

GOAL THEMES



Scientific Management



Risk Mitigation



SDG Alignment



Reinsurance Optimization



Economic Growth



Balanced Economy



CSR Engagement



Financial Protection



Coverage Expansion

BUSINESS MODEL

The business model diagram gives an overview of the flow of activities within NICL & how they are influenced not only by the environment we operate in, but also by our vision & mission. We operate within the laws & regulations, our mission, vision & values define the objectives we intend to achieve & how we formulate our strategy to achieve those objectives. Similarly, these external & internal influences impact every activity within NICL that goes into achieving our objectives. In turn, our objectives too are shaped by our value creation activities & the cycle continues, ensuring that NICL moulds itself & adapts to the operating environment on an ongoing basis.

OUTCOMES TO THE STAKEHOLDERS

- Shareholders**
Rs. 260 Million Dividend Paid
Rs. 133 Million Income Tax
- Policyholders**
Rs. 982 Million Claims Paid
- Employees**
Rs. 292 Million Remuneration
Rs. 6 Million Invested in Trainings
- Business Partners**
Rs. 992 Million Paid as Reinsurance Premium
- Regulators**
All in Compliance with all applicable rules & regulations
- Society**
Corporate Social Value



STAKEHOLDERS PROVIDING INPUTS

- Shareholders**
51% Promoter holding
49% Public holding
- Policyholders**
Property 44,563
Motor 153,915
Marine 6,696
Engineering 1,978
Cattle and Crop 1,837
Miscellaneous 8,180
Total 217,169
- Employees**
Male 68%
Female 32%
Total No: 285
- Business Partners**
- Reinsurers
- Brokers
- Bank & Financial Institutions
- Agents
- Others
- Regulators**
- Nepal Insurance Authority

Nepal Insurance Authority and Other Regulatory Authorities

OPERATING ENVIRONMENT

BUSINESS MODEL & PERFORMANCE OVERVIEW

Nepal Insurance Company Limited (NICTL) operates on a robust and sustainable business model, effectively converting stakeholder inputs into valuable outputs and outcomes. Our model is built on a foundation of strong capital, prudent risk management, and strategic partnerships, ensuring resilience and growth in a dynamic operating environment.

STAKEHOLDERS & INPUTS



Our strength is derived from the trust and resources provided by our key stakeholders:

- **Capital & Ownership:** Supported by a stable shareholding structure.
- **Policyholder Portfolio:** A diversified and growing portfolio across key segments forms the core of our business.
- **Human Capital:** A dedicated team of 285 professionals drives our operations.
- **Strategic Network:** Our business is enabled through extensive partnerships with reinsurers, brokers, banks, agents, and financial institutions.
- **Critical Infrastructure:** We leverage shareholder funds, strategic investments, advanced technology, institutional knowledge, and data analytics to deliver excellence.

CORE BUSINESS ACTIVITIES (OPERATIONS)



NICTL's operational effectiveness is achieved through:

- **Marketing & Sales:** Expanding market reach and product penetration.
- **Underwriting:** Prudent risk assessment and pricing.
- **Policy Servicing & Administration:** Efficient policy management.
- **Claims Management:** Fair and timely claim settlement.
- **Investment Activities:** Optimizing returns on policyholder and shareholder funds.

OBJECTIVES AND OUTPUTS



Our activities are directed toward achieving key objectives:

- **Financial:** Growth, profitability, liquidity, and tax compliance.
- **Operational:** Enhanced productivity, compliance, and innovation.
- **Social:** Corporate Social Responsibility (CSR) and stakeholder responsiveness.

This year's results demonstrate the effective execution of our business model, delivering substantial value to all stakeholders:

- **For Shareholders:** A strong financial performance enabled us to distribute substantial dividends, reflecting our commitment to delivering returns on investment.
- **For the National Economy:** We contributed significantly to the national economy through our payment of corporate income tax.
- **For Our Policyholders:** Upholding our core promise, we promptly settled a major volume of claims, providing financial security and trust.
- **For Our Employees:** We recognize their contribution through competitive remuneration and continuous investment in skill development and training programs.
- **For Our Business Partners:** Our growth is shared with our partners, evidenced by the significant premium ceded to reinsurers and commissions paid, strengthening our collaborative ecosystem.
- **For Regulators:** We maintain full compliance with all applicable rules and regulations set forth by the Nepal Insurance Authority and other regulatory bodies.

OUR VALUE CHAIN MANAGEMENT

We execute targeted outreach and education initiatives, ensuring our general insurance products are accessible and relevant across Nepal. This is powered by continuous staff training and investment in robust digital platforms for seamless service delivery.



CUSTOMER-CENTRIC SERVICES

We possess extensive expertise in assessing the specific risk exposures of businesses, properties, and assets. Our strength lies in accurately classifying risks and providing prudent underwriting guidance to maintain portfolio stability and offer fair terms.



PRUDENT UNDERWRITING

We have cultivated strong, trust-based relationships with a nationwide network of agents, surveyors, brokers, and partners. We continuously expand our channels with a deep understanding of local and regional market needs.



EXPANSIVE DISTRIBUTION NETWORK

We secure robust reinsurance partnerships with global and regional reinsurers. This strategic approach ensures exceptional financial resilience, allowing us to confidently cover large-scale risks and protect our policyholders' interests.



STRATEGIC REINSURANCE

We consider the swift settlement of valid claims as fundamental duty. Our dedicated claims teams are committed to the fastest possible disbursement, guided by clear processes and empathetic support during stressful times.



EFFICIENT CLAIMS MANAGEMENT

We believe that the trust of our clients is our most valuable asset. Every client is unique, and we are committed to leveraging our local expertise and understanding to deliver solutions that provide security and peace of mind.



CLIENT TRUST & SATISFACTION



OUR VALUE CREATION PROCESS



OUR INSURANCE VALUE CHAIN



VALUE DELIVERED TO STAKEHOLDERS



NEPAL INSURANCE BUSINESS ENVIRONMENT



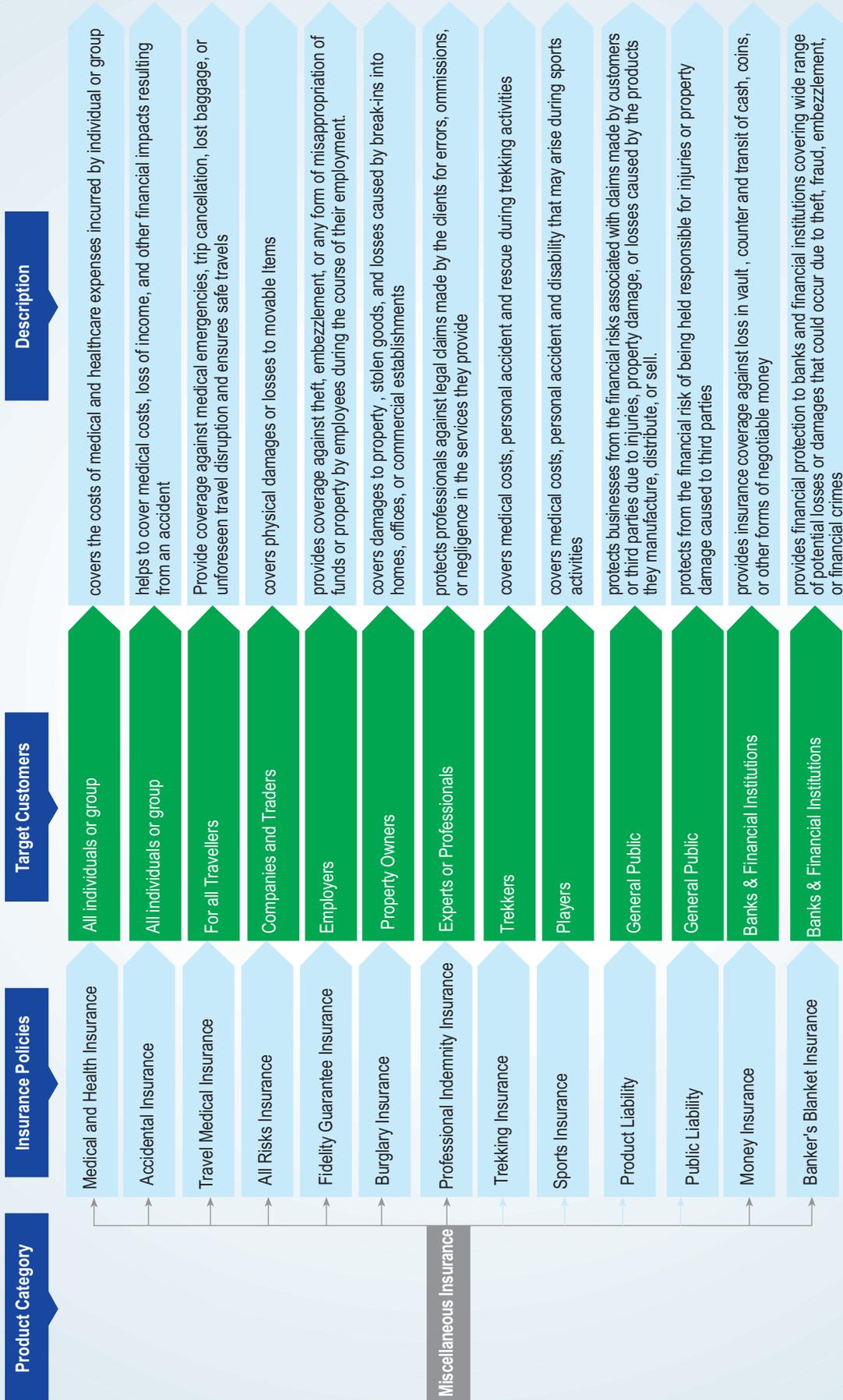
Our business environment shapes and influences our insurance operations and sustainability.

General Insurance Product Portfolio

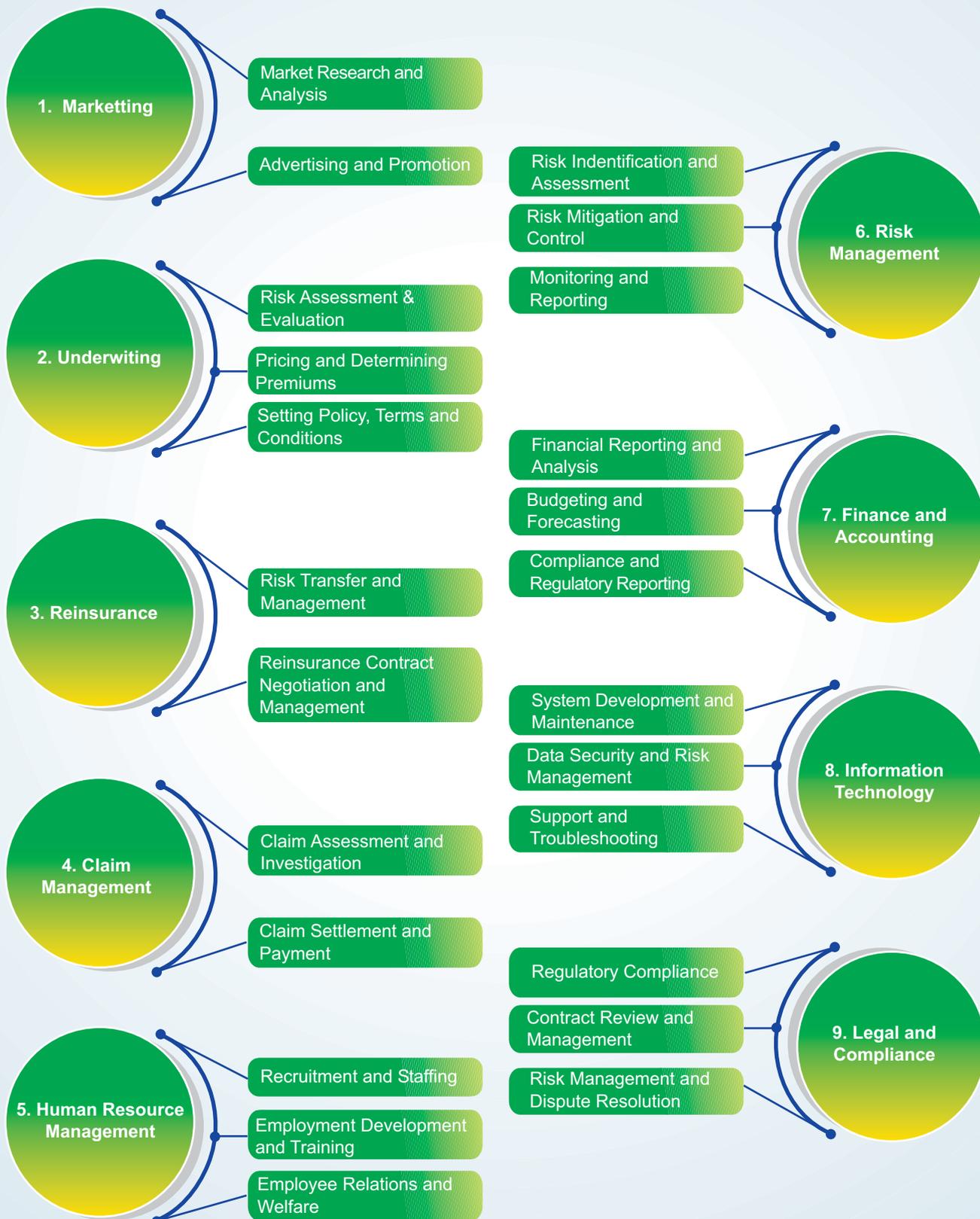
Product Category	Insurance Policies	Target Customers	Description
Property Insurance	Home Insurance	House Owners	protects your house and family from property loss or damage caused by natural calamities, fire and burglary.
	Property Insurance	Business Owners	provides financial reimbursement to the insured for a structure and its contents including stocks in the event of damage from Accidental and Natural Calamities
	Comprehensive Insurance	Vehicle Owners	provides exclusive motor insurance coverage including damages to your own vehicle as well as for injuries or damages to others
	Third Party Insurance	Other party except vehicle owner	covers damages or injuries caused to others in the event of an accident where you are at fault.
Motor Insurance	Marine Cargo Insurance	Overseas and Inland Traders	provides insurance coverage of goods in transit from one place to another by sea, inland waterways, rail, road and air
	Aviation Insurance	Aircraft Owners	grants protection against the loss of or damage to the aircraft and also provides coverage for legal liability to third parties and to passengers arising out of the operation of the aircraft
Marine Insurance	Aviation Insurance	Construction Projects and Companies	covers the physical loss or damage to construction works, material and equipments, and machinery on-site during the construction phase
		Manufacturing and Construction Companies	covers machinery breakdowns, electrical failures, and other operational accidents that cause machinery to stop functioning
	Engineering Insurance	Companies involved in installation of heavy machinery, plants or large industrial systems	provides protection against various risks during the construction and erection phases, such as damage to the property, materials, and equipment being installed.
		Business that relies on continuous operations for revenue generations	helps business to recover lost profits and meet ongoing financial obligations during periods of temporary closure or reduced operations
Aviation Insurance	Marine Cum Erection Insurance	Projects related to construction, infrastructure development and power plants	covers all physical risks which a project is exposed to right from the warehouse of the supplier of equipment to its erection, testing and commissioning at the site
	Electronic Equipment Insurance	Business depending on electrical equipments such as IT companies, offices and manufacturing units	covers damages or breakdown of computers, IT Infrastructures, and other electronic equipments
	Crop Insurance	Farmers	provides insurance coverage to the farmers against the damage to crops due to natural disasters, pests, diseases, or weather conditions
	Livestock Insurance	Livestock Owners	covers the risks of loss of livestock due to disease, accidents, thefts or natural disasters



Our Product Portfolio



Enterprise Wide Functions





OUR RESOURCE AND USAGE

“Nepal Insurance Company Limited effectively utilizes its human, financial, and physical resources to support sustainable growth and deliver reliable insurance services across Nepal. A skilled workforce, strong capital base, diversified investments, and an extensive branch network—complemented by growing digital capabilities—enable the company to maintain operational resilience, enhance customer satisfaction, and create long-term value for stakeholders.”

Overview

Nepal Insurance Company Limited (NICL) operates on a strong foundation of human, financial, and physical resources, which together support its ability to deliver reliable and accessible insurance services across Nepal. The company’s skilled workforce ensures effective underwriting, customer service, claims management, and regulatory compliance. A sound financial base, supported by diversified premium income, investments, and accumulated reserves, enables NICL to meet claim obligations, manage risks, and pursue business expansion. In addition, NICL’s extensive branch network and growing digital infrastructure enhance service delivery, operational efficiency, and customer accessibility.

Human Resources

Nepal Insurance Company Limited (NICL) regards human resources as a critical driver of service quality, operational efficiency, and sustainable growth. The company employs a skilled and experienced workforce across various levels to support its core insurance operations and customer-centric services.

NICL has a total of 285 employees deployed across its branch network, with 32% female representation, reflecting the company’s commitment to workforce diversity and inclusion. These human resources are effectively utilized across key functional areas, including:

- Underwriting and risk assessment
- Sales and marketing of insurance products
- Customer service and relationship management
- Reinsurance and risk management
- Claims processing and settlement
- Financial management and accounting
- Compliance and regulatory management
- General administrative functions
- Strategic planning and management

Through continuous engagement and structured deployment, NICL ensures that its human capital contributes directly to service excellence and competitive performance.

Financial Resources

The primary source of revenue for Nepal Insurance Company Limited is premium income generated from a

wide range of insurance products, including Property, Motor, Marine, Miscellaneous, Engineering and Agriculture.

In addition to underwriting income, NICL strategically invests in financial instruments such as fixed deposits, shares, debentures, and mutual funds to enhance returns and strengthen its capital base. Retained earnings accumulated over previous years have contributed to total reserves amounting to NPR. 3.76 billion, including paid-up capital, providing the company with a strong financial foundation.

This robust capital position enables NICL to underwrite large-scale risks, expand operations, introduce new products, and meet regulatory solvency requirements. The company also utilizes reinsurance arrangements to manage risk exposure effectively and optimize capital usage.

Financial resources are primarily deployed for:

- Settlement of insurance claims
- Operational and administrative expenses
- Regulatory and statutory compliance
- Community and social responsibility initiatives
- Technology adoption and digital transformation
- Employee management and capacity building

Physical and Infrastructural Resources

Nepal Insurance Company Limited maintains a strong physical and infrastructural base to ensure efficient service delivery and nationwide accessibility. The company operates 54 branches across Nepal, enabling it to extend insurance services to both urban centers and rural or remote regions.

NICL is progressively adopting digital infrastructure to enhance operational efficiency and customer experience. Key initiatives include online policy issuance, automated underwriting, digital claim tracking, and electronic service platforms. The company’s website and mobile applications allow customers to access insurance services conveniently and efficiently.

These physical and infrastructural resources support:

- Effective service delivery
- Efficient claims processing
- Customer support and engagement
- Smooth internal operations and coordination

SUSTAINABLE COMPETITIVE EDGE

“Nepal Insurance Company Limited’s sustainable competitive edge is built on a customer-focused service model, diversified and innovative product offerings, a trusted brand legacy, strong reinsurance partnerships, skilled and engaged human resources, and a robust financial position. Together, these strengths enable NICL to remain resilient, competitive, and well-positioned for long-term growth in Nepal’s evolving insurance market.”

Nepal Insurance Company Limited (NICL) can achieve and sustain a competitive edge by leveraging its inherent strengths, responding effectively to market demands, and adapting to the evolving insurance landscape. The following strategic pillars support NICL’s long-term competitive advantage:

1) Customer-Centric Approach

Nepal Insurance Company Limited places strong emphasis on meeting the diverse needs of both individual and corporate clients through a comprehensive range of insurance products. The company delivers customer service through multiple channels, including in-person support, online platforms, and telephone services. NICL continues to invest in user-friendly digital solutions that enable seamless policy management, renewals, claims processing, and customer engagement, thereby enhancing overall customer experience.

2) Brand Reputation and Trust

As Nepal’s first non-life insurance company, Nepal Insurance Company Limited enjoys a strong market presence and a well-established brand reputation. The company is widely trusted due to its long-standing reliability, industry expertise, and effective risk management practices. NICL further strengthens stakeholder confidence through its Corporate Social Responsibility (CSR) initiatives, which contribute to community development and environmental sustainability.

3) Reinsurance Management

Nepal Insurance Company Limited maintains robust reinsurance arrangements with reputable local and international reinsurers to manage risk exposure, maintain solvency, and handle large or

catastrophic claims. The company’s reinsurance partners include globally recognized firms such as Hannover Rueck SE, Sirius International Insurance Corporation, Kenya Re, CICA Re, Asian Re, as well as domestic reinsurers Nepal Reinsurance Company Limited and Himalayan Reinsurance Limited. These partnerships enhance NICL’s capacity to underwrite large and complex risks.

4) Human Resource Development and Engagement

NICL recognizes its employees as a key strategic asset and invests continuously in training and professional development programs to enhance technical competence and industry knowledge. The company provides comprehensive employee welfare benefits, including health for employees and their families, provident fund, and gratuity schemes to ensure financial security. NICL also conducts workshops and seminars in collaboration with the Nepal Insurance Authority and international insurance institutions to promote continuous learning and regulatory alignment.

5) Strong Financial Position and Credit Rating

Nepal Insurance Company Limited maintains a strong solvency position, with a solvency margin of 428.5%, reflecting its ability to absorb losses well beyond expected risk levels. The company has been assigned an IRN A- (Is) credit rating by Infomermics Credit Rating Nepal, indicating strong financial strength and low credit risk. This solid financial standing enhances stakeholder confidence and supports sustainable business growth.





MAJOR SOURCE OF CAPITAL & THEIR INTERCONNECTEDNESS

“Nepal Insurance Company Limited maintains a strong and integrated capital structure comprising paid-up share capital, statutory and catastrophe reserves, retained earnings, and specialized equity, complemented by effective reinsurance arrangements. These interconnected capital sources collectively support solvency, regulatory compliance, risk absorption, and sustainable growth, enabling the Company to underwrite large and complex risks while maintaining financial stability and long-term value for stakeholders.”

1. Core Equity and Paid-up Capital

As the foundational pillar of our financial structure, Share Capital represents the long-term commitment of our shareholders. Through a disciplined approach to public offerings, bonus issues, and rights shares, NICL has successfully fortified its equity base. As of 8th Oct, 2025, the company's paid-up capital stands at Rs. 2.55 billion, providing the necessary leverage to expand our market footprint.

2. Reserves

To safeguard against systemic shocks and large-scale insurance events, NICL maintains a rigorous reserve policy in line with Nepal Insurance Authority mandates.

- **Special Reserves:** Amounting to Rs. 1.52 billion, these serve as a dedicated buffer for operational stability.
- **Catastrophe Reserves:** Standing at Rs. 112 million, these are specifically earmarked to mitigate the impact of low-frequency, high-severity claims.

3. Retained Earnings and Specialized Equity

Profitability is recycled back into the business to fuel organic growth. By balancing dividend payouts with Retained Earnings (Rs. 163 million), we ensure internal capital generation. Furthermore, our Other Equity (Rs. 79 million) includes specialized accounts such as:

- Fair Value and Actuarial Reserves.
- Corporate Social Responsibility (CSR) and Deferred Tax Reserves.

These accounts reflect our commitment to transparent financial reporting and social accountability.

4. Reinsurance as a Capital Management Tool

Beyond internal equity, NICL utilizes Reinsurance Arrangements as a vital strategic instrument. By transferring a portion of underwritten risks to global and local reinsurers, we optimize our capital efficiency and reduce potential liability concentrations. This interconnectedness not only

provides a security net against volatility but also creates an additional revenue stream through reinsurance commissions.

The financial resilience of NICL is built upon the dynamic interplay between these sources. Rather than operating in isolation, each component functions as part of an integrated framework to optimize risk capacity.

Interconnectedness of Capital Sources

How Our Capital Sources Interact

- **Equity and Market Confidence:** Our core capital base provides the initial funds for operations. A strong equity position enhances our reputation, making it easier to attract future investment and navigate fluctuating market conditions.
- **Profitability and Self-Sufficiency:** Retained earnings reduce our reliance on external funding. High retention levels improve our creditworthiness, allowing us to underwrite larger, more complex policies based on internal strength.
- **Risk Protection through Reinsurance:** While reserves provide an internal buffer, reinsurance acts as an external shield. Effective reinsurance lowers our net risk exposure, which optimizes the amount of capital we must hold in reserves, allowing for more efficient business scaling.

For Example, Nepal Insurance Company Limited underwrites a large policy for a high-risk client.

1. **Share Capital:** Provides the foundational solvency required to initiate the contract.
2. **Reinsurance:** Diversifies the risk by transferring a significant portion of potential liability to partners.
3. **Reserves:** Acts as a dedicated buffer, ensuring that even in the event of a major claim, day-to-day stability is maintained.
4. **Retained Earnings:** Fund the ongoing operations and technological infrastructure needed to manage such risks effectively

PLAN FOR RESOURCE USAGE, MAJOR PROGRAMS, AND THEIR RELATIONSHIP WITH THE CAPITAL PLAN

“Nepal Insurance Company Limited aligns its human, financial, physical, and infrastructural resource usage with its major programs and capital plan to support sustainable growth. The capital plan finances strategic initiatives, while efficient resource utilization enhances operational performance, regulatory compliance, and long-term financial stability.”

Nepal Insurance Company Limited (NICL) offers a comprehensive range of insurance products and services. To achieve its strategic objectives and ensure sustainable growth, NICL systematically allocates its human, financial, physical, and infrastructural resources in alignment with its major programs and capital plan.

Human Resources

Human capital remains a key driver of NICL's operational effectiveness and service quality. The Company's human resource strategy emphasizes the recruitment of skilled professionals in core areas such as underwriting, claims management, risk assessment, actuarial science, and customer service. Continuous training and development programs are implemented to keep employees updated on regulatory requirements, emerging market trends, and technological advancements within the insurance sector.

Financial Resources

Financial resource planning is central to NICL's growth, profitability, and long-term sustainability. The Company actively manages its financial resources to ensure compliance with capital requirements prescribed by the Nepal Insurance Authority. In parallel, NICL follows a diversified investment strategy aimed at optimizing returns while safeguarding the interests of policyholders and shareholders.

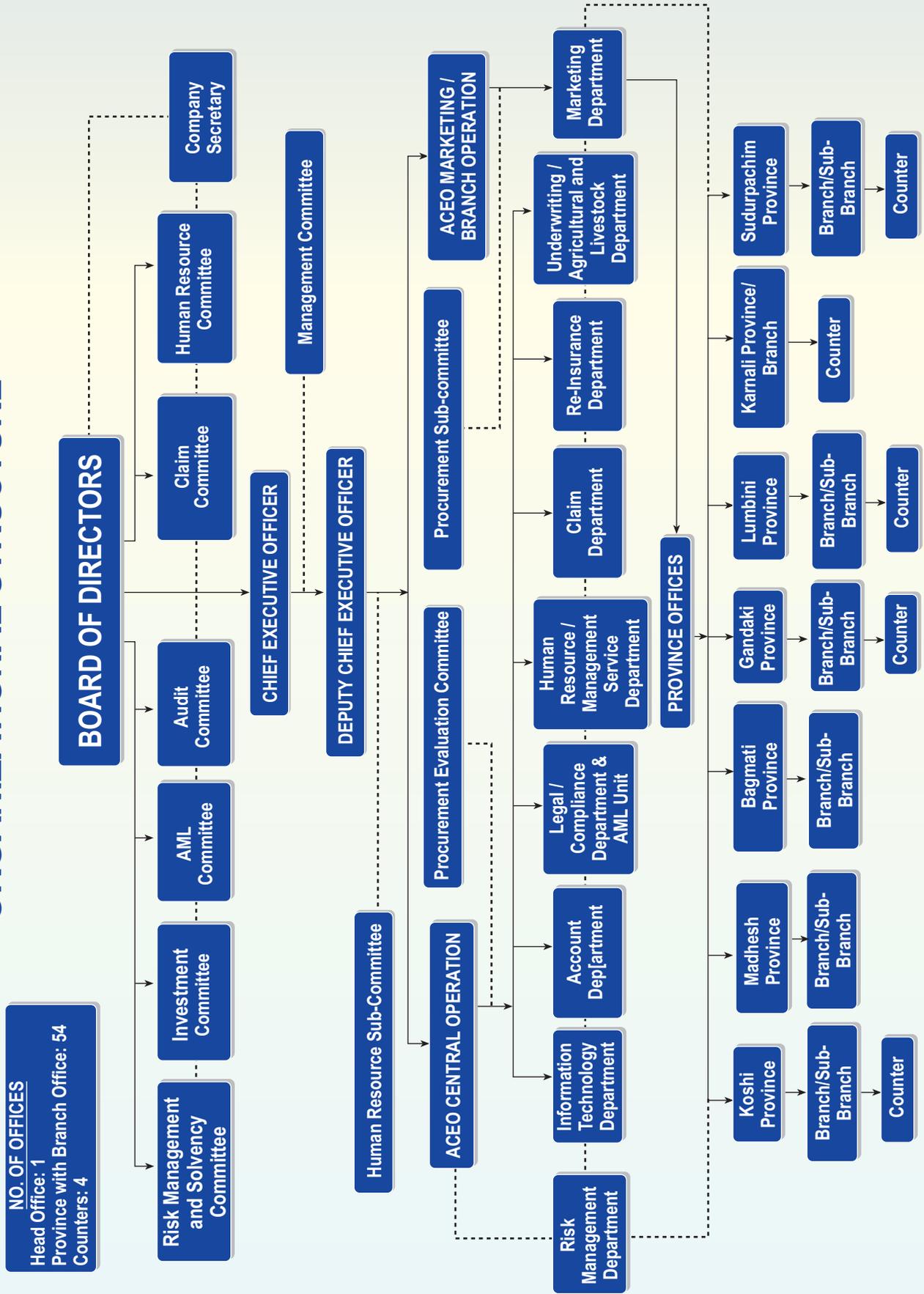
Physical and Infrastructural Resources

NICL continues to strengthen its physical and infrastructural base to enhance operational efficiency and customer outreach. Key initiatives include investment in a new corporate building to support expanding operations, expansion of the branch network to improve accessibility, and the development of digital platforms for policy administration, claims processing, and customer support.

Linkage with the Capital Plan

NICL's resource usage plans, major programs, and capital plan are closely interconnected. The capital plan provides the financial foundation required for resource deployment and program implementation, while efficient resource utilization ensures optimal returns on capital. This integrated approach enables NICL to execute its strategic initiatives effectively, maintain financial stability, and achieve sustained capital growth.

ORGANIZATIONAL STRUCTURE



Property Insurance Services



Our property protection plan offers comprehensive coverage to safeguard your most valuable asset. Protect your property and ensure peace of mind.



Home Insurance



Property Insurance



More Information at
www.nepalinsurance.com.np

PESTEL FRAMEWORK

P

POLITICAL FACTORS

- Policy uncertainty and political transitions
- Public infrastructure focus and government spending
- Stable regulatory oversight of the insurance sector
- Fiscal and monetary policy interventions
- Zero tolerance for regulatory non-compliance

E

ECONOMIC FACTORS

- Inflation and rising interest rates
- Foreign exchange volatility affecting reinsurance
- Industrial sector slowdown
- Rising energy and operating costs

S

SOCIAL FACTORS

- Urbanization altering risk profiles
- Growing insurance awareness
- Demand for faster and digital services
- Emphasis on ethical conduct and social responsibility
- Alignment with Sustainable Development Goals (SDGs)

Degree of Impact

Moderate to High

Strategies – Political

- Close coordination with Nepal Insurance Authority and government bodies
- Conservative underwriting during political uncertainty

- **Positive Impact:** A stable government with pro-business policies can foster a conducive environment for growth.
- **Negative Impact:** Political instability or frequent policy changes can create uncertainty and hinder business planning.

High to Long Term

Strategies – Economic

- Prudent underwriting and pricing discipline
- Strong business analysis and monitoring system

- **Positive Impact:** A growing economy with rising incomes can increase the affordability and demand for insurance products.
- **Negative Impact:** Economic downturns or high inflation can reduce disposable income, leading to lower insurance penetration.

Moderate

Strategies – Social

- Customer-focused product development
- Insurance awareness and trust-building initiatives

- **Positive Impact:** Increasing awareness about the importance of insurance can drive demand.
- **Negative Impact:** Cultural resistance or lack of trust in insurance products can limit growth.



TECHNOLOGICAL FACTORS

- Government push for digital financial services
- Digital underwriting and claims processing
- Online premium payment and e-policy issuance
- Increasing cybersecurity threats

ENVIRONMENTAL FACTORS

- Increasing natural disasters
- Climate change impact on insured risks
- National climate resilience commitments
- Green insurance and sustainable operations

LEGAL & REGULATORY FACTORS

- Compliance with Insurance Act and NIA Directives
- AML/CFT and statutory obligations
- Legal scrutiny in claims and reinsurance
- Strong governance and compliance framework

Degree of Impact

Moderate to High

Strategies – Technological

- Gradual enhancement of digital platforms
- Strengthened system security and data protection

- **Positive Impact:** Adoption of digital tools and AI can improve efficiency, reduce costs, and enhance customer experiences.
- **Negative Impact:** Rapid technological changes may require significant investments to stay competitive.

High

Strategies – Environmental

- Climate risk-based underwriting and reinsurance
- Paperless and energy-efficient operations

- **Positive Impact:** Increased awareness of environmental risks can drive demand for specialized insurance products.
- **Negative Impact:** Frequent natural disasters can lead to higher claims payouts, affecting profitability.

High

Strategies – Legal & Regulatory

- 100% regulatory and statutory compliance
- Strengthened compliance and AML/CFT controls

- **Positive Impact:** Consumer protection laws can build trust and encourage insurance adoption.
- **Negative Impact:** Increased legal liabilities or compliance costs can strain resources.

STRATEGIC PLAN AND RESOURCE ALLOCATION

Short term Strategies (1-2 Years)

1. Strengthening Digital Operations

The company will upgrade its website and core systems to focus on online policy issuance, premium collection, and claim registration. Priority will be placed on stability and cybersecurity, ensuring the platforms are user-friendly and appropriate for current digital maturity.

2. Enhancing Claims and Service Quality

Improve claims turnaround time by simplifying workflows and improving coordination with surveyors. By partially automating motor and retail claims, NICL will ensure faster settlements and transparent communication to build public trust.

3. Culture

A strong organizational culture underpins Nepal Insurance Company Limited's success. We emphasize efficiency, simplicity, and accountability to effectively support our core insurance business and serve stakeholders responsibly.

4. Strengthening Compliance and Governance

Bolster its internal controls to meet the Nepal Insurance Authority's directives. This includes a strict focus on risk-based supervision, solvency monitoring, and enhanced corporate governance reporting.

5. Capacity Building

NICL will conduct specialized training for underwriting, claims, reinsurance, and finance teams. These programs will focus on practical technical skills and ethical standards rather than generic training modules.

6. Implementing NFRS 17

The company will continue its phased transition to NFRS 17 standards through detailed gap analysis and data preparation. By coordinating with actuarial experts, NICL will ensure a smooth transition that does not disrupt operations.

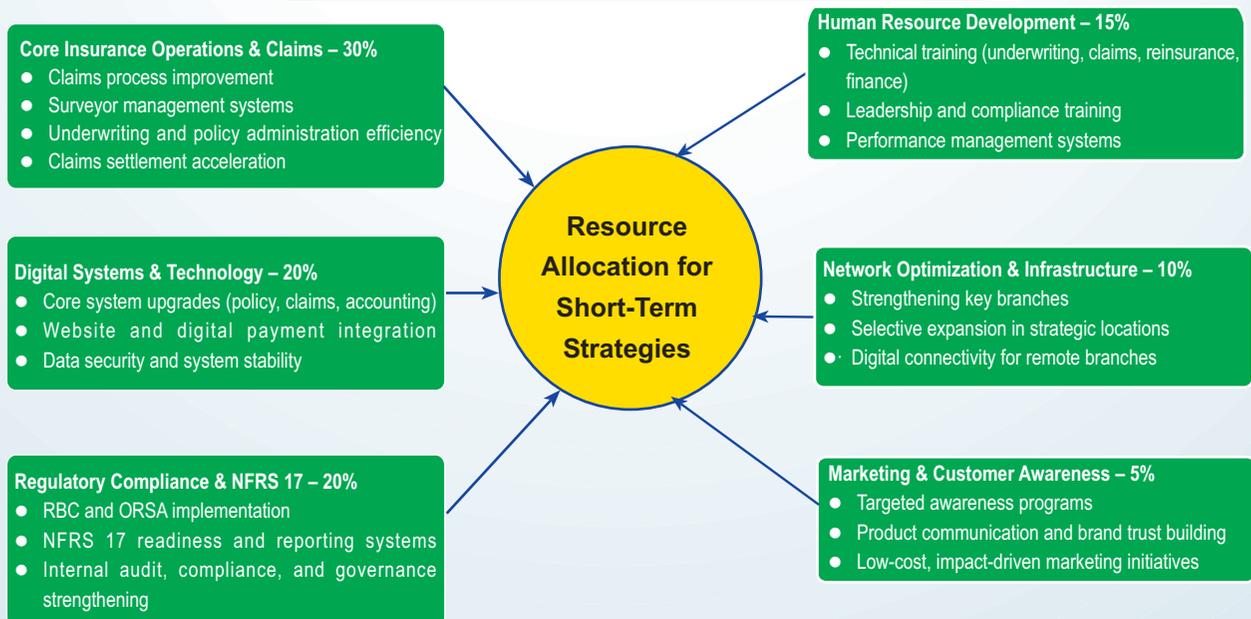
7. Aligning with RBC and ORSA Guidelines

To ensure financial resilience, NICL is aligning its risk management with RBC and ORSA guidelines. This involves strengthening risk identification, optimizing reinsurance structures, and conducting market-relevant stress tests to maintain capital adequacy.

8. Operational Efficiency & Cost Control

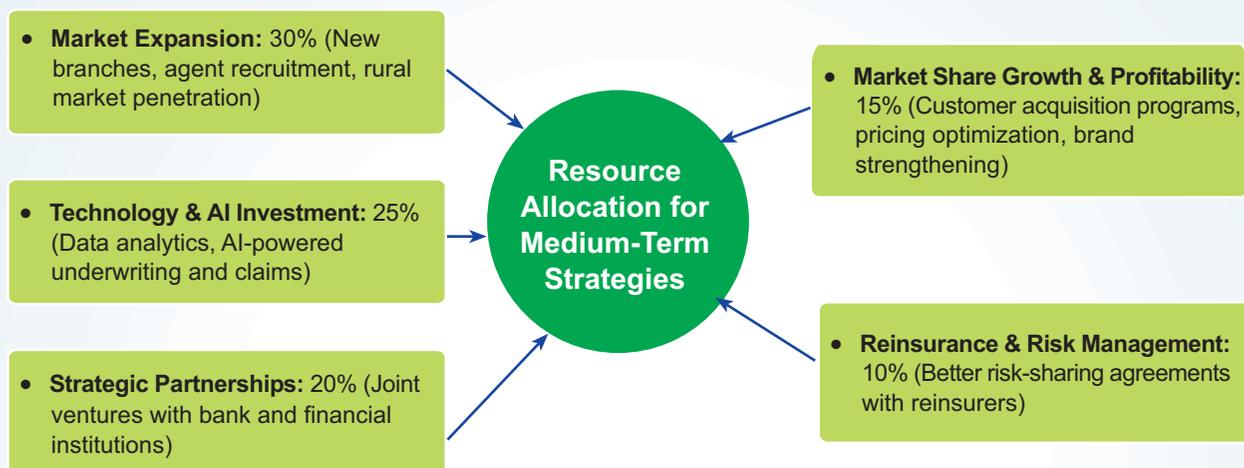
NICL aims to improve operating margins by streamlining internal processes and reducing manual duplication. By controlling administrative expenses and focusing on lean operations, the company will enhance its competitive position in the market.

Resource Allocation for Short-Term Strategies



Medium-Term Strategies (3-5 Years)

- 1. Expansion into Untapped Markets:** Establish branches and distribution channels in rural areas and secondary cities to increase penetration.
- 2. Partnerships & Collaborations:** Collaborate with bank and financial institutions and mobile network providers to distribute insurance policies.
- 3. Sustainable Insurance Practices:** Introduce green insurance products that incentivize sustainable behavior and promote ESG initiatives.
- 4. Market Share Growth:** Strengthen distribution channels and improve customer retention programs to increase market presence.
- 5. Return Maximization:** Optimize pricing strategies and investment portfolios to enhance overall profitability.
- 6. Reinsurance Optimization:** Strengthen relationships with global reinsurers to ensure better risk-sharing mechanisms and financial stability.



Long-Term Strategies (5+ Years)

- 1. Market Leader & Brand Strengthening:** Establish NICL as the most trusted insurance provider in the country.
- 2. International Expansion:** Explore opportunities for cross-border insurance services, targeting Nepalese diaspora and international businesses.
- 3. Advanced Digital Transformation:** Fully integrate automation and digital technologies to streamline operations, improve efficiency, and enhance customer experience.
- 4. Risk Management & Resilience:** Strengthen enterprise risk management frameworks, enhance cyber risk mitigation, and develop strategies for financial stability during economic fluctuations.
- 5. Diversified Investment Portfolio:** Increase investments in high-growth sectors like infrastructure, renewable energy, and technology.
- 6. Industry Innovation & Thought Leadership:** Establish research and innovation hubs for insurance product development and customer insights.



SWOT ANALYSIS

STRENGTHS

- Strong reputation and public trust
- Consistent premium and profit growth
- Association with Nepal Bank Ltd. builds credibility
- Robust governance and compliance
- Effective capital management (NPR 2.55 billion)
- 'A' Category by SEBON
- Prime corporate asset in Kathmandu, Birgunj and Narayangard
- Hannover Rueck SE, world 3rd largest Reinsurance company
- 11th floor modern corporate building.

STRENGTH

Nepal Insurance Company Limited is a leading general insurer known for its strong reputation and high public trust. The company provides reliable service across all sectors, ensuring consistently high client satisfaction.

The leadership team consists of respected industry experts whose strategic vision drives growth and stability. This management is supported by a solid foundation of professional staff.

Financially, the company is highly stable, maintaining a strong ability to pay claims and a robust solvency margin compared to its peers. Additionally, owning a corporate building in a prime Kathmandu location strengthens its asset base and adds to its professional prestige.

S

WEAKNESSES

- Limited Product Penetration in Rural Areas
- Cybersecurity Vulnerabilities
- Underwriting Risks
- Static business growth and passive marketing.
- Dependency on Economic Conditions

WEAKNESS

There is a significant gap in the effective implementation and market penetration of the company's diversified insurance products.

The company's profitability remains moderate when compared to other leading financial institutions in Nepal.

Public awareness regarding general insurance is limited, and the distribution network, including agents, requires further skill development and professional training.

W

Internal

Expanding our strengths

Addressing our weaknesses

OPPORTUNITIES

Demand for agricultural insurance—including coverage for crops and livestock is rising as specialized services become more popular. At the same time, Nepal's growing economy is increasing the need for both personal and commercial insurance products.

Nepal's economy is on a growth trajectory, expanding the base for insurance products across personal and commercial lines.

OPPORTUNITIES

- Untapped markets in rural areas
- Strong brand position to lead market development
- Access to external professional expertise
- Digital transformation for service efficiency
- Regulatory mandates driving insurance demand
- Supportive regulatory environment
- Risk management Solutions

External

THREATS

The general insurance market in Nepal is highly competitive, with numerous companies striving for market share in a relatively small economy. The threat of new entrants remains relevant.

Clients possess strong bargaining power due to the high number of insurers and competitive commission structures.

Negative experiences with some insurers have created public skepticism, reducing motivation to purchase insurance for risk mitigation.

THREATS

- High competitive pressure among insurers
- Shareholder expectations for higher returns
- Operational constraints due to public-sector governance.
- Market Disruption
- Exposure to regulatory and economic volatility
- Limited/Lower investment opportunity income
- Significant natural disaster risk

Harnessing our opportunities

Mitigating our threats



Board of Directors and Management Team

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Board of Directors



Sabita Shrestha Joshi
Director

Bishworaj Baral
Director

Chandra Singh Saud
Chairman

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

Sajal Maskey
Director

DIRECTOR'S PROFILE



Chandra Singh Saud is a financial specialist, Master's degree in Business Administration (MBA) from Tribhuvan University and more than two decades of expertise in the insurance sector. He has held a number of important leadership roles and made a substantial contribution to Nepal's capital and financial markets.

He was instrumental in growing the company's market presence, improving operational effectiveness, and bolstering financial sustainability while serving as the CEO of Nepal Insurance Company Limited. His broad understanding of risk management and the application of policies has been essential in determining the long-term goals of the business.

His distinguished career includes a tenure as the former CEO of the Nepal Stock Exchange Ltd. & Chairman of CDS & Clearing Ltd as well as BOD of Citizen Investment Ltd., where he played a pivotal role in the development of Online System in Nepse and Mero share and EDIS in CDSC system as well as shaping the nation's capital market.

Beyond his role in the insurance sector, he holds several prominent positions across

diverse industries, demonstrating his entrepreneurial spirit and commitment to various sectors of the Nepali economy. These include:

- Chairman, Charter Venture Ltd., Sarawotnagar-6, Kathmandu: Guiding the strategic development of this venture.
- Executive Chairman, Chartered Capital and Investment Ltd.: Providing leadership and strategic oversight to this investment firm.
- Chairman, C.S.R. Link: Leading initiatives related to Corporate Social Responsibility.
- Chairman, Chartered Group Pvt Ltd.
- Chairman, Brilliant Multiple College, Chabahil, Kathmandu: Contributing to the development of quality education.
- Chairman, Elite Grand School, Mahakal, Kathmandu: Supporting the advancement of primary and secondary education.
- Board of Director, Hotel Forest Inn Pvt. Ltd., Budhanilkantha, Kathmandu: contributing to the hospitality sector.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi, holds Master's degree in Business Administration (Executive) (MBA) from Kathmandu University and has a broad experience in social development, sales, marketing, and corporate management. She has been employed in the social and private sectors for more than 25 years.

She has 15 years of experience as a project manager for social development projects, where she worked on programs for women political and economic empowerment, financial literacy, and community development. Her efforts have significantly influenced women's access to finance and in

decision making for local development in healthcare, education, and business.

She contributes a customer-centric approach to Nepal Insurance Company Limited, guaranteeing that the business offers value-driven insurance products that satisfy a range of market demands. Her proficiency in corporate communication, marketing, and community service enables the business to establish enduring bonds with stakeholders and consumers.



Sabita Shrestha Joshi
Director



Nishant Jogai, who holds an MBA, contributes a wealth of knowledge in banking, financial governance, and microfinance. He is a great asset to Nepal Insurance Company Limited because of his extensive experience in credit risk management and financial inclusion.

He worked as a director at Swadeshi Microfinance Financial Institution Limited from September 6, 2017 (2074/05/21 B.S.) until April 6, 2021 (2077/12/24 B.S.), where he was instrumental in the creation of credit policies, the advancement of financial literacy, and the growth of rural banking. His knowledge has aided impoverished communities in closing economic disparities and establishing long-term economic prospects.

He concentrates on risk assessment, Investment Management, policy innovation, and operational improvements at Nepal Insurance Company Limited. His knowledge of banking procedures and financial rules guarantees that the business upholds the highest standards of openness and client pleasure.

He is passionate about digital transformation and financial technology, supports the incorporation of digital solutions in insurance services to increase the efficiency and accessibility of policies for a wide range of clients.

Nishant Jogai
Director

Bir Bikram Rayamajhi, a distinguished Chartered Accountant, dedicated over 22 years to Nepal Rastra Bank, retiring as Deputy Governor. His expertise in risk management, banking supervision, and financial regulation has significantly influenced Nepal's financial sector.

Additionally, during his seven years as CEO of various insurance companies, he spearheaded financial restructuring, policy development, and operational enhancement.

With profound knowledge of governance, investment policies, and regulatory frameworks, he strengthens Nepal Insurance Company Limited's financial oversight and compliance systems. Under his leadership, the company continues to uphold strong practices in risk mitigation and financial integrity.

Bir Bikram Rayamajhi
Independent Director





Sajal Maskey holds a Bachelor's degree and a wealth of expertise in the insurance and financial institutions sectors. Her profound knowledge of corporate finance and risk management has benefited Nepal's banking industry.

She has more than two years of experience as a director at Asian Life Insurance Company Limited, where she helped create investment plans and life insurance policies. Her broader professional background includes significant leadership roles, such as her ongoing tenure

as a Senior Project Coordinator at Mabilung Energy Limited since February 2019, showcasing her project management and strategic oversight capabilities. Prior to her insurance-focused board positions, she also served as a Board Member at Ganapati Laghubitta Bittiya Sanstha Limited over 1 year and spent nearly nine years as a Finance Manager at Protection Desk Nepal, providing her with a strong foundation in financial management.

Sajal Maskey
Director

Bishworaj Baral is a banking professional with over 20 years of extensive experience in internal audit, branch management, human resources, and executive leadership. Academically, Mr. Baral holds a Master of Business Studies in Finance and two Bachelor's degrees in Finance/Account and Economics/Political Science from Tribhuvan University.

Currently he serves as the Deputy Chief Executive Officer(DCEO) at Nepal Bank Limited, where he leverages expertise in credit management, strategic planning, and risk compliance. His leadership experience extends to various Board of Director roles, including positions at Nepal Insurance Company

Limited, Rastriya Beema Company Limited, and Rastriya Jeevan Beema Company.

Throughout his career, he has completed numerous international and local certifications, including strategies for Improving Productivity and Profitability of Bank Branches program at the NIBM Pune, India, credit management program at Asian Institute of Technology in Thailand and an international governance program in Dallas, Texas, USA. He has contributed to the banking sector through the formulation of institutional policies and manuals, as well as academic research on the financial impact of tourism.

Bishworaj Baral
Director



Past Chairmen Since 1947 A.D.

Siva Charan Singh Sen
Chairperson
6/21/2004

Dhir Bikram Shah
Chairperson
9/16/2004

Govinda Raj Rajbhandari
Chairperson
6/2/2004

Gopi Madhav Devkota
Chairperson
6/26/2018

Ghanshyam Bhakta Mathema
Chairperson
10/16/2022

Balkrishna Shrestha
Chairperson
1/15/2023

Bharatlal Rajbhandari
Chairman
1/11/2026

Dhirendra Prasad Shah
Chairman
11/13/2038

Bishambar Man Singh Pradhan
Chairman
9/23/2044

Brahma Lal Shrestha
Chairman
10/19/2045



Ganga Bahadur K.C.
Chairman
12/17/2048



Gaurilal Shrestha
Chairman
9/12/2052



Purushottam Bahadur Pandey
Chairman
2/21/2056



Bhuwaneshwor Prasad Shah
Chairman
8/21/2056



Mrs. Bhawani Devi Sharma
Chairman
9/29/2057



Bhawanath Upadhyay
Chairman
5/31/2058



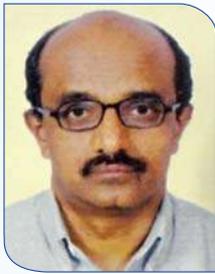
Basudev Ram Joshi
Chairman
12/9/2058



Bhagat Bista
Chairman
4/25/2059



Bharat Bahadur Karki
Chairman
1/12/2063



Narahari Dhakal
Chairman
11/9/2065



Dr. Pushparaj Rajkarnikar
Chairman
5/16/2066



Dr. Keshavraj Khadka
Chairman
2/5/2068



Prof. Dr. Dev Raj Adhikari
Chairman
9/20/2068



Durga Raj Regmi
Chairman
12/12/2071



Surendra Bahadur Singh
Chairman
3/10/2073



Arjun Poudel Sharma
Chairman
3/11/2073



Laxman Paudel
Chairman
11/17/2079

Executive Team



Bikal Lal Shrestha
Assistant Chief Executive Officer



Chandra Nath Uprety
Assistant Chief Executive Officer



Bir Krishna Maharjan
Chief Executive Officer



Ishwar Pokharel
Deputy Chief Executive Officer

Head of Department



Bishnu Pd. Dhungana
Deputy Manager
Underwriting

Gokarna Prasad Khatriwada
Chief Manager
Marketing

Dayanidhi Prasad Ojhaiya
Chief Manager
Claim

Umesh Awasthi
Chief Manager
Account and Finance

Samundra K. C.
Senior Manager
Reinsurance

Niroj Koirala
Chief Manager
HR/MSD

Sulana Shrestha
Manager
Company Secretary/
Legal and Compliance

Shyam Pandit
Deputy Manager
Information Technology



MANAGEMENT PROFILE



The Chief Executive Officer (CEO) of Nepal Insurance Company Limited, Bir Krishna Maharjan, is an insurance professional with more than 28 years of experience in the insurance industry. He has a fellowship degree from the Insurance Institute of India, Mumbai, an MBA and LLB from Tribhuvan University.

In addition to his executive leadership, Maharjan has served as a board member of

Surya Life Insurance Company Limited, Nepal Reinsurance Company Limited, and Swadeshi Laghubitta Bittiya Sanstha Limited. He continues to guide Nepal Insurance Company Limited toward long-term success and sustainable growth by being dedicated to professional quality and digital transformation.

Bir Krishna Maharjan
Chief Executive Officer

Ishwar Pokharel has been serving as the Deputy CEO of Nepal Insurance Company Ltd. for the past five years. He holds an MBA degree and brings more than 3 decades of extensive experience in the banking and financial other sector. His strategic vision and in-depth expertise in the financial industry

have significantly contributed to the company's growth and financial stability.

Beyond his professional achievements, he is actively engaged in academic pursuits, having taught at various esteemed colleges.

Ishwar Pokharel
Deputy Chief Executive Officer



Chandra Nath Uprety is currently working as Assistant Chief Executive Officer. He holds Master Degree in Public Administration and has nearly 29 years of experience in General Insurance. He has worked as a Company Secretary for more than 9 years and as a Department Head of Underwriting, Management Service and Claim Department.

He has also been working as a Chief Operating officer, Information Officer,

Compliance Officer, Grievance Handling Officer. Before joining NICL he was associated with Government Corporation of Nepal. He has actively participated in various training, seminar regarding general insurance in Nepal, India and Thailand. He has also worked as a Director of Development Bank and is a "B" class Registered Auditor of Nepal.

Chandra Nath Uprety
Asst. Chief Executive Officer

Bikal Lal Shrestha has been in the insurance field since the year 2004 and has more than two decades experience in the General Insurance. He holds Master of Business Administration (MBA) degree from Symbiosis Institute of Business Management (Pune, India) and holds Associateship Diploma of Insurance Institute of India (AIII). Previously he worked

at United Insurance Co. (Nepal) Ltd, Siddhartha Insurance Limited and IGI Prudential Insurance Limited as Assistant General Manager. Now, he has been with this company since January 2024.

Bikal Lal Shrestha
Asst. Chief Executive Officer





Dayanidhi Ojhaiya is the Claims Head at Nepal Insurance Company Limited, with over 23 years of experience in various departments and branch management. He holds an MBA from Tribhuvan University and has received extensive national and international trainings.

His expertise lies in claims management and underwriting, ensuring efficient claim processing and risk assessment for the company.

Dayanidhi Ojhaiya
Chief Manager-Claims

Umesh Awasthi, a Chartered Accountant, holds the position of Chief Financial Officer (CFO) at the Company. He is an esteemed member of both the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Accountants of Nepal (ICAN). With over 13 years of extensive experience in the non-life insurance sector, he has been an integral part of Nepal Insurance Company

since 2012. He possesses deep expertise in financial management, taxation, regulatory compliance, and risk assessment. His clear vision and strong understanding of financial systems have helped improve the organization's governance, ensure compliance, and support growth.

Umesh Awasthi
Chief Manager- CFO



Gokarna Khatiwada, with a Bachelor's Degree in Law (BL), has over 25 years of experience in the insurance industry. Currently serving as the Marketing Head, he leads strategic marketing initiatives, driving growth and brand visibility. Previously, he worked as a

Branch Manager, where he successfully managed operations and developed effective business strategies.

Gokarna Khatiwada
Chief Manager- Marketing

Mr. Niroj Koirala is a graduate with over 22 years of extensive experience in the non-life insurance industry. Prior to joining Nepal Insurance Company Ltd., he served IGI Prudential Insurance Co. Ltd. for 22 years. He was Head of the Accounts and Finance Department, where he contributed significantly to financial management and organizational efficiency before joining NICL.

He has participated in various training programs and professional seminars on general insurance in Nepal and India. Mr. Koirala is recognized as a highly dedicated professional, valued for his integrity, collaborative approach, and unwavering commitment to high ethical and professional standards.

Niroj Koirala
Chief Manager- MSD





Samundra K.C, a graduate from Ajou University, Suwon, South Korea, hold the degree of MBA majored in International Business. He has been with this company since his beginning of career in general insurance in 2011 and currently working as a head of Re-Insurance Department, basically

responsible for the re-insurance function of the company. He has over 14 years of expertise in core re-insurance and has attended many seminars in re-insurance courses both local & international.

Samundra K.C.
Senior Manager- Reinsurance

Sulana Shrestha serves as the company secretary, legal manager and AML/CFT implementation officer. She is an advocate and a licensed mediator with an LLM in Business and International Trade Law from Purbanchal University. Having worked in banking, insurance, and law, she is an expert

in corporate compliance, AML/CFT laws, and legal writing. She is essential to risk management and regulatory compliance.

Sulana Shrestha
Manager- Company Secretary/
Risk Management



Shyam Pandit is a Database Administrator (DBA) with over 16 years of experience in the IT and services industry. He specializes in database management, software development lifecycle, and end-to-end project delivery. Holding a Bachelor of Engineering (BE) in Computer Engineering from Himalaya

College of Engineering, he is an engineering professional dedicated to optimizing data systems and driving efficient solutions.

Er. Shyam Pandit
Deputy Manager
Information Technology

Bishnu Prasad Dhungana is an experienced insurance professional with over 17 years of service in the General Insurance sector. He currently works as Deputy Manager in the Underwriting Department. He holds a Master's Degree and has good experience in underwriting, claims handling, and branch management, having served as Branch Manager at several branches. His broad

professional experience supports effective risk assessment, regulatory compliance, and sustainable business growth. He continues to contribute to improving underwriting standards and operational efficiency within the company.

Bishnu Prasad Dhungana
Deputy Manager- Underwriting





Province Head



Drona Raj Bhattarai
Koshi Province



Ramesh Lal Shrestha
Madesh Province &
Bagmati Cluster



Rajesh Shrestha
Gandaki Province



Bhupendra Uprety
Lumbini Province



Prakash Bahadur Shahi
Karnali Province



Khem Raj Awasthi
Sudurpaschim Province

Governance Framework



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Board of Directors' Report for the Fiscal Year 2081/82 Presented by Chairman in 77th Annual General Meeting

Respected Shareholders,

We would like to extend a warm welcome, on behalf of the Board of Directors, to the esteemed shareholders who have kindly accepted our invitation and attended the 77th Annual General Meeting of Nepal Insurance Company Limited, as well as the representatives from regulatory bodies, observers, employees, journalists, and other distinguished guests.

In this meeting, we submit the annual report along with the financial statements for approval on behalf of the Board of Directors. This annual report incorporates the company's overall transactions during FY 2081/82, the achievements made and future plans. It has been prepared within the scope of the Company Act, 2063 and the Directives relating to the Financial Statements for Insurers, 2080 issued by Nepal Insurance Authority.

(a) Review of Previous Year's Business

The comparative details of insurance premium income of the previous year and the review year FY 2081/82 are as follows.

(In NPR '000)

Type of Insurance	FY 2081/82	FY 2080/81	Growth	Growth (%)
Property	618,359	491,975	126,384	26
Marine	54,478	49,241	5,236	11
Motor	830,047	592,677	237,369	40
Engineering	231,568	219,130	12,438	6
Miscellaneous	205,298	163,372	41,926	26
Aviation	-	4,299	-4,299	
Agriculture, Livestock and Herbs	53,180	45,852	7,327	16
Micro	-	1	-1	
Total	1,992,929	1,566,549		27

The global and national economic slowdown, floods and landslides, decline in credit flow of various banks and financial institutions as well as the stagnation in industrial and commercial activities has also impacted the insurance sector. In addition, operating ethically in a competitive insurance market and collecting premium according to target was certainly challenging. However, in FY 2081/82 the company has succeeded to earn NPR 1.99 billion insurance premium.

Similarly, the comparative details of claim payments made in FY 2080/81 and FY 2081/82 are as follows.

(In NPR '000)

Type of Insurance	FY 2081/82	FY 2080/81
Property	372,414	58,960
Marine	13,723	26,952
Motor	337,113	267,372
Engineering	97,842	54,051
Miscellaneous	144,085	106,739
Agriculture, Livestock and Herbs	16,562	19,821
Micro	0	10
Total	981,739	533,905



Investment:

The company had investments of NPR 4,444,502,294 in FY 2081/82 while the investments in various sectors throughout previous FY 2080/81 was NPR 4,325,251,515. Compared to the previous fiscal year, this is an increase of 2.76 percent.

(b) Impact of National and International Situations on the Company's Operation:

The global and national economic slowdown, floods and landslides, increase in the exchange rate of the US dollar, decline in the credit flow from banks and financial institutions, stagnation in industrial and commercial activities, and fluctuations in banking liquidity resulted in a significant decrease in interest rates on term deposits, which in turn affected returns from investments.

(c) Current Year Achievements as of the Date of Report Preparation and BOD Viewpoint Regarding Future Plans:

Up to the end of Mangsir of current FY 2082/83, the company has successfully earned NPR 1.01 billion insurance premium. This represents 5.59 percent increment in comparison with the same period of the previous year. The comparative details are as follows:

In NPR '000)

Type of Insurance	FY 2081/82	FY 2080/81	Growth	Growth (%)
Fire/Property	251,028	249,945	1,082	0%
Motor	519,151	436,227	82,924	19%
Marine	33,227	24,835	8,392	34%
Miscellaneous	134,590	124,097	10,493	8%
Engineering	66,429	91,681	-25,252	-28%
Agriculture, Livestock and Herbs	12,794	17,907	-5,113	-29%
Total	1,017,218	944,693	72,525	8%

BOD's Viewpoint Regarding Future Plans

The company has been providing insurance services conveniently and easily to its insured clients through 54 branch and sub-branch offices, 4 third-party insurance counters, and 2 service centers located in various districts including the head office. In the coming days, based on necessity, the company aims to expand its branch network further to reach rural areas of the country, while moving forward by complying with the directives of regulatory bodies and institutional governance standards of insurers.

Key focus areas include:

Business & Services

- **Product Diversification:** Expanding the company's insurance portfolio
- **Technology Adoption:** Increasing the use of information technology
- **Service Innovation:** Introducing and upgrading modern insurance services
- **Business Target:** Setting targets to earn premiums proportionate to the increased paid-up capital
- **Return on Investment:** Focusing investment on high-return opportunities and distribute attractive dividends to our shareholders

Agriculture Focus

- **Awareness Programs:** Promoting agriculture, livestock, and herbal insurance

Customer Experience

- **Service Quality:** Providing fast and high-quality insurance services
- **Claims Efficiency:** Ensuring timely settlement of claims

People & Capability Development

- **Talent Identification:** Identifying capable human resources
- **HR Management:** Managing staffing needs effectively
- **Career Growth:** Supporting employee development and progression
- **Training & Exposure:** Providing training, seminars, and workshops locally and abroad

Effective Compliance

- **Corporate Governance**
Strengthen internal control systems to maintain corporate governance.
- **Prepare for implementation of NFRS 17, Insurance Contract**



● **Legal and Regulatory Compliance**

Ensure compliance with prevailing laws and directives issued by regulatory bodies from time to time.

(d) Changes in the Board of Directors and Reasons

During FY 2081/82, Mr. Laxman Paudel, who was a representative of promoter shareholder Nepal Bank Limited on the Board of Directors, retired from service of Nepal Bank Limited. In his place, Ms. Samata Pant was appointed as a Board Member on 2082/02/14. Mr. Chandra Singh Saud was unanimously elected as the Chairperson of the company.

Later, Nepal Bank Limited again nominated Mr. Bishwaraj Baral and was appointed as Board Member on 2082/08/15 replacing Ms. Samata Pant.

(e) Key Factors Affecting Business

The key factors affecting the insurance business include:

- Natural Disasters and Calamities
- Political Environment – Impact of government policies, directives, and political stability.
- Economic Environment – Effects of economic conditions, credit flow, and industrial/commercial activity.
- Social Environment – Public awareness and perception of insurance.
- Global Economic Factors – Global economic slowdown and international influences.
- Industry Competition – Intense and unhealthy competition in the insurance sector.
- Regulatory Environment – Policies and directives from the government and regulatory bodies.

(f) Board's Response to Audit Report Remarks, If Any:

Although there were no remarks in the audit report for FY 2081/82, we have been complying with suggestions included in the preliminary audit report and internal audit reports.

(g) Company's Share Capital and Capital Increase:

After issuance of 15 percent bonus shares in FY 2080/81 and 34.783 percent right shares of then NPR 1,890,878,231 paid-up capital, the company's issued and paid-up capital has been maintained at NPR 2,548,575,005 (In words Two Billion Fifty-four crore Eighty-five lakh Seventy-five thousand and Five).

(h) Regarding Share Forfeiture:

The company has not forfeited any shares during the review year.

(i) Progress and Review of the Company and its Subsidiaries Business in Previous Fiscal Year:

Details of business carried out during the financial year are mentioned in the financial statements. The company does not have any subsidiary company.

(j) Key Business and Significant Changes of the Company and its Subsidiary

The major business conducted by the company during the fiscal year are stated in section (a) of the annual report of the Board of Directors.

(k) Information from Basic Shareholders in Previous Fiscal Year

None.

(l) Share Ownership of Directors and Officials

The details of shares owned by the directors during the previous fiscal year are as follows:

S.No.	Name of Director	Position	Number of Shares
1	Mr. Chandra Singh Saud	Director	3,571
2	Ms. Sabita Shrestha Joshi	Director	7,071

The details of shares owned by officials during the previous fiscal year are as follows:

S.No.	Name of Official	Position	Number of Shares
1	Mr. Gokarna Prasad Khatriwada	Chief Manager	26
2	Mr. Samundra K.C.	Senior Manager	320

The directors and officials did not buy or sell any shares during the past fiscal year but received bonus shares.

(m) Conflicts of Interest:

Declaration has been obtained and recorded from directors stating that they or their close relatives do not have any personal interest in agreements related to the company.

(n) Buyback of Own Shares

The company has not buy backed its own shares.

(o) Internal Control Systems

To minimize risks that may arise during daily operations and business expansion, the company has remained active in minimizing potential risks to strengthen and systematize the internal control system. To make company's operation more organized and effective, maximum use of information technology has been adopted, and employees are required to perform their assigned duties under the company's internal policies and manuals, Memorandum of Association and Articles of Association, Financial Administration Bylaws, and Employee Service Bylaws. An appropriate working environment has been created while ensuring responsibility and accountability.

Furthermore, company's activities are carried out in accordance with the Insurance Act, regulations, corporate governance directives for insurers, and



directives and circulars issued from time to time by regulatory authorities as well as audit suggestions Committees such as Claim Committee, Investment, Risk Management and Solvency Committee, Human Resource Committee, Anti-Money Laundering Committee, and Audit Committee have been formed under the Board as adhering to corporate governance directives. In addition, other subcommittees are formed as necessary to make daily operations more responsible and accountable.

(p) Total Management Expenses

Details of total management expenses are mentioned in the annual report.

(q) Members of the Audit Committee, Remuneration, Allowances and Activities

In accordance with the Company Act, 2063 and Insurers Corporate Governance Directives, 2080 there is an audit committee comprising three members, including a chartered accountant, under the coordination of elected public director Ms. Sabita Shrestha Joshi in FY 2081/82

S.No.	Name of Director	Position
1	Ms. Sabita Shrestha Joshi	Coordinator
2	Mr. Bir Bikram Rayamajhi	Member
3	Ms. Sajal Maskey	Member

Activities of the Audit Committee

- Discussing internal and external audit reports and recommending appointment of auditors
- Reviewing financial statements and ensuring accuracy and reliability of information
- Monitoring accounting, budgeting, and internal control systems
- Ensuring suitability of underwriting, claims, investment, and reinsurance activities
- Ensuring that accounting, auditing, balance sheet and financial statements comply with prevailing law and directives of Nepal Insurance Authority
- Directing management to correct deficiencies pointed out in audit reports

Remuneration and Allowances

As approved in the 73rd Annual General Meeting held on 2079/02/30:

- The Chairperson of the Audit Committee is provided NPR 12,000 per meeting, while other members receive NPR 10,000 per meeting as allowances.
- An additional lump-sum amount of NPR 30,000 per month is provided to each director for telephone/mobile, newspapers, transportation, fuel, health, and miscellaneous expenses.

(r) Outstanding Payments

There are no outstanding payments to the company from directors, managing directors, chief executives, major shareholders, their close relatives, or firms/ organizations they are associated with.

(s) Remuneration, Allowances, and Benefits Paid to Directors, CEO & Officials

- A total of NPR 3,181,675 was paid as meeting allowances to the Board and its subcommittees in FY 2081/82.
- A total of NPR 16,073,620 was paid to the Chief Executive Officer as salary, allowances, bonus, and facilities.
- A total of NPR 40,669,831 was paid as remuneration, allowances and facilities to managers and officers at the level of manager and above.

(t) Uncollected Dividends

As of the end of Ashad 2082, unclaimed dividends amount to NPR 20,270.

(u) Details of Property Purchases or Sales pursuant to Section 141 of the Company Act, 2063

None.

(v) Transactions Among Associated Companies pursuant to Section 175 of the Company Act, 2063

None.

(w) Other Disclosures Required by Law to be disclosed in the Board of Directors' Report

None.

(x) Company's Human Resources

Vacant posts have been filled within the approved organizational structure through internal performance evaluation, open competition, or through the medium of talent hunt as required, recruited in permanent or contract service. Additional human resources have also been mobilized by outsourcing as necessary. In line with future strategies, efforts will continue to make employees more capable and competitive, and to enhance career development, knowledge, skills and capacity through seminars, training, and workshops inside and outside the country.

(y) Other Necessary Information

1. After issuing 15 percent bonus shares and 34.783 percent right shares approved by the 76th AGM held on 2081/12/14 for FY 2080/81, the company's paid-up capital reached NPR 2,548,575,005. As per the Insurer Registration and Insurance Business Operation Directives 2073 (with amendments), the required minimum paid-up capital of NPR 2.5 billion has been maintained.



2. An agreement with Himalayan builders and Engineers Pvt. Ltd. has been concluded for the construction of a building at Kamaladi, Ward No. 28 of Kathmandu Metropolitan City, where the previous head office of the company was located. The main structure (RCC Frame Structure) of the building has already been completed, and interior decoration and finishing works are progressing rapidly.

(z) Vote of Thanks:

Finally, as Chairperson of the Board of Directors, I would like to state that I have been carrying out my responsibilities with commitment, dedication, and integrity, and remain determined to move the company forward. I would like to express heartfelt thanks to shareholders, concerned authorities, Office of Company Registrar, Nepal Insurance Authority, domestic and

foreign reinsurance companies, reinsurance brokers, banks and financial institutions, Securities Board of Nepal, Nepal Stock Exchange Limited, CDS and Clearing Limited, insured clients, surveyors, insurance agents, and all employees who have worked tirelessly for the progress of the company. I also thank the media and journalists for positive coverage and all individuals and institutions who have directly or indirectly supported the company. I believe that we will continue to receive your suggestions and guidance in the future and that the agenda presented in the General Meeting will be discussed, approved, and passed.

Thank you.

Chandra Singh Saud

Chairman

Date: 2082/09/29 (13 January, 2026)



CORPORATE GOVERNANCE REPORT

Board of Director

The Board of Directors of Nepal Insurance Company Limited provides essential strategic leadership and governance, steering the company toward sustainable growth and long-term value creation. Under the Chairman's guidance, the Board establishes strategic direction, upholds rigorous corporate governance standards, and ensures alignment with industry best practices.

Directors actively engage in key Board committees—including Audit, Investment, Risk Management, Claim, Human Resource and Anti-Money Laundering—where they oversee critical operational domains. Their combined expertise fosters sound financial oversight, proactive risk

management, transparency, and ethical decision-making, thereby reinforcing a culture of accountability and strengthening stakeholder confidence. Through diligent oversight, the Board ensures the Company remains resilient, competitive, and dedicated to delivering enduring value to all stakeholders.

Comprising seasoned professionals from diverse fields such as insurance, banking, finance, and independent directorships, the Board is entrusted with the company's strategic and governance mandates. The following section outlines the profiles of the Board members during the fiscal year, including their designations, dates of appointment, representative shareholding groups, and appointment mechanisms.

No.	Director's Name	Designation	Appointment Date	Shareholding Group	Shares Held	Method of Appointment
1	Chandra Singh Saud	Chairman	June 13, 2022 (A.D.) 2079/02/30 (B.S.)	Promoter	137,489	Representative of Chartered Capital & Investment P. Ltd.
2	Sabita Shrestha Joshi	Director	June 13, 2022 (A.D.) 2079/02/30 (B.S.)	General Shareholder	7071	Elected Representative
3	Nishant Jogai	Director	March 15, 2023 (A.D.) 2079/12/01 (B.S.)	Promoter	764	Representative of Agrim International Pvt. Ltd.
4	Bir Bikram Rayamajhi	Director	March 23, 2023 (A.D.) 2079/12/09 (B.S.)	Independent	-	Nominated
5	Sajal Maskey	Director	December 5, 2023 (A.D.) 2080/08/19 (B.S.)	General Shareholder	126	Representative of Grow Capital Pvt. Ltd.
6	Samata Pant	Director	May 26, 2025 (A.D.) 2082/02/12 (B.S.)	Promotor	2,843,515	Representative of Nepal Bank Ltd.

Board of Directors' Meetings Summary

The Board of Directors holds regular meetings to discuss and decide on the company's policies, strategies, and financial matters. Below is a summary of the Board meetings held during the fiscal year, including the dates of the meetings, the number of directors present, and any dissenting votes.

S.N.	Date of Meeting (Current FY)	Directors Present	Dissenting Signatures	Date of Meeting (Previous FY)
1	2081/04/32 (B.S.) Aug 16, 2024 (A.D.)	6	0	2080/04/17 (B.S.) Jul 1, 2023 (A.D.)
2	2081/05/18 (B.S.) Sep 3, 2024 (A.D.)	5	0	2080/05/02 (B.S.) Jul 17, 2023 (A.D.)
3	2081/06/22 (B.S.) Oct 8, 2024 (A.D.)	6	0	2080/05/29 (B.S.) Aug 13, 2023 (A.D.)
4	2081/07/13 (B.S.) Oct 29, 2024 (A.D.)	5	0	2080/06/15 (B.S.) Sep 1, 2023 (A.D.)
5	2081/08/12 (B.S.) Nov 27, 2024 (A.D.)	6	0	2080/06/26 (B.S.) Sep 12, 2023 (A.D.)
6	2081/09/24 (B.S.) Jan 8, 2025 (A.D.)	6	0	2080/07/03 (B.S.) Sep 19, 2023 (A.D.)
7	2081/10/29 (B.S.) Feb 11, 2025 (A.D.)	6	0	2080/07/24 (B.S.) Oct 10, 2023 (A.D.)
8	2081/11/24 (B.S.) Mar 8, 2025 (A.D.)	6	0	2080/08/09 (B.S.) Oct 25, 2023 (A.D.)



S.N.	Date of Meeting (Current FY)	Directors Present	Dissenting Signatures	Date of Meeting (Previous FY)
9	2081/11/26 (B.S.) Mar 10, 2025 (A.D.)	6	0	2080/08/19 (B.S.) Nov 4, 2023 (A.D.)
10	2081/12/05 (B.S.) Mar 18, 2025 (A.D.)	6	0	2080/09/06 (B.S.) Nov 21, 2023 (A.D.)
11	2081/12/19 (B.S.) Apr 1, 2025 (A.D.)	6	0	2080/09/13 (B.S.) Nov 28, 2023 (A.D.)
12	2082/02/02 (B.S.) May 16, 2025 (A.D.)	5	0	2080/09/23 (B.S.) Dec 8, 2023 (A.D.)
13	2082/02/12 (B.S.) May 26, 2025 (A.D.)	6	0	2080/10/23 (B.S.) Jan 7, 2024 (A.D.)
14	2082/02/16 (B.S.) May 30, 2025 (A.D.)	6	0	2080/11/10 (B.S.) Jan 24, 2024 (A.D.)
15	2082/02/21 (B.S.) Jun 4, 2025 (A.D.)	6	0	2080/12/09 (B.S.) Feb 22, 2024 (A.D.)
16	2082/02/23 (B.S.) Jun 6, 2025 (A.D.)	5	0	2081/01/07 (B.S.) Mar 20, 2024 (A.D.)
17	2082/03/06 (B.S.) Jun 20, 2025 (A.D.)	6	0	2081/01/18 (B.S.) Mar 31, 2024 (A.D.)
18	2082/03/20 (B.S.) Jul 4, 2025 (A.D.)	6	0	2081/02/04 (B.S.) Apr 16, 2024 (A.D.)
19	2082/03/30 (B.S.) Jul 14, 2025 (A.D.)	5	0	2081/02/10 (B.S.) Apr 22, 2024 (A.D.)
20	–	–	–	2081/02/29 (B.S.) May 11, 2024 (A.D.)
21	–	–	–	2081/03/21 (B.S.) Jun 3, 2024 (A.D.)

Board Meeting Attendance and Other Details

The Board meetings are held regularly, generally with full attendance from all members. The following are details about the board meeting quorum, maximum intervals, fees, and the total annual expenses for board meetings.

Description	Details
Number of Meetings in the Fiscal Year	19
Number of Directors Present	Mostly 5–6
Meetings Postponed	None
Absences & Reasons	Personal reasons or representative unavailable (on 2081/05/18, 2081/07/13, 2082/02/02, 2082/02/23, 2082/03/30)
Maximum Gap Between Two Consecutive Meetings	45 days
Per Meeting Allowances	Chairperson: NPR 15,000; Members: NPR 12,000
Total Meeting Expenses	NPR 64,209,945
Date of Annual General Meeting (AGM) for Meeting Fee Approval	13th June 2022 (2079/02/30)

Directors' Conduct and Compliance

Description	Details
Code of Conduct	In place
Multiple Directors from the Same Family	None
Annual Training/Refresher Programs for Directors	Not conducted
Written Declarations by Directors	All directors submitted written information within 15 days of appointment, including: <ul style="list-style-type: none"> Contracts with the company by themselves or family members Shares or debentures held in the company or subsidiaries Significant shareholding or director positions in other organized entities Family members working as officers or employees in the company
Directors Holding Positions in Other Listed Companies with Similar Objectives	Not held
Regulatory or Other Actions Taken Against Directors	None



Information Disclosure Details

Subject	Medium	Date of Disclosure
Notice of Annual General Meeting	National-level newspapers and company website	2081/11/27 (BS) March 11, 2025 (AD), 2081/12/03 (BS) March 16, 2025 (AD) and 2081/12/11 (BS) March 24, 2025 (AD)
Annual Report	Company website	2081/12/20 (BS) April 2, 2025 (AD)
Quarterly Report	National-level newspapers and company website	2082/04/30 (BS) July 15, 2025 (AD) (Fourth Quarter)
Price Sensitive Information Affecting Securities Price	Through official letters	Same day

Description	Details
Whether the company, directors, or their immediate family members have taken loans or advances or received any funds from banks or financial institutions in which they have financial interest	Not taken
Whether any person, firm, company, employee, advisor, or consultant having financial interest in any listed company has used the company's assets in any manner other than facilities or benefits legally available under prevailing laws	Has not happened
Compliance with conditions imposed by the regulatory authority while issuing license	Complied
Compliance with directions issued by the regulatory authority during regulation, inspection, or supervision	Complied
Any legal cases pending in court against the company or directors	None
If any information was not disclosed or any regulatory action was taken by the Securities Board or other authorities	No such case
Date of the most recent Annual or Special General Meeting	2081/12/19 (BS) April 1, 2025 (AD)

Accounting and Audit Information

A. Accounting Information

Description	Date / Details (BS / AD)
Preparation of latest fiscal year financial statements as per applicable accounting standards	Prepared
Date of Board approval of latest financial statements	2081/11/24 BS / March 8, 2025 AD
Publication date of 1st Quarter Report (FY 2081/82)	2081/07/30 BS / November 15, 2024 AD
Publication date of 2nd Quarter Report (FY 2081/82)	2081/10/30 BS / February 12, 2025 AD
Publication date of 3rd Quarter Report (FY 2081/82)	2082/01/30 BS / April 14, 2025 AD
Publication date of 4th Quarter Report (FY 2081/82)	2082/04/30 BS / May 15, 2025 AD
Date of completion of final audit	2081/11/24 BS / March 8, 2025 AD
Date of approval of financial statements by Annual General Meeting	2081/12/19 BS / April 1, 2025 AD

B. Internal Audit Information

Description	Date / Details (BS / AD)
Whether internal audit is conducted internally or by an external professional	Conducted by external professional
Date of appointment of external auditor for internal audit	2081/06/23 BS / October 9, 2024 AD
Frequency of internal audit	Quarterly



Sub-Committees of BOD

The Board of Directors has established specialized sub-committees to ensure effective governance, oversight, and strategic decision-making. These include the Audit Committee, which oversees financial reporting integrity, internal controls, and regulatory compliance, and the Human Resource Committee, which focuses on people management, leadership development, and organizational effectiveness. The Claim Committee is responsible for reviewing and monitoring claim operations to ensure fairness, transparency, and timely settlement. The Investment Committee manages and monitors the company's investment portfolio to safeguard returns and ensure prudent risk management. The Anti-Money Laundering Committee monitors compliance with AML and CFT requirements and promotes strong ethical standards across the organization. In addition, the Risk Management and Financial Stability (Solvency) Committee assesses emerging risks, capital adequacy, and solvency positions to support long-term stability and resilience. Together, these committees operate under defined mandates that reinforce the company's commitment to transparency, compliance, accountability, and operational excellence.

1. Audit Committee

Report of the Audit Committee for FY 2081/82:

Composition Details:

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Sabita Shresha Joshi	Coordinator
Bir Bikram Rayamajhi	Member
Sajal Maskey	Member

Meeting Details: 11

S.N.	Meeting Date	Quorum	Attendance
1	2081-04-29 BS (2024-08-13 AD)	3	3/3
2	2081-05-26 BS (2024-09-11 AD)	3	3/3
3	2081-06-22 BS (2024-10-08 AD)	3	3/3
4	2081-07-28 BS (2024-11-13 AD)	3	3/3
5	2081-08-26 BS (2024-12-11 AD)	3	3/3
6	2081-10-29 BS (2025-02-11 AD)	3	3/3
7	2081-11-23 BS (2025-03-07 AD)	3	3/3
8	2082-01-28 BS (2025-05-11 AD)	3	3/3
9	2082-02-27 BS (2025-06-10 AD)	3	3/3
10	2082-03-12 BS (2025-06-26 AD)	3	3/3
11	2082-03-19 BS (2025-07-04 AD)	3	3/3

Terms of Reference (TOR):

- Conduct comprehensive reviews of the company's books of accounts, financial statements, and board minutes to ensure accuracy and transparency.
- Monitor and evaluate the effectiveness books of accounts, budget, internal control systems and management's implementation of audit recommendations.
- Engage regularly with internal auditors to assess compliance with audit findings and regulatory requirements.
- Scrutinize financial statements for integrity and recommend their approval to the Board of Directors.
- Recommend for the appointment as well as oversee performance and independence of internal and external auditors.
- Ensure adherence to applicable laws, regulations, and corporate governance standards.

Major Activities and Achievements

- Discussed the company's quarterly financial statements and confirmed the facts mentioned in the report.
- Discussed the internal audit report of the company for each quarter, addressing the comments and suggestions made by the auditor, and provided management with necessary directions.
- Recommended the appointment of B. & S. Associates as internal auditors for FY 2081/82 as per the Internal Audit Directive for Insurers, 2079.
- Recommended the Risk Based Internal Audit Policy, 2081, for necessary approval by the Board of Directors.
- Discussed in detail the amounts that exceeded the approved budget for various titles in FY 2080/81 and recommended their approval to the Board of Directors.
- Approved the Audit Plan for FY 2081/82 as per the Internal Audit Directive for Insurers, 2079
- Discussed the preliminary audit report of FY 2080/81 and the management response prepared by the management.
- Presented the preliminary audit report of FY 2080/81, audited by the auditor Kripa Shrestha & Associates, which was principally approved by Nepal Insurance Authority to the Board of Directors.
- Recommended the appointment of Kripa Shrestha & Associates as external auditors for FY 2081/82.
- Recommended P.L Shrestha & Company, Chartered Accountants proposal to select as a Consultant to implement NFRS 17 on the basis of recommendation of Evaluation Committee formed under the Company's Financial Administration Byelaw, 2080 to the Board of Directors.



- Presented the annual policy, program and budget for FY 2082/83 to the Board of Directors.
- Presented the revised tax amount for FY 2077/78 to the Board of Directors for tax office filing.

2. Human Resources Committee

Composition Details:

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Chandra Singh Saud	Coordinator
Sabita Shrestha Joshi	Member
Bir Krishna Maharjan	Member

Meeting Details: 14

S.N.	Meeting Date	Quorum	Attendance
1	2081-04-23 BS / 2024-08-07 AD	2	2/2
2	2081-04-32 BS / 2024-08-16 AD	2	2/2
3	2081-05-13 BS / 2024-08-29 AD	2	2/2
4	2081-06-16 BS / 2024-10-02 AD	2	2/2
5	2081-09-19 BS / 2025-01-03 AD	2	2/2
6	2081-09-23 BS / 2025-01-07 AD	2	2/2
7	2081-10-03 BS / 2025-01-16 AD	2	2/2
8	2081-10-28 BS / 2025-02-10 AD	2	2/2
9	2081-11-15 BS / 2025-02-27 AD	2	2/2
10	2081-11-22 BS / 2025-03-06 AD	2	2/2
11	2081-12-04 BS / 2025-03-17 AD	2	2/2
12	2081-12-17 BS / 2025-03-30 AD	2	2/2
13	2082-02-30 BS / 2025-06-13 AD	3	3/3
14	2082-03-16 BS / 2025-06-30 AD	3	3/3

Terms of Reference (TOR):

- Review and propose updates to Human Resource policies, organizational structure, and workforce planning strategies.
- Develop and recommend frameworks for staff remuneration, including salary adjustments and incentive programs.
- Oversee the selection, performance evaluation, and succession planning for the CEO and senior leadership roles.
- Ensure compliance with labor laws, company policies, and best practices in human resource management.

- Evaluate and approve annual staff performance appraisals to foster a culture of accountability and professional growth.

Major Activities and Achievements

- Discussed about the authority delegated by management to Province Heads and directed management to conduct periodic inspection and supervision regarding the performance as per delegated authority.
- Updated the Company's organizational structure.
- Appointed Ishwar Pokharel as Deputy Chief Executive Officer for 4 years on contract and presented to the Board of Directors for rectification pursuant to By-rule 9(1) of the Company's Employee Service Conditions Bye-law, 2080.
- Provided Festival Allowance (Dashain Allowance) to all the employees and presented for rectification to the Board of Directors.
- Provided OYVS Facility to executive level and presented for rectification to the Board of Directors.
- Discussed on the labor audit report for FY 2080/81.
- Recommended the increased salary, allowance and facility for the employees to the Board of Directors for approval.
- Directed management to call for application to appoint employees for the vacant positions as per the Company's Employee Service Conditions Bye-law, 2080 and approved staffing structure.
- Recommended the salary revision of the Deputy Chief Executive Officer to Board of Directors for review.
- Provided grade to Deputy Manager Sharad Lal Shrestha and Junior Officer Suren Rai as per the Company's Employee Service Conditions Bye-law, 2080.
- Appointed of employees in various positions and the permanent appointment of Chief Manager Niroj Koirala in the position of Management Service Department Head.
- Recommended the employee staffing plan for FY 2082/83 to the Board of Directors for approval.

3. Claim Committee

Composition Details:

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Nishant Jogai	Coordinator
Bir Bikram Rayamajhi	Member
Bir Krishna Maharjan	Member



Meeting Details: 19

S.N.	Meeting Date	Quorum	Attendance
1	2081-04-17 BS / 2024-08-01 AD	2	2/2
2	2081-05-24 BS / 2024-09-09 AD	2	2/2
3	2081-06-18 BS / 2024-10-04 AD	2	2/2
4	2081-06-22 BS / 2024-10-08 AD	2	2/2
5	2081-07-29 BS / 2024-11-14 AD	2	2/2
6	2081-08-12 BS / 2024-11-27 AD	2	2/2
7	2081-09-18 BS / 2024-01-02 AD	2	2/2
8	2081-09-22 BS / 2025-01-06 AD	2	2/2
9	2081-10-14 BS / 2025-01-27 AD	2	2/2
10	2081-11-18 BS / 2025-03-02 AD	2	2/2
11	2081-12-04 BS / 2025-03-17 AD	2	2/2
12	2081-12-20 BS / 2025-04-02 AD	2	2/2
13	2082-01-10 BS / 2025-04-23 AD	2	2/2
14	2082-02-11 BS / 2025-05-25 AD	2	2/2
15	2082-02-25 BS / 2025-06-08 AD	3	3/3
16	2082-03-03 BS / 2025-06-17 AD	3	3/3
17	2082-03-18 BS / 2025-07-02 AD	3	3/3
18	2082-03-25 BS / 2025-07-09 AD	3	3/3
19	2082-03-30 BS / 2025-07-14 AD	3	3/3

Terms of Reference (TOR):

- Formulate and implement policies to enhance the efficiency and fairness of claim and reinsurance management processes.
- Review and approve claims files as per approval limit and recommend claims above the limit to the Board for final approval.
- Ensure timely and equitable claim settlements in alignment with policy terms and conditions.
- Analyze emerging trends in claims settlement and identify potential gaps in policy frameworks.
- Provide strategic guidance to strengthen the company's claims handling capabilities and customer satisfaction.

Major Activities and Achievements

- Made decisions regarding claims settlement under the claims settlement authority of the committee and recommended the settlement of claims to the Board of Directors.
- Reviewed the details of claims filed, claims settled, and claims pending settlement within the company.
- Discussed the Flood and Landslide Claim Details.
- Recommended of Advance Claim Payment of various flood claims as per Nepal Insurance Authority's direction and Claim Payment Guidelines, 2081 to the Board of Directors.
- Discussed the monthly performance details of surveyors.
- Recommended the reinsurance policy for FY 2082/83 to the Board of Directors for approval.

4. Investment, Risk Management, and Financial Stability (Solvency) Committee Composition Details:

Date: 2080/02/06 BS, 2023-05-20 AD

Member Name	Designation
Chandra Singh Saud	Coordinator
Nishant Jogai	Member

Meeting Details: 15

S.N.	Meeting Date	Quorum	Attendance
1	2081-04-16 BS / 2024-07-31 AD	2	2/2
2	2081-04-25 BS / 2024-08-09 AD	2	2/2
3	2081-05-05 BS / 2024-08-21 AD	2	2/2
4	2081-06-14 BS / 2024-09-30 AD	2	2/2
5	2081-08-05 BS / 2024-11-20 AD	2	2/2
6	2081-08-17 BS / 2024-12-02 AD	2	2/2
7	2081-09-19 BS / 2025-01-03 AD	2	2/2
8	2081-09-22 BS / 2025-01-06 AD	2	2/2
9	2081-09-28 BS / 2025-01-12 AD	2	2/2
10	2081-11-02 BS / 2025-02-14 AD	2	2/2
11	2081-11-13 BS / 2025-02-25 AD	2	2/2
12	2081-11-20 BS / 2025-03-04 AD	2	2/2
13	2082-01-07 BS / 2025-04-20 AD	2	2/2
14	2082-01-23 BS / 2025-05-06 AD	2	2/2
15	2082-02-20 BS / 2025-06-03 AD	2	1/2

Terms of Reference (TOR):

- Develop and monitor investment policies to optimize returns while maintaining risk-adjusted profitability.
- Review and approve investment proposals, ensuring alignment with regulatory guidelines and strategic objectives.
- Oversee the company's financial risk exposure, solvency requirements, and capital adequacy.
- Implement robust treasury and liquidity risk management practices to safeguard financial stability.

Major Activities and Achievements

- Discussed the investments and risks related to various banks and financial institutions.
- Made decisions and recommended investments in shares, mutual funds, and debentures of various companies to the Board of Directors.
- Discussed and recommended the review of investment projections for FY 2081/82 included in the budget for FY 2081/82.
- Rectified management's decision to invest in various shares.



5. Anti-Money Laundering Committee

Composition Details

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Bir Bikram Rayamajhi	Coordinator
Chandranath Uprety (Compliance Officer)	Member
Niroj Koirala	Member
Sulana Shrestha (Implementation Officer)	Member-Secretary

Meeting Details: 5

S.N.	Meeting Date	Quorum	Attendance
1	2081-04-13 BS 2024-07-28 AD	2	2/2
2	2081-07-13 BS 2024-10-29 AD	2	2/2
3	2081-10-21 BS 2025-02-03 AD	2	2/2
4	2082-01-08 BS 2025-04-21 AD	2	2/2
5	2082-02-23 BS 2025-06-06 AD	4	3/3

Terms of Reference (TOR):

- Review and recommend AML/CFT policy for the purpose of approval from Board of Directors.
- Periodically review and update AML/CFT Policy.
- Review AML/CFT status of the company on quarterly basis and recommend Board of Directors for necessary action.
- Ensure strict compliance with anti-money laundering laws, regulations, and company policies.
- Conduct periodic risk assessments to identify vulnerabilities and strengthen internal controls.
- Promote a culture of vigilance and integrity to mitigate risks associated with money laundering and terrorist financing.

Major Activities and Achievements

- Discussed the quarterly report of the Compliance Officer as per the Directive on Prevention of Money Laundering and Terrorist Financing Activities, 2081.
- Conducted quarterly monitoring and supervision as per the Insurance Company's Institutional Governance Directive, 2075, and the company's Institutional Governance Monitoring and Supervision Procedures, 2079.
- Discussed and reviewed the directives and circulars issued by Nepal Insurance Authority regarding AML/CFT.
- Discussed and approved the AML/CFT Risk Assessment Report for FY 2080/81 and directed to present the report to Nepal Insurance Authority.
- Recommended Annual Action Plan for FY 2082/83 regarding AML/CFT to the Board of Directors for approval.

6. Investment Committee

Composition Details:

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Samata Pant	Coordinator
Sajal Maskey	Member
Bir Krishna Maharjan	Member

Meeting Details: 2

S.N.	Meeting Date	Quorum	Attendance
1	2082-03-15 BS, 2025-06-29 AD	3	3/3
2	2082-03-32 BS, 2025-07-16 AD	3	3/3

Terms of Reference (TOR):

- Develop investment policies that optimize returns while ensuring prudent risk-adjusted profitability.
- Review and recommend investment proposals in alignment with regulatory guidelines and the company's strategic objectives.
- Monitor investment portfolio performance, asset allocation, and risk exposure.
- Ensure investments are diversified, compliant, and aligned with liquidity requirements and risk tolerance.
- Promote disciplined treasury and investment governance practices across the organization.

Major Activities and Achievements

- Discussed the Investment Projections for FY 2082/83 and directed management to incorporate it in draft annual budget for FY 2082/83.
- Recommended the company's Investment Policy, 2081, for approval by the Board of Directors.

7. Risk Management, and Solvency Committee

Composition Details:

Revised Date: 2082/02/21 BS, 2025-06-04 AD

Member Name	Designation
Sajal Maskey	Coordinator
Samata Pant	Member
Bir Krishna Maharjan	Member

Terms of Reference (TOR):

- Oversee the company's risk management framework to support financial resilience and sustainability.
- Monitor and assess financial and operational risk exposures on an ongoing basis.
- Review capital adequacy and solvency positions in accordance with regulatory standards.
- Ensure effective identification, measurement, mitigation, and reporting of risks.
- Supervise liquidity risk management practices to protect financial stability and safeguard policyholder interests.



STATEMENT OF INTERNAL CONTROL

“The Board of Directors is satisfied that Nepal Insurance Company Limited has maintained an effective internal control system during the financial year 2024/25. The system provides reasonable assurance that the Company’s operations are conducted in a disciplined manner, risks are appropriately managed, and financial reporting and regulatory compliance requirements are met.”

Nepal Insurance Company Limited maintains a robust internal control framework designed to support effective governance, sound risk management, reliable financial reporting, and compliance with applicable laws and regulations. The Board of Directors oversees the implementation and effectiveness of the internal control system, with support from Senior Management and various Board Committees. The key elements of the internal control framework are outlined below:

Control Environment

The Board and Senior Management promote a culture of integrity, responsibility, and accountability throughout the Company. Oversight of key operational and governance areas is carried out through established committees including the Audit Committee, Human Resource Committee, Claim Committee, Risk Management Committee, Anti-Money Laundering Committee, and Investment Committee.

The Company operates under a clear organizational structure with well-defined reporting lines, roles, and authority levels. This structure ensures that responsibilities are properly assigned and performance is monitored in line with approved policies.

Risk Assessment

The Company regularly identifies and assesses risks that may affect the achievement of strategic and operational objectives. The risk assessment process considers internal and external developments, including changes in the regulatory and economic environment.

Appropriate risk mitigation measures are implemented based on the level and nature of risk exposure. These measures include adequate reinsurance arrangements, close monitoring of underwriting and credit risk, and corrective actions arising from audit observations. This structured approach helps the Company maintain financial stability and operational resilience.

Control Activities

Control activities are integrated into daily business operations to ensure consistency, accuracy, and safeguarding of Company assets. Segregation of duties is applied across key functions such as underwriting, claims processing, finance, and reinsurance to reduce the risk of error or irregularity.

Employees are assigned clear job descriptions and authority limits, and key transactions are carried out in accordance with documented procedures. IT controls and physical safeguards are in place to protect systems, data, and physical assets. These measures support transparency and disciplined operations.

Information and Communication

The Company ensures timely, complete, and accurate financial and operational reporting. Management and the Board receive relevant information to support effective decision-making and oversight. Financial disclosures include key risk exposures such as market, credit, and liquidity risks.

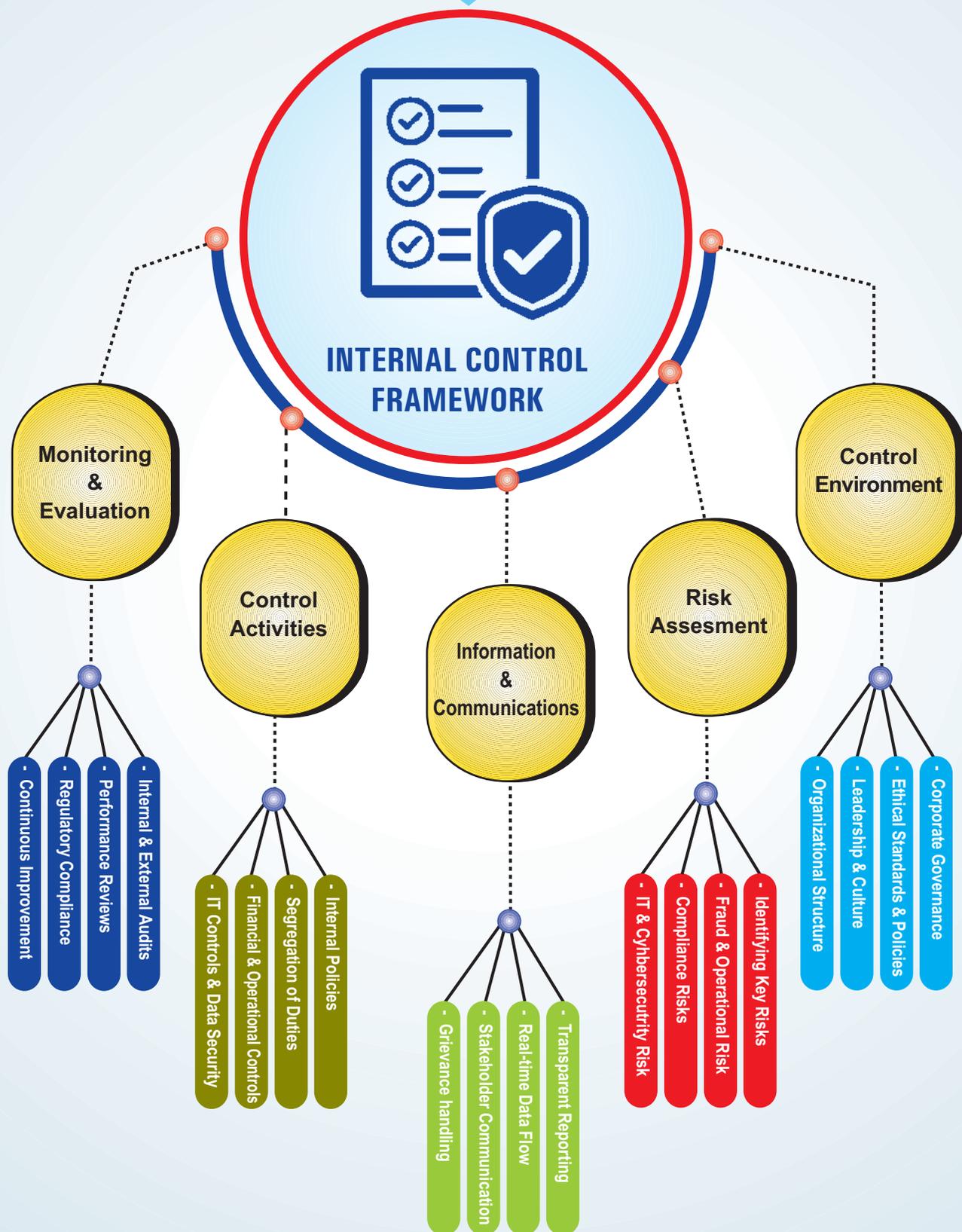
Regulatory and statutory reports are prepared and submitted within required timelines, supporting transparency and compliance with applicable laws and supervisory guidelines.

Monitoring and Evaluation

The effectiveness of internal controls is monitored on an ongoing basis through management supervision and periodic performance reviews. In addition, independent evaluations are carried out through internal and external audits.

Audit findings and recommendations are reviewed and corrective measures are implemented where required. This continuous review process strengthens the control environment and supports ongoing improvement.

INTERNAL CONTROL SYSTEM FRAMEWORK





Report on Regulatory and Statutory Compliance the Period from 15th July 2024 to 16th July 2025

Insurance Act, 2079

S.N.	Clause	Provision	Implementation Status	Remarks
1	25(3)	No individual or family member of an individual can hold more than 15% of the paid-up capital of an insurance company.	Fully Compliant	Not exceeding 15%
2	25(5)	No person or entity can invest in more than 1% of the paid-up capital of another insurance company engaged in the same type of business.	Fully Compliant	Not exceeding 1%
3	30(1)	The insurer must commence business within 6 months of obtaining the license.	Fully Compliant	Business commenced within the stipulated time
4	36(1)	The insurer must maintain the minimum paid-up capital as determined by the authority.	Partially Compliant	In Process in SEBON
5	38(1)	The insurer must maintain an insurance fund as determined by the authority.	Fully Compliant	Fund maintained as per the authority's guidelines
6	38(2)	The insurer must maintain separate funds for each type of insurance portfolio.	Fully Compliant	Separate funds maintained as required
7	38(3)	Funds related to one type of insurance portfolio cannot be used for another type.	Fully Compliant	Funds managed as per guidelines
8	39(1)	The insurer must establish a separate mandatory reserve fund.	Fully Compliant	Reserve fund established as required
9	40(1)	The insurer must maintain a separate catastrophe fund.	Fully Compliant	Catastrophe fund established as required
10	41(1)	The insurer must establish a claim settlement fund and a reserve fund.	Fully Compliant	Claim amounts are arranged but not deposited in a separate fund
11	41(1)(a)	The insurer must deposit amounts for outstanding claims in the claim settlement fund.	Not Compliant	Claim amounts are arranged but not deposited in a separate fund
12	41(1)(b)	The insurer must deposit amounts for incurred but not reported (IBNR) claims in the claim settlement fund.	Not Compliant	Claim amounts are arranged but not deposited in a separate fund
13	41(1)(c)	The insurer must deposit amounts for unexpired risk reserves in the claim settlement fund.	Not Compliant	Claim amounts are arranged but not deposited in a separate fund
14	42(1)	The insurer's total assets must exceed its total liabilities.	Not Compliant	Claim amounts are arranged but not deposited in a separate fund
15	43(2)	The insurer must obtain approval from the authority before declaring dividends.	Fully Compliant	Net worth of the company is NPR 290 crore
16	44(1)	The insurer must offer at least 30% of its issued capital to the public.	Fully Compliant	Approval obtained from the Nepal Insurance Authority
17	46(1)	Founders cannot transfer or mortgage their shares within five years of establishment.	Fully Compliant	49% of shares are held by the public
18	47(1)	The board of directors must have at least five and no more than seven members.	Fully Compliant	No transfer within five years
19	47(1)	The board must include at least one independent director.	Fully Compliant	Six directors, including an independent director
20	47(3)	No more than one member from a single family can be on the board of the same insurer.	Fully Compliant	One independent director is present
21	47(4)	The board must appoint an independent director and inform the authority.	Fully Compliant	No family members on the board of the same insurer
22	47(7)	Vacant director positions must be filled within 35 days.	Fully Compliant	Independent director appointed and informed in the 75th AGM
23	49(1)	Directors must meet the qualifications and not be disqualified as per the Act.	Fully Compliant	Vacant positions filled within 35 days
24	52(1)	The board must meet at least six times a year.	Fully Compliant	Qualified individuals appointed as directors
25	52(2)	The gap between board meetings must not exceed two months.	Fully Compliant	19 meetings held in FY 081/082
26	52(5)	At least 51% of directors must be present to start a board meeting.	Fully Compliant	No gap exceeding two months
27	52(7)	All present directors must sign the minutes of the meeting.	Fully Compliant	Majority of members present in most meetings
28	56(3)	Management expenses must not adversely affect policyholders' interests.	Fully Compliant	All present directors signed the minutes
29	57(1)	The CEO must be appointed by the board with the authority's approval.	Fully Compliant	Management expenses incurred in the interest of policyholders
30	57(4)	The authority must be informed within seven days of appointing the CEO.	Fully Compliant	CEO appointed as per regulations
31	57(8)	The CEO's remuneration and benefits must be determined at the time of appointment.	Fully Compliant	Authority informed within seven days
32	62(1)	Insurance contracts must be in writing.	Fully Compliant	Remuneration determined at the time of appointment Contracts are in writing



S.N.	Clause	Provision	Implementation Status	Remarks
33	63(1)	The insurer must issue policies as approved by the authority.	Fully Compliant	Policies issued as per authority's approval
34	64(1)	Premiums must be calculated based on rates determined by the authority.	Mostly Compliant	Premiums calculated based on tariff or risk inspection
35	66(1) (a)	The insurer cannot insure its own liabilities.	Fully Compliant	Not insured
36	66(1)	The insurer cannot insure assets or liabilities of its directors, auditors, or employees.	Mostly Compliant	Not insured, except for government-owned entities
37	66(1) (c)	The insurer cannot insure assets or liabilities of its major shareholders or their family members.	Fully Compliant	Not insured
38	66(1) (d)	The insurer cannot insure assets or liabilities of entities where its directors have financial interests.	Fully Compliant	Not insured, except for government-owned entities
39	66(1) (e)	The insurer cannot insure assets or liabilities of entities where its directors or major shareholders have financial interests.	Fully Compliant	Not insured
40	67	The insurer cannot engage in business partnerships with its directors, major shareholders, or their family members.	Fully Compliant	No such partnerships
41	68	The insurer's assets cannot be used by its directors, major shareholders, or their family members.	Fully Compliant	Assets not misused
42	69(1)(a)	The insurer cannot purchase or sell assets exceeding the limit set by the authority.	Fully Compliant	No transactions exceeding the limit
43	69(1)(b)	The insurer cannot provide loans or guarantees to its directors or their family members.	Fully Compliant	No loans or guarantees provided
44	69(1)(c)	The insurer cannot issue loans except for life insurance policies.	-	-
45	69(1)(d)	The insurer cannot issue policies in formats not approved by the authority.	Fully Compliant	Policies issued in approved formats
46	69(1)(e)	The insurer cannot issue policies other than those approved by the authority.	Fully Compliant	Only approved policies issued
47	69(1)(f)	The insurer cannot calculate premiums contrary to the rates set by the authority.	Fully Compliant	Premiums calculated as per authority's rates
48	69(1)(g)	The insurer cannot invest in shares or securities of another insurer or broker.	Fully Compliant	No such investments made
49	69(1)(h)	The insurer cannot invest in entities where its directors have financial interests.	Fully Compliant	No such investments made
50	69(1)(i)	The insurer cannot engage in monopolistic practices.	Fully Compliant	No monopolistic practices
51	69(1)(j)	The insurer cannot create barriers to competition.	Fully Compliant	No barriers created
52	69(1)(k)	The insurer cannot act contrary to the Act, rules, or directives.	Fully Compliant	No violations
53	69(2)	The insurer cannot engage in money laundering or illegal activities.	Fully Compliant	No such activities
54	71(1)	The insurer must allocate savings from life insurance business based on actuarial valuation.	-	-
55	72(1)	The insurer must accept risks based on its net assets.	Fully Compliant	Risk accepted as per rules
56	75	The insurer must engage in micro-insurance for low-income groups and backward regions.	Partially Compliant	Not directly engaged in micro-insurance
57	80	The insurer must reinsure risks beyond its retention capacity.	Fully Compliant	Reinsurance done as required
58	83(1)	The insurer must maintain accurate and proper accounting records.	Fully Compliant	Accounting records maintained properly
59	84(1)	The insurer must submit quarterly financial statements within 30 days of the quarter-end.	Fully Compliant	Quarterly statements submitted on time
60	84(2)	The insurer must submit audited financial statements within six months of the fiscal year-end.	Fully Compliant	Audited statements submitted on time
61	84(3)	The insurer must publicly disclose its financial and risk status every three months.	Fully Compliant	Quarterly reports published
62	85	The insurer must form an audit committee within 30 days of starting business.	Fully Compliant	Audit committee formed and informed
63	86(1)	The insurer must appoint an auditor as per prevailing laws.	Fully Compliant	Auditor appointed as per laws
64	87(1)	The insurer must conduct an audit within three months of the fiscal year-end.	Fully Compliant	Audit conducted on time
65	100(1)	The insurer must pay a regulatory fee of 0.75% of the total premium earned.	Fully Compliant	Regulatory fee paid as required
66	123	The insurer must settle claims within the stipulated time.	Mostly Compliant	Claims settled upon receipt of required documents



Corporate Governance, 2080

S.N.	Clause	Provision	Implementation Status	Remarks
1	3(1)	Decisions regarding foreign insurers operating in Nepal must be made by the board of directors as per prevailing laws.	-	-
2	4	Details of appointment, changes, or vacancies in the board of directors must be submitted to the authority within 15 days.	Fully Compliant	Details submitted within the specified time.
3	5	Foreign insurers must form a three-member management group, including at least one Nepali employee, under the leadership of the CEO.	-	-
4	7(1)	Directors' allowances and other benefits based on the insurer's operations, financial health, profitability, and inflation rates.	Fully Compliant	Determined as per the decisions of the company's general meeting.
5	8(1)	The insurer must prepare manuals, procedures, and bylaws.	Fully Compliant	Manuals, procedures, and bylaws prepared as required.
6	8(2)	Employee service regulations, procurement regulations, and financial administration procedures must be approved by the authority.	Fully Compliant	Approved by the authority.
7	9(1)	The CEO and other employees' salaries, allowances, and benefits must be determined based on the insurer's operations, financial health, profitability, and inflation rates.	Fully Compliant	Determined as per the board's decisions and authority's approval.
8	10(1)	Committees or sub-committees related to claims settlement, investments, risk management, financial stability, human resources, and anti-money laundering must be formed.	Fully Compliant	All required committees formed.
9	11(1)	The board must monitor compliance with laws, regulations, and directives every three months and maintain updated records.	Fully Compliant	Monitoring and supervision conducted, and records maintained.
10	11(2)	Monitoring and supervision reports must be submitted to the authority within 15 days of the end of each quarter.	Fully Compliant	To be implemented after the issuance of institutional governance guidelines in 2080.
11	11(3)	The board must interact and discuss with senior management at least every three months.	Fully Compliant	implemented as per corporate governance ,2080.
12	11(4)	Details of board members and the CEO must be updated on the insurer's website.	Fully Compliant	Updated on the company's website.
13	12(2)	Information provided by directors must be recorded in a separate register.	Fully Compliant	A separate file maintained for directors.
14	12(3)	Domestic travel by directors for company work must be approved by the board and informed to the authority.	Fully Compliant	Approved by the board and informed to the authority.
15	12(4)	Foreign travel by directors for company work must be approved by the authority.	Fully Compliant	Approved by the authority.
16	17(1)	The organizational structure must be prepared or updated based on workload and cost analysis.	Fully Compliant	Organizational structure prepared and implemented.
17	17(2)	A hierarchy of positions must be established, and designations for each level must be determined.	Fully Compliant	Hierarchy and designations established.
18	17(3)	The insurer must determine the required number of employees and fill vacancies within six months.	Mostly Compliant	Vacancies filled as per requirements.
19	17(4)	The organizational structure must include departments for human resources, underwriting, reinsurance, claims, marketing, finance, and IT.	Fully Compliant	All required departments included.
20	18(1)	The insurer must prepare a succession plan.	Fully Compliant	Succession plan prepared and implemented.
21	19(1)	A compliance officer with a postgraduate degree in management, commerce, or law must be appointed and informed to the authority.	Fully Compliant	Compliance officer appointed and informed.
22	19(2)	The compliance officer must prepare and submit quarterly compliance reports to the authority.	Fully Compliant	Quarterly compliance reports submitted.
23	20(1)	Consultants or advisors must be appointed with the board's decision and authority's approval.	Fully Compliant	No consultants appointed yet.



S.N.	Clause	Provision	Implementation Status	Remarks
24	21(1)	Employees' roles, responsibilities, authorities, and supervisors must be defined during appointment.	Mostly Compliant	Mostly defined as required.
25	22	Financial, underwriting, reinsurance, claims, administrative, and other important records must be maintained accurately and updated.	Fully Compliant	Records maintained accurately and updated.
26	23(1)	ADDA must be conducted every five years.	Fully Compliant	DDA completed
27	24(1)	Annual policies, programs, and budgets must be prepared and approved by the board before the end of Ashad.	Fully Compliant	Prepared and approved within the specified time.
28	24(3)	The board must review annual policies, programs, and budgets quarterly and maintain records.	Fully Compliant	semi-annually; quarterly reviews and maintained records.
29	25(1)	Documents for CEO appointment must be submitted to the authority 21 days before appointment.	Fully Compliant	Documents submitted as required.
30	28(1)	A deputy CEO must be appointed next in rank to the CEO.	Fully Compliant	Deputy CEO appointed in 2081 Bhadra.
31	29(1)	Department heads must be appointed based on qualifications and experience.	Fully Compliant	Mostly appointed as per requirements.
32	31(1)	Promotions and open competitive exams must be conducted as per bylaws and regulations.	Mostly Compliant	Mostly conducted as per requirements.
33	34(1)	important records must be maintained.	Mostly Compliant	maintained.
34	35(1)	Confidentiality of important records must be maintained.	Fully Compliant	maintained.
35	43(1)	A fit and proper test must be conducted for director candidates before appointment.	Fully Compliant	Fit and proper test conducted.
36	43(2)	A fit and proper test must be conducted for the CEO, deputy CEO, and department heads before and after appointment.	Mostly Compliant	Mostly conducted as required.
37	44(1)	At least 2% of the total employee expenses must be spent on training and skill development annually.	Mostly Compliant	Training provided as per requirements.
38	45(1)	At least 1% of the net profit must be allocated for corporate social responsibility (CSR).	Fully Compliant	CSR fund established.
39	46(2)	An institutional governance unit must be formed to monitor governance status quarterly.	Fully Compliant	Governance unit formed and monitoring conducted.
40	46(3)	Details of assets owned by directors, CEO, and senior employees must be updated annually.	Not Compliant	Asset details not collected from employees.
41	47(1)	Information on bylaws, manuals, compliance reports, and other important matters must be informed to the authority.	Fully Compliant	Information submitted to the authority.

Insurance Rules, 2081

S.N.	Clause	Provision	Implementation Status	Remarks
1	11	As per Section 36 of the Insurance Act, the insurer must maintain risk-based capital in addition to the minimum paid-up capital prescribed by the Authority.	Mostly Complied	Since the Insurance Regulation 2081 has come into effect from Falgun 2081, implementation is being carried out gradually.
2	12	As per Section 38 of the Insurance Act, the insurer must allocate and maintain the amount determined by the actuary for the risk burden of each class of insurance business in separate funds.	Fully Complied	The amount determined by the actuary has been allocated and maintained in separate funds.
3	14	As per Section 41(1)(a) of the Insurance Act, for unpaid claims, the insurer must recognize the liability for outstanding claims by type and nature of insurance in the claim payment account.	Fully Complied	The liability for outstanding claims by type and nature of insurance has been disclosed in the claim expense statement.
4	35	As per Section 84(2) of the Insurance Act, the insurer must prepare the audited balance sheet and profit and loss statement in the prescribed format and submit it to the Authority within six months of the end of each financial year.	Fully Complied	The balance sheet and profit and loss statement have been prepared in the prescribed format and submitted to the Authority.
5	72	As per Sections 79 and 100 of the Insurance Act, the insurer must deposit the regulatory fee with the Authority within 30 days from the end of each quarter.	Fully Complied	Regulatory fees have been deposited as per the Act. Future submissions will follow Insurance Regulation 2081.
6	86	For the purpose of Section 123 of the Insurance Act, if a claim is not paid within one year, the insurer must transfer the unpaid claim amount to the Unclaimed Claim Fund.	Mostly Complied	Although not fully transferred into a separate fund, arrangements are being made.
7	88	If a claim is not payable, the insurer must notify the claimant in writing with reasons within seven days.	Mostly Complied	Written letters are not sent to all claimants. Instead, information is provided through the concerned branch.
8	98	Insurers operating in the provinces must submit details of their annual operations to the concerned provincial authority or the Insurance Authority within 90 days from the end of each financial year.	Not Complied	Since the Insurance Regulation 2081 came into effect from Falgun 2081, implementation will be carried out gradually.

AMLCFT Directives 2081

S.N.	Clause	Provision	Implementation Status	Remarks
1	6	Business should not be conducted in anonymous or fictitious names.	Fully Compliant	No business conducted in anonymous or fictitious names.
2	Directive 3	Internal policies and procedures related to anti-money laundering must be prepared and implemented.	Fully Compliant	Internal policies and procedures related to anti-money laundering have been prepared and implemented.
3	Directive 4	Customer identification (KYC) system must be implemented.	Mostly Compliant	KYC forms have been filled for most customers.
4	Directive 4(2)	If a customer is a legal entity or part of a management structure, the identity of each level and the person controlling the entity must be identified.	Partially Compliant	Difficulty in obtaining details.
5	Directive 4(3)	If there is suspicion of a beneficial owner other than the family, their identity must also be verified.	Partially Compliant	Difficulty in obtaining details.
6	Directive 4(4)	If a person other than the insured or agent deposits more than NPR 100,000, their name, surname, contact number, address, and relationship with the customer must be recorded.	Mostly Compliant	Not possible to collect details from everyone.
7	Directive 4(5)	For customer identification, fingerprints must be taken as follows: a) For natural persons, if the proposer is different from the insured, the proposer's fingerprints must also be taken; b) For legal entities, the authorized representative's fingerprints must be taken.	Partially Compliant	Many customers are through banks and financial institutions.
8	Directive 4(6)	When the government or organized institutions insure their employees, personal details of the insured must be collected.	Mostly Compliant	Employee details are attached while issuing policies.
9	Directive 5	A mechanism to identify politically exposed persons (PEPs) must be adopted.	Partially Compliant	Efforts made to adopt the mechanism.
10	Directive 5(4, b)	If there are changes in PEPs, the identification mechanism must be immediately adopted.	Partially Compliant	Difficulty in adopting the mechanism.
11	Directive 5(4, c)	Additional mechanisms to identify family members and associates of PEPs must be adopted.	Partially Compliant	Difficulty in adopting the mechanism.
12	Directive 5(4, d)	A system to identify risks based on the position and involvement of PEPs must be adopted.	Mostly Compliant	Risks are identified while identifying PEPs.
13	Directive 6(2)	A system to identify beneficial owners must be implemented.	Partially Compliant	Difficulty in adopting the mechanism.
14	Directive 6(5)	When trading founder shares, the identity of the beneficial owner must be verified as per Section 35Ka of the Act.	Fully Compliant	No founder share transactions have occurred after the issuance of this directive.
15	Directive 6(6)	Details of auditors, actuaries, insurance intermediaries, other service providers, agents, and consultants must be updated and submitted to the authority within one month of the fiscal year-end.	Fully Compliant	Submitted to NIA
16	Directive 7	An annual risk assessment report must be prepared.	Fully Compliant	Customer risk assessment reports have been prepared.
17	Directive 7(3)	The risk assessment report must be based on the subjects mentioned in Directive 7.	Mostly Compliant	Most reports are prepared based on the mentioned criteria.
18	Directive 7(4)	Risks must be classified as high, medium, low, and under review.	Fully Compliant	Risk has been classified
19	Directive 7(5)	Risk assessments must be updated and records maintained.	Fully Compliant	Updated at the end of each fiscal year.
20	Directive 7(6)	Enhanced due diligence (EDD) must be conducted for high-risk customers.	Partially Compliant	Difficulty in identification.
21	Directive 8(1)	Enhanced due diligence (EDD) methods must be adopted.	Partially Compliant	Difficulty in identification.
22	Directive 8(2)	When establishing business relationships or conducting transactions, EDD methods must be adopted.	Partially Compliant	Difficulty in adopting the methods.
23	Directive 8(3)	For single premium policies or savings policies above NPR 5 million or policies with premium payments from abroad, additional documents must be obtained.	-	-





S.N.	Clause	Provision	Implementation Status	Remarks
24	Directive 9	Simplified customer identification methods must be adopted and verified as per specified criteria.	Mostly Compliant	Most criteria are followed.
25	Directive 10	Existing customer identification must be updated.	Partially Compliant	Difficulty in updating identification.
26	Directive 11	Continuous monitoring of policyholders' transactions must be conducted.	Partially Compliant	Partial monitoring is done while developing a full monitoring system.
27	Directive 12	Details of suspicious transactions must be entered into the goAML software by the 1st and 16th of each month.	Mostly Compliant	Details are regularly entered into goAML software.
28	Directive 13	A system to pay special attention to specific transactions must be developed.	-	-
29	Directive 14	If suspicious transactions are identified, they must be investigated and reported in the goAML software.	Fully Compliant	No suspicious transactions have been reported to the compliance officer.
30	Directive 15	Any directives/guidelines from FIU must be Compliant with.	Fully Compliant	Compliant with.
31	Directive 16	An internal control system must be established.	Fully Compliant	Policies and procedures have been issued by the board.
32	Directive 17(1)	A compliance officer must be appointed, and their job description must be submitted to the authority and FIU.	Fully Compliant	Ms. Sulana Shrestha has been appointed as the compliance officer, and details have been submitted.
33	Directive 17(6)	The compliance officer must submit a report to the board every three months.	Fully Compliant	Reports are submitted through the anti-money laundering committee.
34	Directive 17(7.a)	Shareholders, officials, and senior management must be oriented on AML/CFT.	Mostly Compliant	Shareholders need to be oriented.
35	Directive 17(7.a, b)	Employees, agents, and surveyors must be trained on AML/CFT.	Mostly Compliant	Surveyors need to be trained.
36	Directive 19(1)	International studies and reports on AML/CFT must be considered while developing financial investment systems.	Fully Compliant	International studies and reports are considered.
37	Directive 19(2)	A list of countries weak in controlling illegal and criminal activities, including money laundering, must be prepared and updated.	Fully Compliant	The list is updated in website.
38	Directive 20	Quarterly reports must be submitted within seven days of the end of the quarter in the prescribed format.	Fully Compliant	Reports are submitted on time.
39	Directive 20	Compliance reports must be submitted within three months of the fiscal year-end as per Section 35३ of the Act.	Fully Compliant	Submitted to NIA
40	Directive 20(2)	Reports must be submitted within two months of the fiscal year-end as per Section 44१ of the Act	Fully Compliant	Submitted to NIA
41	Directive 21(2)	Internal audits and inspections related to anti-money laundering and terrorist financing must be conducted.	Partially Compliant	Inspections are conducted by the internal auditor.
42	Directive 22(1)	For premiums above NPR 100,000, payments must be accepted through banking, financial institutions, or electronic payment systems.	Fully Compliant	Payments are accepted through banking and electronic systems.
43	Directive 22(3)	Claim payments must be made directly to the beneficiary's bank or financial institution account.	Fully Compliant	Payments are made to bank accounts.
44	Directive 23	Reports, lists, documents, records, and information must be securely stored for at least five years and made available electronically.	Fully Compliant	Records are stored electronically.
45	Directive 24	Confidentiality of AML/CFT-related records, reports, and information must be maintained.	Fully Compliant	Confidentiality is maintained.
46	Act 4, Directive 25	Insurers, intermediaries, or service providers must not engage in terrorist activities or the production/expansion of destructive weapons.	Fully Compliant	No involvement in such activities.
47	Directive 26(2)	Insurers must not conduct any business with individuals, terrorist organizations, or foreign terrorist fighters involved in terrorist activities or the production/expansion of destructive weapons.	Fully Compliant	No such business conducted.

Reinsurance Directives, 2080

S.N.	Clause	Provision	Implementation Status	Remarks
1	4(1)	The insurer must retain a portion of the risk and reinsure the remaining portion that it cannot retain.	Fully Compliant	The insurer has arranged to retain a portion of the risk and reinsure the remaining portion.
2	4(4)	The insurer must ensure adequate and appropriate reinsurance arrangement for each policy issued.	Fully Compliant	Policies are issued only after arranging reinsurance.
3	4(4)	The insurer must not reinsure 100% of the risk covered by the policy without retaining any portion.	Fully Compliant	The insurer retains a portion of the risk before reinsuring.
4	6(2)	The insurer's retention per policy/risk must not exceed 0.5% of its net worth for life insurance and 5% for non-life insurance.	Fully Compliant	Compliance with the directive has been ensured.
5	16(1)	The insurer's retention per policy must not exceed 0.5% of its net worth for life insurance and 5% for non-life insurance.	Fully Compliant	Compliance with the directive has been ensured.
6	16(2)	The insurer must prepare and implement a reinsurance policy based on net worth, reinsurance risk assessment, risk retention capacity, and overall financial capacity.	Fully Compliant	A reinsurance policy has been prepared and implemented as per the directive.
7	17	The insurer must submit certified copies of reinsurance treaties to the authority within 60 days of the treaty becoming effective.	Fully Compliant	Certified copies of reinsurance treaties have been submitted within 60 days.
8	21	The insurer must reinsure with rated reinsurers when engaging in treaty reinsurance.	Fully Compliant	Compliance with the directive has been ensured.
9	26	The insurer must settle accounts with domestic reinsurers within the next quarter for transactions of each quarter.	Not Compliant	Difficulty in settling accounts with domestic reinsurers within the next quarter.

Claim Payment Directives, 2081

S.N.	Clause	Provision	Implementation Status	Remarks
1	4(6)	Upon receiving a claim application or notification, it must be recorded in the claim registration book and electronically.	Fully Compliant	Recorded electronically.
2	5(1)	Issue a notice to come for payment within fifteen (15) days from the date the insurance policy matures.	Fully Compliant	Payments are made within fifteen (15) days of receiving the claim settlement documents.
3	6(3)	Claims must be paid within fifteen (15) days of receiving the claim settlement documents.	Fully Compliant	Insured are informed of the reasons when claim payments are not to be made.
4	6(4)	If the claim payment is not to be made, the applicant must be informed of the reason.	Mostly Compliant	Upon receiving claim intimation, surveyor will be appointed immediately to inspect the damage.
5	7(1)	Upon receiving an application as per section (4) for non-life insurance claim necessary investigations must be initiated.	Fully Compliant	Surveyors are appointed and the insured is informed.
6	7(2)	If a surveyor is to be appointed for the claim, a person or institution licensed by the authority should be appointed and the insured should be informed.	Fully Compliant	Surveyors are not reappointed if they have more than five or ten pending reports respectively.
7	7(8)	If an individual surveyor has more than five, and an institutional surveyor has more than ten reports pending, they cannot be reappointed.	Fully Compliant	The provision has been made as per NIA directives.
8	8(1)(2)	The claim procedure must include clear provisions for minor damages and small claim payments.	Fully Compliant	The insured are generally informed and notices are published.
9	9(4)	The claim process cannot be stopped solely on the grounds of missing documents; if a decision cannot be made due to a lack of documents, the claimant must be informed in writing.	Mostly Compliant	The chief executive officer delegates authority as needed.
10	12(3)	The authority to pay claims must be delegated to provincial, branch, and sub-branch offices as needed.	Partially Compliant	Discharge vouchers are issued mentioning the amount to be paid.
11	13(1)	A claim settlement document must be issued to the person receiving the claim, mentioning the amount to be paid.	Fully Compliant	Claim payments are made via cheque.
12	15	Claim payments should be made directly to the bank account via bank transfer or account payee cheque.	Fully Compliant	Monthly details are sent to the insurance authority within the timeframe.
13	16	Claim settlement procedures must be developed and implemented.	Fully Compliant	Claim settlement procedures have been developed and implemented.
14	17	Monthly claim payment details must be submitted to the authority within fifteen days of the end of each month.	Fully Compliant	





Investment Directives, 2079 (Revised 2080)

S.N.	Clause	Provision	Implementation Status	Remarks
1	1	Investment shall be made only within the prescribed areas and limits.	Fully complied	Investment has been done as per the Directive.
2	1.2	The insurer shall not invest outside the prescribed investment areas.	Fully complied	Investment has been done as per the Directive.
3	1.3	The insurer shall not invest in a subsidiary company outside the prescribed investment areas.	Fully complied	Investment has been done as per the Directive.
4	1.4	The insurer shall carry out a valuation of investments made in real estate business at least once every three years.	Fully complied	There is no investment in real estate.
5	1.5	Investment limits shall be monitored and maintained on a daily basis.	Fully complied	Investments are made within the prescribed limits.
6	1.6	The insurer shall only invest in banks or financial institutions licensed by Nepal Rastra Bank that have maintained the required capital fund.	Fully complied	Investment has been done as per the Directive.
7	1.7	The insurer shall prepare an Investment Policy.	Fully complied	Investment policy has been prepared and implemented.
8	1.8	The insurer shall not invest exceeding the prescribed investment areas and limits.	Fully complied	Investment has been done as per the Directive.
9	1.9	When investing, the insurer shall consider the maturity/tenor of insurance-related liabilities.	Fully complied	Investment has been done as per the Directive.
10	1.1	When investing through subsidiary companies, prior approval of the Authority must be obtained before investing beyond prescribed limits in real estate business, agriculture, tourism, industry, hydropower, cable car, roads, and other infrastructure, and before investing in education and health sectors beyond prescribed limits.	Fully complied	Investment has been done as per the Directive.
11	1.11	Amounts invested in time deposits with banks and financial institutions licensed by Nepal Rastra Bank or Infrastructure Development Bank must be earmarked in the name of the Authority.	Fully complied	Amounts have been earmarked in the name of the Authority as per the Directive.

Promotor Share Transfer Directives, 2077

S.N.	Clause	Provision	Insurance Sector	Implementation Status	Basis of Confirmation for Full Compliance	Reason for Non Compliance	Previous Quarter Implementation Status	Remarks
-	3(2)	Fit and Proper test for the suitability of persons or institutions purchasing and transferring founder shares	All insurers	Fully Compliant	Managed as per directive	-	Fully Compliant	-
1	10	Investment in founder shares should be at most 15% of paid-up capital, and investment in similar insurance businesses should be less than 1% of paid-up capital	All insurers	Fully Compliant	Managed as per directive	-	Mostly Compliant	-
3	15(1)	Insurers engaged in similar types of insurance business should not invest in founder shares to create cross-holdings	All insurers	Fully Compliant	Managed as per directive	-	Partially Compliant	-
4	17	Insurer should submit the updated details of new founder shareholders after purchase and sale of shares in the prescribed format within fifteen (15) days of each quarter-end	All insurers	Fully Compliant	Managed as per directive	-	Fully Compliant	-

Information Technology Directives, 2076

S.N.	Clause	Provision	Implementation Status	Remarks
1	3(2)	Information technology systems should be accessible to senior officials, employees, and insurance intermediaries as needed	Fully Compliant	Arrangement made for senior officials and employees to use IT systems
2	4(1)	Establishment of a data center required	Partially Compliant	Data center is in head office and disaster recovery sites is in process.
3	4(6)	If services as per sub-sections 2 and 3 are taken from other providers, insurer is responsible for the security of the data; hence, procurement agreement and non-disclosure agreement must be done with the related service provider	Partially Compliant	To be done after the establishment of data center
4	4(7)	Insurer should keep the server of their core application in the central office	Fully Compliant	Company keeps the server of its core application in the central office
5	6(1)	Insurer's website should be regularly updated and include specified minimum information	Fully Compliant	Company's website www.nepalinsurance.com.np is regularly updated and includes specified minimum information
6	6(2)	Use of electronic signatures required	Not Compliant	Discussions ongoing with service provider for electronic signatures
7	8	Use of official email with domain name for all offices and at least authorized-level employees required	Fully Compliant	Use of email through domain name nepalinsurance.com.np by all offices and employees
8	9	Automatic closure of official email for retired and suspended employees required	Fully Compliant	Managed as per directives
9	11(1)	Use of electronic software (system) for insurance-related core application required	Fully Compliant	Company uses web-based electronic software (system) Ensure
10	15(1)	Adoption of electronic information technology security system required	Fully Compliant	Company uses Anti Virus Software and Firewall Device for electronic information technology security system
11	16(1)	Annual testing of information technology system by an authorized examiner required	Fully Compliant	Annual testing of information technology system done by Ways Consulting Pvt. Ltd
12	16(2)	Submission of information technology system testing report to Authority within six months from end of fiscal year required	Fully Compliant	Information technology system audit report submitted to Authority within six months,
13	18(1)	Preparation and implementation of information technology disaster management plan required	Not Compliant	Plan preparation is in process
14	18(1)	Preparation and implementation of information technology-related policy required	Fully Compliant	Company prepared and implemented IT-related policy 2023 and submitted information to Authority
15	20(3)	Arrangement of separate technical staff for the maintenance of information technology system required	Fully Compliant	Company employs 3 staff including Computer Engineering in IT department

Branch Directives, 2079

S.N.	Clause	Provision	Implementation Status	Remarks
1	3(1)	Establishment of provincial offices in all provinces required	Fully Compliant	Offices established in almost all provinces
2	3(4)	Provincial offices to be delegated authority by the board of directors	Mostly Compliant	Authority granted to CEO by the board and delegated to provincial offices as needed
3	9(1)	Offices to be established and operational within two months of approval by the authority	Fully Compliant	Offices generally established and operational within two months of approval



Actuary Appointment Directives, 2081

Clause	Provision	Implementation Status	Remarks
1	Appointment of actuary required	Fully Compliant	Actuary appointed
2	Submission of actuarial valuation report within 5 months of the end of the fiscal year	Mostly Compliant	Actuarial valuation report submitted within 5 months in most cases
3	Management of insurance funds and accounting for savings and distribution required	Fully Compliant	Insurance funds management and accounting for savings and distribution done as specified
4	Bonus rates provided to the insured should be applicable from the start date of the valuation period	N/A	N/A
5	Appointment of actuarial analyst required	Fully Compliant	Appointed on April 27, 2025

Agriculture Insurance Directives, 2079

Clause	Provision	Implementation Status	Remarks
1	Conducting business in specified districts	Fully Compliant	Branches established for agricultural insurance in specified districts: Darchula, Baitadi, Dadeldhura, and Kanchanpur
2	Including photo and video clips when issuing insurance policies	Fully Compliant	Photo and video clips included when issuing most policies
3	Providing a technical inspection recommendation letter when issuing insurance policies	Fully Compliant	Insurance policies issued only after obtaining a technical inspection recommendation letter
4	Establishment of agriculture, livestock, and herbal department by insurer	Fully Compliant	Department established and responsibility given to risk management department head

Chandra Nath Uprety
ACEO, Compliance Officer



Major Policies and Practices

Laws	Effective Date	Description
Memorandum and Articles of Association	2004/2063	Founding documents outlining the company's purpose, structure, and regulations.
Financial Administration Bylaws	2072/2080	Rules related to the company's financial management and administration.
Employee Bylaws	2063/2080	Guidelines governing employee management and administration within the company.
Anti-Money Laundering Policy & Procedure	2077	Directive to prevent money laundering and financing of terrorist activities.
Underwriting Manual	2070/2075/2080	Policies for assessing and managing risks within the organization.
Agriculture, Livestock, and Herbs Insurance Manual	2080	Policy for insuring agricultural, livestock, and herbs products.
Claims Settlement Manual	2070	Policy outlining the procedure for settling insurance claims.
Market Promotion Manual	2070	Policy to promote the company's market presence and initiatives.
Reinsurance Policy	2081	Policy for managing reinsurance activities within the company.
Information Technology Policy	2079	Guidelines for the use and management of information technology resources.
Employee Succession Plan	2079	Plan for identifying and developing future leaders within the organization.
Corporate Social Responsibility Policy & Procedure	2079	Policy outlining the company's commitment to social responsibility initiatives.
Corporate Governance Monitoring and Supervision Procedure	2079	Procedure for monitoring and supervising the company's governance practices.
Employee Safety and Health Policy	2080	Policy to ensure the safety and health of employees in the workplace.
Risk Management Policy and Procedures	2080	Comprehensive policy for identifying, assessing, and managing risks.
Investment Policy	2081	Guidelines for the company's investment activities and decisions.
Risk Based Audit Policy	2081	Directive outlining the process for conducting risk based internal audit policy within the company.



SUSTAINABILITY REPORTING

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Risk Management

Nepal Insurance Company Limited has established a comprehensive risk management framework designed to identify, assess, monitor, and manage risks arising from its underwriting, investment, and operational activities. The framework is aligned with the regulatory requirements of the Nepal Insurance Authority and supports the Company's strategic objectives while safeguarding policyholder interests and capital adequacy. Key risks, including insurance, market, credit, liquidity, operational, and regulatory risks, are managed through clearly defined policies, internal controls, and governance oversight. Risk assessments are conducted on a regular basis to evaluate the potential impact and likelihood of risks, supported by prudent underwriting standards, diversified investment strategies, robust reinsurance arrangements, and effective operational controls. The Board and senior management maintain ongoing oversight of the risk profile to ensure that risks remain within approved tolerance levels and that emerging risks are identified and addressed in a timely manner.

Key Risks

Insurance & Underwriting Risk

The Company is exposed to risks arising from adverse deviations in claims experience or reserving assumptions. Such deviations may result in volatility in earnings and place strain on capital resources, affecting the Company's ability to meet policyholder obligations.

Catastrophe Risk

Severe natural events, such as earthquakes, floods, or storms, can trigger a sudden surge in claims, leading to significant volatility in claims experience and potential depletion of available capital.

Market & Interest Rate Risk

Fluctuations in market conditions and interest rates can impact the value of assets and the alignment between assets and liabilities. Such movements may adversely affect investment income, solvency, and overall financial stability.

Counterparty & Reinsurance Credit Risk

The Company relies on reinsurers and financial counterparties to transfer risk. Default or financial weakness of these parties may lead to credit losses and reduce the effectiveness of risk mitigation strategies.

Liquidity Risk

Liquidity risk arises when the Company is unable to meet its obligations as they fall due. This may affect the timely

settlement of claims and disrupt the overall financial stability of the business.

Operational Risk

Failures in internal processes, systems, or controls may result in financial loss or disruption of business operations. Operational risk can stem from human error, process inefficiencies, or inadequate internal governance.

IT & Cybersecurity Risk

The Company faces risks from cyber threats, data breaches, and system failures, which may compromise data integrity, disrupt operations, and impact customer trust.

Regulatory & Compliance Risk

Changes in laws, regulations, or non-compliance with existing regulatory requirements may result in financial penalties, reputational damage, and increased compliance costs.

Strategic & Business Risk

Strategic risk arises from ineffective business decisions, market competition, or changes in the operating environment, potentially affecting long-term growth and performance.

Reputational & Legal Risk

Litigation, disputes, or service failures can adversely affect stakeholder confidence, the Company's reputation, and brand value. Effective risk management is crucial to maintain trust and public confidence.

Model Risk

Inaccuracies or limitations in reserving and risk models may distort risk assessment and capital adequacy calculations, impacting decision-making and financial reporting accuracy.

Risk Matrix

High Likelihood	Transactional operational Risk Model Risk (Reserving)		Underwriting Risk
Medium Likelihood	Regulatory Risk	Counterparty Default Risk Operational Risk (Post-Control)	Catastrophic Risk (Secondary Perils) Market Risk
Low likelihood	Strategic Risk	Litigation Risk Reputational Risk	Catastrophic Risk (Primary Perils) Liquidity Risk
	Low impact	Medium Impact	High Impact



Risk Management and Opportunity Framework

Risk Methodology	Risk Mitigation Plan	Risk & Opportunity Analysis
Risk Assessment	Risk Identification	Identify and categorize NICL's key risks: strategic, insurance, market, credit, liquidity, operational, regulatory, and compliance.
	Risk Analysis	Assess each risk's impact, likelihood, and controls, considering underwriting, investments, claims, operations, and external factors.
	Risk Evaluation	Evaluate overall exposure against risk appetite and Board-approved tolerance.
	Risk Prioritization	Prioritize risks by significance, impact on capital, solvency, reputation, and strategic alignment.
Opportunity Assessment	Opportunity Identification	Identify and assess growth opportunities, including product diversification, digitalization, and geographic expansion.
	Opportunity Analysis	Evaluate opportunities for financial benefits, feasibility, operational readiness, and alignment with NICL's long-term objectives.
	Opportunity Evaluation	Assess each opportunity's value considering market demand, regulatory environment, capital needs, and risk-return trade-offs.
	Opportunity Prioritization	Prioritize opportunities based on strategic relevance, expected impact, and contribution to profitability and market leadership.
Recommended Actions	Risk Mitigation Strategies	Implement risk mitigation measures, including prudent underwriting, reinsurance, investment diversification, and strong governance.
	Opportunity Pursuit Strategies	Execute initiatives to capture opportunities and improve service delivery.
Monitoring and Reporting	Risk Monitoring	Continuously monitor risks and opportunities, reporting to senior management and the Board.
	Opportunity Tracking	Track progress of initiatives, monitor performance, realize benefits, and integrate learnings into strategic planning and resource allocation.



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our Approach to Social Responsibility

Nepal Insurance Company Limited (NICL) believes that responsible business goes beyond financial performance. We are committed to supporting society, the environment, and the broader economy through purposeful Corporate Social Responsibility (CSR) initiatives. CSR is an important part of our corporate values and aligns with the directives of the Nepal Insurance Authority, which require insurers to allocate at least 1% of their net profit toward CSR activities.

Our CSR focus reflects our belief in social welfare, community development, inclusive growth, and long-term nation building.

CSR Framework and Guiding Principles

Regulatory Alignment and Ethical Standards

NICL ensures that CSR activities are implemented in accordance with Nepal Insurance Authority regulations and the Company's Board-approved CSR policy. CSR funds are allocated and utilized only for eligible programs, and no CSR assistance is extended to related parties or individuals directly connected to Directors or senior management.

CSR initiatives are planned and executed with the objective of supporting meaningful, measurable and sustainable impact.

Key Themes of CSR Engagement

As per NIA guidelines and our internal policy, CSR funds are directed toward the following priority areas\

- Education, health, and skill development programs for deprived and marginalized communities
- Disaster response, relief and insurance awareness programs
- Economic upliftment initiatives for socially and economically disadvantaged groups
- Childcare and welfare support programs for employees' children
- Social development, empowerment and inclusion initiatives
- Environmental sustainability and awareness programs

CSR Governance and Implementation Practices

To ensure strong governance and transparency, NICL:

- Ensures all statutory dues and obligations are fulfilled responsibly
- Makes CSR contributions only to government-approved or recognized institutions
- Complies with labour and regulatory laws at all times
- Implements strict controls to prevent funds from being misused
- Avoids providing any support to unlawful or harmful activities

CSR support may also be formalized through agreements with beneficiary organizations to ensure proper monitoring and delivery of outcomes.

CSR Programs During the Year 2024/25

Disaster Relief and Humanitarian Assistance

NICL contributed **NPR 5 million** to the “**Prime Minister Disaster Relief Fund**” to support communities affected by floods and earthquakes in Nepal. This reflects the Company's strong commitment to stand beside the nation during times of crisis.

Religion, Education and Healthcare Outreach

The Company supported religious and cultural programs, scholarships, school infrastructure improvement, and health camps focused on underserved communities. These programs helped improve access to education and basic healthcare among marginalized groups.

Insurance Awareness and Financial Protection

NICL organized insurance literacy programs highlighting the importance of risk coverage, particularly for low-income and vulnerable populations. These initiatives supported national objectives of increasing insurance access and awareness.



Employee Family Support Programs

Childcare and wellness initiatives for employees' children were introduced to help maintain a healthy, motivated and productive workforce.

Environmental Care Initiatives

Tree plantation campaigns, community clean-up programs and awareness activities on environmental protection were undertaken to support long-term sustainability.

Nepal Insurance Company Limited – CSR Spend FY 2024/25

CSR Category	Description	Amount (NPR Million)	% of Total CSR Spend
Disaster Relief	Support for flood & earthquake victims	5	80.65%
Religion, Education & Health	Religious and Cultural Programs, Scholarships, school projects, health camps	0.1	1.61%
Insurance Awareness & Protection	Programs for underprivileged communities	0.8	12.90%
Employee Welfare	Childcare & wellness initiatives	0.2	3.23%
Environmental Responsibility	Tree plantation & awareness campaigns	0.1	1.61%
Total		6.2	100%

Alignment with Global Responsible Business Practices

NICL's CSR programs are designed to:

- Support measurable social and environmental outcomes
- Promote inclusion and target vulnerable communities
- Encourage employee involvement in social programs
- Maintain transparency in reporting and fund utilization
- Align CSR with the Company's long-term vision and national development priorities

CSR Monitoring and Oversight

CSR programs are reviewed and monitored to ensure funds are applied only for approved purposes. Impact assessment and periodic reporting help ensure accountability and responsible implementation.

Our Continuing Commitment

NICL remains committed to strengthening its role as a responsible corporate citizen. Through meaningful CSR initiatives, we aim to support sustainable development, build resilient communities, and contribute positively to the nation's social and economic progress.

NATIONAL ECONOMIC PERFORMANCE AND THE ROLE OF NEPAL INSURANCE COMPANY LIMITED

Fiscal Year 2024/25

Overall, Nepal's economy recorded steady performance during the fiscal year 2024/25, supported by stable inflation, improved external balances and continued growth in key sectors. According to estimates, Nepal's Gross Domestic Product (GDP) grew by **about 4.6 percent**, reflecting gradual economic recovery and improved macroeconomic stability.

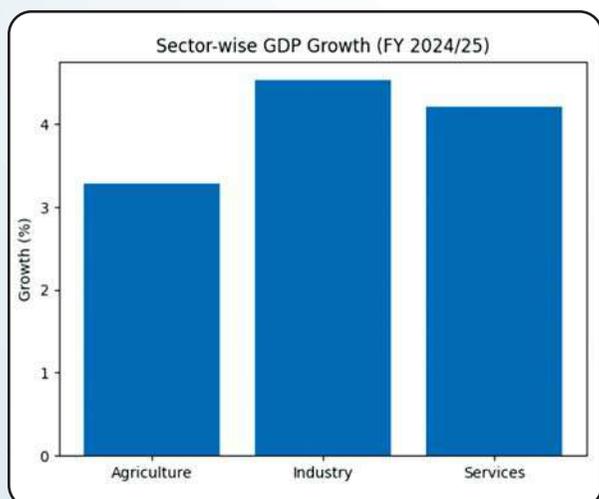
Macroeconomic Conditions

Inflation, which had remained elevated in previous years, moderated during the review year. The annual average consumer price inflation eased to **around 4.06 percent**, supported by improved supply conditions and stable commodity prices. This helped to reduce cost-of-living pressures and supported purchasing power across the economy.

Foreign trade showed mixed but positive signs. Exports increased compared to the previous year, while remittance inflows continued to expand strongly, providing crucial support to household incomes and domestic demand. As a result, the external sector recorded a **healthy Balance of Payments surplus**, while foreign exchange reserves remained at a comfortable level.

Nepal's economic expansion was driven by growth across major sectors:

- **Agriculture** expanded by an estimated **3.28 percent**.
- **Industry** grew by about **4.53 percent**.
- **Services** recorded growth of **4.21 percent**.



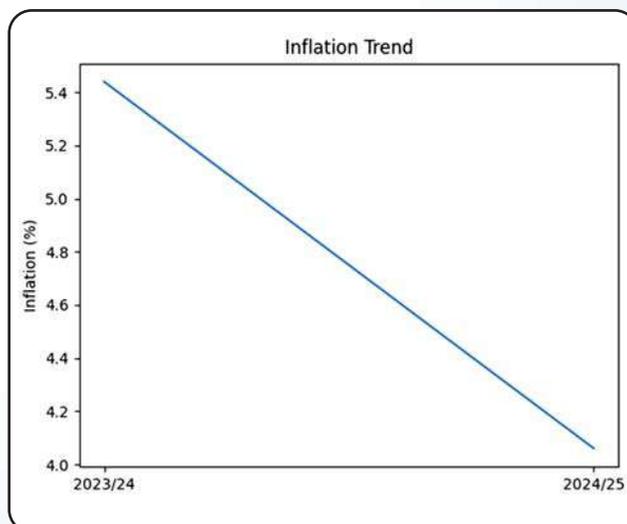
The services sector remained the largest contributor to GDP, supported by tourism, trade, finance and insurance, transport and communication activities.

“Nepal’s economy demonstrated resilience and gradual recovery in FY 2024/25, supported by moderating inflation, strong remittance inflows and stable macroeconomic indicators. Within this environment, Nepal Insurance Company Limited continues to strengthen its role as a responsible financial institution, contributing to economic growth, social security and national development through its operations, investments and community support initiatives.”

Inflation and Price Stability

Inflation trends showed moderation over the year:

- Annual average inflation for 2024/25 was **4.06 percent**, down from 5.44 percent in the previous year.
- Consumer price inflation on a year-on-year basis eased further during the review period, indicating stabilizing price pressures.



This improvement in inflation was supported by more stable commodity prices and improved supply conditions.

Foreign Trade and Balance of Payments

External sector performance reflected stronger export activity and stable external balances:

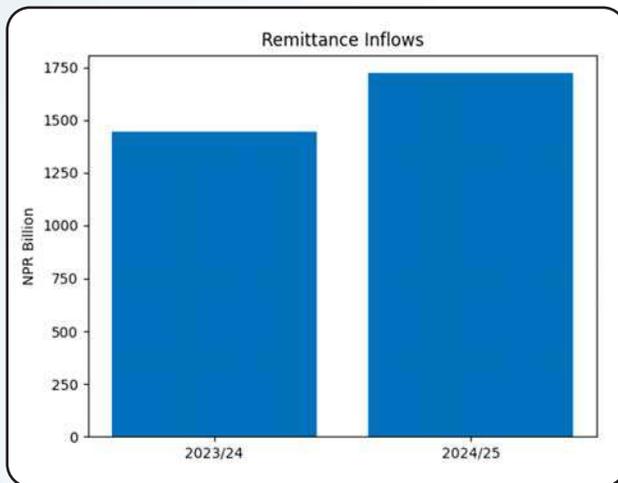
- Exports rose significantly by **over 80 percent**, supported by improved production and diversification.
- Imports also increased, but overall **Balance of Payments remained in surplus** at around NPR 594.54 billion.

These developments enhanced Nepal's external position and helped maintain foreign exchange stability.

Remittances and Foreign Exchange Reserves

Remittances continued to play a critical role in sustaining Nepal's economy:

- Remittance inflows increased by approximately **19.2 percent** in Nepalese rupee terms.
- In absolute terms, remittances reached around **NPR 1,723 billion**, reflecting continued reliance on migrant worker earnings.
- Gross foreign exchange reserves stood at about **NPR 2,677.68 billion**, sufficient to cover merchandise and services imports for over a year.



These inflows support household consumption, savings and investment, and remain a core driver of economic stability.

Tourism and Other Sector Indicators

Tourism showed modest growth during FY 2024/25, with tourist arrivals increasing marginally. Improvements in infrastructure and connectivity also supported broader economic activity.

Contribution of Nepal Insurance Company Limited to the National Economy

As one of the leading non-life insurers in Nepal, **Nepal Insurance Company Limited (NICL)** plays an important role in supporting economic growth, strengthening financial resilience and contributing to national development. The Company's operations generate value across taxation, employment, investment, risk transfer and social responsibility.

Supporting Government Revenue

During the fiscal year 2024/25, Nepal Insurance Company Limited contributed **NPR 41.76 million** to government revenue through direct and indirect taxation. These resources help fund key national priorities including infrastructure development, public services, education and healthcare.

Employment Creation and Economic Participation

The Company is an important employer within the financial services sector. In FY 2024/25:

- **285 employees** worked with the Company, with **NPR 321 million** paid in salaries and benefits
- **135 agents** were engaged, earning **NPR 18.2 million**
- **107 surveyors** provided services, receiving **NPR 43.9 million**
- Reinsurance partners supported risk diversification with **NPR 854 million** ceded and **NPR 511 million** recovered

Through this network, NICL supports both direct and indirect employment across Nepal.

Financial Intermediation and Investment Mobilization

Premium income collected from policyholders is channeled into productive investment. During FY 2024/25, NICL mobilized **NPR 4,457 million** in various investment instruments including bank deposits, mutual funds, debentures and securities. This supports capital formation and strengthens Nepal's financial system.

Risk Protection and Economic Stability

By providing insurance coverage against risks such as natural disasters, property, motor accidents, marine losses, agriculture and miscellaneous exposures, Nepal Insurance Company Limited enables individuals and businesses to operate with confidence. This risk-sharing mechanism supports entrepreneurship, asset protection and financial security, contributing to overall economic stability.

Corporate Social Responsibility

NICL remains committed to social development and humanitarian support. During the year, the Company contributed **NPR 5 million** to the **"Prime Minister Disaster Relief Fund"** to support Flood affected communities. CSR initiatives undertaken by the Company reinforce social protection and community welfare.

Role of the Non-Life Insurance Industry in Nepal's GDP

The non-life insurance sector is a key component of Nepal's financial system, supporting risk management, capital mobilization, savings, and employment opportunities. Collectively, non-life insurers contribute **NPR 44,910 million** to the nation's GDP through gross written premiums, while also impacting the economy through taxation, investment flows, and financial intermediation.

In this context, Nepal Insurance Company Limited recorded a Gross Written Premium of **NPR 2,037 million** in FY 2024/25, underscoring its role as a major contributor to the country's insurance market. This performance highlights the company's continued importance in strengthening financial stability and supporting broader economic growth.



**Nepal Insurance
Company Limited**

Secure Your Future

Peace of mind starts here

About Us

We are the first Insurance Company of Nepal, operating with 57 Branches across the country through more than 302 trained dedicated manpower. Associated with world's leading Reinsurance Companies rated highly for their financial stability and claim payment capabilities by reputed agencies.

Why Choose Us?

- ✔ Trusted & Reliable
- ✔ Fast & Easy Claims
- ✔ Expert Advisors
- ✔ Customizable Policies

Our Services:

- ✔ Motor Insurance
- ✔ Property Insurance
- ✔ Miscellaneous Insurance
- ✔ Engineering Insurance

Protect what matters today. Let us help you build a brighter tomorrow.

FOR MORE INFORMATION

☎ 5321353, 5328690, 5345565/68

✉ www.nepalinsurance.com.np



ESG REPORT

Our Environmental, Social and Governance (ESG) journey is guided by our commitment to building a resilient and sustainable future for the people and businesses we protect, while creating long-term value for all stakeholders. Nepal Insurance Company Limited (NICL) integrates ESG principles into its strategic direction and day-to-day operations. ESG considerations are embedded within our organizational strategy, risk management framework, and operational processes to ensure responsible and sustainable growth.

ESG Material Issues

The five topics identified as most material, outlined below, are crucial to NICL's ability to operate responsibly, manage long-term risks, and support national economic and social development. In addition, we have identified several other ESG topics that strengthen our commitment to sustainable insurance practices, community resilience, and environmental stewardship in Nepal.

ESG Strategy	
Health & Wellness	Beyond our core insurance business, NICL focuses on promoting employee well-being, financial protection, and broader financial inclusion. Through health insurance awareness, micro-insurance initiatives, and timely claims settlement, we contribute to improved health outcomes and enhanced financial security for individuals, small businesses, and underserved communities across Nepal.
People & Culture	NICL's People & Culture framework empowers employees to perform at their best by fostering a learning-oriented workplace, ensuring fair and transparent employment practices, and promoting diversity, equity, and inclusion. We invest in training, professional development, and ethical leadership to build a motivated workforce aligned with our long-term vision.
Sustainable Operation	We are committed to improving the environmental performance of our operations by optimizing resource usage, reducing paper dependency through digital processes, and adopting energy-efficient practices. ESG considerations are incorporated into procurement and vendor selection, supporting responsible sourcing and operational resilience, particularly in the context of climate-related risks such as monsoon-related losses.
Sustainable Investment	NICL's investment strategy focuses on generating stable, long-term returns while supporting sustainable economic activities in Nepal. Our investment policy emphasizes prudent asset allocation, compliance with regulatory guidelines, and gradual integration of ESG considerations to mitigate long-term risks and support sustainable infrastructure and development projects.
Effective Governance	Effective governance ensures that Nepal Insurance Company Limited operates in accordance with the highest standards of transparency, accountability, and ethical conduct. Strong board oversight, robust internal controls, risk management systems, and clear disclosure practices enable us to safeguard stakeholder interests and maintain trust in a dynamic regulatory and economic environment.

ESG Material Issues

 Environmental Responsibility and Climate Action	 Health, Well-being and Financial Inclusion	 Sustainable Investment	 Human Capital	 Corporate Governance		
 Risk Management	 Data Privacy and Cyber Security	 Community Engagement and Investment	 Diversity, Equity and Inclusion	 Business Ethics Products and Service	 Digitalization and Innovation	 Responsible Marketing and Claims Settlement Practices

IT Systems & Controls

“Nepal Insurance Company Limited has implemented a comprehensive Information Technology (IT) framework that supports business operations, strengthens customer service, enhances data security, and ensures regulatory compliance. The IT environment is designed to improve efficiency, streamline processes, and safeguard sensitive information from potential threats”

IT Infrastructure Overview

The Company's IT infrastructure integrates modern technologies to support secure data management and effective business operations across all functions.

- **Servers**
High-performance servers are deployed to manage core business applications, databases, policy administration, and claims processing systems. These servers support reliable transaction processing and help maintain service continuity.
- **Network Systems**
Secure networking hardware, including routers, switches, and firewalls, ensures safe and uninterrupted communication between internal systems and external networks.
- **Backup and Storage**
Secure and redundant storage systems are maintained to facilitate regular data backups and support disaster recovery, ensuring that critical business information remains protected and recoverable.

IT Governance

The Company follows a structured IT governance framework aligned with globally accepted standards such as COBIT and ISO/IEC 27001. This governance approach ensures:

- Alignment of IT initiatives with strategic business objectives
- Effective identification and management of IT-related risks
- Optimal utilization of IT resources
- Performance measurement and continuous improvement
- Compliance with applicable regulatory requirements

Security Measures

Nepal Insurance Company Limited has implemented strong cybersecurity safeguards to protect information assets. Firewalls, encryption tools, and controlled system access help prevent unauthorized data exposure. User access is role-based to ensure appropriate permission levels.

A Comprehensive Disaster Recovery and Business Continuity framework ensures regular data backups and supports quick system restoration in the event of disruption, minimizing operational downtime.

Information System Risk Management and Compliance

To mitigate cyber and information system risk, the Company has adopted the following measures:

- Deployment of firewalls, antivirus software, and intrusion detection systems



- Data encryption and access authorization controls to prevent unauthorized access
- Disaster Recovery and Business Continuity Plans to ensure rapid restoration of data and systems

The Company remains committed to adhering to both national and international IT security standards to safeguard stakeholders' interests.

IT Performance Monitoring

Information System Risk is continuously monitored through automated security tools, threat-intelligence mechanisms, and real-time alert systems. Quarterly and annual risk assessment reports are prepared and submitted to Senior Management and relevant regulators to ensure continuous oversight.

Future IT Initiatives

Nepal Insurance Company Limited is committed to further strengthening its digital capabilities with a focus on operational improvement, cybersecurity enhancement, customer convenience, and regulatory compliance. Key strategic initiatives include:

- Expanding automation in policy issuance and claims processing to reduce paperwork and turnaround time
- Further strengthening Disaster Recovery and Business Continuity arrangements
- Implementing e-KYC and paperless processes to enhance customer onboarding
- Automating audit trails and risk reporting in line with Nepal Insurance Authority (NIA) guidelines



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WAYS CONSULTING

To,
Nepal Insurance Co. Ltd.,
Kamaladi, Kathmandu, Nepal

Ref. No: ISAC-02504-82.83
Date: 28-Dec-2025

Subject: Completion of IS Audit

Dear Sir/ Madam,

With reference to Information System Audit Engagement Agreement signed in between **Nepal Insurance Co. Ltd and Ways Consulting Pvt. Ltd.** we, hereby, are submitting our IS Audit Reports with detailed findings, implications and recommendations.

The audit reports follow IT Guidelines for Insurer, 2076 published by Insurance Authority and international best practices and standards.

We recommend you to go through the reports and take necessary actions at your earliest and convenience.

Attached: Audit Reports

Sincerely,



Dr. Abhijit Gupta – MD/ Auditor/ Advocate

PhD (IS Security Audit), MCA, BCA, LLB





Proper Re-Insurance

Nepal Insurance Company Limited follows a well-structured and comprehensive reinsurance policy designed to manage financial risk, ensure business continuity, and provide adequate protection against large and catastrophic losses. Reinsurance arrangements are aligned with the directives of the Nepal Insurance Authority and global best practices.

NICL partners with top-rated international and regional reinsurers to safeguard its financial strength and maintain operational resilience. The company adopts a balanced

reinsurance strategy combining proportional and non-proportional arrangements supported by facultative placements wherever required. This approach ensures optimal risk diversification, stable underwriting results, and protection of shareholders' and policyholders' interests.

NICL evaluates its reinsurers based on key criteria such as financial strength, capacity, technical expertise, pricing and terms, and service quality, including claims responsiveness.

Our Re-Insurers

Reinsurer	Country	Credit Rating (Financial Strength)	Notes
 Hannover Ruc k SE	Germany	A+ (Superior) by A.M. Best / AA- (Very Strong) by S&P	One of the top global reinsurers with very strong financial strength.
 Sirius International Insurance Corporation	Global (parent based in Bermuda/Sweden)	A- (Excellent) by A.M. Best / S & P / Fitch (Outlook Positive)	Ratings reflect strong financial position among global reinsurers.
 Kenya Reinsurance Corporation (Kenya Re)	Kenya	B (Fair) by A.M. Best / bb+ (Stable) by AM Best	Stable outlook; solid regional reinsurer.
 CICA Reinsurance Company Ltd.	Togo	bbb- / B+ by A.M. Best (Fair/Good)	African regional reinsurer with fair/good ratings.
 Asian Reinsurance Corporation (Asian Re)	Thailand	B++ (Good) by A.M. Best (Stable)	Recently upgraded rating reflecting robust performance.
 Nepal Reinsurance Company Ltd. (Nepal Re)	Nepal	AA- (by ICRA Nepal)	National reinsurer with strong local rating.
 Himalayan Reinsurance Ltd. (Himalayan Re)	Nepal	B+ (Good); Long-term Issuer: BBB- (Good) by A.M. Best	Growing private Nepalese reinsurer with stable outlook.



These partnerships reflect NICL's strong standing in the international reinsurance market and its commitment to prudent risk management.

Treaty Reinsurance

Treaty reinsurance represents a contractual arrangement between Nepal Insurance Company Limited (as the ceding insurer) and its reinsurers, under which the reinsurers agree to accept a portfolio of risks over a defined period. Key features include:

- The cedent (NICL) transfers a portion of its underwriting risk to reinsurers in exchange for reinsurance premium.
- The program provides security to NICL's capital base and enhances financial stability during large or unexpected loss events.
- Both **Proportional** and **Non-Proportional** treaty arrangements are in place.
- Proportional treaties include quota share and surplus structures.
- Non-Proportional treaties include Excess of Loss and Catastrophic protections.

- Facultative reinsurance is used selectively for large or specialized risks requiring tailored coverage.

This framework supports NICL's underwriting capacity and ensures sustainable growth across diverse business portfolios.

Statement of Adequacy of Catastrophic Reinsurance

Nepal Insurance Company Limited has established a comprehensive catastrophic reinsurance program covering all major insurance portfolios, including Property and Engineering. The program is designed to protect the company against severe losses arising from natural disasters and other large-scale catastrophic events.

The company has arranged catastrophic whole-account reinsurance coverage of NPR 1.30 billion, in addition to its proportional treaty protections. Under this structure, the company's maximum net retention is limited to NPR 0.10 billion, ensuring strong capital protection and financial stability in the event of significant catastrophic losses. This reinsurance arrangement demonstrates the company's commitment to sound risk management practices and the protection of the interests of its policyholders and stakeholders.



HUMAN CAPITAL

“Nepal Insurance Company Limited recognizes human capital as a critical driver of sustainable performance and stakeholder value. Through continuous investment in employee development, engagement, and well-being, the Company strengthens operational efficiency, manages human capital risks, and supports Nepal’s broader economic and social development while ensuring long-term value creation and preservation.”

Human capital refers to the economic value derived from employees’ knowledge, skills, experience, and personal attributes such as discipline, integrity, and commitment. It is an intangible asset that significantly contributes to productivity, service quality, and long-term profitability. Continuous investment in human capital enhances operational efficiency and sustainable value creation.

At Nepal Insurance Company Limited (NICL), human capital comprises employees’ communication skills, professional qualifications, technical expertise in underwriting and claims, creativity, experience, problem-solving ability, mental well-being, and resilience, all of which support the Company’s position as a trusted general insurer in Nepal.

Human Capital Depreciation

Human capital may depreciate due to unemployment, injury, declining health, or failure to adapt to technological, regulatory, and market changes. In a dynamic insurance environment, continuous learning and skill enhancement are essential to mitigate such risks.

Human Capital and the Economy

Human capital is a key driver of economic growth. Improvements in education, professional skills, and management capacity foster innovation, productivity, and social inclusion. In Nepal, human capital supports economic resilience, infrastructure development, and effective risk mitigation.

Human Capital Risk

Human capital risk arises when workforce capabilities do not align with organizational requirements. This may lead to inefficiencies, compliance challenges, reputational risks, or financial losses. NICL addresses these risks through structured training, performance management, and employee development initiatives in line with NIA regulations.

Managing Human Capital

Effective management of human capital is fundamental to the success of any organization. The Company’s workforce is one of its most valuable assets, enabling sustainable value creation for stakeholders. We recognize the importance of not only attracting skilled professionals but also fostering a motivated and committed team that envisions a long-term career with the Company and is capable of addressing diverse and evolving challenges. Accordingly, the Company places strong emphasis on attracting, developing, and retaining talent through continuous investment in the growth and development of its workforce of over 285 employees.

Human Capital Actions and Performance

- Job Creation and Employment
- Recruitment and Sourcing
- Building Capability
- Employee Engagement
- Remuneration and Retention



Contributing to SDGs	Inputs		
	Skilled and motivated workforce of over 285 employees	People-centric work culture	Training and skill development
	Fair reward systems	Competency enhancement	Diversity and inclusion
	Performance management framework		Focus on health, safety, and employee well-being
	Outputs		
Salaries and employee benefits	Improved employee engagement and feedback participation	Increased training hours Per employee	
	Value Creation		Value Preservation

NATURAL CAPITAL

“Climate change and the degradation of natural resources present growing economic and financial risks for Nepal. As a leading general insurer, Nepal Insurance Company Limited integrates climate risk into its core operations by supporting renewable energy, improving resource efficiency, advancing digital processes, and strengthening climate-resilient agricultural insurance to promote sustainable and long-term value creation.”

The gradual loss of Nepal’s natural resources—from the fragile Himalayan ecosystems to the fertile plains of the Terai—poses a serious risk to the country’s economic stability. Natural capital such as water resources used for hydropower, timber from community-managed forests, and protected areas that absorb carbon provides essential support to Nepal’s economy and livelihoods.

Studies show that Nepal is among the world’s most climate-vulnerable countries. The Green Finance Taxonomy 2024 offers guidance for directing investments into climate-resilient sectors such as agriculture and energy, helping the country adapt to climate risks while protecting vital ecosystem services. For a general insurance company, these challenges are not only environmental issues but also long-term financial risks that affect claims, investments, and sustainability.

As a pioneer of the insurance industry, Nepal Insurance Company Limited (NICL) is committed to protecting the country’s natural capital. We understand that our underwriting practices and investment decisions can influence environmental outcomes. Accordingly, we are aligning our

operations with the Risk Management Guidelines 2076 issued by the Nepal Insurance Authority to ensure climate-related risks are properly considered in our business decisions.

To support this commitment, NICL focuses on four key areas:

Green Underwriting: Supporting insurance coverage for renewable energy projects, particularly small and medium-scale hydropower and solar initiatives.

Resource Efficiency: Reducing energy use across our offices, including the use of solar-powered backup systems in rural branches.

Digital Transformation: Adopting digital and paperless claims processes to lower our dependence on paper and forest-based materials.

Resilient Agriculture: Expanding micro-insurance and weather-based crop insurance to help farmers below poverty line from climate-related risks.

Contributing to SDGs



Inputs

Energy consumption	Minimum Water Usage	Solar Power System
Biodiversity & mountain ecosystem preservation	Responsible use of scarce resources	Zero-waste mindset

Outputs

Environmental protection	Environmentally friendly services	Survival of planted trees
GHG emissions decreased	Energy savings	Clean energy
Water consumption decreased		

Value Creation

Value Preservation





REPORT ON GEN Z MOVEMENT

Overview

In September 2025, Nepal experienced a large-scale nationwide protest movement led mainly by Generation Z. Young citizens took to the streets to demand an end to corruption, nepotism, and excessive government control, including a widely criticized ban on major social media platforms. What began as student-led demonstrations rapidly spread to major cities across the country.

As the movement gained momentum, the protests expanded beyond youth-specific concerns and reflected broader public frustration with long-standing governance and accountability issues. Tensions intensified as clashes broke out between protesters and security forces. The unrest peaked during 8–9 September 2025, when violent incidents caused notable social disruption and economic losses and human casualties highlighting the growing cost of political instability on Nepal's society and economy.

The nationwide protests resulted in significant insured losses. As of 8 October 2025, the total insurance claims related to protest-related damages reported to NIA is approximately NPR 23.22 billion. These claims cover losses to physical infrastructure, vehicles, business premises, and other affected assets.

In total, 3,099 insurance claims were filed with 14 non-life insurance companies and 4 micro non-life insurance companies. To provide immediate relief, insurers have already released around NPR 1.29 billion as advance payments to impacted policyholders, reflecting the sector's initial financial response to the unrest

Claim Details of Nepal Insurance Company

The disaster events resulted in widespread losses across multiple insurance portfolios. Property insurance accounted for the largest share of claims, followed by motor and engineering segments. Agricultural exposure remained limited during the period. The concentration of losses underscores the importance of catastrophe preparedness and portfolio diversification.

Portfolio	Claims Registered (No.)	Claim Amount (NPR)
Property	50	319,389,209
Motor	74	116,333,845
Engineering	16	1,125,000
Total	140	436,848,054



Source: Makalu Khabar

Claims Status

As of 28 December 2025, Nepal Insurance Company Limited has made significant progress in the settlement of claims arising from the nationwide unrest, with the total claim position reflecting settled claims, outstanding liabilities, and advance payments.

Claim Settlement

Portfolio	Claims No.	Claim Amount (NPR)
Property	12	4390,265
Motor	66	100,280,345
Total	78	104,670,610

Claim Withdrawn

Portfolio	Claims No.	Claim Amount (NPR)
Property	2	61,944
Motor	3	13500
Engineering	1	-
Total	6	754,44

Claim Outstanding

Portfolio	Claims No.	Claim Amount (NPR)
Property	36	314,937,000
Motor	5	16,040,000
Engineering	15	1,125,000
Total	56	332,102,000

Claim Advance

Portfolio	Claims No.	Claim Amount (NPR)
Property	6	78,000,000

Of the total registered claim amount, NPR 137.14 million has been retained by the Company as its net exposure, in accordance with its approved retention and risk management framework. The balance amount of NPR 299.71 million is recoverable from reinsurers under existing reinsurance treaties. This reinsurance support has significantly cushioned the financial impact of the claims arising from this movement,



reinforcing Nepal Insurance Company Limited's solvency position and demonstrating the effectiveness of its reinsurance strategy in managing large and volatile loss events.

Operational Response and Survey Management

Multiple licensed surveyors were engaged to assess losses efficiently. While survey reports have been received and processed, some claims remain outstanding due to pending documentation or final loss verification. The Company continues to monitor and expedite these cases.



Role of Insurance in Disaster Resilience

Insurance plays a critical role in post-disaster recovery by providing financial stability and enabling rapid reconstruction. Nepal Insurance Company Limited remains committed to strengthening disaster risk financing,

improving claims turnaround time, and promoting a culture of preparedness and resilience among policyholders.

Way Forward

Going forward, the Company will enhance disaster risk assessment, improve data-driven underwriting, and collaborate with stakeholders to support sustainable risk transfer mechanisms. Lessons learned from recent disaster events will be integrated into operational and strategic planning.



EMPLOYEE BENEFIT RESPONSIBILITY

Nepal Insurance Company Limited is firmly committed to complying with the Labour Act of Nepal and other applicable laws and regulatory frameworks. The Company follows a people-centric approach, respects human dignity, and safeguards the legitimate rights and interests of all employees.

Freedom of Expression

- Employees are encouraged to freely express their opinions, ideas, and suggestions related to the Company's operations and development through appropriate and constructive channels.
- The Company maintains multiple communication platforms, staff meetings and internal forums, to gather employee feedback.
- Employees have the right to participate in lawful social or professional associations without interference.
- Information related to company policies, changes, and developments is communicated through circulars, training programs, and internal announcements.
- Matters related to complaints are governed by the Code of Conduct and Ethics of the Company.

Anti-Discrimination, Equality and Diversity Commitment

- Nepal Insurance Company Limited strictly prohibits discrimination based on gender, age, marital status, maternity status, disability, ethnicity, caste, religion, nationality, educational background, language, or any non-professional attribute in recruitment, training, promotion, remuneration, or performance evaluation.
- The Company promotes an inclusive and respectful working environment and ensures equal opportunity for all employees.
- Forced labour and child labour are strictly prohibited.
- NICL ensures fair treatment, safe working conditions, and respect for diversity across all levels of the organization.

Employee Rights Protection

- The Company respects internationally recognized human rights and ensures compliance with national labor laws.
- Where differences exist between international standards and national laws, NICL follows national laws while striving to align with global best practices.

- Key focus areas include prevention of discrimination, bullying and harassment, protection of vulnerable groups, prohibition of forced and child labor, and promotion of gender equality.
- Employees may raise concerns or grievances through formal and confidential channels, including reporting to supervisors, the Human Resources Department, or designated grievance mechanisms.
- All employees are informed about available reporting channels and assured of confidentiality and non-retaliation.

Motivated and Engaged Employees

Nepal Insurance Company Limited believes that empowered employees are the foundation of sustainable growth. The Company promotes employee engagement by focusing on:

- Balanced workforce diversity
- Human capital development
- Competitive employee benefits
- Performance-driven culture
- Protection of human rights
- Workplace health and safety
- Equal opportunity and fair treatment

All people-related matters are governed by well-defined policies, periodically reviewed by Management.

Benefits

To remain competitive, NICL regularly reviews its employee benefits against market benchmarks. Members of the Board of Directors are entitled only to meeting honorariums, while employees receive competitive remuneration packages without gender-based discrimination.

Short-term and cash/non-cash benefits include

- Competitive base salary
- Company provided car for top level employee
- Mobile phone allowance
- Festival allowance
- Travel allowance
- Profit Bonus
- Maternity leave
- Medical allowance
- Clothes allowance



Long-term and retirement benefits include

- Provident Fund
- Gratuity / Retirement benefits
- Leave encashment
- Group insurance coverage
- Disability and death benefits (as applicable)

Maternity and Parental Benefits

Female employees are entitled to maternity leave for a period of 98 days with pay as prescribed by the Labor Act of Nepal. NICL ensures full compliance with statutory maternity provisions and supports female employees in resuming work after leave.

Performance Management Program

The Company operates a structured performance management system that evaluates employees annually against predefined objectives and competencies.

- Performance reviews identify strengths, improvement areas, and training needs.
- Constructive feedback is provided to support professional and career development.
- Eligible employees participate in annual performance and career development reviews.

Work-Life Balance

NICL promotes a healthy work-life balance through:

- Paid annual and sick leave
- Flexible work arrangements where feasible
- Supportive and understanding management practices

Organizational Culture

The Company fosters a strong organizational culture by:

- Encouraging transparent communication
- Maintaining clear rules and ethical standards
- Strengthening employer branding
- Rewarding performance and loyalty
- Empowering innovation and accountability

Family-Related Leave and Support

Nepal Insurance Company Limited recognizes the importance of family responsibilities and provides support through family-related leave, emergency assistance, and statutory benefits, in line with national regulations.

Healthy and Safe Work Environment

The physical, mental, and social well-being of employees is a priority. NICL ensures:

- Safe and hygienic workplaces
- Proper office design and infrastructure

- Emergency preparedness and awareness
- Compliance with occupational health and safety provisions of Nepalese law

Employee Development

- Training and capacity-building programs
- Support for professional certifications
- Use of technology to improve efficiency

Employee Satisfaction and Organizational Capability

- Periodic employee satisfaction surveys are conducted
- Feedback is reviewed and acted upon to improve organizational effectiveness
- Continuous improvement is driven by employee input

Social Protection

NICL ensures employees have access to social protection mechanisms covering health, injury, parental leave, retirement, and other major life events, either through statutory schemes or company-supported benefits.

Decent Workplace

The Company is committed to maintaining a dignified workplace where employees:

- Are treated with respect
- Can express opinions freely
- Participate in decision-making
- Receive equal opportunities and fair compensation

NICL maintains zero tolerance toward harassment, including sexual harassment, and has internal mechanisms for grievance handling.

Child Labor and Forced Labor

Nepal Insurance Company Limited strictly prohibits child labor and forced labor and complies fully with applicable labor laws of Nepal.

Workforce Composition

Employees by Age Group

	Male	Female	Total
• Less than 30 years	81	42	123
• 30–50 years	102	44	146
• Above 50 years	12	4	16

Employees by Gender

	No.	Percentage
• Male	195	68%
• Female	90	32%

Employment Status

As of July 16, 2025, we had 235 permanent employees and 50 contractual employees.



Designation	No. of employees
Chief Executive Officer	1
Deputy Chief Executive Officer	1
Assistant Chief Executive Officer	2
Chief Manager	5
Senior Manager	3
Manager	4
Deputy Manager	18
Assistant Manager	12
Senior Officer	3
Officer	7
Junior Officer	26
Senior Assistant	33
Assistant	29
Assistant Marketing	10
Junior Assistant	87
Trainee Assistant	15
Head Peon	1
Peon	5
Messenger	16
Driver	2
Sweeper	4
Security Guard	1

Employment Category

	Male	Female
● Permanent Employees	163	72
● Contractual Employees	32	18

National Integrity and Ethics

NICL adheres to national integrity principles and ethical standards. Employees are expected to uphold honesty, transparency, and accountability in all business activities.

Inclusion of Persons with Disabilities

The Company supports inclusive employment practices and provides equal opportunities to persons with disabilities, ensuring accessibility and fair treatment.

Community Welfare

Employees and their families are encouraged to participate in community welfare and social responsibility initiatives undertaken by the Company.

Employee Engagement

Nepal Insurance Company Limited views employees as partners in success and actively engages them through corporate events, training, recognition programs, and social initiatives.

TRAINING AND DEVELOPMENT

At Nepal Insurance Company Limited, Training and Development forms a key pillar of our human capital strategy, designed to enhance professional skills, improve operational efficiency, and keep our workforce aligned with the latest regulatory, technological, and industry developments. The Company is committed to

investing in structured learning programs that build a competent, ethical, and future-ready team, supporting sustainable growth, effective risk management, and long-term value creation for our stakeholders.

Topic

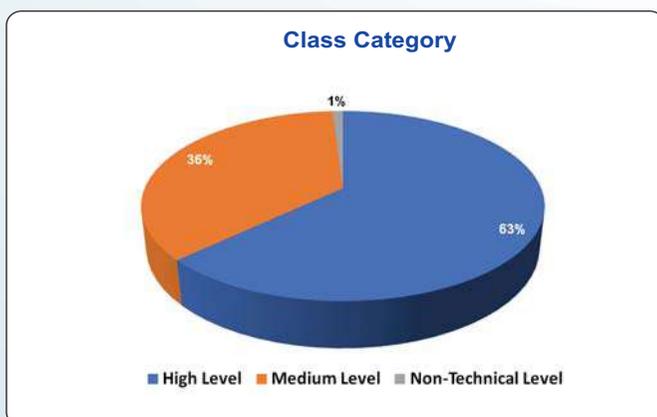
High Level	Training Days	Amount Spent
Foreign Training	7	652296.71
Insurance Congress	54	27389
Leadership Development	48	132435.61
Regulatory Compliance	8	82900
Reserve Training	1	0
Risk Management Training	5	5000
Sales Management	2	1889425.44
Technical Training	55	2468153.42
Underwriting Training	18	347530
Workplace Wellness	1	0
Medium Level		
Insurance Congress	29	0
Leadership Development	25	0
Personal development and Motivation	7	49500
Regulatory Compliance	3	0
Reserve Training	2	0
Risk Management Training	2	0
Technical Training	24	63064.41
Underwriting Training	20	155500
Non-technical		
Insurance Congress	2	0

Row Labels

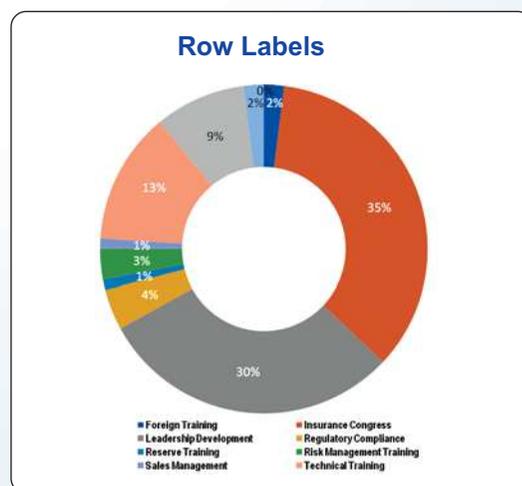
High Level	Percentage
Foreign Training	2%
Insurance Congress	35%
Leadership Development	30%
Regulatory Compliance	4%
Reserve Training	1%
Risk Management Training	3%
Sales Management	1%
Technical Training	13%
Underwriting Training	9%
Workplace Wellness	0%
Personal development and Motivation	2%

Class Category

High Level	63%
Medium Level	36%
Non-Technical Level	1%



Row Labels





WOMEN EMPOWERMENT

Nepal Insurance Company Limited (NIC) maintains a strong commitment to gender equality and the advancement of women across the organization as part of its human capital and governance framework. As at the reporting date, women represent 32% of the total workforce, reflecting the Company's inclusive recruitment, talent development, and retention practices. Further, women occupy 13% of Head of

Department positions, indicating progressive improvement in female representation within managerial and decision-making roles. NIC continues to promote equitable employment policies, merit-based career progression, and a professional and respectful workplace environment, recognizing gender diversity as a key contributor to effective governance, operational resilience, and sustainable long-term value creation.



CLIMATE RELATED DISCLOSURE

“Climate change presents material risks and emerging opportunities for the insurance sector in Nepal, given the country’s high exposure to natural hazards such as floods, landslides, and extreme weather events. Nepal Insurance Company Limited recognizes climate-related risks as a key consideration in safeguarding long-term financial resilience, operational stability, and policyholder protection. The Company is committed to transparent climate-related disclosures and the prudent management of both physical and transition risks, in line with regulatory expectations and sound risk governance. Through risk mitigation, portfolio diversification, and responsible business practices, NICL aims to support climate resilience while sustaining the availability and affordability of insurance in Nepal.”

Contribution to Climate Adaptation

Insurance coverage plays a vital role in protecting individuals, businesses, and government institutions from the financial impacts of climate-related disasters. However, climate change is increasing the frequency and intensity of weather-related perils in Nepal, such as floods, landslides, and erratic monsoons, which could challenge the long-term availability of affordable insurance. Risk reduction through climate adaptation is the most sustainable approach to limit future climate-related damages, losses, and potential disruptions to Nepal's insurance market.

Risk Reduction and Adaptation

- (a) We provide expertise to support climate adaptation for our clients and communities;
- (b) We design incentives to encourage policyholder investment in adaptation
- (c) We support resilient rebuilding and adaptation in post-disaster reinstatement.

Climate Risk Disclosure

Nepal Insurance Company Limited (NICL) recognizes the vital importance of Climate Risk Disclosure—the transparent communication of risks and opportunities related to climate change that may impact our operations, financial performance, and strategic objectives. This is increasingly vital for the insurance sector in Nepal, a country highly vulnerable to physical climate risks such as floods, landslides, and earthquakes. We are committed to managing both Physical Risks (from natural disasters) and Transition Risks (from regulatory changes, market shifts, and reputational factors).

NICL’s Strategy for Managing Climate Change Risks

Our strategic approach to climate-related risk management includes:

- Identifying and evaluating specific climate-related risks pertinent to Nepal, including floods, landslides, and extreme weather events.
- Diversifying our insurance portfolio across sectors and maintaining robust partnerships with global reinsurance companies to effectively share and mitigate financial risk.
- Ensuring full compliance with climate-related guidelines and regulations issued by the Nepal Insurance Authority.
- Reducing our operational environmental footprint by digitizing services and minimizing paper use.

Potential Areas Identified

- (a) Developing localized risk analytics and catastrophe models that account for Nepal's specific climate vulnerabilities;



- (b) Providing climate risk information and advice on risk reduction to the Government of Nepal, NIA and our policyholders;
- (c) Incentivizing policyholder risk reduction through tailored premium structures; and
- (d) Supporting long-term resilience by promoting and financing resilient reinstatement practices.

Identified Challenges

- (a) A focus on near-term climate risks in assessment due to uncertainties in long-term climate projections and socio-economic development in Nepal, alongside limited immediate demand for long-term risk analysis;
- (b) Limited policyholder appetite for investing in risk reduction, often due to awareness gaps regarding risks and adaptation benefits, as well as the upfront cost of such measures; and
- (c) Market competition that can limit investments in developing highly tailored risk advice and resilient reinstatement programs.

Measures Adopted for Climate Risk Management

- **Using Digital & Eco-Friendly Practices:** NICL actively promotes paperless transactions via digital insurance policies and online service platforms, reducing resource consumption and enhancing accessibility.
- **Strategic Reinsurance Program:** We maintain a strong reinsurance program in collaboration with leading

international reinsurers, a key mechanism to manage and stabilize our exposure to large-scale, climate-related financial losses.

Advancing Our Environmental Commitment

Nepal Insurance Company Limited strives to minimize the environmental impact of its operations and has initiated its journey towards reducing its carbon foot print. We aim to support Nepal's transition towards sustainability by de-risking green projects, scaling up related investments where possible, decarbonizing our operations, and collaborating with partners across our value chain. Our initial focus includes:

- Committing to a company-wide decarbonization pathway and setting emission reduction targets for our operations and assets;
- Providing risk transfer solutions and supporting investments that advance climate resilience and low-carbon initiatives in Nepal; and
- Engaging with clients, regulators, and stakeholders, leveraging our risk expertise to promote sustainable practices.

Our Local Action: Greening Nepal

Beyond risk financing, NICL is committed to tangible local action. In the past year, we have launched a "Green Branch" initiative, undertaking tree plantation drives at several of our branch offices outside the Kathmandu Valley. This effort contributes to local biodiversity, community well-being, and our corporate commitment to environmental stewardship.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



No Poverty

- Despite progress, poverty remains a challenge in Nepal, with an estimated 20.7% of the population living below the national poverty line, as per recent national reports.
- Poverty in Nepal is multifaceted, driven by factors such as underemployment, geographic isolation, and vulnerability to climate and economic shocks.
- As a leading insurer, Nepal Insurance Company Limited (NICL) believes the private sector must drive inclusive growth. We contribute by creating economic opportunities, offering micro-insurance products, and investing in community resilience programs to support poverty alleviation.



Zero Hunger

- Food insecurity in Nepal is influenced by seasonal monsoons, climate variability, and supply chain challenges, particularly in remote and mountainous regions.
- Investment in resilient agricultural practices and rural infrastructure is vital for enhancing food security and livelihoods.
- NICL supports the goal of zero hunger by promoting and developing agricultural insurance products. Our focus extends to supporting farmers through initiatives linked to weather risk mitigation, improved storage solutions, and fostering partnerships within the agricultural value chain.



Good Health and Well-being

- Ensuring healthy lives and promoting well-being is fundamental to Nepal's sustainable development.
- NICL supports national health goals, including reducing maternal mortality and combating communicable diseases.
- We promote health awareness in the communities we serve, advocate for healthy lifestyles, and support access to quality healthcare, with special attention to vulnerable groups.



Quality Education

- Quality education is a cornerstone for equitable social and economic progress in Nepal.
- Education empowers individuals, reduces inequality, and fosters societal harmony.
- Nepal Insurance Company Limited is committed to supporting education. As part of our CSR commitment, we have established educational support programs for the children of our employees. Furthermore, our leadership is actively involved in supporting educational institutions, such as through board memberships in trusts that advance educational causes in Nepal.



Gender Equality

- Achieving gender equality and empowering all women and girls is a key priority.
- We advocate for the elimination of all forms of violence and discrimination against women and girls.
- NICL upholds a strict policy of equal employment opportunity and promotes women's participation at all levels of our organization, including in leadership and decision-making roles.



Clean Water and Sanitation

- By 2030, ensure universal access to safe and affordable drinking water for all in Nepal.
- By 2030, achieve access to adequate sanitation and hygiene for all, ending open defecation.
- NICL supports community-led initiatives for water resource management and sanitation. We have contributed to local projects aimed at protecting water sources and improving sanitation facilities in several branch locations.



Affordable and Clean Energy

- Ensure access to affordable, reliable, and modern energy for all Nepalis.
- Increase the share of renewable energy in the national mix and improve energy efficiency.
- While NICL does not operate power plants, we are committed to environmental stewardship. We actively promote energy-saving measures across our offices and branches, and our Chairman serves on the board of a renewable energy company that provides solar power solutions in rural communities, contributing to sustainable development.



Decent Work and Economic Growth

- Promote sustained, inclusive, and sustainable economic growth and productive employment for all.
- Support Nepal's economic growth, which is targeted at approximately 6% annually, in line with national plans.
- Enhance productivity through innovation and diversification.
- NICL is dedicated to providing decent work. We ensure equal pay for equal work and inclusive employment for youth and persons with disabilities. Our performance and growth contribute positively to the national economy.



Industry, Innovation and Infrastructure

- Build resilient and sustainable infrastructure to support Nepal's development and human well-being.
- Promote inclusive and sustainable industrialization.
- Increase access to financial services for small-scale enterprises in Nepal.
- NICL supports infrastructure development through our engineering insurance products and by facilitating risk management for major national projects.



Reduced Inequalities

- Inequalities based on income, geography, gender, ethnicity, and disability persist in Nepal and hinder long-term development.
- Reducing inequality is essential for social cohesion and sustainable growth.
- NICL supports policies and practices that promote social and economic inclusion. We design insurance products that are accessible to underserved communities and regions.



Sustainable Cities and Communities

- By 2030, ensure access for all to adequate, safe, and affordable housing and basic services in Nepal.
- Protect and safeguard Nepal's rich cultural and natural heritage.
- Strengthen the links between urban and rural areas through supportive planning.
- Our leadership is involved in ventures that promote sustainable community development, such as renewable energy projects that enhance quality of life and protect local ecosystems.



Climate Action

- Strengthen resilience to climate-related hazards and natural disasters, which are prevalent in Nepal.
- Integrate climate change measures into national and corporate strategies.
- Improve education and awareness on climate change mitigation and adaptation.
- Nepal Insurance Company believes in building back better. We offer parametric insurance for climate risks and have undertaken tree plantation initiatives at several of our branch offices outside the Kathmandu Valley to contribute to environmental sustainability.

Financial Statement

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Statement of Responsibility of the Chief Financial Officer



I am responsible for maintaining sound accounting policies, proper financial procedures and an effective internal control system.

The Financial Statements of Nepal Insurance Company Limited for the year ended 16th July 2025 have been prepared in accordance with the following requirements:

1. Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board of Nepal.
2. The Companies Act, 2063 (2006).
3. The Insurance Act, 2079 (2022) and Insurance Regulation, 2081 (2024)
4. Directives, guidelines and circulars issued by the Nepal Insurance Authority (NIA).
5. All other applicable laws, rules and regulations related to financial reporting and disclosure in Nepal.

The formats used for the Financial Statements comply with the templates prescribed by the Nepal Insurance Authority, which are aligned with Nepal Accounting Standards. To the best of our knowledge, the Financial Statements, Significant Accounting Policies and financial information included in this Annual Report fairly present the financial position, operating results and cash flows of the Company for the year under review.

We confirm that the Company has sufficient resources to continue operating and that the Financial Statements have been prepared on a going-concern basis. As Chief Financial Officer, I am responsible for maintaining sound accounting policies, proper financial procedures and an effective internal control system.

The internal control framework is designed to provide reasonable assurance regarding the accuracy and completeness of the Financial Statements. These controls support reliable financial records, protect company assets and ensure that reporting obligations are met. The internal audit department conducts regular reviews to ensure these controls are consistently applied.

The Board of Directors has constituted an Audit Committee, comprising members of the Board, including an Independent Director. The Committee reviewed the internal audit reports, follow-up actions and the Financial Statements. The Company's Financial Statements were audited by an Independent External Auditor appointed under the provisions of the Insurance Act, 2079 (2022). The External Auditor has unrestricted access to the Audit Committee and may meet independently of Management.

We further confirm that:

1. The Company has complied with all applicable laws, regulations and directives, as disclosed in the Notes to the Financial Statements.
2. There are no material non-compliances other than those mentioned in the Financial Statement notes and the External Auditor's report.
3. All taxes, duties, statutory payments and employee related obligations outstanding as of the reporting date have either been paid or adequately provided for.
4. The Company has complied with reserving and solvency requirements set by the Nepal Insurance Authority and all reserves are supported by admissible assets.

Chief Financial Officer
Nepal Insurance Company Limited



Directors' Report

As per section 5(1)ka of Financial Directives, 2080

A. Information related to Nepal Insurance Company Limited

1. Date of establishment: 2004/06/08 B.S.
2. Insurer licence date: 2064/12/12 B.S.
3. Insurance business type, nature: Non-Life Insurance Business
4. Date of commencement of business: 2004/06/08 B.S.
5. Other Matters: None

B. Insurer's Board of Directors shall approve following matters

1. The company has paid tax, service charges, fine & penalties to be paid under relevant laws and regulations.
2. The share structure of the company is as follows:
 - Promoter holding: 51%
 - Public holding: 49%

There has been no change in the share holding structure of the company during the current year.

3. The solvency ratio as prescribed by Nepal Insurance Authority has been maintained by the company.
4. a) Statement regarding assets that financial amount contained in SOFP are not overstated than it's fair value.
b) The assets are measured at historical cost other than financial assets which are measured at amortised cost or fair value as per appropriate accounting policy.
5. The investments made by the company are in line with prevailing laws.
6. Number of claim settled within the year 2081-82 is 7,532. The number of outstanding claims as at Ashad end, 2082 is 4,489. The time frame to settle the outstanding claims is 2 to 3 months.
7. Declaration on compliance with the provision of Insurance Act, 2079, Insurance Regulation, 2081, Company Act., 2063, NFRSs and other prevailing laws & regulation.
8. The appropriate accounting policy has been consistently adopted by the company.
9. Declaration on Financial Statements as at Reporting Date that the insurer's Financial Position and Financial Performance are presented true & fairly.
10. The 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.
11. The Financial Statements have been prepared based on going concern basis.
12. The internal control system is commensurate with the size, nature & volume of the company's business.
13. The company has not conducted any transactions contrary to Insurance Act, 2079, 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.
14. No penalty has been levied by Nepal Insurance Authority during the current financial year.
15. Other Disclosure: None



JATIN ARORA
APPOINTED ACTUARY(AA)
FIAI
COP : 756

Certificate of Appointed Actuary of the Insurer

as on 08/12/2025

I, Jatin Arora , being the Appointed Actuary to the insurer Nepal Insurance Company Limited, being the fellow of Institute of Actuaries of India, with Membership Number: 756 and COP No.: 756/067 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 have 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 16, 2025 with Solvency Ratio of 428.51% without 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;

Jatin Arora

Appointed Actuary

Fellow, Institute of Actuaries of India

Place: Gurugram, India

Date: 08/12/2025

Nepal Insurance Company Limited

December,2025

Kripa Shrestha & Associates, Chartered Accountants

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Nepal Insurance Company Limited (hereafter referred to as "NICL" or "the Company") which comprise Statement of Financial Position as at Ashad 32, 2082 (July 16, 2025), and statement of profit or loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and other explanatory notes (hereafter referred to as "the financial Statements").

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Nepal Insurance Company Limited, as at Ashad 32, 2082 (July 16, 2025), and its financial performance, cash flows, changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards.

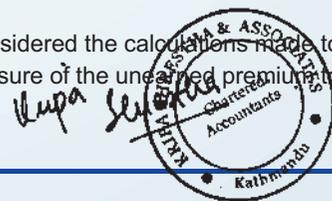
Basis for Opinion

We conducted our audit of the financial statements in accordance with Nepal Standards 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 report. We are independent of the Company in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The 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 audit opinion on the financial statements.

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summaries below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	Key Audit Procedure
<ul style="list-style-type: none"> Revenue Recognition Premium income comprises major part of the revenue which is recognized as income on the issue of the insurance policy as prescribed by the directive of Insurance Board. At the end of each year, a proportion of net retained premiums are provided for an unearned premium reserve to cover portion of risks that have not expired at the reporting date. The unearned premium is provided under 1/365 rule or 50% of the net written premium amount whichever is higher as per directive of Insurance Board. 	<ul style="list-style-type: none"> We have checked the appropriateness of underwriting process, booking of premium income, verification of unearned income portfolio wise and unearned premium as per 1/365th rule provided by the Actuary. <p>Our results: We considered the calculations made to be correct and disclosure of the unearned premium to be acceptable.</p>





Key audit matter	Key Audit Procedure
<ul style="list-style-type: none"> Liability Adequacy for Insurance Contract Liabilities Liability Adequacy Test is performed to determine whether there is any overall excess of expected claims and deferred acquisitions cost over unearned premiums or there is under provisioning of the outstanding claim liabilities. If the carrying amount of the unearned premium is inadequate, premium deficiency is recognized and if the expected claims are determined to be in excess, IBNR/ IBNER reserves is recognized in Statement of Profit or Loss based on actuarial valuation report. 	<ul style="list-style-type: none"> We have checked the assumptions made by the actuary and have checked the procedure adopted by actuary to value IBNR/ IBNER, and other reserves. Our results: We considered the insurance contract liability to be fairly presented.
<p>Liability Adequacy for Insurance Contract Liabilities Liability Adequacy Test is performed to determine whether there is any overall excess of expected claims and deferred acquisitions cost over unearned premiums or there is under provisioning of the outstanding claim liabilities. If the carrying amount of the unearned premium is inadequate, premium deficiency is recognized and if the expected claims are determined to be in excess, IBNR/ IBNER reserves is recognized in Statement of Profit or Loss based on actuarial valuation report.</p>	<ul style="list-style-type: none"> We have checked the assumptions made by the actuary and have checked the procedure adopted by actuary to value IBNR/ IBNER, and other reserves. Our results: We considered the insurance contract liability to be fairly presented.
<p>Investments The investment portfolio of the company includes investment in debenture of public companies, fixed deposits of commercial banks, development banks, finance companies, investment in shares and mutual funds.</p> <p>Total Financial Investments: NPR 4.45 Billion as on 16th July 2025 (NPR 4.33 Billion as on 15th July 2024)</p> <p>Total Investment represents 70.46% of total assets of the company.</p> <p>Investments are made as per Company's Investment Policy strictly adhering to investment directive issued by Nepal Insurance Authority</p>	<ul style="list-style-type: none"> We have checked the compliance of the Financial Investment made by the Company with the Investment Directive issued by Nepal Insurance Authority and company's internal policy as well as tested the effectiveness of internal control with regards to decisions and procedures related to financial investment. We have assessed the appropriateness of the valuation made of financial investments and checked whether required impairment loss has been booked or not. We have verified the adequacy of disclosure made in the financial statement regarding the financial investments. Our results: We considered the valuation and disclosure of Financial Investment to be acceptable.
<p>Information Technology General Controls The operations of the company are highly dependent on its information technology (IT) systems for processing and recording transactions, maintaining customer records, and preparing financial reports. Given the volume and complexity of transactions and data processed, as well as the integration of IT systems across various business functions, the effectiveness of IT General Controls (ITGCs) is critical to ensure the integrity, accuracy, and reliability of financial reporting.</p>	<p>Our audit procedures in relation to IT General Controls included, but were not limited to, the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the IT systems relevant to financial reporting, including the key applications, databases, and infrastructure. Reviewed the design and implementation of access controls over critical financial applications to ensure that access is restricted to authorized personnel. Performed tests to assess whether user access rights were appropriate, including periodic review of user access and segregation of duties. Tested the removal of access rights for employees who had left the organization or changed roles.



Key audit matter	Key Audit Procedure
	<ul style="list-style-type: none"> ● Reviewed disaster recovery procedures and assessed the company's preparedness for IT incidents, such as system failures or data corruption. ● Tested automated and manual controls over IT processes to ensure the completeness and accuracy of financial data generated by IT systems. <p>The results of these procedures were used to assess the reliance that could be placed on the IT systems in the financial reporting process.</p> <ul style="list-style-type: none"> ● Our results: The general IT controls at Nepal Insurance Company Limited appear to be appropriately designed and effectively implemented. These controls provide reasonable assurance over the integrity and security of the IT systems relevant to financial reporting and are considered adequate for audit purposes.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman’s statement but does not include the financial statements and our auditor’s report thereon.

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 the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility 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 Standards, 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 and error.

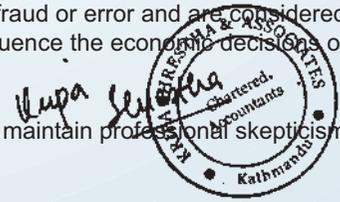
In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

The Board of Directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. 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 judgment and maintain professional skepticism throughout the audit. We also:





- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose of our audit.
- ii. The financial statements are in agreement with the books of account maintained by the Company.
- iii. In our opinion, proper books of accounts as required by the law have been kept by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the company has acted contrary to the provisions of law or caused loss or damage to the company.
- v. The details of the branches are adequate for the purpose of our audit, and
- vi. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the book.

Place: Kathmandu
Date: 2025/12/18
UDIN:251218CA00949K8ZLW

Kripa Shrestha

CA. Kripa Shrestha
Proprietor



Statement of Financial Position
As at 16th July, 2025 (Asadh End 2082)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	3,930,010	2,700,475
Property and Equipment	5	247,404,342	140,094,335
Investment Properties	6	-	-
Deferred Tax Assets	7	102,554,647	106,132,172
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	4,444,502,294	4,325,251,515
Loans	11	12,550,000	15,400,000
Reinsurance Assets	12	959,560,033	1,095,023,354
Current Tax Assets	21	67,670,217	41,992,776
Insurance Receivables	13	69,801,387	61,269,820
Other Assets	14	216,056,030	104,182,098
Other Financial Assets	15	126,180,755	151,813,394
Cash and Cash Equivalent	16	57,633,478	187,769,716
Total Assets		6,307,843,194	6,231,629,655
Equity & Liabilities			
Equity			
Share Capital	17(a)	1,890,878,229	1,644,241,940
Share Application Money Pending Allotment	17(b)	-	-
Share Premium	17(c)	-	-
Special Reserves	17(d)	1,516,158,826	1,335,007,771
Catastrophe Reserves	17(e)	112,157,447	95,470,577
Retained Earnings	17(f)	162,960,552	264,464,944
Other Equity	17(g)	78,950,603	119,012,064
Total Equity		3,761,105,657	3,458,197,296
Liabilities			
Provisions	18	83,498,319	134,253,049
Gross Insurance Contract Liabilities	19	1,961,785,861	1,838,062,978
Deferred Tax Liabilities	7	-	-
Insurance Payable	20	165,219,434	372,144,109
Current Tax Liabilities	21	-	-
Borrowings	22	-	-
Other Liabilities	23	190,863,770	246,619,336
Other Financial Liabilities	24	145,370,152	182,352,885
Total Liabilities		2,546,737,537	2,773,432,357
Total Equity and Liabilities		6,307,843,194	6,231,629,655

The accompanying notes form an Integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

As per our report on
Even Date

Sajal Maskey
Director

Bishworaj Baral
Director

Bir Krishna Maharjan
Chief Executive Officer

Umesh Awasthi
Chief Financial Officer

CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Associates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Statement of Profit or Loss
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Asadh End 2082)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	1,992,929,033	1,566,548,735
Premiums Ceded	26	991,590,638	856,175,925
Net Earned Premiums		1,001,338,396	710,372,810
Commission Income	27	231,967,266	218,017,264
Other Direct Income	28	-	-
Income from Investments & Loans	29	268,467,895	317,563,647
Net Gain/ (Loss) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	-	-
Other Income	32	8,815,715	105,111,595
Total Income		1,510,589,272	1,351,065,317
Expenses:			
Gross Claims Paid	33	981,739,107	533,904,567
Claims Ceded	33	-511,007,150	-233,322,660
Gross Change in Contract Liabilities	34	79,285,896	-87,339,128
Change in Contract Liabilities Ceded to Reinsurers	34	-1,993,842	159,459,394
Net Claims Incurred		548,024,011	372,702,173
Commission Expenses	35	18,240,420	17,930,765
Service Fees	36	8,874,244	4,738,271
Other Direct Expenses	37	1,912,077	841,196
Employee Benefits Expenses	38	320,516,494	336,398,984
Depreciation and Amortization Expenses	39	41,519,347	39,914,136
Impairment Losses	40	-12,562,055	-
Other Operating Expenses	41	106,367,619	90,251,818
Finance Cost	42	5,868,506	6,449,675
Total Expenses		1,038,760,662	869,227,018
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		471,828,610	481,838,298
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		471,828,610	481,838,298
Income Tax Expense	43	133,393,004	178,081,983
Net Profit/(Loss) For The Year		338,435,605	303,756,316
Earning Per Share	51		
Basic EPS		17.90	18.47
Diluted EPS		17.90	18.47

The accompanying notes form an Integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

As per our report on
Even Date

Sajal Maskey
Director

Bishworaj Baral
Director

Bir Krishna Maharjan
Chief Executive Officer

Umesh Awasthi
Chief Financial Officer

CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Asssociates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Statement of Other Comprehensive Income
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashadh 2082)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Net Profit/(Loss) For the Year		338,435,605.50	303,756,316
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		-19,698,042	-45,758,575
Revaluation of Property and Equipment/ Goodwill & Intangible Assets			
Remeasurement of Post-Employment Benefit Obligations		-15,984,732	-17,425,756
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income Tax Relating to Above Items		10,704,832	18,955,299
Total Other Comprehensive Income For the Year, Net of Tax		-24,977,942	-44,229,032
Total Comprehensive Income For the Year, Net of Tax		313,457,664	259,527,284

The accompanying notes form an Integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

**As per our report on
Even Date**

Sajal Maskey
Director

Bishworaj Baral
Director

Bir Krishna Maharjan
Chief Executive Officer

Umesh Awasthi
Chief Financial Officer

CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Associates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Statement of Changes In Equity
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad 2082)

Fig. in NPR

Previous Year

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money, Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserves	Corporate Social Responsibility (CSR) Reserve	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2080	1,494,765,400	-	-	-	160,074,089	-	1,024,452,535	-	64,172,967	7,132,950	-	49,368,960	-3,731,792	104,314,796	-	2,900,549,905
Prior period adjustment	-	-	-	-	-11,287,732	-	-	-	-	-	-	-	-	-	-	-11,287,732
Restated Balance as at Shrawan 1, 2080	1,494,765,400	-	-	-	148,786,357	-	1,024,452,535	-	64,172,967	7,132,950	-	49,368,960	-3,731,792	104,314,796	-	2,889,262,174
Profit/(Loss) For the Year	-	-	-	-	303,756,316	-	-	-	-	-	-	-	-	-	-	303,756,316
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	-	-	-	-	-169,014,148	-	150,867,726	-	15,308,859	3,037,563	-	-	-12,198,029	-	-	-12,198,029
Transfer to Special Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	2,420,864	-	-
Transfer to Deferred Tax Reserves	-	-	-	-	-2,420,864	-	-	-	-	-	-	-	-	-	-	-
Transfer of Depreciation on Revaluation of Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Revalued Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	140,701,009	-	159,887,510	-	15,988,751	3,197,750	-	-	-	-	-	319,775,020
CSR Expenses	-	-	-	-	-	-	-	-	-	-2,500,000	-	-	-	-	-	-2,500,000
Transfer of Regulatory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	149,476,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-149,476,540	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	-7,867,186	-	-	-	-	-	-	-	-	-	-	-7,867,186
iv) Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end, 2081	1,644,241,940	-	-	-	284,464,944	-	1,335,007,771	-	95,470,577	10,868,263	-	17,337,957	-15,929,821	106,735,659	-	3,453,197,291

Continue....



Fig. in NPR

Particulars	Ordinary Share Capital	Share Preference Shares	Share Application Money, Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserves	Corporate Social Responsibility (CSR) Reserve	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2081	1,844,241,940	-	-	-	264,464,944	-	1,335,007,771	-	95,470,577	10,688,263	-	17,337,957	-15,929,821	106,735,659	3,458,197,291	
Prior period adjustment	-	-	-	-	-2,016,448	-	-	-	-	-	-	-	-	-	-	-2,016,448
Restated Balance as at Shrawan 1, 2081	1,844,241,940	-	-	-	262,448,496	-	1,335,007,771	-	95,470,577	10,688,263	-	17,337,957	-15,929,821	106,735,659	3,456,180,843	
Profit/(Loss) For the Year	-	-	-	-	338,435,605	-	-	-	-	-	-	-	-	-	338,435,605	
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	-	-	-	-	-195,351,000	-	176,339,982	-	16,207,662	3,384,356	-	-	-11,189,312	-	-	-11,189,312
Transfer to Special Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Deferred Tax Reserves	-	-	-	-	14,282,358	-	-	-	-	-	-	-	-	-14,282,358	-	-
Transfer of Depreciation on Revaluation of Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Revalued Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	4,217,024	-	4,732,073	-	479,207	95,841	-	-	-	-	9,584,147	
CSR Expenses	-	-	-	-	-	-	-	-	-	-5,136,140	-	-	-	-	-5,136,140	
Transfer For Training Fund	-	-	-	-	-854,785	-	-	-	-	-	-	-	-	-	854,785	
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	246,636,289	-	-	-	-246,636,289	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	-12,980,857	-	-	-	-	-	-	-	-	-	-	-12,980,857
iv) Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end, 2082	1,890,878,229	-	-	-	162,960,552	-	1,516,158,826	-	112,157,447	9,212,320	-	3,549,328	-271,119,133	92,463,301	854,785	3,761,105,657

The accompanying notes form an integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

As per our report on
Even Date

Saja Maskey
Director

Bishworaj Baral
Director

Bir Krishna Maharjan
Chief Executive Officer

Urmesh Awasthi
Chief Financial Officer

CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Associates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Statement of Cash Flows
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad 2082)

Fig. in NPR

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	2,037,366,021	1,590,193,966
Reinsurance Commission Received	192,554,007	334,679,772
Claim Recovery Received from Reinsurers	511,007,150	233,322,660
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income Received	-	-
Others	-	-
Cash Paid		
Gross Benefits and Claims Paid	(981,739,107)	(533,904,567)
Reinsurance Premium Paid	(206,924,676)	181,424,918
Commission Paid	(19,091,067)	(16,694,037)
Service Fees Paid	(15,280,245)	(11,926,455)
Employee Benefits Expenses Paid	(267,026,188)	(232,103,456)
Other Expenses Paid	(249,860,648)	(36,627,086)
Other Direct Expenses Paid	(86,241,294)	(63,197,194)
Others	-	-
Income Tax Paid	(22,099,915)	(41,760,844)
Net Cash Flow From Operating Activities [1]	892,664,038	1,403,407,677
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(2,153,500)	(1,141,075)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Acquisitions of Property & Equipment	(147,905,389)	(42,827,930)
Proceeds From Sale of Property & Equipment	-	-
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	-	-
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(1,131,078,425)	(1,712,011,282)
Maturity of Deposits	-	-
Loans Paid	-	-
Proceeds from Loans	2,850,000	3,400,000
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	263,958,201	316,570,455
Dividend Received	4,509,694	993,192
Others	-	-
Total Cash Flow From Investing Activities [2]	(1,009,819,419)	(1,435,016,639)

Continue....



Particulars	Current Year	Previous Year
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(12,980,857)	-
Dividend Distribution Tax Paid	-	-
Others	-	-
Total Cash Flow From Financing Activities [3]	(12,980,857)	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(130,136,238)	(31,608,962)
Cash & Cash Equivalents At Beginning of The Year/Period	187,769,716	219,378,679
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	57,633,478	187,769,716
Components of Cash & Cash Equivalents		
Cash In Hand	7,112,576	7,070,846
Cheque in Hand	14,348,779	14,348,779
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	36,172,124	166,350,091

The accompanying notes form an Integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

Nishant Jogai
Director

Bir Bikram Rayamajhi
Independent Director

**As per our report on
Even Date**

Sajal Maskey
Director

Bishworaj Baral
Director

Bir Krishna Maharjan
Chief Executive Officer

Umesh Awasthi
Chief Financial Officer

CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Associates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Statement of Distributable Profit or Loss
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad 2082)

Fig. in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	262,448,496	148,786,357
Transfer from OCI reserves to retained earning in current year	-	-
Net profit or (loss) as per statement of profit or loss	338,435,605	303,756,316
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Special Reserve	(176,358,982)	(150,667,726)
iii) Transfer to Catastrophe Reserve	(16,207,662)	(15,308,859)
iv) Transfer to Capital Reserve	-	-
v) Transfer to CSR reserve	(3,384,356)	(3,037,563)
vi) Transfer to/from Regulatory Reserve	-	-
vii) Transfer to Fair Value Reserve	-	-
viii) Transfer of Deferred Tax Reserve	14,282,358	(2,420,864)
ix) Transfer to OCI reserves due to change in classification	-	-
x) Gain on Disposal of FVTOCI Equity Instruments	4,217,024	140,701,009
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	(259,617,147)	(157,343,726)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xv) Deduction as per Sec 18 of Financial directive	-	-
xv) Others	(854,785)	-
Adjusted Retained Earning	162,960,552	264,464,944
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)	162,960,552	264,464,944

The accompanying notes form an Integral Part of Financial Statements.

Chandra Singh Saud
Chairman

Sabita Shrestha Joshi
Director

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As per our report on
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CA. Kripa Shrestha
Proprietor
Kripa Shrestha & Associates
Chartered Accountants

Date: 2025/12/18
Place: Kathmandu



Notes to the Financial Statements For the Year Ended Ashadh 32, 2082 (July 16, 2025)

1. General Information

Nepal Insurance Company Limited (herein after referred to as the 'Company') was incorporated on 1947 A.D. and operated as general insurance company after obtaining license on 17/02/2053 under the Insurance Act 2079.

Nepal Insurance Company Limited (herein after referred to as the 'Company') was incorporated on 1947 A.D. and operated as general insurance company after obtaining license on 17/02/2053 B.S. under the Insurance Act 2049.

The registered office of the Company is located at Kamaladi, Kathmandu, Nepal. The Company's shares were listed on 12/12/2064 B.S.

The financial statements are approved for issue by the Company's Board of Directors on 18/12/2025 A.D.

2. Basis of Preparation

i. Statement of Compliance

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Nepal Chartered Accountants Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. 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.

ii. Basis of Measurement

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

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits
- iii. 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.

iii. 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.

iv. 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.

v. 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.

vi. 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.

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 recognised 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 derecognised 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 recognized in other comprehensive

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

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

Alternatively, accumulated depreciation can be increased proportionately as allowed by NAS 16.

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

iii. Depreciation

Depreciation on Property, 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 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 categorized as stated below:

List of Asset Categories	Rate of Depreciation (In %) for DBM
Land	Not Applicable
Buildings	5%
Leasehold Improvement	Lease Period
Furniture & Fixtures	25%
Computers and IT Equipment	25%
Office Equipment	25%
Vehicles	20%

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

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) 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 to generate net cash inflow for the entity.

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

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

List of Asset Categories	Useful Life (In Years) for SLM
Software	5
License	License Period

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, 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 capitalized 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 derecognized 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 recognized 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. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii. Derecognition

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



iv. Impairment of Financial Assets

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

Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument).

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

(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. Derecognition

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 Premium

If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

ii. Special Reserve

The Company has allocated Special Reserve for the amount which is 50% of the net profit every year as per Regulator's Directive.

iii. Catastrophe Reserves

The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directive.

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.

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. Cash Flow Hedge Reserve

Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

viii. Revaluation Reserves

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

ix. Corporate Social Responsibility Reserve

As per NIA's Directive, 1% of net profit for the year is allocated as Corporate Social Responsibility Reserve.

x. Other Reserves

Reserve other than above reserves. Deferred tax reserve is included here.

(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 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 Expense when they are due.

● Defined Benefit Plan

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 recognizes termination benefits at the earlier of the following dates:

- a) when the Company can no longer withdraw the offer of those benefits; and

- b) when the entity 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 Earned Premiums

Gross Earned Premiums are arrived at after deducting unearned premium reserves from Direct Premium and Premiums on Reinsurance Accepted. Direct premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognized on the date on which the policy commences.

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 daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

ii. 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 incept. 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.

iii. Commission Income

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

iv. Investment Income

Interest income is recognized 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 recognized as an adjustment to the EIR of the instrument.



Investment income also includes dividends when the right to receive payment is established.

v. 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) 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. Fire Portfolio

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

(o) 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.

(p) 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.

(q) Leases (NFRS 16)

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

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

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

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.

(s) 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 expense.

Provisions for Contingent Liability are recognized in the books as 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.

(t) 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.

(u) Earnings Per Share

Basic earnings 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 earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(v) 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.

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, 2080	6,303,425	-	-	6,303,425
Additions during the year	-	-	-	-
Acquisition	1,141,075	-	-	1,141,075
Internal Development	-	-	-	-
Business Combination	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 31, 2081	7,444,500	-	-	7,444,500
Additions during the year	-	-	-	-
Acquisition	2,153,500	-	-	2,153,500
Internal Development	-	-	-	-
Business Combination	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 32, 2082	9,598,000	-	-	9,598,000
Accumulated amortization and impairment				
As at Shrawan 1, 2080	4,127,383	-	-	4,127,383
Additions during the year	616,642	-	-	616,642
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2081	4,744,025	-	-	4,744,025
Additions during the year	923,965	-	-	923,965
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 32, 2082	5,667,990	-	-	5,667,990
Capital Work-In-Progress				
As at Shrawan 1, 2080	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 32, 2082	-	-	-	-
Net Carrying Amount				
As on Ashadh 31, 2081	2,700,475	-	-	2,700,475
As on Ashadh 32, 2082	3,930,010	-	-	3,930,010

Notes to the Financial Statements

5 Property and Equipment

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Gross carrying amount									
As on Shrawan 1, 2080	2,106,450	19,826,406	21,213,332	16,671,132	26,614,297	20,878,850	64,548,050	-	171,858,517
Additions during the year	-	-	3,863,860	1,956,441	3,227,342	2,003,497	7,243,921	-	19,098,004
Acquisition	-	802,944	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-795,000	-	-	-680,959	-14,400	-977,147	-4,575,680	-	-7,043,185
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	1,311,450	20,629,350	25,077,191	17,946,614	29,827,239	21,905,200	67,216,291	-	183,913,336
Additions during the year	-	-	3,897,919	1,239,102	2,729,671	3,033,069	16,264,475	-	27,164,234
Acquisition	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-19,428,897	-	-19,428,897
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	1,311,450	20,629,350	28,975,110	19,185,716	32,556,910	24,938,269	64,051,869	-	191,648,674
Accumulated depreciation and impairment									
As on Shrawan 1, 2080	-	12,090,028	12,119,086	9,324,595	18,025,946	12,432,038	32,719,793	-	96,711,486
Additions during the year	-	405,268	2,070,964	1,998,832	2,420,655	2,180,354	7,322,687	-	16,398,760
Disposals during the year	-	-	-	-649,254	-14,301	-892,275	-2,255,202	-	-3,811,032
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	12,495,296	14,190,050	10,674,172	20,432,301	13,720,117	37,787,278	-	109,299,214
Additions during the year	-	430,122	2,538,507	1,979,182	2,701,381	2,463,887	6,576,816	-	16,689,895
Disposals during the year	-	-	-	-	-	-	-11,867,440	-	-11,867,440
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	12,925,418	16,728,557	12,653,354	23,133,682	16,184,004	32,496,655	-	114,121,669

Continue...



नेपाल इन्स्युरेन्स कम्पनी लिमिटेड
Nepal Insurance Company Limited

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Capital Work-In-Progress									
As on Shrawan 1, 2080	-	3,239,801	-	-	-	-	-	-	3,239,801
Additions during the year	-	2,616,140	-	-	-	-	-	-	2,616,140
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	5,855,941	-	-	-	-	-	-	5,855,941
Additions during the year	-	122,116,507	-	-	-	-	-	-	122,116,507
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	127,972,448	-	-	-	-	-	-	127,972,448
Net Carrying Amount									
As on Ashadh 31, 2081	1,311,450	13,989,995	10,887,141	7,272,442	9,394,938	8,185,083	29,429,013	-	80,470,063
As on Ashadh 32, 2082	1,311,450	135,676,381	12,246,553	6,532,362	9,423,228	8,754,266	31,555,214	-	205,499,453
Right-of-Use Assets (after Implementation of NFRS 16)									
Gross carrying amount									
As on Shrawan 1, 2080	-	78,245,546	-	-	-	-	-	-	-
Additions during the year	-	24,345,938	-	-	-	-	-	-	24,345,938
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	102,591,484	-	-	-	-	-	-	24,345,938
Additions during the year	-	6,186,104	-	-	-	-	-	-	6,186,104
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	108,777,588	-	-	-	-	-	-	108,777,588

Continue...

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
Accumulated depreciation									
As on Shrawan 1, 2080	-	20,068,478	-	-	-	-	-	-	20,068,478
Additions during the year	-	22,898,734	-	-	-	-	-	-	22,898,734
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	42,967,212	-	-	-	-	-	-	42,967,212
Additions during the year	-	23,905,487	-	-	-	-	-	-	23,905,487
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	66,872,699	-	-	-	-	-	-	66,872,699
Net Carrying Amount									
As on Ashadh 31, 2081	-	59,624,272	-	-	-	-	-	-	-18,621,273
As on Ashadh 32, 2082	-	41,904,889	-	-	-	-	-	-	41,904,889
Grand Total									
As on Ashadh 31, 2081	1,311,450	73,614,268	10,887,141	7,272,442	9,394,938	8,185,083	29,429,013	-	140,094,335
As on Ashadh 32, 2082	1,311,450	177,581,270	12,246,553	6,532,362	9,423,228	8,754,266	31,555,214	-	247,404,342



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, 2080	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 32, 2082	-	-	-
Accumulated depreciation and impairment			
As at Shrawan 1, 2080	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 32, 2082	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 2080	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as at Ashadh 32, 2082	-	-	-
Net Carrying Amount			
Net Balance As At Ashad 31, 2081	-	-	-
Net Balance As At Ashad 32, 2082	-	-	-

Continue...

Notes to the Financial Statements

Fig. in NPR

(i) Amounts recognised in statement of profit or loss

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

(ii) Fair value of investment properties

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

Continue...

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 :

- i) 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,
- ii) discounted cash flow projections based on reliable estimates of future cash flows,
- iii) capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

As the company doesn't own any investment properties, fair value has not been measured.

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

(iv) Contractual obligations: NA

Notes to the Financial Statements

Fig. in NPR

7 Deferred Tax Assets/ (Liabilities)

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Goodwill & Intangible Assets	-	-	-	-	-	-
Property and Equipment	-9,898,377.17	-	-9,898,377.17	-7,457,203	-	-7,457,203
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCI	-	-1,521,140.61	-1,521,140.61	-	-7,430,553	-7,430,553
Provision for Leave	7,484,145.88	-	7,484,145.88	5,673,728	-	5,673,728
Provision for Gratuity	31,761,525.50	11,622,485.70	43,384,011.20	13,566,720	6,827,066	20,393,786
Impairment Loss on Financial Assets	-	-	-	-	-	-
Impairment Loss on Other Assets	23,522,472.83	-	23,522,472.83	21,231,502	-	21,231,502
Unearned Premiums Reserve	-24,062,276.26	-	-24,062,276.26	2,649,127	-	2,649,127
Earthquake Premium Reserve	7,206,875.76	-	7,206,875.76	9,674,802	-	9,674,802
IBNR and IBNER Claims	13,858,770.83	-	13,858,770.83	11,843,643	-	11,843,643
Margin Over Best Estimate	14,978,122.19	-	14,978,122.19	11,681,597	-	11,681,597
Reinsurance Commission Income	29,736,454.88	-	29,736,454.88	39,000,963	-	39,000,963
Agent Commission	-2,595,092.72	-	-2,595,092.72	-2,379,010	-	-2,379,010
Reinsurance Commission Expense	-289,320.27	-	-289,320.27	-250,209	-	-250,209
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
Others (specify if any)	750,000.00	-	750,000.00	1,500,000	-	1,500,000
Total	92,453,301	10,101,345	102,554,647	106,735,659	-603,487	106,132,172
Deferred Tax Asstes	92,453,301		92,453,301	106,735,659		106,735,659
Deferred Tax Liabilities		-10,101,345	-10,101,345		603,487	603,487

Movements in deferred tax Assets/ (Liabilities)

Particulars	Current Year			Previous Year		
	SOPL	SOCI	Total	SOPL	SOCI	Total
As at Shrawan 1, 2081	106,735,659	(603,487)	106,132,172	104,314,796	(19,558,786)	84,756,009
Charged/(Credited) to Statement of Profit or Loss	(14,282,358)	-	(14,282,358)	2,420,864	-	2,420,864
Charged/(Credited) to Other Comprehensive Income	-	10,704,832	10,704,832	-	18,955,299	18,955,299
As at Ashadh 32, 2082	92,453,301	10,101,345	102,554,647	106,735,659	(603,487)	106,132,172

Notes to the Financial Statements

8 Investments in Subsidiaries

Fig. in NPR

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

Investment in Quoted Subsidiaries

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

Investment in Unquoted Subsidiaries

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

Information Relating to Subsidiaries

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

9 Investments in Associates

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

Continue...

Notes to the Financial Statements

Investment in Quoted Associates

Fig. in NPR

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

Investment in Unquoted Associates

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

Information Relating to Associates

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

Notes to the Financial Statements

10 Investments

Fig. in NPR

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost	3,974,988,072	4,163,807,595
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	789,090,372	289,069,895
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
iv) Fixed Deposits in "A" Class Financial Institutions	2,666,975,000	3,211,905,000
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	349,358,700	441,098,700
vii) Fixed Deposits in "C" Class Financial Institutions	169,564,000	221,734,000
viii) Others	-	-
Less: Impairment Losses	-	-
Investments at FVTOCI	469,514,222	161,443,919
i) Investment in Equity Instruments (Quoted)	397,216,450	109,957,246
ii) Investment in Equity Instruments (Unquoted)	4,780,000	4,780,000
iii) Investment in Mutual Funds	67,517,773	46,706,673
iv) Investment in Debentures	-	-
v) Others	-	-
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	-	-
Total	4,444,502,294	4,325,251,515

a) Details of Impairment Losses

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

b) Investments having expected maturities less than 12 months

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)	-	-
Investment in Equity Instruments (Unquoted)	-	-
Investment in Mutual Funds	-	-
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/NRB/Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	1,948,652,000	3,211,905,000
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposit with "B" Class Financial Institutions	292,714,000	441,098,700
Fixed Deposit with "C" Class Financial Institutions	149,564,000	221,734,000
Others	-	-
Total	2,390,930,000.00	3,874,737,700



Notes to the Financial Statements

Fig. in NPR

c) Information relating to investment in equity instruments

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)				
Kumari Bank Ltd 448,699 Promoter shares of Rs 100 Each	19,841,773	51,600,385	19,841,773	46,664,696
NIFRA 965,000 Promoter shares of Rs 100 Each	97,715,530	107,115,000	4,734,925	2,061,693
Nepal Investment Mega Bank Ltd 14,843 Promoter shares of Rs 100 Each	-	-	12,203,636	4,881,534
Prabhu Bank Ltd 29,820 shares of Rs 100 Each	-	-	15,192,361	13,997,265
Sana Kisan Laghubitta Bittiya Sanstha Ltd 16,396 shares of Rs 100 Each	-	-	8,290,321	4,418,300
Himalayan Life Insurance Ltd 11,300 shares of Rs 100 Each	-	-	5,984,655	3,589,962
Jyoti Bikash Bank Ltd 11,443 shares of Rs 100 Each	-	-	7,337,707	26,326,160
Nepal Reinsurance Company Ltd 98,448 Promoter shares of Rs 100 Each	7,337,707	9,848,800	155,985	176,700
NIFRA 775 Ordinary Shares of Rs 100 Each	-	-	6,572,611	7,593,737
Nepal Investment Mega Bank Ltd 43,368 Promoter shares of Rs 100 Each	-	-	236,177	247,200
HIDCL 2400 Promoter Shares of Rs 100 Each	-	-	-	-
Dordi Khola HP 176000 shares of Rs 100 each	48,576,000	17,600,000	-	-
NTC 50,840 ordinary shares of Rs. 100 each	49,515,967	44,586,680	-	-
NIMB 41,592 ordinary shares of Rs. 100 each	10,145,682	9,611,911	-	-
Prime Commercial Bank 20,600 ordinary shares of Rs. 100 each	6,051,467	5,681,480	-	-
Sanima Bank Ltd 7,000 ordinary shares of Rs. 100 each	2,386,017	2,618,000	-	-
NMB Bank 68,569 ordinary shares of Rs. 100 each	18,162,223	18,513,630	-	-
Kumari Bank Ltd. 95000 ordinary shares of Rs 100 each	19,958,002	20,995,000	-	-
Nepal SBI Bank Ltd. 65,024 ordinary shares of Rs. 100 each	29,647,781	28,675,584	-	-
ADBL 46,717 ordinary shares of Rs. 100 each	16,207,575	15,229,742	-	-
Himalayan Bank 61,679 ordinary shares of Rs. 100 each	15,742,325	14,654,930	-	-
Citizens Bank 55,001 ordinary shares of Rs. 100 each	11,665,388	12,490,727	-	-
UMRH 54,144 ordinary shares of Rs. 100 each	34,726,743	33,081,984	-	-
Everest Bank 6,998 ordinary shares of Rs. 100 each	4,638,315	4,912,596	4,780,000	4,780,000
Investment in Equity Instruments (Unquoted)				
Insurance Institute Nepal 47,800 Promoter shares of Rs 100 Each	4,780,000	4,780,000	-	-
Investment in Mutual Funds (Quoted)				
NIBL Pragati Fund	-	-	6,845,260	5,743,173
NMB Hybrid Fund	-	-	5,000,000	4,645,000
Nabil Equity Fund	-	-	1,000,000	960,000
Siddhartha Equity Fund	6,845,260	7,043,773	10,000,000	8,250,000
Sanima Large Cap Fund	5,000,000	5,115,000	2,500,000	2,417,500
NIC Asia Balance Fund	1,000,000	977,000	2,500,000	2,312,500
NIBL Sambriidhi Fund - 2	10,000,000	8,820,000	2,500,000	2,515,000
Kumari Dhanbridhi Yojana	2,500,000	2,502,500	1,000,000	961,000
NIC Flexi Cap Fund	2,500,000	2,587,500	1,000,000	945,000
NMB Sulav Investment Fund-2	2,500,000	2,882,500	5,000,000	5,000,000
Prabhu Smart Fund	1,000,000	1,155,000	1,000,000	950,000
Siddhartha Investment Growth Scheme 3	1,000,000	1,045,000	5,000,000	5,000,000
Citizens Super 30 Mutual Fund	5,000,000	5,040,000	5,500,000	4,510,000
RBB Mutual Fund 2	1,000,000	1,009,000	2,500,000	2,497,500
NIBL Stable Fund	5,000,000	5,020,000	-	-
NIC Asia Growth Fund-2	5,500,000	5,489,000	-	-
Himalayan 80-20	2,500,000	3,015,000	-	-
Muktinath Mutual Fund-1	11,000,000	10,989,000	-	-
NMB Hybrid Fund L-II	1,500,000	1,338,000	-	-
MBL Equity Fund	2,500,000	2,492,500	-	-
Reliable Samridhi Yojana	1,000,000	997,000	-	-
Total	464,443,754	469,514,222	136,675,409	161,443,920

d) The company has lien its investments to Nepal Insurance Authority as per Directives.



Notes to the Financial Statements

Fig. in NPR

11 Loans

Particulars	Current Year	Previous Year
Loans measured at Amortised Cost		
Loan to Employees	12,550,000	15,400,000
Others	-	-
Less: Impairment Losses	-	-
Total	12,550,000	15,400,000

a) Expected repayment of loan within 12 months

Particulars	Current Year	Previous Year
Loan to Employees	1,750,000	2,700,000
Others	-	-
Total	1,750,000	2,700,000

12 Reinsurance Assets

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Unearned Premium Reserve	326,565,875	464,023,038
Unexpired Risk Reserve	-	-
Earthquake Premium Reserve	-	-
Outstanding Claims	524,498,570	533,200,509
Incurred But Not Reported (IBNR)	36,888,499	19,559,961
Incurred But Not Enough Reported (IBNER)	71,607,088	78,239,846
Others	-	-
Less: Impairment Losses	-	-
Total	959,560,033	1,095,023,354

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurer	71,748,991	83,362,635
Receivable from Other Insurance Companies	56,262,014	48,678,859
Others	-	-
Less: Impairment Losses	(58,209,618)	(70,771,673)
Total	69,801,387	61,269,820

a) Expected receivable within 12 months

Particulars	Current Year	Previous Year
Receivable from Reinsurer	13,539,373	12,590,962
Receivable from Other Insurance Companies	56,262,014	48,678,859
Others	-	-
Total	69,801,387	61,269,820



Notes to the Financial Statements

Fig. in NPR

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	10,717,358	8,209,918
Claim Advances	15,870,400	16,687,288
Advance To Suppliers	-	-
Other Advances	126,734,324	5,255,839
VAT Receivable	-	-
Staff Advances	668,569	991,271
Printing and Stationary Stocks	-	-
Stamp Stocks	-	-
Gold Coins	170,982	170,982
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	964,401	834,029
Deferred Agent Commission Expenses	8,650,309	7,930,033
Lease Receivables	-	-
Others (Building Construction advance)	52,279,687	64,102,737
Less: Impairment Losses	-	-
Total	216,056,030	104,182,098

a) Expected to be recovered/ settled within 12 months

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	10,717,358	8,209,918
Claim Advances	15,870,400	16,687,288
Advance To Suppliers	-	-
Staff Advances	668,569	991,271
Other Advances	126,734,324	5,255,839
VAT Receivable	-	-
Printing and Stationary Stocks	-	-
Stamp Stocks	-	-
Gold Coins	-	-
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	964,401	834,029
Deferred Agent Commission Expenses	8,650,309	7,930,033
Lease Receivables	-	-
Others	-	-
Total	163,605,361	39,908,379

Notes to the Financial Statements

Fig. in NPR

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accured Interest	28,121,829	11,514,395
Other Receivables	51,990,544	51,990,544
Other Deposits	3,832,075	3,663,361
Sundry Debtors	44,746,807	87,155,594
Other	-	-
Less: Impairment Losses	(2,510,500)	(2,510,500)
Total	126,180,755	151,813,394

a) Expected maturities within 12 months

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accured Interest	28,121,829	11,514,395
Other Receivables	51,990,544	51,990,544
Other Deposits	-	-
Sundry Debtors	42,236,307	84,645,095
Other	-	-
Total	122,348,680	148,150,033

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand	7,112,576	7,070,846
Cheque in Hand	14,348,779	14,348,779
Bank Balances		
i) Balance With "A" Class Financial Institutions	41,724,582	99,476,230
ii) Balance With Infrastructure Banks	-	-
iii) Balance With "B" Class Financial Institutions	44,496,378	51,599,601
iv) Balance With "C" Class Financial Institutions	11,036,132	15,274,260
Less: Impairment Losses	-	-
Deposit with initial maturity upto 3 months	-	-
Others	-	-
Less: Impairment Losses	(61,084,968)	-
Total	57,633,478	187,769,716



Notes to the Financial Statements

Fig. in NPR

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2081	1,644,241,940	1,494,765,400
Additions during the year		
i) Bonus Share Issue	246,636,289	149,476,540
ii) Share Issue	-	-
As at Ashadh 32, 2082	-	-
Convertible Preference Shares (Equity Component Only)		
As at Shrawan 1, 2081	-	-
Additions during the year	-	-
As at Ashadh 32, 2082	-	-
Irredeemable Preference Shares (Equity Component Only)		
As at Shrawan 1, 2081	-	-
Additions during the year	-	-
As at Ashadh 32, 2082	-	-
Total	1,890,878,229	1,644,241,940

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:		
26,000,000 Ordinary Shares of Rs. 100 Each	2,600,000,000	2,600,000,000
Issued Capital:		
18,908,782 Ordinary Shares of Rs. 100 Each.	1,890,878,229	1,644,241,940
Subscribed and Paid Up Capital:		
18,908,782 Ordinary Shares of Rs. 100 Each.	1,890,878,229	1,644,241,940
Total	1,890,878,229	1,644,241,940

(ii) Preference Share Capital

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

Continue...

Notes to the Financial Statements

Fig. in NPR

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	8,702,756	7,546,494	46.02%	45.90%
Nepali Citizens	940,724	839,141	4.98%	5.10%
Foreigners	-	-	-	-
Others	-	-	-	-
Total (A)	9,643,480	8,385,634	51.00%	51.00%
Other than Promoters				
General Public	9,265,303	8,056,785	49.00%	49.00%
Others	-	-	-	-
Total (B)	9,265,303	8,056,785	49.00%	49.00%
Total (A+B)	18,908,783	16,442,419	100.00%	100.00%

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

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Nepal Bank Limited (Promoter)	2,843,515	2,472,622	15.04%	15.04%
Asian Life Insurance Company Limited (Promotor)	2,830,537	2,461,337	14.97%	14.97%
United Distributors Nepal Private Limited (Promoter)	1,318,234	1,146,290	6.97%	6.97%
Abhishek Joshi (Promoter & General Public)	1,015,766	883,275	5.37%	5.37%
Life Care Distributors Private Limited (Promoter)	659,118	573,146	3.49%	3.49%
Prudential Capital Management Company P. Ltd (Promoter)	328,033	285,247	1.73%	1.73%

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, 2081	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of share	-	-
Others	-	-
As on Ashadh 32, 2082	-	-



Notes to the Financial Statements

Fig. in NPR

17 (d) Special Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	1,335,007,771	1,024,452,535
Additions	181,151,055	310,555,236
Utilizations	-	-
As on Ashadh 32, 2082	1,516,158,826	1,335,007,771

17 (e) Catastrophe Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	95,470,577	64,172,967
Additions	16,686,870	31,297,610
Utilizations	-	-
As on Ashadh 32, 2082	112,157,447	95,470,577

17 (f) Retained Earnings

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	264,464,944	160,074,089
Net Profit or Loss	338,435,605	303,756,316
Items of OCI recognised directly in retained earnings	-	-
Remeasurement of Post-Employment Benefit Obligations	-	-
Transfer to reserves		
Revaluation Reserves	-	-
Special Reserves	(181,151,055)	(310,555,236)
Capital Reserves	-	-
Catastrophe Reserves	(16,686,870)	(31,297,610)
Corporate Social Responsibility (CSR) Reserves	(3,480,198)	(6,235,313)
Insurance Fund including Insurance Reserves	-	-
Fair Value Reserves	-	-
Actuarial Reserves	-	-
Deferred Tax Reserves	14,282,358	(2,420,864)
Training Fund	(854,785)	-
Other Reserve	-	-
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	9,584,147	319,775,020
Issue of Bonus Shares	(246,636,289)	(149,476,540)
Transaction costs on issue of Shares	-	-
Dividend Paid	(12,980,857)	(7,867,186)
Dividend Distribution Tax	-	-
Prior Period Adjustments	(2,016,448)	(11,287,732)
As on Ashadh 32, 2082	162,960,552	264,464,944



Notes to the Financial Statements

Fig. in NPR

17 (g) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves	-	-
Capital Reserves	-	-
Corporate Social Responsibility (CSR) Reserves	9,212,320	10,868,263
Insurance Fund including Insurance Reserves	-	-
Fair Value Reserves	3,549,328	17,337,957
Actuarial Reserves	(27,119,133)	(15,929,821)
Deferred Tax Reserve	92,453,301	106,735,659
Other Reserves	854,785	-
Total	78,950,601.79	119,012,058.77

18 Provisions

Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	24,947,153	18,912,428
ii) Provision for Gratuity	51,642,912	45,222,400
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations	-	-
Provision for tax related legal cases	-	-
Provision for non-tax related legal cases	-	-
Provision for Doubtful Debt on Sundry Items	-	61,084,968
Provision for Retirement Benefits	2,500,000	5,000,000
Provision for other expenses	1,508,197	1,133,197
Provision for Problematic Financial Institution	2,900,057	2,900,057
Total	83,498,319	134,253,049

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

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for employee benefits						
i) Provision for Leave	18,912,428	6,034,725	-	-	-	24,947,153
ii) Provision for Gratuity	45,222,400	-	6,420,512	-	-	51,642,912
iii) Termination Benefits	-	-	-	-	-	-
iv) Other Employee Benefit obligations	-	-	-	-	-	-
Provision for tax related legal cases	-	-	-	-	-	-
Provision for non-tax related legal cases	-	-	-	-	-	-
Provision for Doubtful Debt on Sundry Items	61,084,968	-	-	(61,084,968)	-	-
Provision for Retirement Benefits	5,000,000	(2,500,000)	-	-	-	2,500,000
Provision for other expenses	1,133,197	375,000	-	-	-	1,508,197
Provision for Problematic Financial Institution	2,900,057	-	-	-	-	2,900,057

Continue...



Notes to the Financial Statements

Fig. in NPR

(b) Provision with expected payouts within 12 months

Particulars	Current Year	Previous Year
Provision for emoloyee benefits		
i) Provision for Leave	-	-
ii) Provision for Gratuity	-	-
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations	-	-
Provision for tax related legal cases	-	-
Provision for non-tax related legal cases	-	-
Provision for Doubtful Debt on Sundry Items	-	-
Provison for Retirement Benefits	-	-
Provision for other expenses	1,508,197	1,133,197
Provision for Problematic Financial Institution	-	-

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Unearned Premium Reserve	862,609,759	818,172,771
Unexpired Risk Reserve	-	-
Earthquake Premium Reserve	24,022,919	32,249,339
Margin Over Best Estimate	49,927,074	38,938,655
Outstanding Claims	825,399,482	775,133,627
Incurred But Not Reported (IBNR)	67,941,054	34,713,717
Incurred But Not Enough Reported (IBNER)	131,885,573	138,854,868
Others	-	-
Total	1,961,785,861	1,838,062,978

Continue...

Notes to the Financial Statements

19.1 Gross Insurance Contract Liabilities

a) Gross Insurance Contract Liability

Particulars	Line of Business										Total	
	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous				
As at Shrawan 1, 2081												
Unearned Premium Reserve	288,309,547	294,788,298	21,332,587	113,382,319	-	-	30,619,236	69,740,783	-	-	818,172,771	
Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	
Earthquake Premium Reserve	23,409,362	-	-	8,839,977	-	-	-	-	-	-	32,249,339	
Margin Over Best Estimate	10,489,256	18,079,020	971,357	5,398,173	2,721	-	1,383,500	2,614,628	-	-	38,938,655	
Outstanding Claims	130,714,243	244,117,750	5,934,343	127,607,362	236,975,000	-	9,213,564	20,571,365	-	-	775,133,627	
Incurred But Not Reported (IBNR)	14,020,297	9,839,508	2,330,858	4,444,261	15,397	-	1,140,272	2,923,125	-	-	34,713,717	
Incurred But Not Enough Reported (IBNER)	56,081,187	39,358,030	9,323,434	17,777,044	61,587	-	4,561,086	11,692,501	-	-	138,854,868	
Others	-	-	-	-	-	-	-	-	-	-	-	
Total Balance As at Shrawan 1, 2081	523,023,892	606,182,606	39,892,578	277,449,136	237,054,705	-	46,917,659	107,542,403	-	-	1,838,062,978	
Changes during the year												
Unearned Premiums Reserve	(9,310,661)	56,866,428	10,489,980	(13,647,541)	-	-	(14,075,275)	14,114,057	-	-	44,436,988	
Unexpired Risk Reserve	(6,035,702)	-	-	(2,190,718)	-	-	-	-	-	-	(8,226,420)	
Earthquake Premium Reserve	715,089	8,741,367	506,580	(358,959)	11,427	-	(349,657)	1,722,572	-	-	10,988,419	
Margin Over Best Estimate	(23,856,007)	60,247,236	8,950,660	(10,154,182)	-	-	103,269	14,974,880	-	-	50,265,855	
Outstanding Claims	14,682,049	10,620,855	1,008,552	3,671,407	219,780	-	557,982	2,466,712	-	-	33,227,337	
Incurred But Not Reported (IBNR)	(364,869)	359,143	(2,841,049)	(2,023,100)	394,932	-	(1,264,475)	(1,229,878)	-	-	(6,969,295)	
Incurred But Not Enough Reported (IBNER)	-	-	-	-	-	-	-	-	-	-	-	
Others	(24,170,101)	136,835,028	18,114,722	(24,703,092)	626,139	-	(15,028,156)	32,048,342	-	-	123,722,884	
As at Ashadh 32, 2082												
Unearned Premiums Reserve	278,998,886	351,654,727	31,822,567	99,734,778	-	-	16,543,962	83,854,840	-	-	862,609,759	
Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	
Earthquake Premium Reserve	17,373,660	-	-	6,649,259	-	-	-	-	-	-	24,022,919	
Margin Over Best Estimate	11,204,345	26,820,387	1,477,936	5,039,214	14,148	-	1,033,843	4,337,200	-	-	49,927,074	
Outstanding Claims	106,858,236	304,364,985	14,885,003	117,453,180	236,975,000	-	9,316,833	35,546,245	-	-	825,399,482	
Incurred But Not Reported (IBNR)	28,702,346	20,460,362	3,339,410	8,115,668	235,177	-	1,698,254	5,389,837	-	-	67,941,054	
Incurred But Not Enough Reported (IBNER)	55,716,318	39,717,173	6,482,385	15,753,944	456,519	-	3,296,611	10,462,623	-	-	131,885,573	
Others	-	-	-	-	-	-	-	-	-	-	-	
Total Balance As at Ashadh 32, 2082	498,853,791	743,017,634	58,007,301	252,746,044	237,680,844	-	31,889,503	139,590,745	-	-	1,961,765,861	

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नेपाल क्षमस्योरेन्स कम्पनी लिमिटेड
Nepal 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, 2081												
Unearned Premiums Reserve	189,081,193	147,052,923	(18,283,713)	88,141,386	-	-	25,530,229	32,501,020	-	-	464,023,038	
Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	
Earthquake Premium Reserve	-	-	-	-	-	-	-	-	-	-	-	
Outstanding Claims	77,599,627	86,054,113	2,991,098	114,454,131	236,975,000	-	2,492,536	12,634,005	-	-	533,200,509	
Incurred But Not Reported (IBNR)	8,807,177	3,425,140	1,158,724	3,489,340	4,511	-	936,909	1,738,160	-	-	19,559,961	
Incurred But Not Enough Reported (IBNER)	35,228,707	13,700,562	4,634,897	13,957,361	18,044	-	3,747,635	6,952,640	-	-	78,239,846	
Others	-	-	-	-	-	-	-	-	-	-	-	
Total Balance As at Shrawan 1, 2081	310,716,704	250,232,738	(9,498,994)	220,042,218	236,997,555	-	32,707,309	53,825,824	-	-	1,095,023,354	
Changes during the year												
Unearned Premiums Reserve	(39,153,338)	(105,940,852)	32,834,457	(10,965,955)	-	-	(11,898,003)	(2,333,473)	-	-	(137,457,163)	
Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	
Earthquake Premium Reserve	-	-	-	-	-	-	-	-	-	-	-	
Outstanding Claims	(24,097,866)	23,714,468	4,549,788	(13,301,620)	-	-	56,450	376,842	-	-	(8,701,938)	
Incurred But Not Reported (IBNR)	10,292,540	3,254,566	464,843	2,770,897	134,457	-	457,175	(45,939)	-	-	17,328,538	
Incurred But Not Enough Reported (IBNER)	1,847,215	(734,075)	(1,483,266)	(1,805,135)	251,716	-	(1,041,474)	(3,667,739)	-	-	(6,632,758)	
Others	-	-	-	-	-	-	-	-	-	-	-	
Total changes during the year	(51,111,449)	(79,705,893)	36,365,822	(23,301,813)	386,172	-	(12,425,853)	(5,670,308)	-	-	(135,463,321)	
As at Ashadh 32, 2082												
Unearned Premiums Reserve	149,927,855	41,112,071	14,550,744	77,175,432	-	-	13,632,226	30,167,548	-	-	326,565,875	
Unexpired Risk Reserve	-	-	-	-	-	-	-	-	-	-	-	
Earthquake Premium Reserve	-	-	-	-	-	-	-	-	-	-	-	
Outstanding Claims	53,501,761	109,768,581	7,540,886	101,152,510	236,975,000	-	2,548,986	13,010,847	-	-	524,498,570	
Incurred But Not Reported (IBNR)	19,099,717	6,679,706	1,623,567	6,260,237	138,968	-	1,394,084	1,692,221	-	-	36,888,499	
Incurred But Not Enough Reported (IBNER)	37,075,922	12,966,487	3,151,631	12,152,226	269,760	-	2,706,161	3,284,901	-	-	71,607,088	
Others	-	-	-	-	-	-	-	-	-	-	-	
Total Balance As at Ashadh 32, 2082	259,605,255	170,526,845	26,866,828	196,740,405	237,383,728	-	20,281,456	48,155,516	-	-	959,560,033	

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 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	74,280,910	25,393,640	800,000	6,363,687	32,577,326	106,858,236	53,501,761	53,356,476
2	Motor	250,070,735	31,589,620	8,746,630	13,958,000	54,294,250	304,364,985	109,768,581	194,596,404
3	Marine	6,887,660	7,736,726	260,617	-	7,997,343	14,885,003	7,540,886	7,344,117
4	Engineering	49,403,889	8,274,231	44,029,455	15,745,606	68,049,291	117,453,180	101,152,510	16,300,670
5	Micro	-	-	-	236,975,000	236,975,000	236,975,000	236,975,000	-
6	Aviation	-	-	-	-	-	-	-	-
7	Cattle and Crop	3,084,269	-	-	6,232,564	6,232,564	9,316,833	2,548,986	6,767,848
8	Miscellaneous	26,674,179	3,363,859	144,590	5,363,617	8,872,066	35,546,245	13,010,847	22,535,398
	Total	410,401,642	76,358,075	53,981,292	284,658,474	414,997,840	825,399,482	524,498,570	300,900,912



Notes to the Financial Statements

20 Insurance Payables

Fig. in NPR

Particulars	Current Year	Previous Year
Payable to Reinsurer	27,390,618	65,450,395
Payable to Other Insurance Companies	137,828,816	306,693,714
Portfolio Withdrawal Premium	-	-
Outstanding Withdrawal Claims	-	-
Others	-	-
Total	165,219,434	372,144,109

Payable within 12 months

Particulars	Current Year	Previous Year
Payable to Reinsurer	27,390,618	65,450,395
Payable to other Insurance Companies	137,828,816	306,693,714
Portfolio Withdrawal Premium	-	-
Outstanding Withdrawal Claims	-	-
Others	-	-
Total	165,219,434	372,144,109

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	(1,194,620,296)	(1,074,377,128)
Income Tax Assets	1,262,290,512	1,116,369,904
Total	67,670,217	41,992,776

22 Borrowings

Particulars	Current Year	Previous Year
Bonds	-	-
Debenture	-	-
Term Loan - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others	-	-
Total	-	-

Payable within 12 months

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others	-	-
Total	-	-



Notes to the Financial Statements

Fig. in NPR

23 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	4,337,269	4,427,942
VAT Payable	20,388,111	20,696,654
Unidentified deposits	-	-
Advance Premiums	18,654,575	16,915,399
Insurance Service Fee Payable	4,961,599	12,662,272
Lease Liability	43,400,700	61,913,861
Deferred Reinsurance Commission Income	99,121,516	130,003,209
Deferred Income	-	-
Others	-	-
Total	190,863,770	246,619,336

Payable within 12 months

Particulars	Current Year	Previous Year
TDS Payable	4,337,269	4,427,942
VAT Payable	20,388,111	20,696,654
Unidentified Deposits	-	-
Advance Premiums	18,654,575	16,915,399
Insurance Service Fee Payable	4,961,599	12,662,272
Lease Liability	-	-
Deferred Reinsurance Commission Income	99,121,516	130,003,209
Deferred Income	-	-
Others	-	-
Total	147,463,071	184,705,476

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	9,547,444	5,278,611
Payable to Surveyor	11,124,542	6,971,168
Sundry Creditors	57,194,092	43,358,668
Retention and deposits	-	-
Short-term employee benefits payable		
i) Salary Payables	-	-
ii) Bonus Payables	53,490,306	104,295,529
iii) Other employee benefit payable	7,920,853	16,998,739
Audit Fees Payable	-	-
Actuarial Fees Payable	-	-
Dividend Payable	386,814	33,709
Refundable Premium	5,706,100	5,416,461
Total	145,370,152	182,352,885

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Notes to the Financial Statements

Fig. in NPR

Payable within 12 months

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Insured	-	-
Payable to Agents	9,547,444	5,278,611
Payable to Surveyor	11,124,542	6,971,168
Sundry Creditors	57,194,092	43,358,668
Retention and deposits	-	-
Short-term employee benefits payable		
i) Salary Payables	-	-
ii) Bonus Payables	53,490,306	104,295,529
iii) Other employee benefit payable	-	-
Audit Fees Payable	-	-
Actuarial Fees Payable	-	-
Dividend Payable	-	-
Refundable Premium	5,706,100	5,416,461
Total	137,062,485	165,320,436

25 Gross Earned Premiums

Particulars	Direct Premiums		Premiums on Reinsurance Accepted		Gross Change in Unearned Premiums		Gross Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	607,650,358	546,128,452	1,398,084	3,067,094	9,310,661	(57,220,645)	618,359,103	491,974,901
Motor	760,442,674	570,562,382	126,470,569	19,014,215	(56,866,428)	3,100,874	830,046,815	592,677,470
Marine	64,967,573	42,665,173	-	-	(10,489,980)	6,576,156	54,477,593	49,241,330
Engineering	187,513,584	210,036,003	30,406,863	15,327,509	13,647,541	(6,233,574)	231,567,989	219,129,938
Micro	-	-	-	-	-	1,261	-	1,261
Aviation	-	-	-	-	-	4,299,483	-	4,299,483
Cattle and Crop	39,104,361	43,911,571	-	-	14,075,275	1,940,717	53,179,636	45,852,287
Miscellaneous	219,308,398	139,481,567	103,556	-	(14,114,057)	23,890,498	205,297,897	163,372,064
Total	1,878,986,949	1,552,785,149	158,379,072	37,408,817	(44,436,988)	(23,645,231)	1,992,929,033	1,566,548,735

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	223,602,393	291,798,365	381,665,661	250,923,469	2,382,304	3,406,619	607,650,358	546,128,452
Motor	596,821,800	426,467,095	163,620,875	144,095,287	-	-	760,442,674	570,562,382
Marine	64,967,573	42,665,173	-	-	-	-	64,967,573	42,665,173
Engineering	187,217,759	209,839,901	-	-	295,825	196,102	187,513,584	210,036,003
Micro	-	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-	-
Cattle and Crop	39,104,361	43,911,571	-	-	-	-	39,104,361	43,911,571
Miscellaneous	216,302,330	137,521,224	-	-	3,006,068	1,960,343	219,308,398	139,481,567
Total	1,328,016,216	1,152,203,330	545,286,535	395,018,755	5,684,198	5,563,064	1,878,986,949	1,552,785,149

Notes to the Financial Statements

Fig. in NPR

26 Premiums Ceded

Particulars	Premiums 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	410,005,983	365,475,712	39,153,338	(55,478,663)	449,159,320	309,997,049
Motor	150,925,999	294,105,846	105,940,852	(73,956,627)	256,866,851	220,149,219
Marine	31,140,385	22,301,711	(32,834,457)	1,957,985	(1,694,073)	24,259,696
Engineering	157,316,671	174,881,646	10,965,955	(2,797,638)	168,282,626	172,084,009
Micro	-	-	-	(0)	-	(0)
Aviation	-	-	-	4,296,692	-	4,296,692
Cattle and Crop	32,221,995	36,657,529	11,898,003	1,758,581	44,119,998	38,416,109
Miscellaneous	72,522,442	65,002,041	2,333,473	21,971,111	74,855,915	86,973,152
Total	854,133,475	958,424,485	137,457,163	(102,248,559)	991,590,638	856,175,925

26.1 Portfolio-wise detail of Net Earned Premiums

Particulars	Gross Earned Premiums		Premiums Ceded		Net Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	618,359,103	491,974,901	449,159,320	309,997,049	169,199,783	181,977,852
Motor	830,046,815	592,677,470	256,866,851	220,149,219	573,179,964	372,528,252
Marine	54,477,593	49,241,330	(1,694,073)	24,259,696	56,171,666	24,981,633
Engineering	231,567,989	219,129,938	168,282,626	172,084,009	63,285,363	47,045,929
Micro	-	1,261	-	(0)	-	1,261
Aviation	-	4,299,483	-	4,296,692	-	2,791
Cattle and Crop	53,179,636	45,852,287	44,119,998	38,416,109	9,059,637	7,436,178
Miscellaneous	205,297,897	163,372,064	74,855,915	86,973,152	130,441,982	76,398,913
Total	1,992,929,033	1,566,548,735	991,590,638	856,175,925	1,001,338,396	710,372,810

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	73,182,334	122,818,384	18,879,258	(12,948,082)	-	-	92,061,593	109,870,302
Motor	52,859,434	44,138,550	(234,249)	(10,638,468)	-	-	52,625,185	33,500,083
Marine	8,957,804	7,546,280	(800,625)	60,204	-	-	8,157,180	7,606,484
Engineering	33,624,651	44,004,043	9,485,472	(6,693,908)	-	-	43,110,123	37,310,135
Micro	-	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-	-
Cattle and Crop	7,076,302	8,907,501	3,255,192	(1,344,802)	-	-	10,331,494	7,562,699
Miscellaneous	25,385,048	19,149,472	296,643	3,018,090	-	-	25,681,691	22,167,562
Total	201,085,574	246,564,230	30,881,692	(28,546,966)	-	-	231,967,266	218,017,264

Notes to the Financial Statements

Fig. in NPR

28 Other Direct Income

Particulars	Direct Income		Others (to be Specified)		Total Other Direct Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	-	-	-	-	-	-
Motor	-	-	-	-	-	-
Marine	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total	-	-	-	-	-	-

29 Income from Investments & Loans

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs		
i) Fixed Deposit with "A" Class Financial Institutions	156,353,986	245,451,772
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	24,335,232	36,336,337
iv) Fixed Deposit with "C" Class Financial Institutions	12,894,642	14,295,480
v) Debentures	67,355,702	16,595,496
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
vii) Bank Deposits other than Fixed Deposit	3,018,638	3,891,370
xiii) Employee Loans	-	-
ix) Other Interest Income	-	-
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures	-	-
ii) Dividend Income	4,509,694	993,192
iii) Other Interest Income	-	-
Financial Assets Measured at FVTPL		
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income	-	-
Rental Income	-	-
Others	-	-
Total	268,467,895	317,563,647

Notes to the Financial Statements

30 Net Gain/ (Loss) on Fair Value Changes

Fig. in NPR

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

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loan	-	-
ii) Bonds	-	-
iii) Others	-	-
Foreign Exchange Income	-	-
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit/ (Loss) from disposal of Property and Equipment	(3,532)	98,912,325
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others	8,819,247	6,199,270
Total	8,815,715	105,111,595

Notes to the Financial Statements

33 Gross Claims Paid and Claims Ceded

Fig. in NPR

Particulars	Gross Claims Paid		Claims Ceded		Net Claims Paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	372,414,407	58,960,293	280,096,942	34,611,193	92,317,465	24,349,099
Motor	337,113,007	267,371,581	98,856,625	81,727,288	238,256,382	185,644,293
Marine	13,722,783	26,952,471	6,967,687	20,071,789	6,755,097	6,880,683
Engineering	97,841,813	54,051,485	77,087,618	37,280,407	20,754,195	16,771,078
Micro	-	9,495	-	-	-	9,495
Aviation	-	-	-	-	-	-
Cattle and Crop	16,561,633	19,820,632	13,734,334	16,534,448	2,827,299	3,286,183
Miscellaneous	144,085,463	106,738,610	34,263,944	43,097,535	109,821,519	63,641,075
Total	981,739,107	533,904,567	511,007,150	233,322,660	470,731,957	300,581,907

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	353,400,127	51,548,145	19,014,280	7,412,148	372,414,407	58,960,293
Motor	325,899,627	255,054,982	11,213,380	12,316,599	337,113,007	267,371,581
Marine	12,164,543	24,648,261	1,558,240	2,304,211	13,722,783	26,952,471
Engineering	87,041,187	47,999,799	10,800,626	6,051,686	97,841,813	54,051,485
Micro	-	9,495	-	-	-	9,495
Aviation	-	-	-	-	-	-
Cattle and Crop	15,737,900	18,908,218	823,733	912,414	16,561,633	19,820,632
Miscellaneous	143,618,513	105,864,163	466,950	874,448	144,085,463	106,738,610
Total	937,861,897	504,033,061	43,877,210	29,871,506	981,739,107	533,904,567

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	(14,859,440)	117,377,003	(11,958,111)	44,631,050	(2,901,329)	72,745,953
Motor	79,968,600	(26,201,058)	26,234,959	(59,679,153)	53,733,641	33,478,095
Marine	7,624,742	(31,116,077)	3,531,365	(28,040,130)	4,093,378	(3,075,947)
Engineering	(11,055,551)	(82,659,126)	(12,335,858)	(91,483,578)	1,280,307	8,824,452
Micro	626,139	(1,658,958)	386,172	22,555	239,967	(1,681,513)
Aviation	-	-	-	-	-	-
Cattle and Crop	(952,881)	(9,115,933)	(527,850)	(7,004,825)	(425,031)	(2,111,108)
Miscellaneous	17,934,286	(53,964,979)	(3,336,835)	(17,905,314)	21,271,121	(36,059,665)
Total	79,285,896	(87,339,128)	1,993,842	(159,459,394)	77,292,054	72,120,266



Notes to the Financial Statements

Fig. in NPR

35 Commission Expenses

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	7,944,352	7,601,471	193,969	449,157	(929,174)	485,753	7,209,147	8,536,381
Motor	3,937,931	2,103,366	-	-	(609,889)	236,558	3,328,042	2,339,923
Marine	327,986	190,288	-	-	(72,322)	24,878	255,663	215,165
Engineering	2,472,972	3,784,327	2,238,646	1,182,873	729,732	(48,953)	5,441,349	4,918,246
Micro	-	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-	-
Cattle and Crop	564,480	467,191	-	-	88,938	550,346	653,418	1,017,537
Miscellaneous	1,396,233	915,366	14,498	-	(57,931)	(11,854)	1,352,800	903,512
Total	16,643,954	15,062,008	2,447,113	1,632,030	(850,647)	1,236,728	18,240,420	17,930,765

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	4,567,863	4,118,967	3,075,045	2,741,068	1,492,818	1,377,899
Motor	6,651,849	4,421,824	1,131,945	2,205,794	5,519,904	2,216,031
Marine	487,257	319,989	233,553	167,263	253,704	152,726
Engineering	1,634,403	1,690,226	1,179,875	1,311,612	454,528	378,614
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	293,283	329,337	241,665	274,931	51,618	54,405
Miscellaneous	1,645,590	1,046,112	543,918	487,515	1,101,671	558,596
Total	15,280,245	11,926,455	6,406,001	7,188,184	8,874,244	4,738,271

37 Other Direct Expenses

Particulars	Direct Expenses		Other		Total Other Direct Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	10,486	23,003	-	-	10,486	23,003
Motor	948,529	152,227	-	-	948,529	152,227
Marine	-	-	-	-	-	-
Engineering	228,051	114,956	-	-	228,051	114,956
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	724,234	551,010	-	-	724,234	551,010
Miscellaneous	777	-	-	-	777	-
Total	1,912,077	841,196	-	-	1,912,077	841,196



Notes to the Financial Statements

Fig. in NPR

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	145,557,311.21	117,238,837.27
Allowances	74,243,566.13	61,766,647.70
Festival Allowances	11,248,585.45	7,153,357.67
Defined Benefit Plans		
i) Gratuity	3,429,858.00	13,939,352.00
ii) Others	-	-
Defined Contribution Plans		
i) Provident Fund/ Social Security Fund	8,729,860.06	7,924,114.68
ii) Others	-	-
Leave Encashments	13,626,764.93	9,785,794.07
Termination Benefits	-	-
Training Expenses	5,873,194.59	5,426,562.22
Uniform Expenses	-	-
Medical Expenses	-	-
Insurance Expenses	-	-
Staff Welfare Expenses	-	-
Others	4,317,047.42	8,868,790.31
Sub Total	267,026,187.79	232,103,455.92
Employees Bonus	53,490,306.25	104,295,528.54
Total	320,516,494.04	336,398,984.46

39 Depreciation and Amortization Expenses

Particulars	Current Year	Previous Year
Amortization of Goodwill & Intangible Assets (Refer Note. 4)	923,965	616,642
Depreciation on Property and Equipment (Refer Note.5)	40,595,382	39,297,494
Depreciation on Investment Properties (Refer Note. 6)	-	-
Total	41,519,347	39,914,136

Notes to the Financial Statements

Fig. in NPR

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 Asssets	-	-
Impairment Losses on Financial Assets		
i) Investments	-	-
ii) Loans	-	-
iii) Other Financial Assets	-	-
iv) Cash and Cash Equivalents	-	-
v) Others	-	-
Impairment Losses on Other Assets		
i) Reinsurance Assets	-	-
ii) Insurance Receivables	-	-
iii) Lease Receivables	-	-
iv) Others	(12,562,055)	-
Total	(12,562,055)	-

41 Other Operating Expenses

Particulars	Current Year	Previous Year
Rent Expenses	-	-
Electricity and Water	4,442,265	3,916,778
Repair & Maintenance		
i) Building	30,114	439,618
ii) Vehicle	1,287,275	1,918,488
iii) Office Equipments	1,871,501	1,350,959
iv) Furniture and Fixtures	-	-
v) Computers	-	-
iv) Others	-	-
Telephone & Communication	7,057,255	7,015,830
Printing & Stationary	8,246,099	7,849,903
Office Consumable Expenses	690,538	986,354
Travelling Expenses		
i) Domestic	2,137,232	2,208,912
ii) Foreign	1,283,750	131,471
Transpotation & Fuel Expenses	9,923,428	10,779,022
Agent Training	72,054	93,294
Other Agent Expenses	-	-
Insurance Premium	4,320,738	2,496,611
Security & Outsourcing Expenes	-	-
Legal and Consulting Expenses	4,152,130	1,728,615

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Notes to the Financial Statements

Fig. in NPR

Particulars	Current Year	Previous Year
Newspapers, Books and Periodicals	815,594	680,819
Advertisement & Promotion Expenses	713,167	2,385,718
Business Promotion	10,884,841	7,564,906
Guest Entertainment	905,529	612,466
Gift and Donations	253,005	189,751
Board Meeting Fees and Expenses		
i) Meeting Allowances	1,403,000	1,578,575
ii) Other Allowances	2,728,982	2,627,065
Other Committee/ Sub-committee Expenses		
i) Meeting Allowances	1,778,675	1,115,325
ii) Other Allowances	510,288	307,293
General Meeting Expenses	540,670	542,785
Actuarial Service Fee	-	-
Other Actuarial Expenses	-	-
Audit Related Expenses		
i) Statutory Audit	500,000	350,000
ii) Tax Audit	-	-
iii) Long Form Audit Report	-	-
iv) Other Fees	-	-
v) Internal Audit	500,000	500,000
vi) Others	1,359,260	492,858
Bank Charges	266,242	206,752
Fee and Charges	1,644,671	1,642,468
Postage Charges	2,543,893	2,380,326
Foreign Exchange Losses	-	-
Fines and Penalties	-	-
Cleaning Expenses	477,605	494,198
Share Registration Expenses	2,781,071	12,418,089
Technical Service Expenses	1,952,600	1,903,688
Others	28,294,148	11,342,879
Total	106,367,619	90,251,818

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions	-	-
Unwinding of discount on Financial Liabilities at Amortised Costs	-	-
Interest Expenses - Bonds	-	-
Interest Expenses - Debentures	-	-
Interest Expenses - Term Loans	-	-
Interest Expenses - Leases	5,868,506	6,363,913
Interest Expenses - Overdraft Loans	-	85,762
Others	-	-
Total	5,868,506	6,449,675

Notes to the Financial Statements

Fig. in NPR

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	119,110,646	180,502,846
ii) Income Tax Relating to Prior Periods	-	-
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	14,282,358	(2,420,864)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others	-	-
Income Tax Expense	133,393,004	178,081,983

(b) Reconciliation of Taxable Profit & the Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	471,828,610	481,838,298
Applicable Tax Rate	30%	30%
Tax at the applicable rate on Accounting Profit	141,548,583	144,551,490
Add: Tax effect of expenses that are not deductible for tax purpose	41,775,327	41,775,327
Less: Tax effect on exempt income and additional deduction	(7,670,268)	(5,823,971)
Less: Adjustments to Current Tax for Prior Periods	-	-
Add/ (Less): Others	-	-
Income Tax Expense	175,653,642	180,502,846
Effective Tax Rate	37.23%	37.46%

Notes to the Financial Statements

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashadh 32, 2082 (July 16, 2025) the company has recognised an amount of NPR. 8,729,860 as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

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

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

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	5,611,954	6,518,701	-	-
Past service cost	(8,302,730)	-	-	-
Net interest cost (a-b)	(2,635,352)	3,239,866	-	-
a. Interest expense on defined benefit obligation (DBO)	3,485,282	5,702,812	-	-
b. Interest (income) on plan assets	6,120,634	2,462,946	-	-
Defined benefit cost included in Statement of Profit or Loss	(5,326,128)	9,758,567	-	-

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	7,607,580	-	-	-
b. Actuarial (gain)/ loss due to experience on DBO	4,038,590	17,425,756	-	-
c. Return on plan assets (greater)/ less than discount rate	1,435,352	547,321	-	-
Total actuarial (gain)/ loss included in OCI	13,081,522	17,973,077	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss	(5,326,128)	9,758,567	-	-
Remeasurements effects recognised in OCI	22,746,211	17,973,077	-	-
Total cost recognised in Comprehensive Income	17,420,083	27,731,644	-	-

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	74,504,085	81,872,321	-	-
Service cost	(2,690,776)	6,518,701	-	-
Interest cost	6,120,634	5,702,812	-	-
Benefit payments from plan assets	-12,994,078	-37,015,505	-	-
Remeasurement of DBO ^Ê	15,984,732	-	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	-	17,425,756	-	-
Defined Benefit Obligation as at Year End	80,924,597	74,504,085	-	-

Continue...



Notes to the Financial Statements

g) Change in Fair Value of Plan Assets

Fig. in NPR

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	29,281,686	10,355,561	-	-
Interest Income	2,635,352	2,462,946	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	-	-	-	-
Transfer in/ transfer out	-	-	-	-
Actuarial gain/ (loss) on plan assets	-1,435,352	-547,321	-	-
Fair value of Plan Assets as at Year End	30,481,686	12,271,186	-	-

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	80,924,597	74,504,085	-	-
Fair Value of Plan Assets	30,481,686	12,271,186	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	50,442,911	62,232,899	-	-

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	62,232,899	71,516,760	-	-
Defined benefit cost included in Statement of Profit or Loss	-5,326,128	9,758,567	-	-
Total remeasurements included in OCI	22,746,211	17,973,077	-	-
Acquisition/ divestment	-29,210,071	-37,015,505	-	-
Employer contributions	-	-	-	-
Net defined benefit liability/(asset)	50,442,911	62,232,899	-	-

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	23,304,208	5,331,131	-	-
Total remeasurements included in OCI	13,081,522	17,973,077	-	-
Cumulative OCI - (Income)/Loss	36,385,730	23,304,208	-	-

Continue...



Notes to the Financial Statements

l) Current/Non - Current Liability

Fig. in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	-	-	-	-
Non - Current Liability	93,276,109	183,424,979	-	-
Total	93,276,109	183,424,979	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	-	-	-	-
Between 1-2 years	11,717,394	10,049,338	-	-
Between 2-5 years	42,497,653	32,788,803	-	-
From 6 to 10	39,061,062	140,586,838	-	-
Total	93,276,109	183,424,979	-	-

n) Plan assets

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

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	77,001,490	74,504,085	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	85,267,371	69,579,076	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	85,353,364	80,179,138	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	76,857,739	80,412,464	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	80,371,488	74,667,785	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	81,633,446	74,306,026	-	-

Continue...

Notes to the Financial Statements

p) Assumptions

Fig. in NPR

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	8.00%	-
Escalation Rate (Rate of Increase in Compensation Levels)	5.00%	-
Attrition Rate (Employee Turnover)	as per table	-
Mortality Rate During Employment	NALMT 2009	-

45 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

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

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		-	-	-	-	-	-
Investment in Equity (Quoted)	1	-	397,216,450	-	-	109,957,246	-
Investment in Equity (Unquoted)	3	-	4,780,000	-	-	4,780,000	-
ii) Investment in Mutual Funds	1	-	67,517,773	-	-	46,706,673	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures	3	-	-	789,090,372	-	-	289,069,895
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	3	-	-	-	-	-	-
vi) Fixed Deposits	3	-	-	3,185,897,700	-	-	3,874,737,700
vii) Others		-	-	-	-	-	-
Loans	3	-	-	12,550,000	-	-	15,400,000
Other Financial Assets	3	-	-	126,180,755	-	-	151,813,394
Cash and Cash Equivalents	3	-	-	57,633,478	-	-	187,769,716
Total Financial Assets		-	469,514,222	4,171,352,305	-	161,443,919	4,518,790,705
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	145,370,152	-	-	182,352,885
Total Financial Liabilities		-	-	145,370,152	-	-	182,352,885

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 discounted cash flow analysis

Continue...



Notes to the Financial Statements

Fig. in NPR

(iii) Valuation Process

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

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

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

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

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	789,090,372	789,090,372	289,069,895	289,069,895
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-	-	-
iv) Fixed Deposit	3,185,897,700	3,185,897,700	3,874,737,700	3,874,737,700
v) Others				
Loans				
i) Loan to Employees	12,550,000	12,550,000	15,400,000	15,400,000
ii) Others				
Other Financial Assets	126,180,755	126,180,755	151,813,394	151,813,394
Total Financial Assets at Amortised Cost	-	4,113,718,827	-	4,331,020,989
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others	-	-	-	-
Other Financial Liabilities	145,370,152	145,370,152	182,352,885	182,352,885
Total Financial Liabilities at Amortised Cost	145,370,152	145,370,152	182,352,885	182,352,885

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 between classes of business based on its overall strategy. This is complemented by observing formalised risk management policies.

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Notes to the Financial Statements

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

- a) Product development
- b) Pricing
- c) Underwriting
- d) Claims Handling
- e) Reinsurance
- f) 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

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 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.

Continue...



Notes to the Financial Statements

- 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) Claims handling:

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

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

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.

e) Reinsurance

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

Sensitivities

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

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

Continue...

Notes to the Financial Statements

Fig. in NPR

Particulars	Changes in Assumptions	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	-	-	-	-	-	410,401,642	410,401,642
One year later	-	-	-	-	76,358,075	-	76,358,075
Two year later	-	-	-	53,981,292	-	-	53,981,292
Three year later	-	-	-	-	-	-	-
Four year later	-	-	-	-	-	-	-
More than Four years	284,658,474	-	-	-	-	-	284,658,474
Current estimate of cumulative claims	284,658,474	-	-	53,981,292	76,358,075	410,401,642	825,399,482
At end of incident year	-	-	-	-	-	-	-
One year later	-	-	-	-	-	-	-
Two year later	-	-	-	-	-	-	-
Three year later	-	-	-	-	-	-	-
Four year later	-	-	-	-	-	-	-
More than Four years	-	-	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-	-	-
Gross outstanding claim provision	284,658,474	-	-	53,981,292	76,358,075	410,401,642	825,399,482

Continue...



Notes to the Financial Statements

Net outstanding claim provision

Fig. in NPR

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year	-	-	-	-	-	149,612,680	149,612,680
One year later	-	-	-	-	27,836,478	-	27,836,478
Two year later	-	-	-	19,678,980	-	-	19,678,980
Three year later	-	-	-	-	-	-	-
Four year later	-	-	-	-	-	-	-
More than Four years	103,772,774	-	-	-	-	-	103,772,774
Current estimate of cumulative claims	103,772,774	-	-	19,678,980	27,836,478	149,612,680	300,900,912
At end of incident year	-	-	-	-	-	-	-
One year later	-	-	-	-	-	-	-
Two year later	-	-	-	-	-	-	-
Three year later	-	-	-	-	-	-	-
Four year later	-	-	-	-	-	-	-
More than Four years	-	-	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-	-	-
Net outstanding claim provision	103,772,774	-	-	19,678,980	27,836,478	149,612,680	300,900,912

Continue...

Notes to the Financial Statements

Fig. in NPR

f) Reserving

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

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

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Property	498,853,791	259,605,255	239,248,536	523,023,892	310,716,704	212,307,188
Motor	743,017,634	170,526,845	572,490,789	606,182,606	250,232,738	355,949,868
Marine	58,007,301	26,866,828	31,140,473	39,892,578	(9,498,994)	49,391,573
Engineering	252,746,044	196,740,405	56,005,639	277,449,136	220,042,218	57,406,918
Micro	237,680,844	237,383,728	297,117	237,054,705	236,997,555	57,149
Aviation	-	-	-	-	-	-
Cattle and Crop	31,889,503	20,281,456	11,608,047	46,917,659	32,707,309	14,210,349
Miscellaneous	139,590,745	48,155,516	91,435,228	107,542,403	53,825,824	53,716,578
Total	1,961,785,861	959,560,033	1,002,225,828	1,838,062,978	1,095,023,354	743,039,624

47 Financial Risk

a) 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:

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

Continue...

Notes to the Financial Statements

Fig. in NPR

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 32, 2082

Description		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	Loan to Employees	12,550,000	-	-	12,550,000
		Other Financial Assets	126,180,755	-	2,510,500	123,670,256
		Fixed Deposits	3,185,897,700	-	-	3,185,897,700
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-	-
Credit Risk has significantly increased and credit impaired		-	-	-	-	-

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

Description		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	Loan to Employees	15,400,000	-	-	15,400,000
		Other Financial Assets	151,813,394	-	2,510,500	149,302,894
		Fixed Deposits	3,874,737,700	-	-	3,874,737,700
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-	-
Credit Risk has significantly increased and credit impaired		-	-	-	-	-

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh 31, 2081	-	2,510,500	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 32, 2082	-	2,510,500	-

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.

Continue...

Notes to the Financial Statements

Fig. in NPR

Maturity of Financial Liabilities:

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

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	137,062,485	8,307,667	-	165,320,436	17,032,448	-
Total Financial Liabilities	137,062,485	8,307,667	-	165,320,436	17,032,448	-

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.

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

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

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

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

Continue...

Notes to the Financial Statements

Fig. in NPR

a2) Foreign Currency Risk - Sensitivity

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

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

* Holding all other variable constant

b1) Interest Rate Risk

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

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities.

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%*	2,639,582	3,165,705
Interest Rate - Decrease By 1%*	(2,639,582)	(3,165,705)

* 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.

c2) Sensitivity

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

Particulars	Current Year	Previous Year
NEPSE - Increase By 1%*	2,780,515	769,701
NEPSE - Decrease By 1%*	(3,972,164)	(1,099,572)

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

Notes to the Financial Statements

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

Company recognizes the urgent need to address climate change risk. We are committed to taking proactive measures to mitigate the impact of climate change and foster sustainability in all aspects of our operations. This policy will also ensure that proper risk management techniques are carried out by the organization to keep the organization safe and understanding relating to climate change is provided for all the stakeholders of the company, keeping in mind the adverse effects and minimization measures of climate change.

a) Commitment to reducing carbon emissions:

The organization will set attainable targets for reducing its carbon emissions. This can be achieved through measures such as improving energy efficiency, using renewable energy sources, and reducing and management of waste.

b) Integration of climate change into business strategy:

The organization will integrate climate change considerations into its overall business strategy. This primarily includes assessing, addressing and minimize the risks associated with climate change during the process of issuing a policy, which might help reduce the claim cost and other operational related matters.

c) Transparency:

The organization will be transparent about the impact of climate change on its business as per the reporting requirements of the regulator.

d) Awareness:

The organization will set goals to spread awareness related to climate change and necessary arrangements will be made to fulfill those goals.

50 Capital Management

The Company's objectives when managing Capital are to:

- a) 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
- b) 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 of Nepal Insurance Authority to attain a stipulated minimum paid up capital of NPR 2.50 billion by Ashad End 2080. As on the reporting date, the company's paid up capital is NPR 1.891 Billion

Continue...



Notes to the Financial Statements

Fig. in NPR

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh 31, 2081	259,617,148	157,343,726
	259,617,148	157,343,726
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since the year ended the directors have not recommended the payment of a stock dividend (Ashadh 31, 2081 - NPR 246,636,291/-) and have recommended the payment of final cash dividend of NPR 6.3158/- per fully paid equity share (Ashadh 31, 2081 - NPR 12,980,857/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting	160,962,632	259,617,148
	160,962,632	259,617,148

51 Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year	338,435,605	303,756,316
Less: Dividend on Preference Shares	-	-
Profit For the Year used for Calculating Basic Earning per Share	-	-
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating Diluted Earning per Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	1,890,878,229	1,644,241,940
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	18,908,782	16,442,419
Nominal Value of Equity Shares	-	-
Basic Earning Per Share	17.90	18.47
Diluted Earning Per Share	17.90	18.47
Proposed Bonus Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Restated Earning Per Share		18,908,782
Restated Basic Earning Per Share	-	16.06
Restated Diluted Earning Per Share	-	16.06

Notes to the Financial Statements

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

Protecting What Matters Most to You

Our Signature Protection



Motor Insurance



Engineering Insurance



Medical Insurance



Property Insurance



Marine Insurance



Health Insurance

Secure Your Future with Reliable Insurance Plans

Our comprehensive insurance services provide you with peace of mind, ensuring that your assets, health, and loved ones are safeguarded against unforeseen circumstances. Trust in our expertise to navigate the complexities of insurance and secure a brighter future for you and your family.

Notes to the Financial Statements

Fig. in NPR

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	491,974,901	592,677,470	49,241,330	219,129,938	1,261	4,299,483	45,852,287	163,372,064	-	1,566,548,735
Premiums Ceded	(309,997,049)	(220,149,219)	(24,259,696)	(172,084,009)	-	(4,296,692)	(38,416,109)	(86,973,152)	-	(856,175,925)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	181,977,852	372,528,252	24,981,633	47,045,929	1,261	2,791	7,436,178	76,398,913	-	710,372,810
Commission Income	109,870,302	33,500,083	7,606,484	37,310,135	-	-	7,562,699	22,167,562	-	218,017,264
Other Direct Income	-	-	-	-	-	-	-	-	-	₹
Income from Investments and Loans	83,541,762	115,621,861	9,621,919	24,946,866	-	597	5,555,277	25,269,971	-	264,558,254
Net Gain/ (Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Total Segmental Income	375,389,916	521,650,196	42,210,037	109,302,930	1,261	3,388	20,554,154	123,836,446	-	1,192,948,328
Expenses:										
Gross Claims Paid	58,960,293	267,371,581	26,952,471	54,051,485	9,495	-	19,820,632	106,738,610	-	533,904,567
Claims Ceded	(34,611,193)	(91,727,288)	(20,071,789)	(37,280,407)	-	-	(16,534,448)	(43,097,535)	-	(233,322,660)
Gross Change in Contract Liabilities	117,377,003	(26,201,058)	(31,116,077)	(82,659,126)	(1,658,958)	-	(9,115,933)	(63,964,979)	-	(87,339,128)
Change in Contract Liabilities Ceded to Reinsurers	(44,631,050)	59,679,153	28,040,130	91,483,578	(22,555)	-	7,004,825	17,905,314	-	159,459,394
Net Claims Incurred	97,095,052	219,122,388	3,804,735	25,595,530	(1,672,018)	-	1,175,075	27,581,410	-	372,702,173
Commission Expenses	8,536,381	2,339,923	215,165	4,918,246	-	-	1,017,537	903,512	-	17,930,765
Service Fees	1,377,899	2,216,031	152,726	378,614	-	-	54,405	558,596	-	4,738,271
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	107,009,332	223,678,342	4,172,627	30,892,390	(1,672,018)	-	2,247,017	29,043,519	-	395,371,209
Total Segmental Results	268,380,584	297,971,853	38,037,410	78,410,540	1,673,279	3,388	18,307,137	94,792,927	-	797,577,119
Segment Assets	-	-	-	-	-	-	-	-	-	1,156,293,175
Segment Liabilities	-	-	-	-	-	-	-	-	-	2,210,207,087

Continue...



b) Segmental Information for the year ended Ashadh 32, 2082 (July 16, 2025)

Fig. in NPR

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	618,359,103	830,046,815	54,477,593	231,567,989	-	-	53,179,636	205,297,897	-	1,992,929,033
Premiums Ceded	-449,159,320	-256,866,851	1,694,073	-168,282,626	-	-	-44,119,998	-74,855,915	-	-991,590,638
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	169,199,783	573,179,964	56,171,666	63,285,363	-	-	9,059,637	130,441,982	-	1,001,338,396
Commission Income	92,061,593	52,625,185	8,157,180	43,110,123	-	-	10,331,494	25,881,691	-	231,967,266
Other Direct Income	-	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	18,059,376	48,729,277	3,007,076	6,069,449	-	-	1,219,293	5,973,804	-	83,058,273
Net Gain/ (Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/ (Losses)	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Total Segmental Income	279,320,751	674,534,426	67,335,922	112,464,936	-	-	20,610,424	162,097,478	-	1,316,363,935
Expenses:										
Gross Claims Paid	372,414,407	337,113,007	13,722,783	97,841,813	-	-	16,561,633	144,085,463	-	981,739,107
Claims Ceded	-280,096,942	-98,856,625	-6,967,687	-77,087,618	-	-	-13,734,334	-34,263,944	-	-511,007,150
Gross Change in Contract Liabilities	-14,859,440	79,968,600	7,624,742	-11,055,551	626,139	-	-952,881	17,934,286	-	79,285,896
Change in Contract Liabilities Ceded to Reinsurers	11,958,111	-26,234,959	-3,531,365	12,335,858	-386,172	-	527,850	3,336,835	-	-1,993,842
Net Claims Incurred	89,416,136	291,990,022	10,848,474	22,034,503	239,967	-	2,402,268	131,092,640	-	548,024,011
Commission Expenses	7,209,147	3,328,042	255,663	5,441,349	-	-	653,418	1,352,800	-	18,240,420
Service Fees	1,492,818	5,519,904	253,704	454,528	-	-	51,618	1,101,671	-	8,874,244
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	125,649,423	158,501,638	13,543,181	38,769,407	-	-	8,074,813	45,656,601	-	390,195,062
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	223,767,525	459,339,607	24,901,022	66,699,787	239,967	-	11,182,117	179,203,712	-	575,138,675
Total Segmental Results	55,553,226	215,194,819	42,434,899	45,765,148	-239,967	-	9,428,307	-17,106,234	-	741,225,261
Segment Assets	-	-	-	-	-	-	-	-	-	1,029,361,421
Segment Liabilities	-	-	-	-	-	-	-	-	-	2,127,005,295

Continue...



Notes to the Financial Statements

Fig. in NPR

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

Particulars	Current Year	Previous Year
Segmental Profit	741,225,261	797,577,119
Add: Net Gains/ (Losses) on Fair Value Changes	-	-
Add: Net Realised Gains/ (Losses)	-	-
Add: Other Income	188,356,831	151,667,314
Less: Depreciation and Amortization	-41,519,347	(39,914,136)
Less: Impairment Losses	12,562,055	-
Less: Management Cost	-428,796,190	(427,491,999)
Profit Before Tax	471,828,609	481,838,298

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	1,029,361,421	1,156,293,175
Goodwill & Intangible Assets	3,930,010	2,700,475
Property, Plant and Equipment	247,404,342	140,094,335
Investment Properties	-	-
Deferred Tax Assets	102,554,647	106,132,172
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	4,444,502,294	4,325,251,515
Loans	12,550,000	15,400,000
Current Tax Assets	67,670,217	41,992,776
Other Assets	216,056,030	104,182,098
Other Financial Assets	126,180,755	151,813,394
Cash and Cash Equivalents	57,633,478	187,769,716
Total Assets	6,307,843,194	6,231,629,655

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	2,127,005,295	2,210,207,087
Provisions	83,498,319	134,253,049
Deferred Tax Liabilities	-	-
Current Tax Liabilities	-	-
Other Financial Liabilities	145,370,152	182,352,885
Other Liabilities	190,863,770	246,619,336
Total Liabilities	2,546,737,536	2,773,432,357

Notes to the Financial Statements

Fig. in NPR

53 Related Party Disclosure

(a) Identify Related Parties

Holding Company:

Subsidiaries:

Associates:

Fellow Subsidiaries:

Key Management Personnel :

Name	Relationship	Remarks
Chandra Singh Saud	Chairman	
Sabita Shrestha Joshi	Director	
Nishant Jogai	Director	
Bir Bikram Rayamajhi	Independent Director	
Sajal Maskey	Director	
Bishworaj Baral	Director	
Bir Krishna Maharjan	Chief Executive Officer	
Laxman Poudel	Former Chairman	

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total	-	-

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual salary and allowances	10,146,400	9,344,600
Performance based allowances		
i) Employee Bonus	5,909,720	3,848,496
ii) Benefits as per prevailing provisions	-	-
iii) Incentives	-	-
Insurance related benefits		
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	17,500	3,000
Total	16,073,620	13,196,096

Continue...



Notes to the Financial Statements

Fig. in NPR

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Commission Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Rental Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Interest Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Sale of Property & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Purchase of Property & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Premium Paid						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Commission Expenses						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Dividend						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Meeting Fees						
Current Year	-	-	-	-	3,181,675	-
Previous Year	-	-	-	-	2,693,900	-
Allowances to Directors						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Others						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Other Receivables						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Payables including Reinsurance Payables						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Other Payables						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

Notes to the Financial Statements

Fig. in NPR

54 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Company doesn't have any operating lease as of Reporting Date.

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

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

(ii) Finance Lease:

The Company holds assets under finance leases. Future minimum lease payments and lease liability at the end of the year is given below:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-
Total Future Minimum Lease Payments	-	-
Less: Effect of Discounting	-	-
Finance lease liability recognised	-	-

(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 1,493,382. (Ashadh 31 2081/ July 15, 2024: NPR 1,437,480). 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	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has given assets under finance leases. At the year end receivables under finance lease agreements fall due as follows:

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	-	-	-	-	-	-

Notes to the Financial Statements

Fig. in NPR

55 Capital Commitments

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

Particulars	Current Year	Previous Year
Property and Equipment	-	-
Investment Properties	-	-
Goodwill & Intangible Assets	-	-
Total	-	-

56 Contingent Liabilities

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

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax		-
b) Indirect Taxes	-	-
c) Other		-
Total	-	-

57 Events occurring after Balance Sheet

All the adjusting event has been incorporated in financial statement

58 Assets Pledged as Security

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables	-	-
Investments in equity	-	-
Fixed Deposits	-	-
Property, plant and Equipment	-	-
Others	-	-
Total	-	-

59 Corporate Social Responsibility

The company has fulfilled its Corporate Social Responsibility (CSR) obligations by contributing Rs. 50,00,000 to Prime Minister's Disaster Relief Fund. This contribution is in compliance with Section 57 (Kha) Corporate Governance (4th Amendment) 2079 issued by Nepal Insurance Authority.

60 Miscellaneous

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

61 Others

No other matters are required to be disclosed.



Major Financial Indicator

Fig. in NPR

S.N.	Particulars	Indicators	Fiscal Year				
			2081-82	2080-81	2079-80	2078-79	2077-78
A. Equity:							
1	Net worth	NPR	3,761,105,657	3,458,197,296	2,900,549,910	2,501,926,380	2,245,645,262
2	Net Profit	NPR	338,435,605	303,756,316	373,095,379	331,665,411	238,253,692
3	Number of Shares	No.s	18,908,782	16,442,419	14,947,654	13,789,958	12,423,386
4	Earning per Shares (EPS)	NPR	17.90	18.47	24.96	24.05	19.18
5	Book value per shares	NPR	198.91	210.32	194.05	181.43	180.76
6	Dividend per Shares (DPS)	NPR	6.32	15.79	10.53	8.42	11.58
7	Market Price per Shares (MPPS)	NPR	645.18	880.00	820.00	445.90	1,022.00
8	Price Earning Ratio (PE Ratio)	Ratio	36.05	47.63	32.85	18.54	53.29
9	Change in Equity	%	8.76	19.23	15.93	11.41	14.55
10	Return on Equity	%	9.00	8.78	7.03	3.64	6.98
11	Affiliate Ratio	%	-	-	-	-	-
12	Capital to Total Net Assets Ratio	%	59.63	55.49	55.49	51.86	50.02
13	Capital to Technical Reserve Ratio	%	375.28	465.41	386.99	347.22	291.09
14	Market Share	%	4.24	4.21	3.95	4.54	4.27
15	Solvency Margin	%	428.51	433.60	208.00	396.00	341.00
B. Income:							
16	Net Earnings Ratio	%	33.80	42.76	51.25	48.62	35.14
17	Gross Earned Premium Growth Rate	%	27.22	0.02	3.34	-28.42	6.75
18	Direct Premium Growth Rate	%					
	<i>Property</i>		11.27	21.29	7.81	15.50	14.71
	<i>Motor</i>		33.28	11.60	3.38	6.62	-4.29
	<i>Marine</i>		52.27	-23.65	-1.49	-4.80	19.03
	<i>Engineering</i>		-10.72	0.38	19.68	24.01	43.35
	<i>Micro</i>		-	-100.00	-32.82	-99.97	-99.93
	<i>Aviation</i>		-	-100.00	165.21	100.00	
	<i>Cattle and Crop</i>		-10.95	-32.57	-27.80	17.74	62.01
	<i>Miscellaneous</i>		57.23	-24.21	-7.38	84.95	-1.06
19	Retention Ratio	%	50.24	45.35	46.47	48.84	34.74
20	Net Reinsurance inflow/(ouflow)	Amount in Cr.	-27.95	-37.63	-15.75	-24.11	-86.41
21	RI Commission income/Premium Ceded	%	20.28	28.80	26.39	34.20	14.70
22	Gross Earned Premium to Equity	%	52.99	45.30	54.00	55.83	86.90
23	Net Earned Premium to Equity	%	26.62	20.54	25.10	27.27	30.19
24	Gross Earned Insurance Premium to Total Assets	%	31.59	25.14	25.14	26.90	40.68
25	Gross Premium Revenue to Equity	%	54.17	45.98	54.67	63.15	63.27
26	Net Profit to Gross Premium	%	16.61	19.10	23.53	20.99	16.77
27	Yield on Investments & Loan	%	6.02	7.32	8.94	6.69	6.68
C. Expenses:							
28	Reinsurance Ratio	%	49.76	54.65	53.53	51.16	65.26
29	Management Expenses Ratio	%	23.17	30.19	27.16	28.95	19.42
30	Regulatory Expenses Ratio	%	1.20	1.44	1.41	1.47	1.35
31	Employee Expenses per Employees	Amt.	1,124,619	1,113,904	907,058	1,030,759	741,643
32	Commission Ratio	%	0.92	1.14	1.46	2.33	1.64
33	Employee Expenses to Total Expenses (Excluding claims & benefits)	%	69.13	70.99	60.26	68.57	53.61
34	Expense Ratio	%	2.45	3.72	3.98	5.87	5.66
35	Loss Ratio	%	46.32	58.99	31.44	29.90	45.53
36	Combined Ratio	%	48.77	62.71	35.43	35.77	51.19

Continue...



Fig. in NPR

S.N.	Particulars	Indicators	Fiscal Year				
			2081-82	2080-81	2079-80	2078-79	2077-78
D.	Assets:						
37	Increment in Investment Held	%	2.76	22.70	4.69	40.27	1.84
38	Increment in Loan	%	-18.51	-18.09	-9.41	-12.36	37.85
39	Liquidity Ratio	%	192.96	174.16	155.88	145.46	136.97
40	Return on Assets	%	5.37	4.87	4.87	6.39	4.97
41	Long term Investments to Total Investments	%	46.20	10.42	15.02	15.75	22.32
42	Short term Investments to Total Investments	%	53.80	89.58	84.98	84.25	77.68
43	Total Investment & Loan to Gross Insurance Contract Liabilities	%	227.19	236.15	186.34	186.88	125.20
44	Re(insurer) Receivable to Total Assets	%	2.03	2.12	2.12	2.36	4.09
45	Investment in Shares to Total Net Assets	%	6.37	1.84	1.84	6.50	7.00
46	Investment in Unlisted Shares and Debtors to Total Net Assets	%	0.08	0.08	0.08	0.02	0.02
E.	Liabilities:						
47	Increment in Gross Insurance Contract Liabilities	%	6.73	-3.35	-4.61	-6.37	-7.35
48	Gross Technical Provision to Gross earned premium	%	98.44	117.33	110.40	129.78	99.22
49	Gross Technical Provisions to Total Equity	%	52.16	53.15	65.57	72.46	86.22
50	Outstanding Claim Number/Number of paid claim	%	0.60	0.40	0.54	0.82	0.65
51	No. of Outstanding Claim/No. of Intimated Claim	%	0.54	0.12	0.79	1.00	0.82
52	Total Number of Inforce Insurance Policies	No.s	217,169	206,893	184,438	164,335	162,025
53	Total Number of Renewed Insurance Policy/ Last Year's Total Number of In Force Policies	%	21.25	16.89	10.60	6.10	5.27
F.	Others:						
54	Number of Offices	No.s	55	58	59	57	50
55	Number of Agents	No.s	135	88	62	103	94
56	Number of Employees	No.s	285	302	284	269	274
57	Number of Surveyors	No.s	107	108	88	76	75
58	Employee Expenses to Number of Employees	NPR	1,124,619	1,113,904	907,058	1,030,759	741,643

Annexure IV Statement of Sum Assured

Fig. in NPR

S.N.	Insurance Types	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	44,563	44,340	288,248,676,856	271,358,250,871	144,672,516,976	142,167,086,685	143,576,159,880	129,191,164,186
2	Motor	153,915	148,457	66,130,111,630	25,671,266,691	7,992,316,847	3,443,102,993	58,137,794,783	22,228,163,697
3	Marine	6,696	3,590	52,415,831,885	43,611,181,594	31,984,312,101	29,845,402,822	20,431,519,784	13,765,778,772
4	Engineering	1,978	1,824	91,073,137,957	94,462,794,375	68,481,945,266	78,568,986,664	22,591,192,691	15,893,807,711
5	Micro	-	-	-	-	-	-	-	-
6	Aviation	-	-	-	-	-	-	-	-
7	Cattle and Crop	1,837	2,003	1,055,465,552	1,199,045,629	869,703,615	999,997,443	185,761,937	199,048,186
8	Miscellaneous	8,180	6,679	218,208,642,193	86,901,141,428	41,334,886,962	26,245,194,161	176,873,755,230	60,655,947,267
	Total	217,169	206,893	717,131,866,073	523,203,680,588	295,335,681,767	281,269,770,768	421,796,184,305	241,933,909,819



नेपाल इन्स्योरेन्स कम्पनी लिमिटेड
Nepal Insurance Company Limited



नेपाल बीमा प्राधिकरण NEPAL INSURANCE AUTHORITY

वि. वि. शा. : १०७ (२०८२/०८३) च.नं. ३४९९
श्री नेपाल इन्स्योरेन्स लिमिटेड,
कमलादी, काठमाण्डौं ।



मिति: २०८२।०९।०३

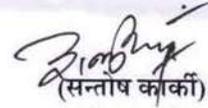
विषय: आ.व. २०८१।८२ को वित्तीय विवरणको स-शर्त स्वीकृति बारे ।

तहाँको मिति २०८२/०९/०३-०७९(२०८२/८३) च.नं. ७१ को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०८१।८२ को वित्तीय विवरण सम्बन्धमा लेखिदैंछ ।

उपरोक्त सम्बन्धमा बीमक श्री नेपाल इन्स्योरेन्स लिमिटेडबाट पेश भएको आ.व. २०८१।८२ 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. २०८१।८२ 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. बीमकको जोखिमाङ्कन तथा दाबी भुक्तानी प्रक्रियालाई थप प्रभावकारी गराउने ।
२. बीमकले पूनर्बीमा सँग सम्बन्धित लेनादेना हिसाब राफसाफ गर्ने ।
३. बीमकले जोखिम व्यवस्थापनलाई थप प्रभावकारी बनाउने ।
४. बीमकले NFRS-17 Insurance Contracts लागु गर्न आवश्यक तयारी गर्ने ।
५. बीमकको आर्थिक वर्षको चौथो त्रैमासिक अवधिको त्रैमासिक वित्तीय विवरण र वार्षिक वित्तीय विवरणको Statement of Financial Position, Statement of Profit or loss तथा Statement of Other Comprehensive Income विवरणको विभिन्न शिर्षकहरूमा दश प्रतिशत भन्दा बढी रकमले फरक भएको देखिएकोले आगामी दिनमा सो कैफियतलाई सुधार गर्ने ।
६. बीमकले वार्षिक प्रतिवेदन तयार गर्दा मिति २०८१/०७/१३ गते प्राधिकरणबाट जारी परिपत्र (ने.बी.प्रा. ९५ (२०८१/०८२) च.नं. २०४०- वि.वि.शा. १) बमोजिमका बुँदाहरू समावेश गर्ने ।
७. बीमकको लेखापरीक्षकहरूले औँल्याएका 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 ।


(सन्तोष कार्की)
चाईर्टर्ड एकाउन्टेन्ट



नेपाल बीमा प्राधिकरणबाट कम्पनीको आ.व. २०८१/८२ को वित्तीय विवरणको स्वीकृति पत्रमा उल्लेखित शर्तहरूको बुँदागत प्रत्युत्तरः

१. कम्पनीको जोखिमाङ्कन तथा दावी भुक्तानी प्रकृत्यालाई थप प्रभावकारी बनाईने छ ।
२. कम्पनीको पुनर्बीमा सँग सम्बन्धित लेनादेना हिसाबलाई राफसाफ गर्दै लगिने छ ।
३. कम्पनीको जोखिम व्यवस्थापनलाई थप प्रभावकारी बनाउन आवश्यक कार्यहरू गर्दै लगिने छ ।
४. NFRS 17, Insurance Contract कार्यान्वयनका लागि परामर्शदाता श्री P.L Shrestha and Co. लाई छनौट गरि तहाँ समक्ष स्वीकृतिका लागि पेश गरिएकोमा तहाँबाट मिति २०८२/०३/२१ मा स्वीकृति समेत प्राप्त भई निजलाई परामर्शदामा नियुक्ति गरि IFRS 17 कार्यान्वयनका प्रक्रियाहरू अगाडी बढाई सकिएको छ ।
५. कम्पनीको आर्थिक वर्षको चौथो त्रैमासिक अर्धको त्रैमासिक वित्तीय विवरण र बार्षिक वित्तीय विवरणको Statement of Financial Position, Statement of Profit or loss तथा Statement of Other Comprehensive Income विवरणको विभिन्न शिर्षकहरूमा दश प्रतिशत भन्दा बढी फरक देखिएको रकम जस्ता कैफियतहरू आगामी दिनमा नदोरिने गरि सुधार गर्दै लगिने छ ।
६. कम्पनीको वार्षिक प्रतिवेदनमा मिति २०८१/०७/१३ गते प्राधिकरणबाट जारी परिपत्र (ने.बी.प्रा.९५(२०८१/८२) च.नं. २०४०-वि.वि.शा. १) बमोजिमका बुँदाहरूलाई समावेश गरिनेछ ।
७. कम्पनीले लेखापरीक्षकहरूले औल्याएका कैफियतहरूलाई पुनः दोहोरिन नदिन आवश्यक कार्यहरू गरी क्रमसः सुधार गर्दै लगिने छ ।
८. प्राधिकरणबाट वित्तीय विवरण स्वीकृत भएको मितिले ६० (साठी) दिन भित्रै वार्षिक साधारण सभा सम्पन्न गरिने छ ।

Variance Report Between the Fourth Quarter Financial Statements and Audited Financial Statements

Statement of Financial Position As At 16th July, 2025 (Ashad End 2082)

Fig in NPR

Particulars	Audited	Quarterly	Variance	Reasons
Assets				
Goodwill & Intangible Assets	3,930,010	3,882,055	1.24%	
Property and Equipment	247,404,342	264,207,705	-6.36%	
Investment Properties	-	-	-	
Deferred Tax Assets	102,554,647	94,893,459	8.07%	
Investment in Subsidiaries	-	-	-	
Investment in Associates	-	-	-	
Investments	4,444,502,294	4,463,323,825	-0.42%	
Loans	12,550,000	12,550,000	0.00%	
Reinsurance Assets	959,560,033	1,020,219,854	-5.95%	
Current Tax Assets	67,670,217	21,328,510	217.28%	Advance Tax Assets finalised after publication of
Quarterly Reports				
Insurance Receivables	69,801,387	170,047,775	-58.95%	Reinsurance Acocunts were finalised after
publication of Quarterly Reports				
Other Assets	216,056,030	238,255,222	-9.32%	
Other Financial Assets	126,180,755	178,607,915	-29.35%	Figures were changed after statutory audit
Cash and Cash Equivalent	57,633,478	60,746,432	-5.12%	
Total Assets	6,307,843,194	6,528,062,751	-3.37%	
Equity & Liabilities				
Equity				
Share Capital	1,890,878,229	1,890,878,230	0.00%	
Share Application Money Pending Allotment	-	-	-	
Share Premium	-	-	-	
Special Reserves	1,516,158,826	1,493,237,413	1.54%	
Catastrophe Reserves	112,157,447	111,293,542	0.78%	
Retained Earnings	162,960,552	162,252,464	0.44%	
Other Equity	78,950,602	102,949,658	-23.31%	Figures were changed after statutory audit
Total Equity	3,761,105,656	3,760,611,307	-	
Liabilities				
Provisions	83,498,319	287,905,567	-71.00%	Figures were changed after statutory audit
Gross Insurance Contract Liabilities	1,961,785,861	2,033,133,804	-3.51%	
Deferred Tax Liabilities	-	-	-	
Insurance Payable	165,219,434	140,807,449	17.34%	Reinsurance Acocunts were finalised after
publication of Quarterly Reports				
Current Tax Liabilities	-	-	-	
Borrowings	-	-	-	
Other Liabilities	190,863,770	183,270,801	4.14%	
Other Financial Liabilities	145,370,152	122,333,823	18.83%	Figures were changed after statutory audit
Total Liabilities	2,546,737,536	2,767,451,444	-	
Total Equity and Liabilities	6,307,843,194	6,528,062,753	-	



Statement of Profit or Loss
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad 2082)

Particulars	Audited	Quarterly	Variance	Reasons
Income:				
Gross Earned Premiums	1,992,929,033	1,836,855,782	8.50%	
Premiums Ceded	991,590,638	886,335,542	11.88%	Reinsurance Accounts were finalised after publication of Quarterly Reports
Net Earned Premiums	1,001,338,396	950,520,240	-	
Commission Income	231,967,266	230,632,809	0.58%	
Other Direct Income	-	-	-	
Income from Investments & Loans	268,467,895	281,191,045	-4.52%	
Net Gain/ (Loss) on Fair Value Changes	-	-	-	
Net Realised Gains/ (Losses)	-	-	-	
Other Income	8,815,715	5,401,172	63.22%	Additional Income were identified after publication of quarterly report
Total Income	1,510,589,272	1,467,745,266	-	
Expenses:				
Gross Claims Paid	981,739,107	981,739,107	0.00%	
Claims Ceded	-511,007,150	-511,007,150	0.00%	
Gross Change in Contract Liabilities	79,285,896	-5,439,414	-1557.62%	Valuation Report was received after the publication of quarterly reports
Change in Contract Liabilities Ceded to Reinsurers	-1,993,842	33,092,966	-106.02%	
Net Claims Incurred	548,024,011	498,385,509	-	
Commission Expenses	18,240,420	18,309,596	-0.38%	
Service Fees	8,874,244	8,945,558	-0.80%	
Other Direct Expenses	1,912,077	1,890,749	1.13%	
Employee Benefits Expenses	320,516,494	329,377,044	-2.69%	
Depreciation and Amortization Expenses	41,519,347	44,020,297	-5.68%	
Impairment Losses	-12,562,055	-	-	
Other Operating Expenses	106,367,619	104,946,323	1.35%	
Finance Cost	5,868,506	7,000,304	-16.17%	Figures were recalculated based on auditor's observation
Total Expenses	1,038,760,662	1,012,875,382	-	
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	471,828,610	454,869,884	-	
Share of Net Profit of Associates accounted using Equity Method	-	-		
Profit Before Tax	471,828,610	454,869,884		
Income Tax Expense	133,393,004	138,410,600	-3.63%	
Net Profit/(Loss) For The Year	338,435,605	316,459,284	6.94%	
Earning Per Share				
Basic EPS	17.90	16.74	-	
Diluted EPS	17.90	16.74	-	



A Comparative Statement of Solvency Balance Sheet and NFRS Based Financial Statements, Solvency Calculation Sheet and Statement of Available Capital

ASSETS

amounts in NPR units (no decimals)

Particulars	Financial statement	Solvency balance sheet
Goodwill	-	-
Deferred acquisition costs	-	-
Intangible assets	3,930,010	-
Deferred tax assets	102,554,647	-
Pension benefit surplus	-	-
Property, plant & equipment held for own use	247,404,342	741,664,599
Investments (other than replicating unit portion index/unit-linked contracts)	4,457,052,294	4,498,862,723
Investments in properties (other than for own use)	-	-
Investment in subsidiaries	-	-
Investment in associates	-	-
Equities	401,996,450	401,996,450
Equities - listed in stock exchange licensed by SEBON	397,216,450	397,216,450
Equities - listed in stock exchange other than licensed by SEBON	-	-
Equities - unlisted	4,780,000	4,780,000
Bonds	789,090,372	865,342,123
Government Bonds	-	-
Corporate Bonds	789,090,372	865,342,123
Fixed-income bonds with no option	789,090,372	865,342,123
Floating rate notes	-	-
Other bonds with embedded interest rate derivatives	-	-
Structured notes	-	-
Collateralised securities	-	-
Collective Investments Undertakings	67,517,773	67,517,773
Derivatives	-	-
Deposits other than cash equivalents	3,185,897,700	3,151,456,377
Other investments	-	-
Loans and mortgages	12,550,000	12,550,000
Loans on policies	-	-
Other loans with collateral or guarantees	-	-
Other loans without collateral or guarantees	12,550,000	12,550,000
Assets replicating the unit portion of index/unit-linked contracts	-	-
Reinsurance recoverables from:	1,029,361,420	952,421,178
Non-life technical reserves (after risk correction)	959,560,033	900,732,392
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	69,801,387	51,688,786
Current tax assets (net)	67,670,217	67,670,217
Insurance, coinsurance and intermediaries receivables	-	-
Receivables from insurers other than coinsurance	-	-
Receivables from coinsurance/pools	-	-
Receivables from intermediaries	-	-
Own shares (held directly)	-	-
Amounts due in respect own equity items called up but not yet paid in	-	-
Cash and cash equivalents	57,633,478	57,633,478
Any other assets, not elsewhere shown	342,236,785	332,622,075
Total assets	6,307,843,193	6,650,874,270

LIABILITIES (WITHOUT transitionals)

Particulars	Financial statement	Solvency balance sheet
Technical provisions - non-life	1,961,785,861	1,937,750,346
Best Estimate Direct Insurance (excluding Earthquake reserves)	1,728,552,550	1,703,231,678
Best estimate Direct Insurance Earthquake reserves	23,267,766	23,267,766
Margin over best estimate Direct insurance	44,983,480	48,243,810
Best estimate Accepted reinsurance (excluding Earthquake reserves)	159,283,318	156,950,041
Best estimate Accepted Earthquake reserves	755,153	755,153
Margin over best estimate Accepted reinsurance	4,943,594	5,301,898
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	165,219,434	165,219,434
Deposits from reinsurers	-	-
Reinsurance payables	165,219,434	165,219,434
Insurance, coinsurance and intermediaries payables	9,547,444	9,547,444
Payables to insurers other than coinsurance	-	-
Payables to coinsurance/pools	-	-
Payables to intermediaries	9,547,444	9,547,444
Other payables (not related to insurance or reinsurance)	135,822,708	135,822,708
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	6,908,256	6,908,256
Contingent liabilities	-	-
Pension benefit obligations	76,590,065	76,590,065
Deferred tax liabilities	-	109,104,388
Any other liabilities, not elsewhere shown	190,863,770	190,863,770
Total liabilities	2,546,737,537	2,631,806,410
Excess of assets over liabilities	-	4,019,067,860



EQUITY

Share capital	1,890,878,229
Share application money pending allotment	-
Share premium	-
Special reserves	1,516,158,826
Catastrophe reserves	112,157,447
Retained earnings	163,815,337
Other equity	78,095,817
Revaluation reserves	-
Capital reserves	-
Corporate Social Responsibility Reserves (CSR)	9,212,320
Insurance Fund	-
Fair Value Reserves	3,549,328
Actuarial reserves	-27,119,133
Deferred Tax Reserves	92,453,301
Other reserves	-
Total Equity	3,761,105,656

Available Capital Resources (ACR), Solvency position and MCR

TIER 1 CAPITAL. List of items

(capital resources that absorb losses on a going-concern basis and in winding-up basis)

amounts in NPR units (no decimals)

	Solvency balance sheet
Excess of assets over liability as per Solvency Balance Sheet	4,019,067,860
Add: Paid-in (paid-up) subordinated debts qualified as tier 1 Available Capital Resources	-
Less: Revaluation reserve	-
Less: CSR Reserve	-9,212,320
Less: Fair value reserve	-3,549,328
Less: Actuarial reserve	-
Less: Excess of deferred tax reserve shown in equity of 02.01 BS over deferred tax assets as per Financial Statement	-
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	-317,984
Less: Assets not valued at nil whose valuation in the solvency balance sheet should not increase the Available Capital Resources	-163,815,337
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	3,842,172,890

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 2079 - 2080	116,125,963
Dividend during financial year 2080 - 2081	157,343,726
Dividend during financial year 2081 - 2082	259,617,148
Dividend expected during financial year 2082 - 2083	163,815,337
Maximum Distributable Profit 2081 - 2082	163,815,337

SOLVENCY SITUATION

Risk-Based Capital Requirement	896,635,221	896,635,221
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	3,842,172,890	3,842,172,890
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	3,842,172,890	3,842,172,890

	Calculations without transitional	Calculations with transitionals
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	-	-

	Calculations without transitional	Calculations with transitionals
Total Solvency Available Capital Resources	3,842,172,890	3,842,172,890
Solvency surplus/deficit	2,945,537,669	2,945,537,669
Solvency ratio	428.5%	428.5%
Supervisory Target Capital Level (paragraph (85) Annexure VI of RBC Directive (%))	-	130.00%

	Calculations without transitional	Calculations with transitionals
MINIMUM CAPITAL REQUIREMENT	298,878,407	298,878,407
Tier 1 covering MCR	3,842,172,890	3,842,172,890
Tier 2 covering MCR	-	-
MCR surplus/deficit	3,543,294,483	3,543,294,483
MCR ratio	1285.5%	1285.5%



Investor Friendly Information

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Communication and Information Accessibility

Nepal Insurance Company Limited is committed to providing timely, reliable, and transparent information to all stakeholders, including shareholders, policyholders, regulators, employees, and business partners. The Company aims to ensure that relevant information is easily accessible and that effective two-way communication supports trust, accountability, and informed decision-making.

The objectives of the Company's communication framework are:

- To ensure transparency and accountability in all stakeholder interactions
- To provide accurate and timely information on financial and operational performance
- To facilitate feedback and engagement for continuous improvement
- To comply with applicable regulatory and disclosure standards

Stakeholder Communication Channels

The Company uses a structured multi-channel communication approach to support regular interaction with key stakeholder groups.

Policyholders

Information is made available through:

- The official Company website, containing policy details, claims procedures, and product information
- SMS alerts to remind customers of policy renewals and important updates
- Social media platforms to share updates, educational content, and customer engagement activities

Grievance Redressal and Customer Support

Nepal Insurance Company Limited has established a structured grievance handling mechanism to ensure that complaints and concerns are addressed fairly, consistently, and within defined timelines.

Lodging a Grievance

Customers and stakeholders may submit complaints through:

- Physical submission at branch offices or the Head Office
- Online complaint submission via the Company website
- A dedicated customer service helpline
- Written communication to the registered office

Acknowledgment and Tracking

All grievances are formally recorded and acknowledged through SMS, email, or telephone.

Review and Resolution

Complaints are reviewed by the relevant department, including Claims, Underwriting, or Marketing, and investigated

Employees and Internal Stakeholders

Internal communication is managed through:

- Email circulars and internal notices for operational and policy updates
- Regular meetings and workshops to share information, discuss performance, and encourage feedback

Shareholders and Investors

Investor communication is facilitated through:

- Annual General Meetings for performance updates and corporate governance matters
- Annual Reports and Financial Statements providing detailed financial and operational disclosures

Regulators and Compliance Bodies

The Company maintains open and responsible communication through:

- Timely submission of regulatory, financial, and compliance reports
- Regular consultations and correspondence to ensure adherence to applicable laws and standards

Business Partners and Reinsurers

Engagement is maintained through:

- Training and communication programs for agents and intermediaries
- Regular coordination with reinsurers to ensure adequate risk transfer and underwriting stability

Through these channels, the Company promotes transparency, strong governance practices, and trust-based relationships.

in detail where required. The resolution outcome is communicated to the complainant through appropriate channels.

Escalation Framework

If the matter is not resolved within the defined timeframe, it may be escalated to:

- The Customer Service Department
- Senior Management for complex or priority issues
- The Nepal Insurance Authority, where regulatory intervention is required

The grievance is formally closed once the complainant's concerns are addressed.

Commitment to Investor and Stakeholder Confidence

By maintaining open communication, transparent disclosure, and structured grievance management, Nepal Insurance Company Limited seeks to strengthen stakeholder confidence and reinforce its commitment to responsible business practices, strong governance, and long-term value creation.



Infomerics' Credit Rating Nepal Limited

July 8, 2025

Mr. Bir Krishna Maharjan
Chief Executive Officer
Nepal Insurance Company Limited
Kamaladi, Kathmandu, Nepal



CONFIDENTIAL

Dear Sir,

Issuer Rating Letter

Please refer to the Mandate contract dated **May 19, 2024** on the captioned subject and your letter/e-mail dated **July 4, 2024** accepting our rating & use thereof.

1. The following ratings has been reaffirmed by Infomerics Credit Rating Nepal Limited's (Infomerics Nepal) Rating Committee:

S. N.	Facility/ Instrument	Amount (NPR Million)	Rating	Rating Action
1.	Issuer Rating	NA	IRN A- (Is) [Single A Minus (Issuer)]	Reaffirmed

2. The rationale for this rating will be communicated to you separately.
3. The explanatory notes regarding the rating symbols of Infomerics Nepal for Issuer Rating are given in **Annexure I**.
4. The aforementioned rating will be valid till July 07, 2026. Infomerics Nepal reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. The ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, reaffirm, suspend or withdraw the credit ratings at any point in time, as a result of periodic review/surveillance, based on any event or information which in the opinion of Infomerics Nepal warrants such action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by Infomerics Nepal so as to enable it to carry out continuous monitoring of the rating of the bank facilities; Infomerics Nepal shall carry out the review on the basis of best available

Tanka Prasad Marg, Baneshwor Height, Kathmandu, Nepal Contact No. +977-1-4583304, 4585906
Email: info@infomericsnepal.com, Website: www.infomericsnepal.com



Infomerics' Credit Rating Nepal Limited

Infomerics Rating
Nepal

information throughout the life time of such facilities. Infomerics Nepal shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

6. Users of this rating may kindly refer our website www.infomericsnepal.com for latest update on the outstanding rating.

If in case of any additional clarification required, please feel free to approach us. We are indeed, grateful to you for entrusting Infomerics Nepal.

Thanking You

Yours faithfully,



CA Raunak Mulmi
Associate Analyst



Ms. Ruchata Shrestha
Research Analyst

Encl: As above

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



BRANCHES

KOSHI PROVINCE

- ⇒ Biratnagar, Munalpath
- ⇒ Birtamode, Badrapur Road
- ⇒ Itahari, Sunsari
- ⇒ Dharan
- ⇒ Illam
- ⇒ Damak, Jhapa
- ⇒ Katari, Udayapur
- ⇒ Hile, Dhankuta
- ⇒ Biratnagar, Morang
- ⇒ Okhaldhunga
- ⇒ Phidim

MADHESH PROVINCE

- ⇒ Lahan, Lahan Bazaar
- ⇒ Bardibas, Mahottari
- ⇒ Hariwan, Sarlahi
- ⇒ Birgunj, Shreepur
- ⇒ Janakpur, Kadamchowk
- ⇒ Jeetpur, Bara
- ⇒ Mirchaiya
- ⇒ Kalaiya, Bara

BAGMATI PROVINCE

- ⇒ Headoffice- Kamaladi
- ⇒ Newroad, Kathmandu
- ⇒ Hetauda, Parijat Path
- ⇒ Kalanki, Kathmandu
- ⇒ Baneshwore, Kathmandu
- ⇒ Lalitpur, Kumariapati
- ⇒ Bhaktapur, Suryabinayak
- ⇒ Chabahil
- ⇒ Parsha, Chitwan
- ⇒ Banepa, Tindobato
- ⇒ Gongabhu
- ⇒ Battar, Nuwakot
- ⇒ Charikot
- ⇒ Dhading, Galchi
- ⇒ Narayangarh, Mainroad

GANDAKI PROVINCE

- ⇒ Baglung, Purano Buspark
- ⇒ Prithivichowk, Pokhara
- ⇒ Abukhaireni, Tanahu
- ⇒ Putalibazar, Syangja
- ⇒ Besisahar, Lamjung
- ⇒ Pokhara, Newroad
- ⇒ Bhimad (सेवा केन्द्र)
- ⇒ Kawasoti

LUMBINI PROVINCE

- ⇒ Nepalgunj, Surkhet Road
- ⇒ Butwal, Milan Chowk
- ⇒ Dang, Ghorai
- ⇒ Tansen, Palpa
- ⇒ Tulsipur, Dang
- ⇒ Bhairahawa, Narayan Path
- ⇒ Chandrapur
- ⇒ Pyuthan
- ⇒ Jeetpur, Kapilvastu
- ⇒ Parasi

KARNALI PROVINCE

- ⇒ Surkhet

SUDURPASCHIM PROVINCE

- ⇒ Dhangadhi, Dhangadi Bazar
- ⇒ Mahendranagar, Kanchanpur
- ⇒ Lamki, Kailali
- ⇒ Dadeldhura
- ⇒ Attariya (सेवा केन्द्र)
- ⇒ Baitadi
- ⇒ Darchula

T.P. COUNTER

- ⇒ Ekantakuna
- ⇒ Kawasoti
- ⇒ Itahari
- ⇒ Rukum

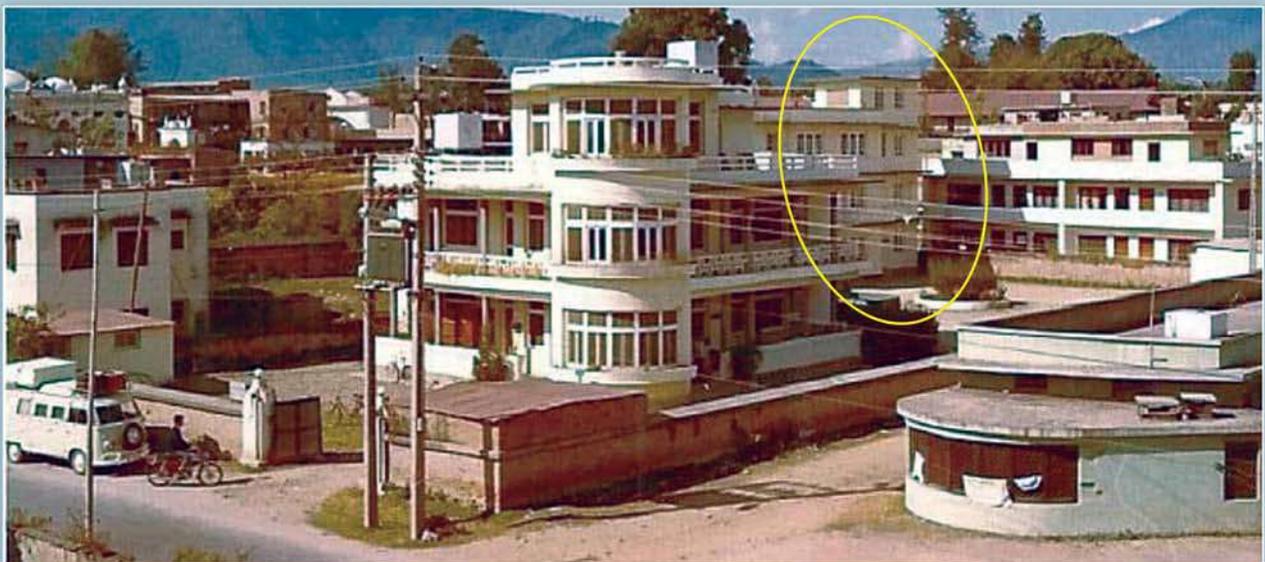
NICL EVENTS











NCL's building in 1960 AD

LIST OF ACRONYMS

AGM	–	Annual General Meeting
A.M. Best	–	A.M. Best Company (rating agency)
AML/CFT	–	Anti-Money Laundering / Combating the Financing of Terrorism
B.S.	–	Bikram Sambat (Nepali calendar)
BL	–	Bachelor of Laws
BOD	–	Board of Directors
CA	–	Chartered Accountant
CDS	–	Central Depository System
CEO	–	Chief Executive Officer
CFO	–	Chief Financial Officer
CICA Re	–	CICA Reinsurance Company Ltd.
CSR	–	Corporate Social Responsibility
DBA	–	Database Administrator
DCEO	–	Deputy Chief Executive Officer
EARE	–	East Africa Reinsurance Company Ltd.
EPS	–	Earnings Per Share
ESG	–	Environmental, Social, and Governance
FY	–	Fiscal Year
GDP	–	Gross Domestic Product
GWP	–	Gross Written Premium
ICAI	–	Institute of Chartered Accountants of India
ICAN	–	Institute of Chartered Accountants of Nepal
IRN	–	Infomerics Rating Nepal
ICT	–	Information and Communication Technology
IGI	–	IGI Prudential Insurance Co. Ltd.
IS	–	Information Systems
ISO/IEC 27001	–	International Standard for Information Security Management
IT	–	Information Technology
KYC	–	Know Your Customer
LLB	–	Bachelor of Laws
LLM	–	Master of Laws
MBA	–	Master of Business Administration
MBO	–	Management by Objectives
MSD	–	Management Service Department
NEPSE	–	Nepal Stock Exchange
NFRS	–	Nepal Financial Reporting Standards
NIA	–	Nepal Insurance Authority
NICL	–	Nepal Insurance Company Limited
NPR	–	Nepalese Rupees
OYVS	–	Own Your Vehicle Scheme
PAN	–	Permanent Account Number
PESTEL	–	Political, Economic, Social, Technological, Environmental, Legal
Rs.	–	Rupees
SDGs	–	Sustainable Development Goals
S&P	–	Standard & Poor's
SWOT	–	Strengths, Weaknesses, Opportunities, Threats
TOR	–	Terms of Reference
URL	–	Uniform Resource Locator
USD	–	United States Dollar

नेपाल इन्स्योरेन्स कम्पनी लिमिटेड

कमलादी, काठमाडौं, नेपाल

अनुसूची - २७

(कम्पनी ऐन, २०६३ को दफा ७१ (३) सँग सम्बन्धित)

श्री सञ्चालक समिति,
नेपाल इन्स्योरेन्स कम्पनी लि.
काठमाडौं ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

जिल्ला..... न.पा./गा.पा. वडा नं. बस्ने म/हामी
ले त्यस कम्पनीको शेयरधनीको हैसियतले मिति २०८२ साल पुस २९ गते मंगलबारका
दिन हुने कम्पनीको ७७ औं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने
भएकाले उक्त सभामा मेरो/हाम्रो तर्फबाट भागलिन तथा मतदान गर्नका लागि जिल्ला
..... न.पा./गा.पा. वडा नं. बस्ने त्यस कम्पनीका
शेयरधनी श्री..... लाई मेरो/हाम्रो प्रतिनिधि मनोनीत गरी पठाएको
छु/पठाएका छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको

दस्तखत नमूना:
शेयर प्रमाणपत्र नं.:
डिम्याट (BOID) नं.:
मिति:

निवेदक,

दस्तखत:
नाम:
ठेगाना:
शेयर प्रमाणपत्र नं.:
डिम्याट (BOID) नं.:
शेयर संख्या:
मिति:

नोट: यो निवेदन साधारण सभा शुरू हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरी सक्नु पर्नेछ ।

शेयरधनीको नाम

शेयर प्रमाण पत्र नं. शेयर संख्या

नेपाल इन्स्योरेन्स कम्पनी लिमिटेडको मिति २०८२।०९।२९ गतेका दिन हुने ७७ औं वार्षिक साधारण सभामा उपस्थित हुन
जारी गरिएको प्रवेश पत्र ।

द्रष्टव्य: शेयरधनी आफैले खाली कोष्ट भर्नु होला ।

(सभा कक्षमा प्रवेश गर्न यो प्रवेश-पत्र अनिवार्य रूपमा लिई आउनु हुन अनुरोध छ ।)

शेयरधनीको दस्तखत

(सुलना श्रेष्ठ)
कम्पनी सचिव



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Kamaladi, Kathmandu, Nepal

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Toll Free: 16600161666

Email: nic@nepalinsurance.com.np

Web: www.nepalinsurance.com.np