



IGI Insurance Limited  
Annual Report

Leading  
with **radiANCE**  
Gems of Pakistan

**IGI**  
Insurance

IGI Insurance Limited,  
7th Floor, The Forum, Suite Nos. 701-713, G-20,  
Block 9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan.

Designed by ORIENT

**IGI**  
Insurance

# Highlights...

2009 Has Been Another Promising Year.

GROSS WRITTEN PREMIUMS

Rs. 1,152 mn

11% ↑

NET WRITTEN PREMIUMS

Rs. 665 mn

24% ↑

UNDERWRITING RESULT

Rs. 253 mn

31% ↑

UNDERWRITING PROFITABILITY

RATIO

22%

EARNINGS PER SHARE

Rs 4.41

DIVIDEND

Rs. 210 mn

35%

Leading  
with Diamond  
Radiance  
Gems of Pakistan

Pakistan is the home to a large variety of gemstones. All this natural wealth makes Pakistan a great hub of the gemstone industry. Each of these rich treasures represents a unique quality. With this annual report, IGI Insurance pays a tribute to these sparkling marvels and draws strength from them and eventually passes them on to its customers to ensure their future.

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**IGI**  
Insurance

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# Vision

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

# Mission

Our vision will be realized through:

## CUSTOMERS

Being the preferred insurer in providing solutions to risk exposure

## SHAREHOLDERS

Consistently delivering above market average return on capital

## EMPLOYEES

Providing the environment necessary to be the employer of choice

## COMMUNITY

Compliance with the highest ethical and moral standards

# Quality Policy

IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through

Developing & maintaining a total quality culture

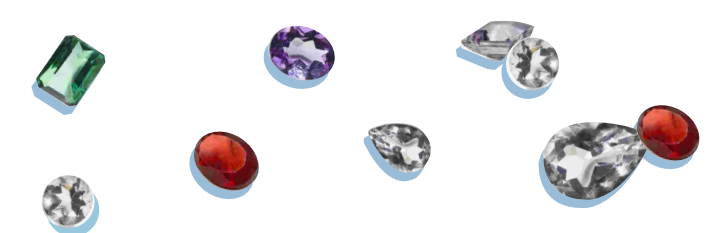
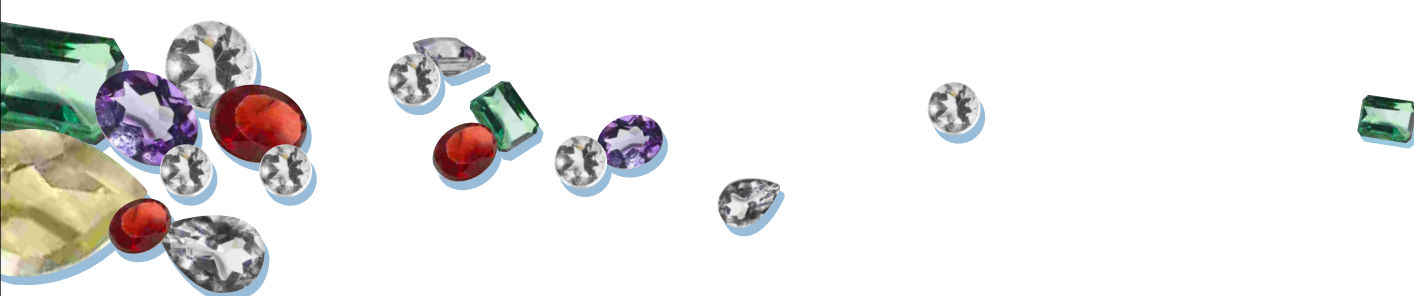
Developing capabilities of the employees

Continuous improvement and teamwork

Updating business knowledge and techniques

Efficient utilization of resources and manpower

Introducing high standards of professionalism







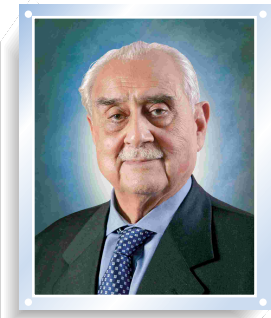
## Code of Conduct

The “Values” and “Principles” that organization has developed over years are adhered to by all employees within the organization. Following are some salient features of the code of conduct,:

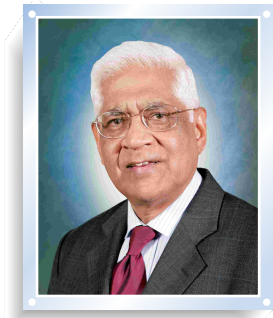
- The company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.
- In conducting its business IGI is inspired by and acts in accordance with the principles of loyalty, fairness, transparency and efficiency.
- All employees of IGI avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.
- The employees of IGI should not take advantage of the Company's information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.
- The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company's shares or influence a person's investment decision.
- The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.
- It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment so as to act in a manner that will not damage the integrity and reputation of the organization.
- Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person's race, color, ethnic or national origin, age, gender or religion.
- IGI is an equal opportunity employer, all phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoffs and leaves are carried out by all managers without regard to race, color, ethnic or national origin, age, gender or religion.
- All employees are responsible for the security of, authorized access to, and proper use of IGI physical and intangible assets and any third party assets in custody with an employee.



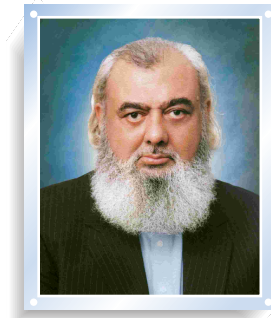
## Board of Directors



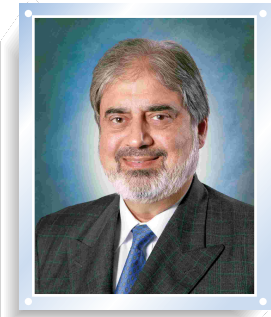
Syed Babar Ali



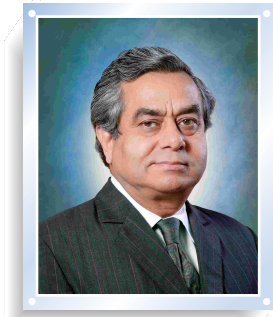
Shamim Ahmad Khan



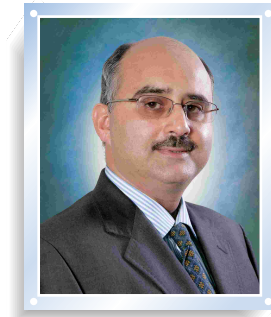
Syed Kamal Ali



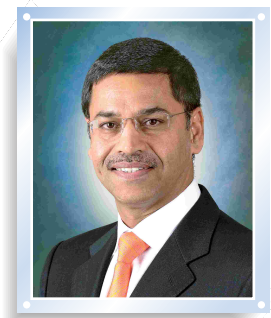
Syed Yawar Ali



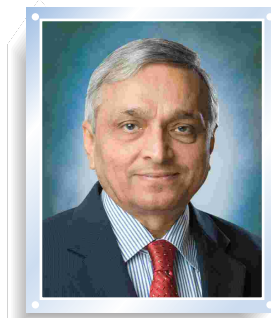
Syed Shahid Ali



Syed Hyder Ali



Waqar Ahmed Malik



Jalees Ahmed Siddiqi

## Company Information

### Board of Directors

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi

### Chief Executive Officer

Jalees Ahmed Siddiqi

### Chief Financial Officer

Muhammad Kashif Nisar

### Company Secretary

Haider Raza

### Audit Committee

Shamim Ahmad Khan (Chairman)  
Syed Yawar Ali  
Syed Hyder Ali  
Akhtar Abbas (Secretary)

### Investment Committee

Syed Hyder Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Jalees Ahmed Siddiqi  
Muhammad Kashif Nisar (Secretary)

### Claims Committee

Shamim Ahmad Khan (Chairman)  
Shahbaz Haider Agha  
Muhammad Kashif Nisar  
Mir Mehmood Ali (Secretary)

### Underwriting Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Shahbaz Haider Agha  
Yasmin Sadiq  
Syed Matin Ahmed  
Muhammad Salim Iqbal (Secretary)

### Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Muhammad Salim Iqbal  
Faisal Khan (Secretary)

### Human Resources & Compensation Committee

Syed Yawar Ali (Chairman)  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi (Secretary)

### Strategy Committee

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Yawar Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi (Secretary)

### Bankers

Allied Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank Pakistan Ltd  
Habib Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Royal Bank of Scotland Limited  
United Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

Hassan & Hassan  
Lari & Company  
Ramday Law Associate  
J.H.Rahimtoola and Company Advocates

### Share Registrar

FAMCO Associates (Private) Limited  
State Life Building No. 1 A,  
1st Floor, Off I.I. Chundrigar Road,  
Karachi - 74000

### Registered & Head Office

7th Floor, The Forum,  
Suite No.701-713, G-20,  
Block 9, Khayaban-e-Jami,  
Clifton, Karachi-75600  
Pakistan

### Web Presence

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

### Contact

UAN: 111-308-308  
Toll Free No: 0800-2-3434  
Fax: 92-21-35301772

From L to R: Muhammad Kashif Nisar, Fauzia Ahmad, Jalees Ahmed Siddiqi, Shahbaz Haider Agha & Muhammad Salim Iqbal.





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# Diamond

*The hardest substance known to man, Diamond is strong and resilient, yet it's the most beautiful and supreme stone and its shining sparkle can be identified from afar. In Pakistan, Diamond Quartz crystals are found in North Waziristan and South Waziristan agencies.*



## Company Profile

### Introduction

IGI Insurance Limited has been providing General Insurance since 1953 with Syed Maratib Ali as the first Chairman. With a vision to excel, innovate and the commitment to be the leading providers of reliable customized solutions to risks IGI has grown into a leading name in the non-life insurance sector. The Company's operations and activities are carried out in compliance with the law, regulations, statutory provisions and ethical practices. IGI Insurance has been listed on the Karachi and Lahore Stock Exchanges since December 1987.

Keeping up with the tradition of leading the way, IGI Insurance achieved yet another milestone by becoming the FIRST General Insurance Company in Pakistan to obtain the ISO 9002 Certification for its entire operations from SGS Malaysia Sdn. Bhd. In 2003, the Company affirmed its commitment to quality by successfully shifting to the new ISO 9001:2000 standard.

IGI Insurance is a vital part of the corporate umbrella of IGI Financial Services which includes IGI Investment Bank Limited, its wholly owned subsidiaries, IGI Finex Securities Limited and IGI Funds Limited. In line with its strategy IGI Insurance has proven itself in the insurance sector as well as ensuring its presence in the financial sector by supporting its partner companies.

With an asset base of over 12 billion rupees, it is one of the leading insurance companies in Pakistan and has been rated 'AA' by PACRA. This rating denotes a very strong capacity to meet policyholder and contract obligations while risk factors are considered modest and the impact of adverse business and economic factors is expected to be very limited. The rating also reflects the company's strong risk absorption capacity emanating from a robust financial profile and relatively stable underwriting performance.

### Philosophy

The philosophy at IGI Insurance is to provide customers and clients with "peace of mind". We believe in maintaining the highest standards of integrity in our relationships with all stakeholders: customers,

intermediaries, employees, shareholders and business partners.

With over 55 years of sound experience IGI Insurance provides customized solutions to customers as well as timely settlement of claims leading to peace of mind.

### Our Presence

In line with our philosophy – to provide peace of mind to our customers we expanded our network across Pakistan and have ensured our presence in Karachi, Lahore, Islamabad, Faisalabad, Multan, Sialkot and Gujranwala.

This network brings with it customer friendly staff which caters to the needs of customers; additionally an easily accessible contact center facilitates customers.

With technical expertise in the field of non-life insurance, IGI Insurance offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, travel, health, home and miscellaneous.

Being a customer centric company our products are designed in a manner which provides both individual and corporate customers peace of mind.

### Highlights 2009

#### IGI Insurance Limited signed a Memorandum of Understanding (MoU) with the Overseas Private Investment Corporation (OPIC) U.S.A

IGI Insurance Limited signed a Memorandum of Understanding (MoU) with the Overseas Private Investment Corporation (OPIC) U.S.A, working together to insure US investors in Pakistan against Political Risks. IGI Insurance joins hands with the most experienced political risk insurer in the world, that has \$ 4 billion in reserves and the backing of the US Government, with the confidence that this would not only improve and diversify its own line of business, but would reduce the risk of unfair interference, protect small and large investments, improve access to credit and also offer its clients flexible and affordable programs.

# Emerald

*Calming, balancing, and nourishing, lush green Emeralds are found in Panjshir, Swat, Lakhman and Gilgit. Emeralds occur in hues ranging from yellow-green to blue-green; however the primary hue must be green. The finest of Emeralds possess not only a pure leafy green tint but also a high degree of transparency to be considered a top gem.*

## Company Profile

### Agreement with Pamada

IGI Insurance signed an agreement with Pakistan Automobile Manufacturers Authorized Dealers Association (PAMADA) with respect to its comprehensive automobile insurance "IGI Auto Cover". This agreement permitted IGI Insurance to be part of Pakistan Automobile Manufacturers Authorized Dealers Association exclusive panel of automobile insurers for prospective buyers. With the introduction of IGI Auto Cover we aim to be the preferred choice for individuals when they consider automobile insurance.

### Travel Sure Prize Distribution Ceremony

To commemorate the efforts of travel agents selling IGI Insurance's travel insurance - Travel Sure - policies, a prize distribution ceremony was conducted in the three major cities of Pakistan. The ceremony was a culmination of the Travel Sure Incentive scheme for travel agents across the nation held from mid September 2008 to mid Jan 2009. This five month long scheme entitled IGI Insurance's partner travel agents and agencies to secure fabulous prizes and rewards by selling Travel Sure policies.

### Launch of Travel Sure Rewards Program

IGI Insurance launched the IGI Rewards program - a program designed especially for travel agents. The reward program enables travel agents to collect reward points against each policy sold; these points translate to fabulous and amazing gifts. This incentive scheme is aimed to boost sales of IGI Travel Sure policies.

### Karachi Stock Exchange Top Companies Award

Karachi Stock Exchange's (KSE) prestigious Top Companies Award was conferred to IGI Insurance as recognition for excellent performance on the basis of distribution of dividend, return on equities, turn over of shares and other indices. Amongst Pakistan's leading insurance companies, IGI Insurance has maintained one of the highest Solvency Margins which proves the Company's ability to manage associated risks, along with its substantial risk absorption capacity, provides significant cushioning to make inroads into relatively high risk areas.

### IGI Insurance Received 26<sup>th</sup> Corporate Excellence Award

IGI Insurance was proclaimed the winner of the

26th Corporate Excellence Awards for the Financial as well as Management Practices Category by the Management Association of Pakistan (MAP). The assessment process is concluded on the basis of detailed financial evaluation and appraisal of management practices in the area of corporate governance, strategic planning, leadership, marketing, social responsibility, operation management, human resources management and information technology.

### Best Corporate Report Award Bestowed To IGI Insurance

The Best Corporate Report (BCR) Award in the Non Banking Financial Institutions Category was bestowed on IGI Insurance. The award recognizes the best annual reports of companies in terms of accuracy, transparency, usefulness and speed of financial and other disclosures made for all stakeholders along with its presentation and ability to convey corporate objectives. The award was adjudicated jointly by the Institute of Cost and Management Accountants of Pakistan (ICMAP) and Institute of Chartered Accountants of Pakistan (ICAP).

### Merit Award For The Year 2008 Conferred to IGI Insurance

The 'Merit award' for the year 2008 in the category 'Non -Banking Sector not subject to prudential supervision' was conferred on IGI Insurance by the South Asian Federation of Accountants (SAFA). The award was conferred on the basis of evaluation by SAFA Committee for improvement in transparency, accountability and governance of the published annual reports of entries from South Asian Countries.

### Products and Services

#### Fire & Allied Perils Insurance

This cover is property insurance for factories, offices and homes and it provides coverage against perils like fire and lightning which can be extended to cover the following: impact damage, storms, earthquakes, rain-flood damage, riot and strike damage, burglary and malicious damage etc.

#### Marine Cover

This covers imports and exports of consignments, risks of financial loss arising from loss of or damage to goods due to hazards and perils of transportation - loss

# Garnet net

*Found in the Bajaur Agency, flaming red garnet signifies purification and warmth. Garnets can range in color from dazzling deep reds to bright orange. Apart from exhibiting its magnificence in the jewelry industry, Garnet is also known for its industrial purposes as it is a very efficient substitute for sand and mineral slag in blast cleaning treatments. Because of its ability to be recycled and reused, Garnets are cost effective.*

## Company Profile

or damage of cargo during transit by Air, Sea and Rail/Road. It also covers dispatch of finished goods from the insured factory to anywhere in Pakistan.

This kind of coverage is also provided to transport-related businesses such as Shipping Agents, Freight Forwarders, Terminal Operators, Stevedores, Courier Services, etc.

### Auto Cover

Auto Cover is a complete auto insurance plan for individuals and corporate offering a comprehensive cover including theft, snatching, armed hold up, accidental damage, third party liability and terrorism. It gives the liberty to have your vehicle repaired at the workshop of your own choice and the cost of repairs being directly settled with the workshop. You can now enjoy the competitive rates with the facility of an extremely helpful call centre. Guaranteed settlement of snatching/ Theft/Total Loss claims within 7 days of completion of documents. Free anti theft device without any renewal condition.

In an effort to creating alliances with complementing companies, IGI Insurance takes another step forward by joining hands with Pak Suzuki Motors, creating a customized product the 'IGI-PSM Auto Cover'. An insurance program that provides customers a hassle free paced up and easy solution for vehicles.

- Most competitive rates
- Online/instant coverage
- Comprehensive insurance policy
- Fastest claim settlement time
- Nationwide insurance policy acceptance/claim settlement at any Pak Suzuki authorized dealerships
- Standardized repair using Suzuki genuine parts
- Repair at Pak-Suzuki authorized dealer workshops
- Largest countrywide dealer network support

### Travel Sure

Travel Sure has been upgraded further in the year 2009 as the Premium amounts have been decreased while the services offered increased. In addition to Travel Sure – upgraded to the finest and Travel Sure-Senior Citizens Plan, a package that suits travelers aged 65+, we have aimed at further product variances with

the Travel Sure – Student Plan, Far East Plan and the No Icing Plan.

Travel Sure-Far East Plan has been tailor made for customers traveling to Far East Asia. The Far East Plan offers many benefits to the traveler by creating a stress-free experience for those wishing to explore the far eastern countries in comfort. Travel Sure-No Icing Plan offers customers traveling across the globe, a cost-effective coverage at the lowest premiums and also assists at fulfilling visa requirements for certain states i.e. Schengen states.

If you are a student, looking for a hassle free college experience, then the Travel Sure – Student Plan is ideal for you. We offer you coverage for medical treatment abroad, accidental death and emergencies, medical evacuation and repatriation. You can also opt for the Tuition Assurance Plan and get financial support to continue your education in case of a mishap with your guardian.

With the above mentioned Travel Sure plans you have the freedom of availing medical benefits at foreign facilities without having to pay the bills yourself and for your convenience, you have a 24-hour complete access to International SOS Pte. Limited, that will guide and support you in all emergencies. Additionally Travel Sure provides the following benefits;

- Medical And Sickness Expense
- Repatriation of Family member
- Emergency return home following death of a close family member
- Loss of checked baggage and passport
- Delay of checked in baggage
- Hijacking
- Delivery of medicines
- Emergency sickness dental expense
- Travel and stay over one immediate family member
- Trip cancellation and curtailment

### Health Sure

Health Sure covers expenses incurred during hospitalization due to sickness, emergency and accidents. Health Sure is a managed care system providing quality healthcare at an affordable cost. Our managed care system comprises of;



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# Aqua marine

*From the light blue of the sky to the deep blue of the sea, aquamarines shine over an extraordinarily beautiful range of mainly light blue colours and is found at Shigar Valley in Skardu, Nagar Valley in Gilgit and Chilas (Diamer district). Signifying peace and serenity, Aquamarine is also called "Water of the Sea", because of color and it is very pleasing to the eye.*

## Company Profile

- A network of over one hundred and twenty five carefully selected hospitals all over the country
- A network of diagnostic centers and pharmacies
- Qualified staff doctors
- An expert claims handling team

In addition to the quality of care we also offer the following value added benefits:

- No pre-authorization for admission
- Pre and post hospitalization expenses
- Credit facility at our panel of well-reputed hospitals across Pakistan
- No limit on length of stay in the hospital
- No sub limits on hospital procedures or surgeries
- Patient's meals covered
- Local ambulance charges
- Discounts on consultations, dental treatments, diagnostic services and at pharmacies
- Out of network treatment reimbursement
- Discretionary Benefit Option (DBO) to pay for costs normally excluded from the policy
- 24 hours Medical Hotline managed by our staff doctors
- Easy to carry Health Card

### Home Cover

Home Cover – a comprehensive plan for Home Insurance that includes the coverage of Home Property, Contents (furniture, carpets, electronic equipment etc.), Jewellery (at home or at the locker), Home Owner Free Rent, Home Tenants Free Rent and Cash at Home. This insurance plan also covers against the various perils for a maximum of Rs. 20 million.

This insurance plan covers against the following perils for a maximum of Rs.20 million:

- Fire, Lightning or Explosion
- Aircraft and other aerial devices dropped therefrom
- Earthquake, Storm, Tempest and Flood
- Bursting or overflowing of water tanks

- Impact by any vehicle
- Riot and Strike
- Malicious Act
- Burglary, House Breaking including Dacoity
- Impact of Tree Falling

### Miscellaneous Insurance

We also provide customized insurance solutions for our corporate clients. The covers range from the insurance of engineering projects to electric equipment and machinery.

Wide range of industrial risks are also covered such as business interruption, contractors all risk, risk of computer data loss and machinery erection all risks. Pecuniary covers are available under cash in safe, cash in transit and fidelity guarantee policies. All these covers are grouped together in the miscellaneous insurance covers. Another cover available under the miscellaneous insurance head is the personal accident insurance. This covers the risk of accidental death or injury to individuals.

### Reinsurance Arrangements:

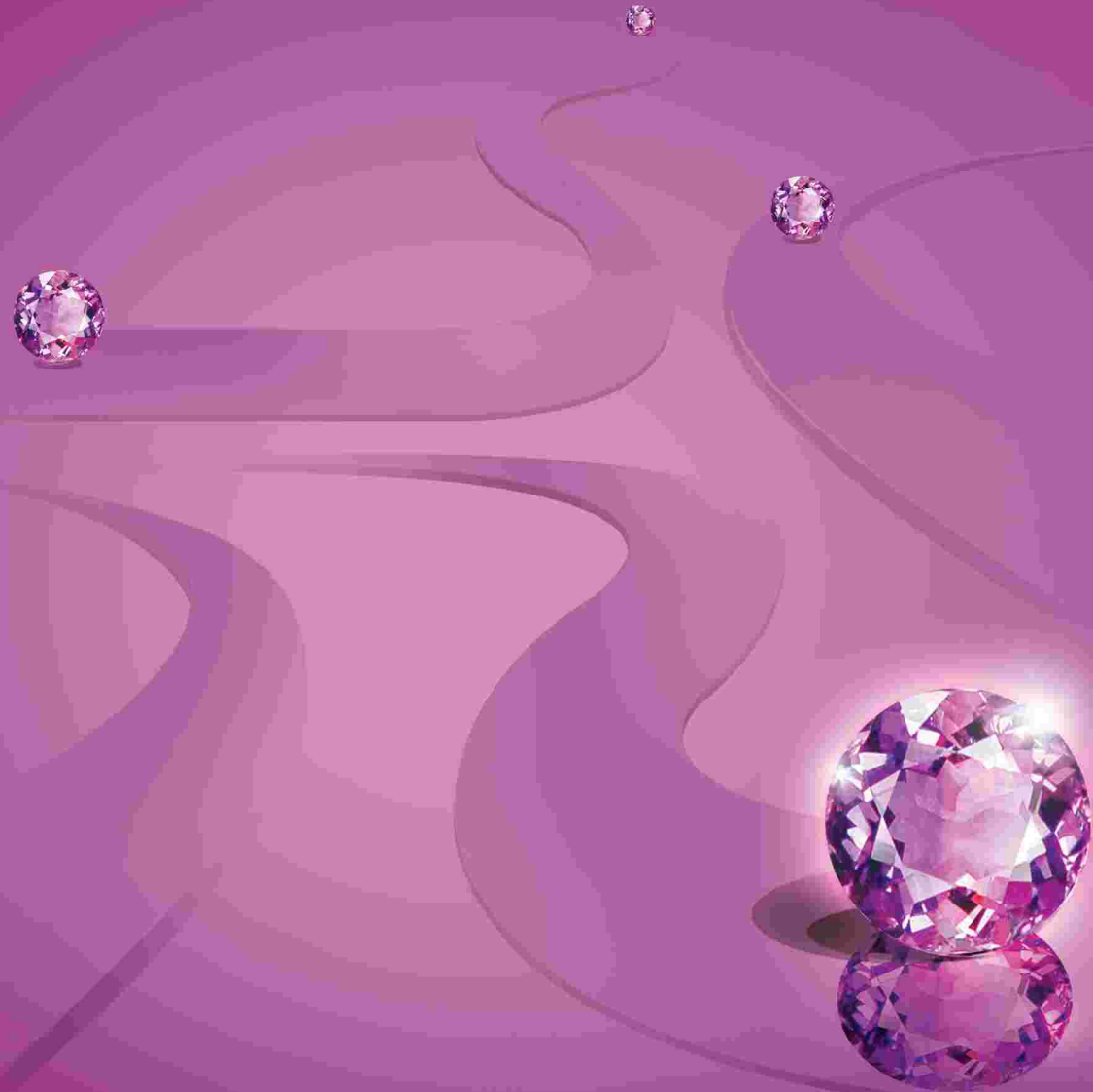
We are re-insured with some of the best renowned international re-insurers holding the highest ratings in their respective businesses. Amongst these are:

- Swiss Re
- Mitsui Sumitomo Re
- Hannover Re
- Arab Insurance Group (ARIG)
- Korean Re
- Scor Global P&C
- Malaysian Re
- Oxygen Insurance Managers
- Pak Re
- Best Re
- Zurich Insurance Company

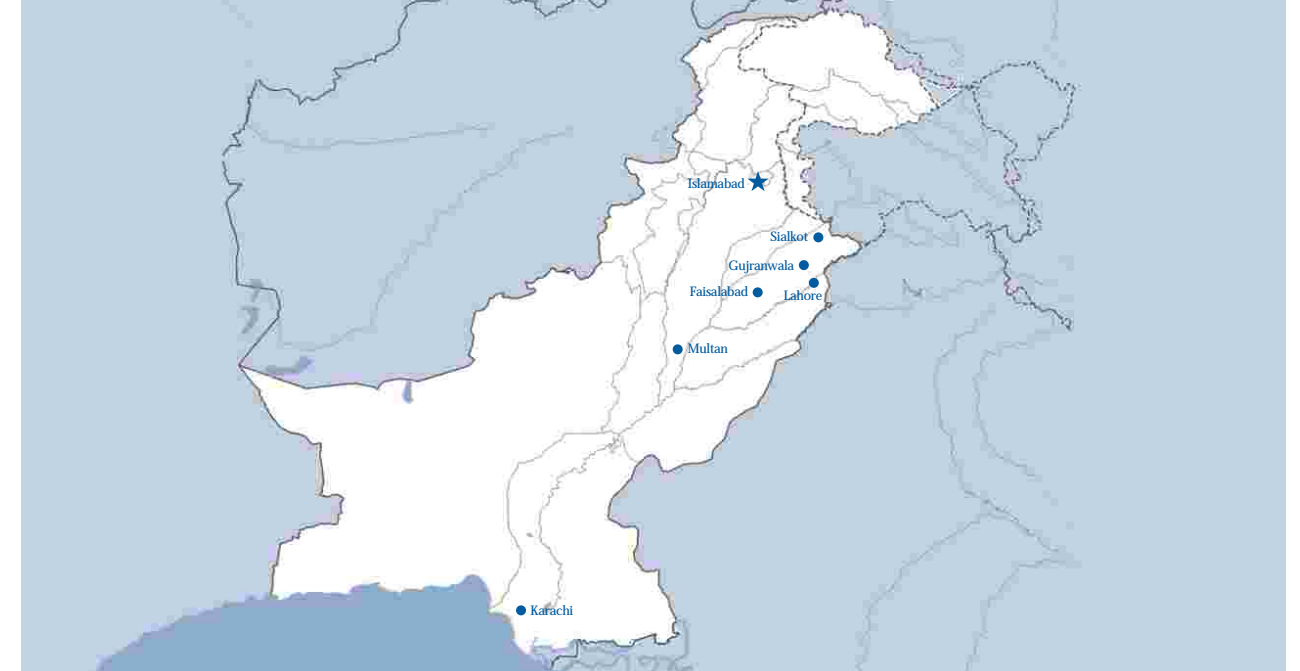
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# Amet hyst

Said to be the gemstone of all gemstones, amethyst is extravagance in violet. Having the color of royalty, Amethyst is a stone that has been used by monarchs for thousands of years. Found in the Appu Aligund, Fuljo, Braldu, Bashu, and Karma (Baltistan district), Amethyst is known for its calming and meditative energy.



## IGI Presence



### IGI Insurance Branch Offices

#### Karachi

Bungalow # D-32,  
Block - 2 Kehkashan, Clifton  
Karachi - 74000  
Phone : 92-21-35831030-32  
Fax : 92-21-3582194  
E-mail : insurance.karachi@igi.com.pk

#### Islamabad

Mezzanine Floor, Razia Sharif Plaza,  
90, Blue Area, G/7, Islamabad.  
Phone : 92-51-2277355  
92-51-2273840  
Fax : 92-51-2277356  
E-mail : insurance.islamabad@igi.com.pk

#### Faisalabad

Second Floor, Sitara Tower  
Bilal Chowk, Civil Lines, Faisalabad  
Phone : 92-41-2629416  
Fax : 92-41-2629415  
E-mail : insurance.faisalabad@igi.com.pk

#### Gujranwala

Office No. 4, 2nd Floor,  
Bhutta Centre,  
G.T. Road, Gujranwala  
Phone : 92-55-4294260,4294272  
Fax : 92-55-4294273  
E-mail : insurance.gujranwala@igi.com.pk

#### Lahore

First Floor, 5-F.C.C.,  
Syed Maratib Ali Road, Gulberg,  
Lahore - 54660  
Phone : 92-42-35753404-06  
92-42-35763840  
92-42-35763890  
Fax : 92-42-35752338  
92-42-35763542  
E-mail : insurance.lahore@igi.com.pk

#### Sialkot

Suite No. 10 & 11, First Floor,  
Soni Square, Khadim Ali Road,  
Mubarak Pura, Sialkot.  
Phone : 92-52-3258437  
Fax : 92-52-3258438  
E-mail : insurance.sialkot@igi.com.pk

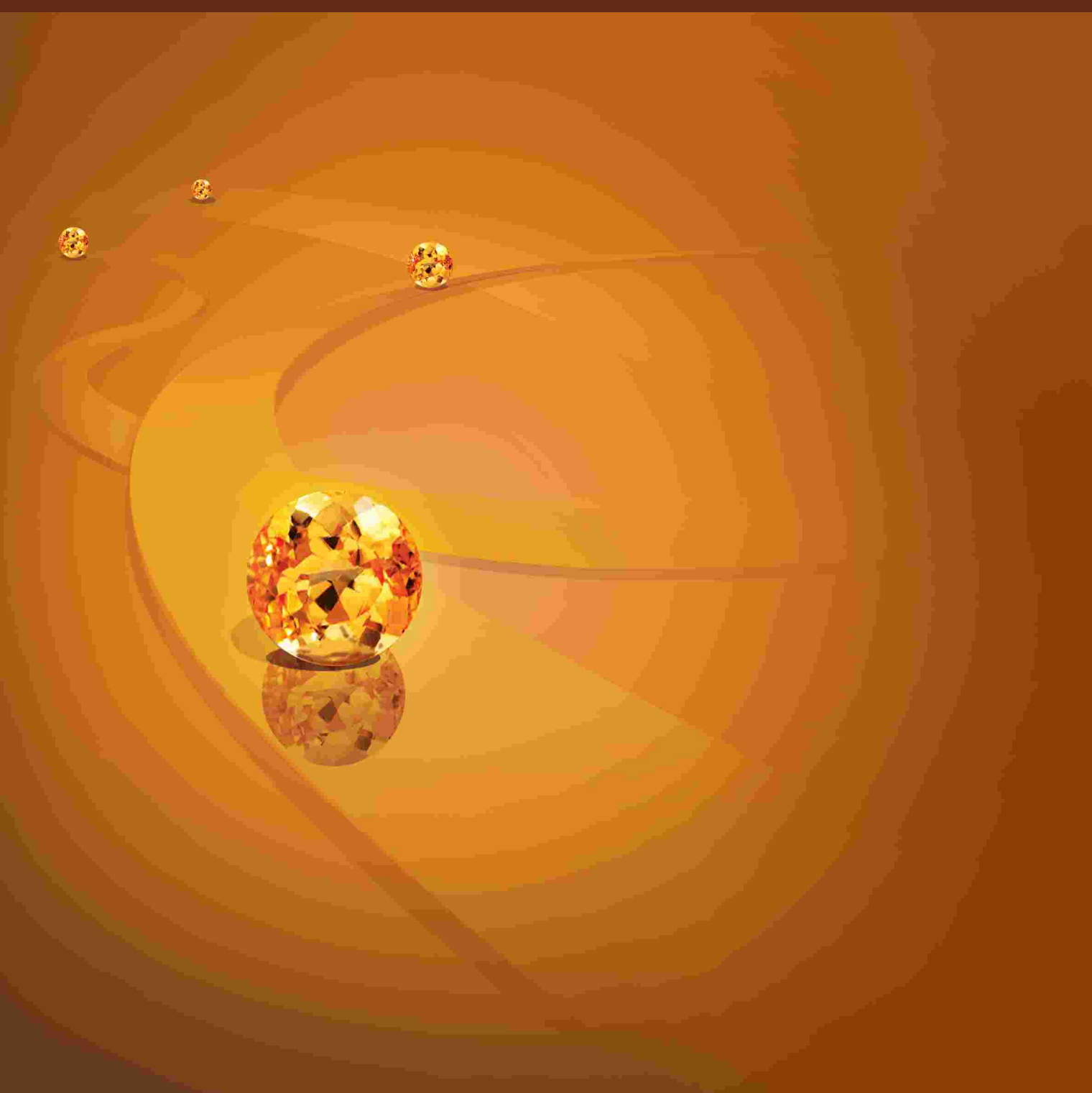
#### Multan

Mezzanine, Abdali Tower  
Abdali Road, Chowk Nawa Shehar,  
Multan Cantt.  
Phone : 92-61-4784402  
92-61-4500179  
Fax : 92-61-4784403  
E-mail : insurance.multan@igi.com.pk

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# topaz

*Topaz, a popular and durable gem occurs in Pakistan as euhedral crystals in pegmatites in Gilgit and Skardu Districts. Topaz crystals may be found in deep sherry color, yellowish brown, golden, honey-yellow, & champagne color. A recent discovery has been the rare Pink topaz found in Katlang, Mardan District, Northern Pakistan.*

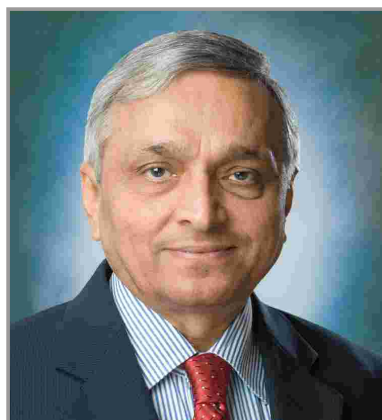


## Organogram





## Executive Profile



**Jalees Ahmed Siddiqi**  
Chief Executive Officer

Jalees Ahmed Siddiqi joined IGI Insurance with over thirty five years of experience spanning major global and national corporations in various industry segments.

His background, among others, includes achievement of operational excellence in implementing significant change management initiatives, resource optimization and building leadership capability at management level.



**Muhammad Kashif Nisar**  
Chief Financial Officer

Kashif assumed the role of CFO in 2007, after serving as Finance & Accounts Manager, IGI Insurance. He is an Associate Chartered Accountant from Institute of Chartered Accountants of Pakistan and has completed his articleship with A.F Ferguson & Co.



**Muhammad Salim Iqbal**  
Head of Underwriting

Salim, a qualified engineer, has over 15 years of professional experience in the insurance industry. He joined IGI as Head of Underwriting in August 2009. His prior experience is with leading insurance companies in Pakistan and UAE. Salim also won the Alexander Howen Awards for the most meritorious performance in CII examinations in 1990.



**Shahbaz Haider Agha**  
Head of Marketing & Sales

Shahbaz joined IGI Insurance in 2004 as Head of Marketing & Sales. Prior to joining IGI Insurance, he spent 13 years at Royal & Sun Alliance Insurance Plc. Shahbaz has a BS in Commerce from Indiana University, US and MBA from National College of Business Administration & Economics, Lahore.

## Executive Profile



**Faisal Khan**  
Head of Reinsurance & Risk Management

Faisal has been with IGI Insurance since 2006. He was appointed Head of Reinsurance and Risk Management in 2008. Previously, Faisal has worked in a major insurance company and was associated earlier in engineering roles in national organizations.



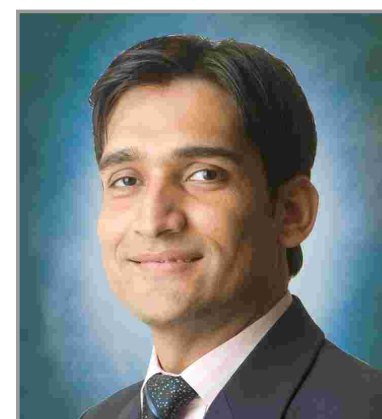
**Fauzia Ahmad**  
Group Head Human Resources

Fauzia became part of the IGI team as Group Head HR in early 2009, bringing with her over 15 years of national and international professional experience. She holds an associate degree in IT from Canada and HR certifications from UK. Fauzia made her transition to Human Resources Management in 2000 in a leading MNC.



**Mir Mahmood Ali**  
Head of Claims

Mir Mahmood Ali joined IGI as Head of Claims in December 2007. He has over 10 years of management experience in the insurance industry. Before being associated with IGI Insurance, Mahmood was Senior Vice President Claims for a Takaful company. He has also spent 11 years at Royal & Sun Alliance Insurance Plc as Manager Claims.



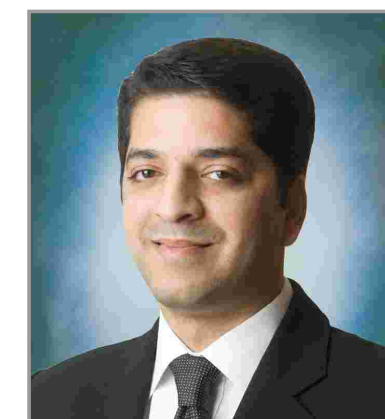
**Akhtar Abbas**  
Group Head Internal Audit

Akhtar joined IGI in 2006 and took the role of Group Head Internal Audit in September 2008. He is an Associate Chartered Accountant from Institute of Chartered Accountants of Pakistan and has completed his articleship with A.F Ferguson & Co. Lahore.



**Haider Raza**  
Company Secretary

Haider is an Associate Public Accountant from Pakistan Institute of Public & Finance Accountants. He has 20 years of professional experience in accounting, finance, audit and taxation. Haider joined IGI Insurance in 2004 and currently has dual responsibility as DGM Accounts and Company Secretary. He has also worked for Royal & Sun Alliance and a MNC.



**Wajahat Malik**  
Group Head IT

Wajahat Malik, an IT professional with ten years of working experience, joined IGI Insurance in 2007 as Group Head IT. He was previously, Head of Systems & Network with a bank. Earlier he worked in Systems Admin & Internal Network areas in a local and foreign bank.





## Board Committees

### Audit Committee

In line with the best practices, the Board of Directors has established the Audit Committee. The terms of reference of the Committee have been Developed on the lines as laid down in the Code of Corporate Governance and approved by the Board. These are as follows:

- i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- iv) To review the management letter issued by external auditors and management's response thereto;
- v) To ensure coordination between the internal and external auditors of the Company;
- vi) To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- vii) To consider the major findings of internal investigations and management's response thereto;
- viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- ix) To determine compliance with relevant statutory requirements; and
- x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

The Audit Committee comprises of the following members:

Shamim Ahmad Khan  
*Non-executive & Independent Director (Chairman)*

Syed Yawar Ali  
*Non-executive Director*

Syed Hyder Ali  
*Non-executive Director*

Akhtar Abbas  
*Head Internal Audit & Secretary to the Committee*

During the year, the Committee met four times.

### Human Resources Committee

Human Resources Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited. The Terms of Reference of HR Committee are as follows:

- i) To review and recommend the organizational structure of the Company
- ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
- iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report the Board on the implementation of these strategies at least once a year;
- iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
- v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentive, benefit and retirement plans;

## Board Committees

vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and

vii) To review and recommend the CEO's compensation, including incentive, benefit and retirement plans, to the Board for approval.

The Human Resources Committee comprises of the following members:

Syed Yawar Ali  
*Non-executive Director (Chairman)*

Syed Shahid Ali  
*Non-executive Director*

Syed Hyder Ali  
*Non-executive Director*

Waqar Ahmed Malik  
*Non-executive & independent Director*

Jalees Ahmed Siddiqi  
*CEO & Secretary to the Committee*

During the year, the Committee met two times.

### Underwriting Committee

- The Underwriting Committee formulates the underwriting policy of the Company;
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
- It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

The Underwriting Committee comprises of the following members:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Jalees Ahmed Siddiqi  
*Chief Executive Officer*

Muhammad Salim Iqbal  
*General Manager – Underwriting & Secretary to the Committee*

Shahbaz Haider Agha  
*General Manager – Marketing*

Yasmin Sadiq  
*Head Underwriting – Motor*

Syed Matin Ahmed  
*Head Underwriting – Marine & Misc.*

During the year, the Committee met four times.

### Claims Settlement Committee

- This Committee devises and reviews the claims settlement policy of the Company;
- It oversees the claims position of the Company and ensures that adequate claims reserves are made;
- The Claims Settlement Committee determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It also oversees the implementation of the measures for combating fraudulent claims cases.

The Claims Settlement Committee comprises of the following members:

Shamim Ahmad Khan  
*Non-executive & independent Director (Chairman)*

Shahbaz Haider Agha  
*General Manager – Marketing*

Muhammad Kashif Nisar  
*Chief Financial Officer*

Mir Mehmood Ali  
*Head Claims & Secretary to the Committee*

During the year, the Committee met four times.





## Board Committees

### Re-insurance & Co-insurance Committee

- This committee ensures that adequate re-insurance arrangements are made for the Company's businesses;
- It peruses the proposed re-insurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insures, makes appropriate adjustments to those arrangements in the light of the market development; and
- It also assesses the effectiveness of the re-insurance programme for the future reference.

The Re-insurance & Co-insurance Committee members are as follows:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Jalees Ahmed Siddiqi  
*Chief Executive Officer*

Muhammad Salim Iqbal  
*General Manager – Underwriting*

Faisal Khan  
*Head Re-insurance & Secretary to the Committee*

During the year, the Committee met four times.

### Investment Committee

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The Investment Committee also reviews the effectiveness of these policies and their implementation and the Company's risk management approach. The terms of reference of the Investment Committee are as follows:

- To review performance for all asset classes and total portfolio relative to the appropriate benchmark.

- To review management's proposed annual rate of return to be included in the Company's budget;
- To review the risk assumptions and asset return assumptions imbedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance.
- To approve investments beyond delegated limits; and
- To ensure compliance with applicable legislation.

The Investment Committee comprises of the following members:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Shamim Ahmad Khan  
*Non-executive & independent Director*

Syed Kamal Ali  
*Executive Director*

Syed Yawar Ali  
*Non-executive Director*

Jalees Ahmed Siddiqi  
*Chief Executive Officer*

Muhammad Kashif Nisar  
*CFO & Secretary to the Committee*

During the year, the Committee met four times.

## Key Financial Data (Ten years at a glance)

	(Rupees in thousand)									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Gross Premium	1,151,797	1,035,218	1,060,836	916,696	642,592	430,341	363,271	302,429	247,376	229,980
Underwriting Profit	253,103	193,166	160,102	226,929	190,065	106,878	99,333	90,082	70,480	76,882
Investment Income	(414,649)	(157,476)	3,021,533	7,315,629	258,822	230,054	215,851	147,158	90,875	86,614
(Provision) / Reversal For Diminution In Value Of Investments	(703,432)	(362,694)	61,703	-	1,328	(13,627)	3,795	23,238	31,930	86,071
Profit Before Tax	364,766	(404,103)	2,983,516	7,357,109	326,757	260,565	280,652	215,415	128,085	57,916
Income Tax	100,800	(27,061)	53,938	14,739	37,014	28,000	41,100	41,543	17,514	55,100
Profit After Tax	263,966	(377,042)	2,929,578	7,342,370	289,743	232,565	239,552	173,872	110,571	2,816
<b>EBITDA Margin</b>	<b>527,862</b>	<b>(156,861)</b>	<b>3,142,874</b>	<b>7,471,799</b>	<b>387,382</b>	<b>269,155</b>	<b>290,328</b>	<b>227,352</b>	<b>154,638</b>	<b>70,477</b>
Employees Remuneration	110,315	102,072	83,486	68,076	51,823	32,730	28,028	21,351	17,373	15,222
Cash Dividend	209,541	89,803	127,720	79,825	61,404	55,264	92,106	64,074	48,541	38,833
Cash Dividend %	35	15	40	40	40	45	75	60	50	40
Stock Dividend	-	199,563	79,825	119,738	46,053	30,702	-	16,018	9,708	-
Stock Dividend %	-	50	25	60	30	25	-	15	10	-
Break-up Value Per Share - Rs.	183	181	353	426	80	81	62	49	43	37
Market Value Per Share - Rs.	88	115	420	399	271	250	226	93	58	58
<b>Earnings Per Share - Rs.</b>	<b>4.41</b>	<b>(6.30)</b>	<b>91.75</b>	<b>367.92</b>	<b>18.87</b>	<b>18.94</b>	<b>19.51</b>	<b>16.28</b>	<b>11.39</b>	<b>0.29</b>
Shareholders Equity	10,960,813	10,846,519	11,271,456	8,509,721	1,228,755	994,276	763,967	524,416	417,852	355,822
Paid Up Capital	598,689	598,689	319,301	199,563	153,510	122,808	122,808	106,790	97,082	97,082
General & Capital Reserves	10,534,374	10,624,177	8,103,740	823,740	673,740	704,442	543,740	409,758	308,448	255,338
Unexpired Risk / Unearned Premium, Commission And Prepaid Premium	279,509	247,684	243,288	253,616	156,419	145,643	74,856	53,831	50,022	52,156
Total Assets-at Book Value	12,366,066	13,200,639	14,099,555	10,399,049	2,957,949	1,626,127	1,086,527	894,876	822,136	695,868
Investments-at Book Value	11,235,758	11,709,948	12,404,727	9,246,735	1,873,786	954,802	728,863	626,916	530,027	500,412
Investments-at Market Value	9,393,620	8,964,435	16,647,641	9,765,736	8,286,127	5,624,871	4,335,668	2,519,780	1,668,000	1,505,906
Loss Ratio	42	45	57	44	45	41	38	30	42	34
Expense Ratio	17	20	16	7	(3)	11	(4)	3	(11)	(14)
Underwriting Profit To G.P. Ratio	22	19	15	25	30	25	27	30	28	33
<b>PBT To Gross Premium Ratio</b>	<b>32</b>	<b>(39)</b>	<b>281</b>	<b>803</b>	<b>51</b>	<b>61</b>	<b>77</b>	<b>71</b>	<b>52</b>	<b>25</b>
Return On Equity	3	(3)	26	86	27	26	37	41	31	16
Total Assets Turnover Ratio	9	8	7	7	21	26	33	33	30	33
Investment Yield Ratio	(4)	(2)	18	75	3	4	5	6	5	6
Price Earning Ratio	20	(18)	5	1	14	13	12	6	5	200
Dividend Payout Ratio	79	(24)	4	1	21	24	38	37	44	1,379
Dividend Yield	4	1	1	1	1	2	3	6	9	7
Return On Assets	2	(3)	21	71	10	14	22	19	13	0.40

\* Previous years are unadjusted for bonus issues, if any.



## Key Financial Data (For the year)

### PROFIT AND LOSS ACCOUNT

	2009	2008
(Rupees in thousand)		
Gross Written Premium	1,151,797	1,035,218
Net Written Premium	665,005	537,153
Net Earned Premium	614,586	542,515
Claims Incurred	437,930	423,323
Net Claims Expenses	257,052	240,931
Direct Expenses	169,628	159,514
Commission Income	164,226	150,287
Commission Expense	99,029	99,191
Underwriting Profit	253,103	193,166
Investment Income	(414,649)	(157,476)
Profit / (Loss) Before Tax	364,766	(404,103)
Profit / (Loss) After Tax	263,966	(377,042)

### TECHNICAL RESERVES COVER

	2009	2008
Fire	292,619	350,994
Marine	48,616	91,632
Motor	237,233	226,107
Miscellaneous	121,054	133,242
<b>Total</b>	<b>699,522</b>	<b>801,975</b>

### CORPORATE ASSETS

	2009	2008
Investment in Fixed Assets	282,545	302,531
Equity Investment in Associated Companies	4,851,740	4,130,464
Other Investments	6,384,018	7,579,484
<b>Total Investments</b>	<b>11,235,758</b>	<b>11,709,948</b>
Total Investments at Realizable Value	9,393,620	8,964,435

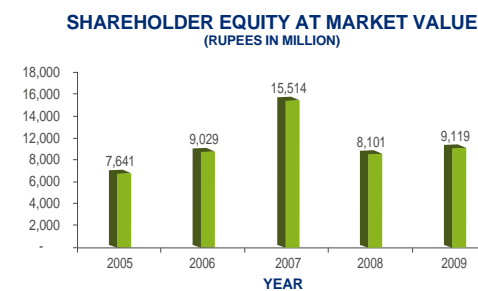
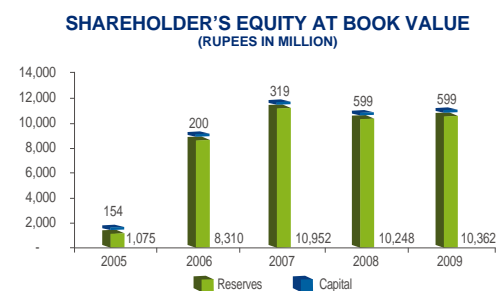
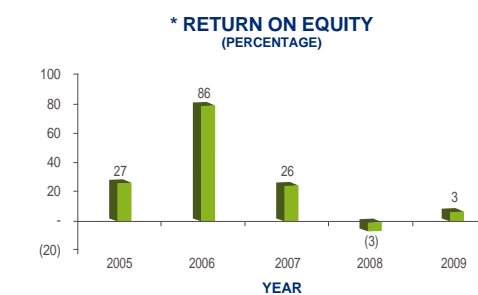
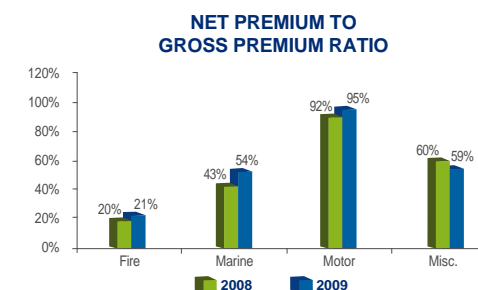
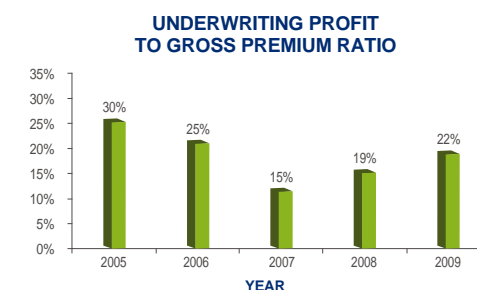
### NUMBER OF EMPLOYEES

	2009	2008
Karachi Corporate Office	30	30
Karachi	25	28
Lahore	48	53
Islamabad	12	13
Faisalabad	5	5
Multan	5	4
Sialkot	4	5
Gujranwala	2	2
Peshawar	-	1
<b>Total</b>	<b>131</b>	<b>141</b>

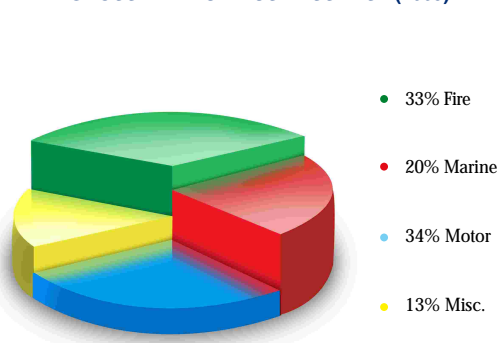
### RATIOS

	2009				2008			
	Fire	Marine	Motor	Misc	Fire	Marine	Motor	Misc
Net Premium to Gross Premium	21%	54%	95%	59%	20%	43%	92%	60%
Loss Ratio	1%	15%	56%	58%	40%	27%	53%	39%
Expense Ratio	-14%	4%	27%	25%	4%	7%	26%	28%
Reserves to Net Premium	394%	40%	73%	130%	515%	93%	79%	150%
Policy Acquisition Cost to Gross Premium	23%	24%	23%	25%	25%	24%	24%	27%

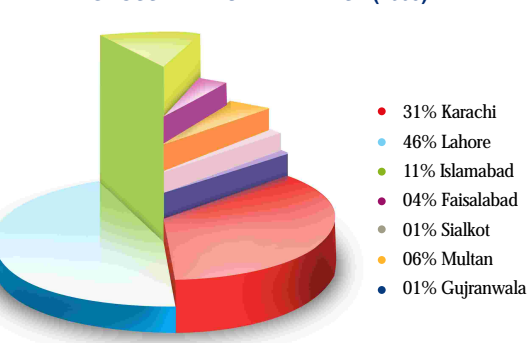
## Key Financial Data



### GROSS PREMIUM BUSINESS WISE (2009)



### GROSS PREMIUM AREA WISE (2009)



\* Previous years are unadjusted for bonus issues, if any.



## Summarized Data

### Balance Sheet

	2009	2008
	(Rupees in thousand)	
<b>Liabilities</b>		
Shareholders' equity	10,960,813	10,846,519
Insurance related liabilities	764,246	907,025
Other liabilities	641,007	1,447,095
<b>Total liabilities</b>	<b>12,366,066</b>	<b>13,200,639</b>
<b>Assets</b>		
Investments	11,235,758	11,709,948
Insurance related assets	692,414	743,545
Fixed assets	282,545	302,531
Other assets	155,349	444,615
<b>Total assets</b>	<b>12,366,066</b>	<b>13,200,639</b>

### Profit & Loss Account

Underwriting profit	253,103	193,166
Investment income including share of profit from associates	306,628	(311,447)
Other income	24,051	36,205
Other expenses	(219,016)	(322,027)
<b>Profit / (loss) before tax</b>	<b>364,766</b>	<b>(404,103)</b>

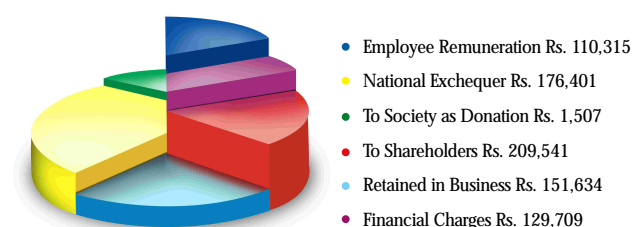
### Cash Flow Statement

Cash inflow / (outflow) from operating activities	126,941	(27,651)
Cash inflow from investing activities	768,554	367,307
Cash (outflow) from financing activities	(587,100)	(153,632)
Cash at beginning of the year	(789,267)	(975,291)
<b>Cash at end of the year</b>	<b>(480,872)</b>	<b>(789,267)</b>

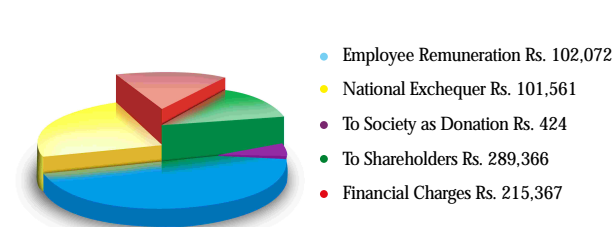
## Statement of Value Addition

	2009	2008
	(Rupees in thousand)	
Gross Premium(including FED and FIF)	1,295,198	1,116,779
Add: Other income	6,485	20,989
Income from investment	306,628	(311,447)
	313,113	(290,458)
	1,608,311	826,321
Management and other expenses	(829,204)	(752,064)
<b>Total value added</b>	<b>779,107</b>	<b>74,257</b>
<b>DISTRIBUTED AS FOLLOWS</b>		
Employee remuneration	110,315	102,072
<b>National Exchequer as:</b>		
Company taxation	33,000	20,000
Levies( including FIF and FED)	143,401	81,561
To Society as donation	1,507	424
<b>To shareholders:</b>		
Dividend	209,541	89,803
Bonus shares	-	199,563
<b>Retained in business:</b>		
Depreciation	33,387	31,875
Net earnings	118,247	(666,408)
<b>Financial charges</b>	<b>129,709</b>	<b>215,367</b>
<b>Total</b>	<b>779,107</b>	<b>74,257</b>

DISTRIBUTION OF VALUE ADDED FY-2009



DISTRIBUTION OF VALUE ADDED FY-2008



## Horizontal Analysis

Balance Sheet	2006	2007	2008	2009
Cash and bank deposits	100	148	185	5
Investments	100	134	127	122
Deferred tax	100	(224)	125	-
Premiums due but unpaid - unsecured	100	98	130	97
Amounts due from other insurers / reinsurers - unsecured	100	154	97	133
Accrued investment income	100	214	111	174
Reinsurance recoveries against outstanding claims	100	755	617	541
Prepaid reinsurance premium ceded	100	119	109	78
Others	100	166	102	114
Taxation - payments less provision	100	136	156	157
Sundry receivables	100	187	67	44
Fixed assets	100	106	104	96
Intangible	-	-	-	100
<b>Total Assets</b>	<b>100</b>	<b>135</b>	<b>127</b>	<b>119</b>
Issued, subscribed and paid up share capital	100	160	300	300
(Accumulated losses) / Unappropriated profits	100	38	(5)	(2)
Reserves	100	984	1,290	1,279
Provision for outstanding claims [including IBNR]	100	242	186	145
Provision for unearned premium	100	114	107	106
Commission income unearned	100	65	78	52
Deferred tax	100	100	100	100
Premiums received in advance	100	34	3	6
Amounts due to other insurers / reinsurers	100	161	62	25
Accrued expenses	100	99	124	84
Sundry creditors	100	41	49	53
Long term finance	100	65	52	6
Short term finance	100	331	294	137
Unclaimed dividend	100	116	119	158
<b>Total Shareholders' Equity and Liabilities</b>	<b>100</b>	<b>135</b>	<b>127</b>	<b>119</b>
<b>Profit and Loss Account</b>				
Net premium revenue	100	137	122	139
Net claims	100	186	129	137
Expenses	100	163	157	162
Net commission	100	96	75	86
Amortization of goodwill	100	-	-	-
Investment income	100	41	(2)	(6)
Other income	100	192	236	157
Financial charges	100	124	201	121
General and administration expenses	100	184	173	145
Share of (loss) / profit of associates	100	102	(786)	3,681
Profit / (loss) before tax	100	41	(5)	5
Taxation	100	366	(184)	684
<b>Profit / (loss) after tax</b>	<b>100</b>	<b>40</b>	<b>(5)</b>	<b>4</b>

## Vertical Analysis

Balance Sheet Items	2009	2008	2007
Cash and bank deposits	0.1%	2.0%	1.5%
Investments	90.9%	88.7%	88.0%
Deferred tax	0.0%	0.1%	0.0%
Premiums due but unpaid - unsecured	1.0%	1.3%	0.9%
Amounts due from other insurers / reinsurers - unsecured	2.1%	1.4%	2.1%
Accrued investment income	0.1%	0.0%	0.1%
Reinsurance recoveries against outstanding claims	1.4%	1.5%	1.7%
Prepaid reinsurance premium ceded	1.1%	1.4%	1.4%
Others	0.1%	0.1%	0.1%
Taxation - payments less provision	0.6%	0.6%	0.5%
Sundry receivables	0.4%	0.6%	1.5%
Fixed assets	2.3%	2.3%	2.2%
Intangible	0.0%	0.0%	0.0%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Issued, subscribed and paid up share capital	4.8%	4.5%	2.3%
(Accumulated losses) / Unappropriated profits	-1.4%	-2.9%	20.2%
Reserves	85.2%	80.5%	57.5%
Provision for outstanding claims [including IBNR]	2.3%	2.8%	3.4%
Provision for unearned premium	3.0%	2.9%	2.8%
Commission income unearned	0.3%	0.4%	0.3%
Deferred tax	0.4%	0.0%	0.2%
Premiums received in advance	0.0%	0.0%	0.0%
Amounts due to other insurers / reinsurers	0.3%	0.6%	1.4%
Accrued expenses	0.3%	0.4%	0.3%
Sundry creditors	0.4%	0.4%	0.3%
Long term finance	0.3%	2.4%	2.8%
Short term finance	3.9%	7.9%	8.4%
Unclaimed dividend	0.0%	0.0%	0.0%
<b>Total Shareholders' Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Profit and Loss Account</b>			
Net premium revenue	100.0%	100.0%	100.0%
Net claims	-41.8%	-44.4%	-57.3%
Expenses	-27.6%	-29.4%	-28.2%
Net commission	10.6%	9.4%	11.9%
Amortization of Goodwill	0.0%	0.0%	0.0%
Investment income	-67.5%	-29.0%	498.1%
Rental income	2.9%	2.8%	1.6%
Other income	1.1%	3.9%	3.2%
Financial charges	-21.1%	-39.7%	-22.0%
General and administrative expenses	-14.5%	-19.7%	-18.8%
Share of profit / (loss) of associates	117.4%	-28.4%	3.3%
Taxation	-16.4%	5.0%	-8.9%
<b>(Profit) / loss after tax</b>	<b>-43.0%</b>	<b>69.5%</b>	<b>-482.9%</b>
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>





## Shareholders' Information

### Registered Office

7th Floor, The Forum,  
Suite No.701-713, G-20,  
Block-9, Khayaban-e-Jami  
Clifton, Karachi-75600 Pakistan.  
Tel # 111-234-234  
Fax # 92-21-35301772  
Web site: www.igiinsurance.com.pk

### Share Registrar Office

FAMCO Associates (Pvt.) Ltd.  
State Life Building No. 1-A  
1st Floor, Off I.I. Chundrigar Road  
Karachi - 74000  
Tel # (9221) 32420755  
Fax# (9221) 32426752

### Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

### Listing Fees

The annual listing fee for the financial year 2009-2010 has been paid to both the stock exchanges within the prescribed time limit.

### Stock Code

The stock code for dealing in equity shares of IGI at KSE and in LSE is IGIL.

### Investor Service Centre

IGIL share department is operated by FAMCO Associates (Pvt.) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1750 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza, Deputy General Manager Accounts and Company Secretary at IGI Registered Office.

IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

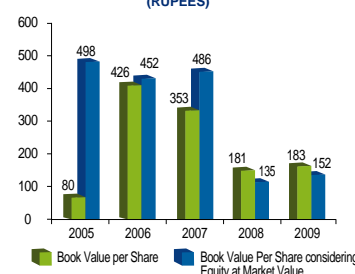
For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons:

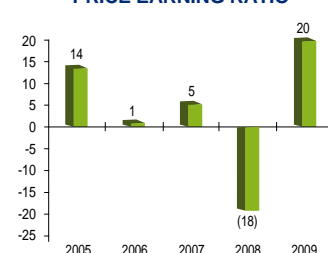
Mr. Haider Raza  
Phone: 111-234-234  
E-mail: haider.raza@igi.com.pk

Mr. Hussain Ahmed  
Tel# (9221) -32427012  
(9221) -32426597

\* BOOK VALUE PER SHARE (RUPEES)



\* PRICE EARNING RATIO



## Shareholders' Information

### Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

### Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

### Dematerialization Of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2009, 33.95% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

### Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 25% (Rs. 2.5 per share). This is in addition to the interim dividend of 10% (Rs. 1.00 per share) already paid during the year making total 35% cash dividend, Rs. 3.5 per share (2008: 15% Cash dividend i.e., Rs. 1.5 per share) and the bonus share in proportion of nil (2008: 50%), for the year ended December 31, 2009 subject to approval by the shareholders of the Company at the Annual General Meeting.

### Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from March 29, 2010 to April 7, 2010 both days inclusive.

### Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 7, 2010, but within the statutory time limit of 30 days:

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of

\* Previous years are unadjusted for bonus issues, if any.





## Shareholders' Information

the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

### Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 tax on dividend payable to a shareholder is to be withheld and will be paid to the Government @ 10% unless the shareholder's income is tax-exempt. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001.

Zakat has already been deducted on the payment of Interim Dividend (D-24) for the financial year 2009 being the first payment of Dividend after the current valuation i.e. September 18, 2009. No Zakat is to be deducted on the Dividend now being paid.

### Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

### Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

### Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/ refund.

### General Meetings & Voting Rights

Pursuant to section 158 of The Companies

Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

### Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited

## Shareholders' Information

at the office of the Company not less than forty-eight hours before the meeting.

### Web Presence

Updated information regarding the Company can be accessed at IGI web site,

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk).

The web site contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

### Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on December 31, 2009 was as follows:

Shareholders' Category	No. of Share	Share	Percentage
	Holders	Holding	
Directors, Chief Executive and Family Executives	20	19,940,840	33.31
Associated Companies, Undertakings and Related Parties	6	9,550	0.01
Public Sector Companies and Corporation	2	16,530,554	27.61
Banks, DFIs and NBFIs	1	592,630	0.99
Insurance Companies	6	462,521	0.77
Modaraba & Mutual Funds	4	605,816	1.01
Other Companies	8	1,689,504	2.82
Non Resident	70	3,408,943	5.70
General Public	5	4,298,043	7.18
	1,624	12,330,594	20.60
	<u>1,746</u>	<u>59,868,995</u>	<u>100.00</u>

### Shareholders having more than 10% Holdings (Name-Wise Detail)

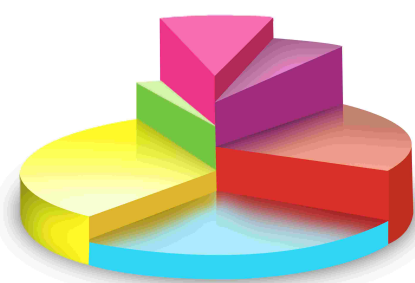
Syed Baber Ali	13,116,974	21.91
Industrial Technical and Educational Institute Packages Limited	10,176,142	17.00
	6,354,412	10.61



## Information as required under Code of Corporate Governance CATEGORIES OF SHAREHOLDERS AS AT DECEMBER 31, 2009

Category	Number of shareholders	Number of shares held	Holding %
<b>Associated Companies, Undertakings and Related Parties</b>			
Industrial, Technical and Educational Institute Packages Limited	1	10,176,142	17.00
	1	6,354,412	10.61
<b>Directors, spouses and minor children</b>			
Syed Babar Ali	2	13,116,974	21.91
Syed Kamal Ali	3	464,695	0.78
Syed Yawar Ali	2	609,965	1.02
Syed Shahid Ali	4	2,784,106	4.65
Syed Hyder Ali	3	2,186,732	3.65
Shamim Ahmad Khan	1	3,079	0.01
Waqar Ahmed Malik	1	37	0.00
Jalees Ahmed Siddiqi	1	500	0.00
Mrs. Perwin Babar Ali	1	630,711	1.05
Mrs. Syeda Amina Hyder Ali	2	144,041	0.24
<b>Executives</b>			
Muhammad Kashif Nisar	1	2,750	0.00
Shahbaz Haider Agha	1	6,000	0.01
Muhammad Arif	1	500	0.00
Akhtar Abbas	1	100	0.00
Farheen Atique	1	100	0.00
Faisal Khan	1	100	0.00
<b>Joint Stock Companies</b>			
Public Sector Companies and Corporations	1	592,630	0.99
Banks, Development Finance Institutions, Non-Banking Finance Institutions	6	462,521	0.77
Insurance Companies	4	605,816	1.01
Modaraba and Mutual Funds	8	1,689,504	2.82
Others	70	3,408,943	5.70
<b>Non Residents</b>	5	4,298,043	7.18
<b>General Public</b>	1,624	12,330,594	20.60
	<u>1,746</u>	<u>59,868,995</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS



- 28% Associated companies, Undertakings and Related Parties
- 33% Directors, Chief Executive and their family
- 05% Public Sector and Financial Institutions
- 06% Other Companies
- 07% Non Residents
- 21% General Public

## Distribution of Shareholding in Central Depository Company of Pakistan Limited As At December 31, 2009

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
235	1	100	12,252
349	101	500	102,897
165	501	1,000	132,066
300	1,001	5,000	692,727
59	5,001	10,000	419,198
30	10,001	15,000	382,505
12	15,001	20,000	208,585
3	20,001	25,000	64,151
9	25,001	30,000	248,880
5	30,001	35,000	162,089
2	35,001	40,000	73,567
4	40,001	45,000	167,193
3	45,001	50,000	142,824
3	50,001	55,000	158,132
1	55,001	60,000	59,863
1	60,001	65,000	62,412
2	65,001	70,000	130,800
1	75,001	80,000	75,955
1	85,001	90,000	87,451
2	90,001	95,000	184,282
2	100,001	105,000	204,895
2	105,001	110,000	212,384
1	110,001	115,000	112,239
1	120,001	125,000	120,916
1	130,001	135,000	133,695
2	135,001	140,000	272,467
2	140,001	145,000	288,399
1	150,001	155,000	154,712
2	160,001	165,000	324,078
2	175,001	180,000	356,746
2	200,001	205,000	402,625
1	235,001	240,000	238,462
1	265,001	270,000	266,614
1	280,001	285,000	283,110
1	285,001	290,000	285,610
1	290,001	295,000	292,777
3	325,001	330,000	978,783
1	345,001	350,000	347,647
1	360,001	365,000	360,685
1	365,001	370,000	369,271
1	425,001	430,000	428,125
1	430,001	435,000	431,677
1	440,001	445,000	440,490
1	515,001	520,000	516,750
1	565,001	570,000	569,910
1	590,001	595,000	592,630
1	595,001	600,000	598,645
1	670,001	675,000	670,053
1	990,001	995,000	992,100
1	1,675,001	1,680,000	1,675,231
1	3,830,001	3,835,000	3,833,284
	<u>1,227</u>		<u>20,322,839</u>



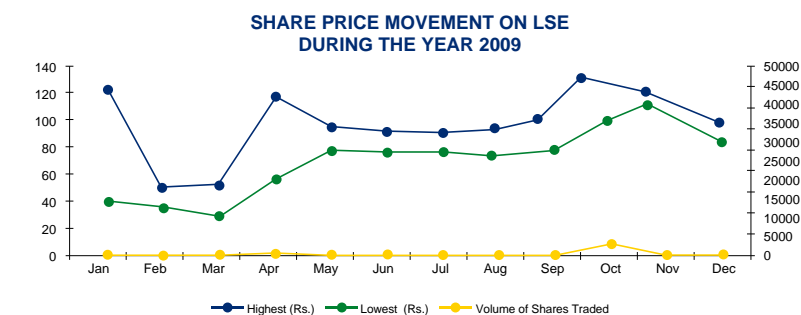
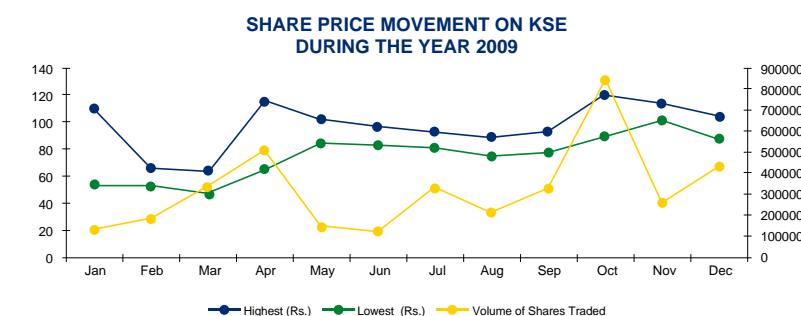
## Pattern of Shareholding as at December 31, 2009

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
370	1	100	17,122
473	101	500	136,855
208	501	1000	163,151
428	1001	5000	1,070,323
80	5001	10000	567,205
41	10001	15000	528,868
19	15001	20000	330,192
16	20001	25000	351,179
13	25001	30000	360,522
6	30001	35000	196,290
5	35001	40000	184,540
5	40001	45000	208,459
3	45001	50000	142,824
4	50001	55000	212,822
1	55001	60000	59,863
2	60001	65000	122,445
3	65001	70000	197,959
2	70001	75000	146,254
1	75001	80000	75,955
2	80001	85000	166,020
1	85001	90000	87,451
4	90001	95000	369,030
2	100001	105000	204,895
2	105001	110000	212,384
2	110001	115000	222,637
2	120001	125000	245,000
1	125001	130000	126,580
1	130001	135000	133,695
3	135001	140000	411,779
2	140001	145000	288,399
1	150001	155000	154,712
3	160001	165000	487,328
2	175001	180000	356,746
2	200001	205000	402,625
1	235001	240000	238,462
3	265001	270000	804,114
1	280001	285000	283,110
3	285001	290000	856,985
1	290001	295000	292,777
3	325001	330000	978,783
1	345001	350000	347,647
1	360001	365000	360,685
1	365001	370000	369,271
1	425001	430000	428,125
1	430001	435000	431,677
1	440001	445000	440,490
3	515001	520000	1,552,199
1	565001	570000	569,910
1	570001	575000	571,375
1	590001	595000	592,630
1	595001	600000	598,645
1	630001	635000	630,711
1	660001	665000	664,084
1	670001	675000	670,053
1	990001	995000	992,100
1	1235001	1240000	1,239,180
1	1675001	1680000	1,675,231
1	1855001	1860000	1,858,392
1	3830001	3835000	3,833,284
1	6350001	6355000	6,354,412
1	10175001	10180000	10,176,142
1	13115001	13120000	13,116,412
<b>1,746</b>			<b>59,868,995</b>

## Share Price / Volume

The monthly high and low prices and the volume of shares traded on the KSE and LSE during the financial year 2009 are as under:

Month	Share Price on the KSE (Rs.)		Volume of Shares Traded	Share Price on the LSE (Rs.)		Volume of Shares Traded
	Highest	Lowest		Highest	Lowest	
January	109.51	53.55	132,600	115.27	56.36	0
February	66.15	53.15	182,700	63.79	53.43	0
March	63.88	48.00	336,200	64.77	49.06	0
April	114.85	65.00	507,900	111.13	68.00	300
May	101.99	84.50	145,300	95.28	83.38	0
June	97.00	83.00	125,400	93.00	82.50	0
July	92.70	81.00	330,596	92.23	82.61	0
August	88.50	75.10	213,922	88.21	76.80	0
September	92.96	77.56	324,251	95.41	78.08	0
October	120.75	89.50	838,798	119.27	90.39	2,200
November	113.50	101.00	256,236	108.46	101.10	0
December	104.50	87.30	428,506	103.00	87.89	100







## Directors Report to the Shareholders

Dear Fellow Shareholders!

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2009.

### Economic Overview

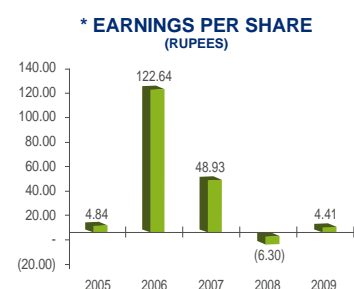
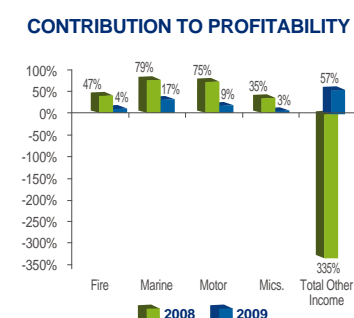
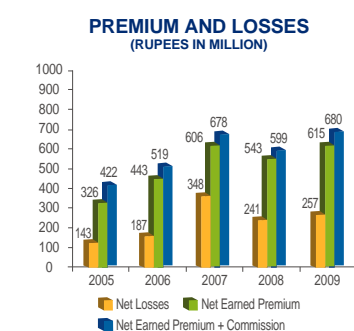
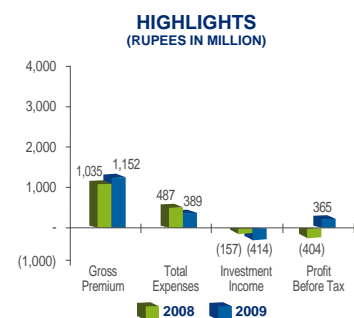
2009 remained a challenging year for the financial services sector of Pakistan. Economic activity remained weak, despite signs of recovery in some sectors. Inflation had declined since mid-2009, but pressures have not abated. Weak confidence kept credit in a state of drought, compelling the country to continue the shelter under the IMF plan. Concerns over the domestic security situation and power outages visibly hampered FDIs. Only three IPOs took place during the year, raising a meager amount of Rs. 1bn against Rs. 18bn in 2008.

On the green side, one of the key economic indicators, external account, showed a much improved position, mainly supported by a decline in international oil and commodity prices coupled with robust flow of remittances. In general, the monetary policy remained cautious and the central bank softened its monetary stance only by 150bps during the year. In addition, the introduction of an interest rate corridor kept short term interest rates relatively stable during the year. Following the progress in economic stabilization, Moody's improved Pakistan's B3 rating outlook to "stable" and Standard & Poor's upgraded Pakistan's rating to "B-minus" during 2009.

### Company Performance Review 2009

Dear shareholders, it gives immense pleasure to present 2009 as the year of the highest underwriting profitability in the history of IGI Insurance spanning over 56 years. 2009 was promising in terms of our results. The fundamental strength of our core operations remains intact and the Company has been able to further enhance its operational performance, reflected by a healthy 31% increase in underwriting profitability. Despite conditions which were not conducive for growth, the Company managed to maintain a growth rate which was higher than that of the industry. Gross Written Premium (GWP) increased by 11%, from Rs. 1,035mn in 2008 to Rs. 1,152mn in 2009. The Company maintained its fourth position among private sector in terms of GWP and the market share of the Company increased from 3.05% in 2008 to 3.50% plus by the end of September 2009. The desired business mix with share of fire, marine, motor & miscellaneous was 33%, 20%, 34% and 13% respectively. Contribution to premium growth came from motor and focus on health business.

The Company's net premium stands at 58% of GWP, increased by 11% in 2009, mainly due to increase in retainable motor portfolio and high retentions in marine business. Net claims increased by 7%,



## Directors Report to the Shareholders

from Rs. 241mn in 2008 to Rs. 257mn in 2009. Nevertheless the more relevant measure of loss ratio declined to 42% in 2009 from 44% in 2008 illustrating your Company's success in developing the business while maintaining profitability. The underwriting profit increased from Rs. 193mn in 2008 to Rs. 253mn in 2009 making underwriting profit margin (as a percentage of earned premiums) 22% in 2009 (2008: 18%).

General & administrative expenses were reduced by 16%, from Rs. 107mn in 2008 to Rs. 89mn in 2009. Enhanced underwriting profitability and reduced administrative expenses improved the combined operating ratio from 90% in 2008 to 86% in 2009. The Company posted a loss of Rs. 415mn on its investment portfolio and has booked Rs. 721mn its share of profit from associates where it has significant influence. Consequently the Company posted Rs. 365mn profit before tax in 2009 against Rs. 404mn loss before tax in 2008 and profit after tax of Rs. 264mn in 2009 against Rs. 377mn loss after tax in 2008. Earnings per share of the Company calculate to Rs. 4.41 in 2009 against Rs. -6.30 in 2008.

### Segments at a Glance

#### Fire

GWP grew by 10% from Rs. 346mn in 2008 to Rs. 379mn in 2009 and net premium earned increased by 9% from Rs. 68mn to Rs. 74mn. As losses decreased by a significant 98% from Rs. 27mn in 2008 to Rs. 1mn in 2009, underwriting profit increased by 120% from Rs. 38mn in 2008 to Rs. 84mn in 2009.

#### Marine, Aviation and Transport

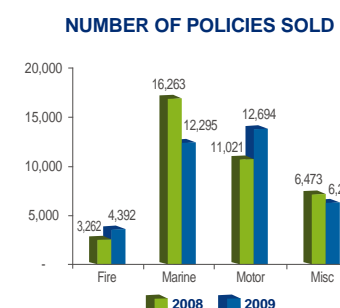
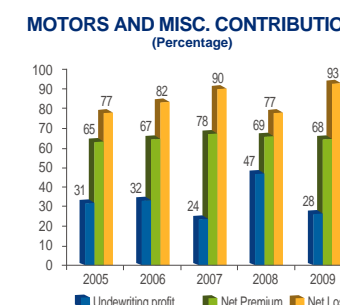
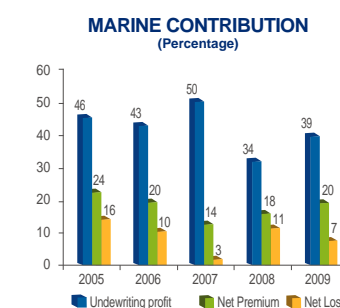
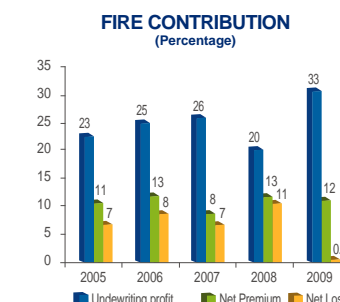
Despite a general slowdown in economy, our marine business declined merely by 3% from Rs. 234mn in 2008 to Rs. 226mn in 2009. Your Company, with better risk management strategies in place, increased retention of risk to an optimal 54% in 2009 (2008: 43%). This increased retention level not only offset the decrease in GWP during 2009 but contributed towards a 23% growth in net earned premium which went up from Rs. 99mn in 2008 to Rs. 121mn in 2009. Further the Company had to experience fewer losses in this segment during 2009 resulting in 53% increase in underwriting profit, from Rs. 65mn in 2008 to Rs. 99mn in 2009.

#### Motor

Following the recovery trend in auto sales volume, GWP grew by 29% from Rs. 300mn in 2008 to Rs. 388mn in 2009. Loss experience generally remained within expectations. However the slight increase in loss ratio declined underwriting profitability to Rs. 54mn in 2009 from Rs. 61mn in 2008.

#### Others (Miscellaneous)

For Miscellaneous lines, which include engineering, contract,



\* Previous years are adjusted for bonus issues, if any.



## Directors Report to the Shareholders

travel, health and cash business, GWP increased by 2% from Rs. 156mn in 2008 to Rs. 159mn in 2009. Health insurance identified as the major growth area in current times, your Company is focusing it in a prudent manner. As the loss experiences in health insurance are generally higher, the underwriting profitability declined by 45%, from Rs. 29mn in 2008 to Rs.16mn in 2009.

### Claims

The settlement time for claims depends on various factors such as the line of business, cause of loss, the nature of claim etc. Typically, claims which result in total or partial destruction of assets or records (such as those caused by Acts of God), those where adequate documentation to establish the claims are awaited and those which are the subject matter of judicial processes tend to have longer settlement times, which are beyond the control of the Company. Motor "own damage" and Health claims, which accounted for majority of the total number of claims, are promptly settled. During the year, the Company has settled more than 90% of all claims pertaining to 2008 & earlier.

The Company has improved internal processes for further reduction of average claims settlement time and claims outstanding.

### Re-insurance

Your Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance. We have structured our re-insurance program to protect the value at risk by ensuring timely and quality protection for individual risks. A GIS based tool is used for monitoring Company's exposure to accumulation and concentration of risk at any location. Your Company has also increased capacities for traditional re-insurance arrangements as well as obtained capacity for specialized lines including terrorism.

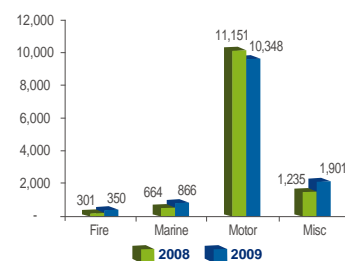
The re-insurance programme finalized aims at:

- (a) Optimum retention within the country consistent with prudent risk retentions to reduce foreign exchange outflow;
- (b) Develop adequate automatic reinsurance capacity within the Pakistan Insurance market to maximize the market retention; and
- (c) To secure the best possible protection at economical cost.

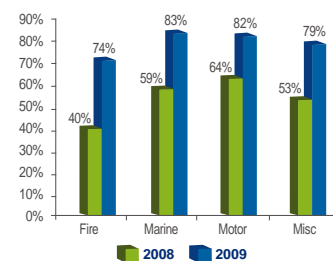
Further in order to mitigate the risk arising out of single large loss and /or catastrophe affecting company's net retentions, your Company has also taken Excess of Loss and Catastrophe covers.

In this challenging period of economic slow down, declining prices and softening of local insurance markets, your Company's strategy of increasing its risk retention has not only helped in achieving a robust net premium growth of 24% but also contributed positively to the profitability.

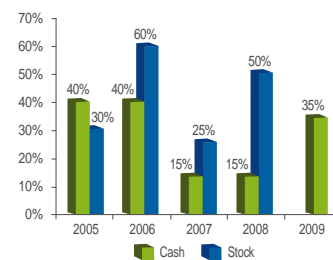
NUMBER OF CLAIMS SETTLED



CLAIM DISPOSAL RATIO



CASH AND STOCK DIVIDEND



## Directors Report to the Shareholders

### Risk Management

Insurance being the business of transfer of risks from client to insurer is viable only if the underwriter has the ability to precisely assess the risk. Your Company's Risk Management approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. Your company's strive to develop expertise in areas like risk pricing, business continuity planning and consequence analysis helps in offering value added services to the clients.

### Investments

Our investment objective is to achieve a optimum total return on the investment portfolio adhering to our investment philosophy and the regulations as applicable from time to time. We are guided by value investing principles. Appropriate risk management practices are adopted with an objective to manage risks arising out of duration, market, credit, legal and operations.

Your Company's investment portfolio is invested with prudence while seeking a reasonable yield, in line with market conditions.

After posting dismal returns last year, Pakistan equities (benchmark KSE-100) marked a solid 60% YoY return during 2009. Market capitalization was also up 45% YoY, whereas increased by 37% in USD terms during the year. However, higher risk perception coupled with the prevalent liquidity crunch, uncertainty on the political canvas, military operations against insurgency and its aftermath have gripped the market so far.

The book value of your Company's investments is Rs. 11, 236 million as at December 31, 2009 against Rs. 11,710 million as at December 31, 2008. The fair value of investments is Rs. 9,394 million, higher by 4.8% from its respective value as at December 31, 2008.

Even the soundest of assets were victims of extraordinary and indiscriminate price declines during this turmoil. However, once the liquidity of credit markets is restored, the equity markets in general and our core investments portfolio have the potential to pay back. The Company will continue to place special emphasis in generating a significant portion of its

investment income from sustainable sources such as interest and dividends.

### Capital Management and Liquidity

The Company has a policy to maintain a strong capital position and provide the flexibility necessary to take advantage of growth opportunities, to support the risk associated with its businesses and to optimize shareholder return. The Company's capital base is structured to exceed regulatory capital targets and maintain strong credit ratings while maintaining a capital-efficient structure and desired capital ratios. The Company's risk management framework includes a number of liquidity risk management procedures, including prescribed liquidity stress testing, active monitoring and contingency planning. The Company maintains an overall asset liquidity profile that exceeds requirements to fund potential liabilities under adverse scenarios. The Company also actively manages and monitors the matching of its asset positions against its commitments, together with the diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities, including premiums and net investment income. These funds are used primarily to pay claims, commissions, operating expenses, interest expenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements, including the payment of dividends to shareholders.

The Company's liquidity remained strong with operating and investing cash flows of Rs. 127mn and Rs. 769mn respectively. The total cash and cash equivalents as at the end of 2009 are Rs. -481mn against Rs. -789mn in 2008.

### Information Technology and Business Process Re-engineering

Strategic initiative to leverage Information technology for improved business performance continued yielding required results. Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new





## Directors Report to the Shareholders

technology has become absolute necessity in Insurance Industry to achieve the desired effect.

We are also pleased to apprise our shareholders that a comprehensive workflow system in integration with data management system has been implemented during the year. This system is initially implemented in claims department which will be extended to other departments of the Company during 2010. It will not only enhance the efficiency of our processes with better control and monitoring environment but also take our customer service to higher level. Disaster Recovery Program (DRP) remains implemented during the current year.

### Human Resource

At IGI Human Resources, in its business partner role, enacts strategies to raise the performance of each team member to its maximum potential. The primary reason for our success is that our organization is built around people.

Team efforts played a key role in achieving the stretched business goals for 2009 and surpassing them in some areas. However, this was also possible through continuous review of the organizational structure, which ensured the business' stability. Claims and Underwriting were centralized to improve customer focus and optimize performance. Synergies were created among support functions to enhance efficiency and optimize costs.

Employees are rewarded based on performance, resulting in enhanced retention and motivation at all levels.

All our operational activities are carried out in a transparent manner following our code of ethics, on which there can be no compromise.

Our continuous improvement philosophy and benchmarking with the best in class will ensure in making IGI a high performance organization.

### Corporate Social Responsibility

We at IGI Insurance are conscious of the well being of our employees as well as community at large. Pollution reduction and waste management processes have been defined and are being applied to ensure minimal impact on our environment. Waste management includes reduce, reuse, recycle and disposal processes.

The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures.

The Company is aware of its social responsibility and contributed Rs. 1.5mn towards various social sector organizations in the health, education and environment areas during the year and aims to enhance its contribution in the future.

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. During the year, Rs. 176mn was paid on account of income tax, federal excise duty, federal insurance fee and other levies.

### ISO Certification and its value to our customers

Since your Company received ISO 9001 certification in 2001, it has successfully maintained the status and its entire operations are ISO 9001 certified. The value of ISO Certification expresses to our customers in the following ways:

**Structured processes & procedures:** The Company has established and perpetuated well defined documented processes to help understand our customers' requirements and address them to their satisfaction.

**Premium service standards:** Our commitment to excellence ensures prompt and proper documentation while also ensuring transparent and swift settlement of claims.

### Insurer's Financial Strength Rating

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has for the tenth consecutive year assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A) and a Stable Outlook, on the basis of financial statements for the year 2008.

The Insurer Financial Strength (IFS) Rating of "AA" (Double A) denotes:

"Insurers are viewed as possessing VERY STRONG capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be VERY SMALL."

## Directors Report to the Shareholders

### Appropriations

The proposed appropriations are as under:

	2009	2008
	Rupees in thousand	
Final Dividend for the year - 25% (2008: 15%)	149,672	89,803
Interim Dividend for the year - 10% (2008: Nil)	59,869	-
Transfer to reserve for issue of Interim Bonus Shares - Nil (2008: 50%)	-	199,563
	<u>209,541</u>	<u>289,366</u>

### Future Outlook

Despite significant presence of insurance companies, insurance penetration in Pakistan is low compared to the global levels and those of regional countries. Pakistan is also low in terms of insurance density (ratio of premium to total population). Growth of insurance business is directly related to economic activities in the country but in case of Pakistan we believe that regulatory framework can provide the stimulus to the industry growth.

Overall, 2010 is expected to mark the end of the slide in the economy. Despite rising political and security uncertainties, economic stabilization is progressing. Going forward, the economic sustainability is highly contingent upon a number of positive developments. It includes materialization of the expected foreign inflows, overall inflation in the economy and exchange rate stability.

We cherish no illusions about the magnitudes of challenges ahead. While competition is increasing in all business segments, the phenomenal strength of the Group and the strategies pursued by IGI makes us feel confident to achieve plans for 2010. By applying prudent policies and discipline in business operations and using cost effective methods, we are positive that the targets set for the year will be reached.

Enhanced customer service with fair and efficient claims settlement is a significant source of achieving success in a competitive market. A disciplined approach with customer focus will remain our hallmark for 2010. Two areas which offer significant growth potential are health and personalized insurance. Your Company will keep its continual efforts to develop these segments.

As a responsible corporate entity, we will continue to conduct our business in a transparent way subscribing to high ethical standards and strictly complying with all regulatory obligations.

Our aim is to ensure that our performance exceeds expectation of our shareholders, not only during the current year but beyond.

### Acknowledgement

We would like to thank our customers, business partners and employees whose loyalty & dedication makes IGI a great Company. We also thank our shareholders for their continued support and confidence in IGI.

For and on behalf of the Board

Syed Babar Ali  
Chairman

Karachi: February 16, 2010



## Report on Corporate Governance

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is shown at page number 25.
9. Outstanding taxes and duties are given in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows:  
Provident Fund as at June 30, 2009  
Rs. 17.21 million  
Gratuity Fund as at December 31, 2008  
Rs. 4.17 million
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors;
12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

### Directors & spouses

Syed Babar Ali purchased and donated 54,690 shares. Mrs. Perwin Babar Ali purchased 72,704 shares. Syed Kamal Ali, Director purchased 36,631 and sold 11,000 shares. Syed Shahid Ali, Director inherited 571,375 shares. Syed Hyder Ali, Director purchased 101,983 shares. Jalees Ahmed Siddiqi, Chief Executive Officer purchased 500 shares.

### Chief Financial Officer:

Purchased 4,000 shares and sold 2,000 shares; and

### Executives:

Muhammad Arif purchased 500 shares. Akhtar Abbas purchased 100 shares. Farheen Atique purchased 100 shares. Faisal Khan purchased 100 shares.

13. All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

### Insurance Ordinance, 2000

As required under the Insurance Ordinance and Rules framed there under, the Directors confirm that:

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;

## for the Year Ended December 31, 2009

- the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions

of the Ordinance and rules framed there under as mentioned above.

### Board Meetings and Attendance

During the year, four (4) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Director	Number of meetings attended
Syed Babar Ali	4
Shamim Ahmad Khan	4
Syed Kamal Ali	1
Syed Yawar Ali	4
Syed Shahid Ali	3
Syed Hyder Ali	4
Waqar Ahmed Malik	4
Jalees Ahmed Siddiqi	4

The Board granted leave of absence to those Directors who could not attend the Board meetings.

### Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are also attached with this report.

### Auditors

The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Company, Chartered Accountants as auditors of the Company for the year 2010, at a fee to be mutually agreed.

### Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2009.

### Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

For and on behalf of the Board

Syed Babar Ali  
Chairman

Karachi, February 16, 2010



## Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of respective stock exchanges and SRO 68(1)/2003 issued by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive Directors, including the Chairman, out of eight Directors.
2. The Directors of the Company have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors have given declaration that they are aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the Director or their spouse is a member of a stock exchange.
5. A casual vacancy occurred in the Board on March 1, 2009 which was filled up by the Directors on the same day.
6. The Company has prepared a Code of Conduct, which has been signed by all Directors and employees of the Company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive Directors, have been taken by the Board.
9. All the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
11. The Board has arranged an orientation course for its Directors during the year to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.
12. All material information as required under the relevant rules, has been provided to the

## for the Year Ended December 31, 2009

- stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
13. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
15. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed Underwriting, Claims Settlement and Re-insurance & Co-insurance Committees.
18. The Board has formed an Audit Committee. It comprises of three members all of whom are non-executive Directors including the Chairman of the committee.
19. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
20. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the Internal Audit function on a full time basis.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
24. We confirm that all other material principles contained in the Code have been complied with.

Syed Babar Ali  
Chairman

Karachi: February 16, 2010





## Corporate Calendar

### Results

First quarter ended March 31, 2009	Announced on	April 23, 2009
Half year ended June 30, 2009	Announced on	August 18, 2009
Third quarter ended September 30, 2009	Announced on	October 28, 2009
Year ended December 31, 2009	Announced on	February 16, 2010

### Dividends

Final - Cash (2008)	Announced on	February 13, 2009
	Entitlement date	March 20, 2009
	Statutory limit upto which payable	April 30, 2009
	Paid on	March 31, 2009
Interim - Cash (2009)	Announced on	August 18, 2009
	Entitlement date	September 9, 2009
	Statutory limit upto which payable	October 17, 2009
	Paid on	September 18, 2009
Final - Cash (2009)	Announced on	February 16, 2010
	Entitlement date	March 26, 2010
	Statutory limit upto which payable	May 6, 2010
	Expected to be Paid on	April 7, 2010

Issuance Of Annual Report March 15, 2010

56<sup>th</sup> Annual General Meeting April 7, 2010

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## Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to Company for the year ended 31 December 2009.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Karachi: February 16, 2010



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## Auditors' Report to the Members of IGI Insurance Limited

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in equity;
- (iv) statement of cash flows;
- (v) statement of premiums;
- (vi) statement of claims;
- (vii) statement of expenses; and
- (viii) statement of investment income

of IGI Insurance Limited ("the Company") as at 31 December 2009 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments or an interpretation to existing standards, as stated in note 2.2, with which we concur;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2009 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Mohammad Mahmood Hussain

Karachi: February 16, 2010



## Balance Sheet

	Note	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorized share capital 100,000,000 (2008: 100,000,000) ordinary shares of Rs 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up share capital	5	598,689	598,689
Accumulated losses		(172,250)	(376,347)
Reserves		<u>10,534,374</u>	<u>10,624,177</u>
		<u>10,960,813</u>	<u>10,846,519</u>
<b>Underwriting provisions</b>			
Provision for outstanding claims [including IBNR]		286,739	366,620
Provision for unearned premium		374,644	378,622
Commission income unearned		38,139	56,733
Total underwriting provisions		<u>699,522</u>	<u>801,975</u>
<b>Deferred liabilities</b>			
Deferred tax	6	50,932	-
<b>Creditors and accruals</b>			
Premium received in advance		997	518
Amounts due to other insurers / reinsurers		31,211	75,730
Accrued expenses		37,905	56,103
Sundry creditors	7	<u>54,410</u>	<u>50,303</u>
		<u>124,523</u>	<u>182,654</u>
<b>Borrowings</b>			
Long term finance - secured	8	40,000	320,000
<b>Other liabilities</b>			
Short term finance - secured	9	487,681	1,047,527
Unclaimed dividend		2,595	1,964
		<u>490,276</u>	<u>1,049,491</u>
<b>TOTAL LIABILITIES</b>		<u>1,405,253</u>	<u>2,354,120</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,366,066</u>	<u>13,200,639</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chairman

Director

## As at December 31, 2009

	Note	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<b>Cash and bank deposits</b>			
Cash and other equivalents	11	267	53
Current and other accounts	12	6,542	57,855
Deposits maturing within 12 months	13	-	200,352
		<u>6,809</u>	<u>258,260</u>
Investments	14	11,235,758	11,709,948
Deferred tax	6	-	16,868
<b>Other assets</b>			
Premiums due but unpaid - unsecured	15	127,071	169,916
Amounts due from other insurers / reinsurers - unsecured	16	259,712	189,374
Accrued investment income		8,379	5,381
Reinsurance recoveries against outstanding claims		172,357	196,584
Prepayments			
- prepaid reinsurance premium ceded		133,274	187,671
- others		10,225	9,165
Taxation - payments less provision		79,696	78,909
Sundry receivables	17	<u>50,240</u>	<u>76,032</u>
		<u>840,954</u>	<u>913,032</u>
<b>Fixed assets</b>			
<b>Tangible</b>			
Furniture, fixtures and office equipments	18	30,639	36,884
Buildings		205,847	217,838
Motor vehicles		44,059	47,809
		<u>280,545</u>	<u>302,531</u>
<b>Intangible</b>			
Software under development		2,000	-
<b>TOTAL ASSETS</b>		<u>12,366,066</u>	<u>13,200,639</u>

Director

Principal Officer and Chief Executive






## Profit and Loss Account For the Year Ended December 31, 2009


Note	(Rupees in thousand)						
	Fire and Property Damage	Marine Aviation and Transport	Motor	Miscellaneous	2009 Aggregate	2008 Aggregate	
Revenue account							
Net premium revenue	74,262	121,438	325,782	93,104	614,586	542,515	
Net claims	(619)	(18,171)	(183,905)	(54,357)	(257,052)	(240,931)	
Expenses	19 (55,851)	(33,264)	(57,110)	(23,403)	(169,628)	(159,514)	
Net commission	66,564	28,820	(30,623)	436	65,197	51,096	
Underwriting result	<u>84,356</u>	<u>98,823</u>	<u>54,144</u>	<u>15,780</u>	<u>253,103</u>	<u>193,166</u>	
Investment income					(414,649)	(157,476)	
Rental income					17,566	15,216	
Other income	20				6,485	20,989	
Financial charges	21				(129,709)	(215,367)	
General and administrative expenses	22				(89,307)	(106,660)	
					<u>(609,614)</u>	<u>(443,298)</u>	
					<u>(356,511)</u>	<u>(250,132)</u>	
Share of profit / (loss) of associates					721,277	(153,971)	
Profit / (loss) before tax					364,766	(404,103)	
Taxation	23				(100,800)	27,061	
Profit / (loss) after tax					<u>263,966</u>	<u>(377,042)</u>	
Profit and loss appropriation account							
Balance at commencement of the year					(376,347)	2,848,415	
Profit / (loss) after tax for the year					263,966	(377,042)	
Transfer from / (to) general reserve					89,803	(2,720,000)	
Final dividend 2008: Rs. 1.5 per share (2007: Rs. 1.5 per share)					(89,803)	(47,895)	
Interim dividend 2009: Rs. 1 per share (2008: Nil)					(59,869)	-	
Transfer to reserve for bonus shares					-	(79,825)	
					<u>204,097</u>	<u>(3,224,762)</u>	
Accumulated losses					<u>(172,250)</u>	<u>(376,347)</u>	
Earnings / (loss) per share - basic and diluted	27				<u>4.41</u>	<u>(6.30)</u>	

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director


  
Principal Officer and Chief Executive

## Statement of Changes in Equity For the Year Ended December 31, 2009


	(Rupees in thousand)						Total	
	Share Capital Issued, subscribed and paid-up	Reserves			Revenue reserves General reserve	(Accumulated losses) / Unappropriated profit		
		Premium on issue of shares	Reserve for bonus shares	Other capital reserves				
Balance as at 1 January 2008	319,301	35,762	-	33,267	8,034,711	2,848,415	11,271,456	
Total comprehensive income for the year ended 31 December 2008								
Net loss for the year	-	-	-	-	-	(377,042)	(377,042)	
Transactions with owners, recorded directly in equity								
Distribution to owners								
Bonus shares issued for the year ended 31 December 2007 - Rs. 2.5 per share	79,825	-	(79,825)	-	-	-	-	
Bonus shares issued for the half year ended 30 June 2008 - Rs. 5 per share	199,563	-	(199,563)	-	-	-	-	
Final dividend for the year ended 31 December 2007 - Rs. 1.5 per share	-	-	-	-	-	(47,895)	(47,895)	
	<u>279,388</u>	<u>-</u>	<u>(279,388)</u>	<u>-</u>	<u>-</u>	<u>(47,895)</u>	<u>(47,895)</u>	
Transferred to general reserve	-	-	-	-	2,720,000	(2,720,000)	-	
Transferred to reserve for issue of bonus shares for the year ended 31 December 2007	-	-	79,825	-	-	(79,825)	-	
Transferred to reserve for issue of bonus shares for the half year ended 30 June 2008.	-	-	199,563	-	(199,563)	-	-	
Balance as at 31 December 2008	598,689	35,762	-	33,267	10,555,148	(376,347)	10,846,519	
Total comprehensive income for the year ended 31 December 2009								
Net profit for the year	-	-	-	-	-	263,966	263,966	
Transactions with owners, recorded directly in equity								
Distribution to owners								
Final dividend for the year ended 31 December 2008 - Rs. 1.5 per share	-	-	-	-	-	(89,803)	(89,803)	
Interim dividend for the half year ended 30 June 2009 - Re. 1 per share	-	-	-	-	-	(59,869)	(59,869)	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,672)</u>	<u>(149,672)</u>	
Transferred from general reserve	-	-	-	-	(89,803)	89,803	-	
Balance as at 31 December 2009	<u>598,689</u>	<u>35,762</u>	<u>-</u>	<u>33,267</u>	<u>10,465,345</u>	<u>(172,250)</u>	<u>10,960,813</u>	

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Principal Officer and Chief Executive



## Cash Flow Statement

	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<b>Operating cash flows</b>		
Underwriting activities		
- Premiums received	1,179,362	987,880
- Reinsurance premiums paid	(601,649)	(507,726)
- Claims paid	(517,811)	(533,419)
- Reinsurance and other recoveries received	205,105	226,289
- Commissions paid	(87,057)	(91,958)
- Commissions received	145,632	160,045
Net cash flow from underwriting activities	<u>323,582</u>	<u>241,111</u>
Other operating activities		
- Income tax paid	(33,786)	(30,105)
- General and management expenses paid	(138,505)	(206,142)
- Other operating payments	(45,375)	(67,692)
- Other operating receipts	21,025	35,177
Net cash flow from other operating activities	<u>(196,641)</u>	<u>(268,762)</u>
Total cash inflow / (outflow) from all operating activities	<u>126,941</u>	<u>(27,651)</u>
<b>Investment activities</b>		
Profit / return received	26,601	29,178
Dividends received	304,808	210,441
Payments for investments	(621,782)	(8,866,810)
Proceeds from disposal of investments	1,067,431	8,963,809
Redemption of term finance certificates	1,871	54,784
Fixed capital expenditure	(20,772)	(32,675)
Proceeds from disposal of fixed assets	10,397	8,580
Total cash inflow from investing activities	<u>768,554</u>	<u>367,307</u>
<b>Financing activities</b>		
Loans repaid	(280,000)	(80,000)
Dividends paid	(149,041)	(47,834)
Advances received	-	179,667
Financial charges paid	(158,059)	(205,465)
Total cash (outflow) from financing activities	<u>(587,100)</u>	<u>(153,632)</u>
Net cash inflow from all activities	<u>308,395</u>	<u>186,024</u>
Cash at beginning of the year	(789,267)	(975,291)
Cash at end of the year	<u>(480,872)</u>	<u>(789,267)</u>

Chairman

Director

## For the Year Ended December 31, 2009

	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	126,941	(27,651)
Depreciation expense	(33,387)	(31,875)
Financial charges	(129,709)	(215,367)
Gain on disposal of fixed assets	3,026	1,028
(Decrease) in assets other than cash	(91,944)	(64,788)
Increase in liabilities other than term finances	81,302	270,268
Provision for impairment in the value of available for sale investments	(703,432)	(362,694)
(Loss) on revaluation of trading investments	-	(15,034)
<b>Others</b>		
(Loss) on disposal of investments	(44,516)	(11,605)
Dividend and other investment income	334,408	234,647
Share of profit / (loss) of associates	721,277	(153,971)
Profit / (loss) after tax	<u>263,966</u>	<u>(377,042)</u>
<b>Definition of cash</b>		
Cash comprises of cash in hand, policy stamps, bank balances and short term placements with banks which are readily convertible to cash in hand and short term finance which are used in the cash management function on a day-to-day basis.		
<b>Cash for the purposes of the Statement of Cash Flows consists of:</b>		
Cash and other equivalents		
- Cash in hand	-	-
- Policy stamps in hand	267	53
	<u>267</u>	<u>53</u>
Current and other accounts		
- Current accounts	590	622
- Saving accounts	5,952	57,233
	<u>6,542</u>	<u>57,855</u>
Deposits maturing within 12 months		
- Cash with State Bank of Pakistan	-	352
- Term Deposit Receipts	-	200,000
	-	<u>200,352</u>
Short term finance	(487,681)	(1,047,527)
	<u>(480,872)</u>	<u>(789,267)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Director

Principal Officer and Chief Executive



## Statement of Premiums For the Year Ended December 31, 2009

Business underwritten inside Pakistan

(Rupees in thousand)


Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2009	2008
Direct and facultative										
Fire and Property Damage	379,237	149,381	129,605	399,013	298,922	124,510	98,681	324,751	74,262	68,114
Marine, Aviation and Transport	225,863	33,084	15,025	243,922	103,035	22,168	2,719	122,484	121,438	98,878
Motor	387,785	135,985	166,252	357,518	19,516	13,093	873	31,736	325,782	286,801
Miscellaneous	158,912	60,172	63,762	155,322	65,319	27,900	31,001	62,218	93,104	88,722
<b>Total</b>	<b>1,151,797</b>	<b>378,622</b>	<b>374,644</b>	<b>1,155,775</b>	<b>486,792</b>	<b>187,671</b>	<b>133,274</b>	<b>541,189</b>	<b>614,586</b>	<b>542,515</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Chairman

  
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Director

  
Principal Officer and Chief Executive

## Statement of Claims For the Year Ended December 31, 2009

Business underwritten inside Pakistan

(Rupees in thousand)


Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net Claims	
		Opening	Closing			Opening	Closing		2009	2008
Direct and facultative										
Fire and Property Damage	56,307	160,846	134,453	29,914	45,225	135,719	119,789	29,295	619	27,393
Marine, Aviation and Transport	45,261	49,790	32,204	27,675	23,106	29,091	15,489	9,504	18,171	26,882
Motor	214,178	90,122	70,982	195,038	16,887	13,685	7,931	11,133	183,905	151,862
Miscellaneous	202,065	65,862	49,100	185,303	119,887	18,089	29,148	130,946	54,357	34,794
<b>Total</b>	<b>517,811</b>	<b>366,620</b>	<b>286,739</b>	<b>437,930</b>	<b>205,105</b>	<b>196,584</b>	<b>172,357</b>	<b>180,878</b>	<b>257,052</b>	<b>240,931</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Principal Officer and Chief Executive





## Statement of Expenses For the Year Ended December 31, 2009

Business underwritten inside Pakistan

(Rupees in thousand)

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurer	Net underwriting expense	
		Opening	Closing					2009	2008
Direct and facultative									
Fire and Property Damage	32,158	-	-	32,158	55,851	88,009	98,722	(10,713)	2,453
Marine, Aviation and Transport	20,400	-	-	20,400	33,264	53,664	49,220	4,444	7,226
Motor	30,632	-	-	30,632	57,110	87,742	9	87,733	73,461
Miscellaneous	15,839	-	-	15,839	23,403	39,242	16,275	22,967	25,278
<b>Total</b>	<b>99,029</b>	<b>-</b>	<b>-</b>	<b>99,029</b>	<b>169,628</b>	<b>268,657</b>	<b>164,226</b>	<b>104,431</b>	<b>108,418</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer and Chief Executive

Chairman

Director

Director

Principal Officer and Chief Executive

## Statement of Investment Income For the Year Ended December 31, 2009

	2009	2008
	(Rupees in thousand)	
Income / (loss) from trading investments		
Gain / (loss) on trading (i.e. buying and selling difference)	21,254	(17,694)
Dividend income (earned while holding the securities)	64	6,018
	21,318	(11,676)
Income from non-trading investments		
Held to maturity		
Return on government securities	9,218	(780)
Return on other fixed income securities and deposits	16,173	28,495
	25,391	27,715
Available for sale		
Dividend income	308,953	200,914
(Loss) / gain on sale of available for sale investments	(65,770)	6,089
	243,183	207,003
Loss on revaluation of trading investments	-	(15,034)
Provision for impairment in value of investments		
Provision for available for sale investments	(703,432)	(362,694)
Investment related expenses	(1,109)	(2,790)
Net investment income	(414,649)	(157,476)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer and Chief Executive

Chairman

Director

Director

Principal Officer and Chief Executive



## Notes to and forming part of the Financial Statements

### 1. Status and nature of business

IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in providing general insurance services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

### 2. Basis of preparation

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002]. There is no other comprehensive income during the year ended 31 December 2009 and 2008.

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

#### 2.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

##### 2.2.1 Initial application of a standard or an interpretation

The following standards, amendments and interpretations of approved accounting standards became effective during the year:

- Revised IAS 1 - Presentation of financial statements has introduced the term total comprehensive income. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The Company does not have any items of comprehensive income to report for the year ended 31 December 2009 and comparative period.
- Revised IAS 23 - Borrowing costs has removed the option to expense borrowing costs and requires that an entity capitalize borrowing costs as part of the cost of that asset. This standard did not affect the Company's financial statements.
- IAS 27 - Consolidated and separate financial statements. The amendment removed the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not relevant to the Company's financial statements.
- IFRS 4 - Insurance Contracts. The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The

## For the Year Ended December 31, 2009

standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The required information has been disclosed in notes to these financial statements.

- IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.
- IFRS 8 - Operating Segments introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The application of the standard has resulted in increased disclosures only.
- Amendments to IAS 32 - Financial instruments: Presentation and IAS 1 - Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which required retrospective application, had no impact on the Company's financial statements.
- Amendment to IFRS 2 - Share-based Payment - Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard did not have any effect on the Company's financial statements.
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments. These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. The amendment did not affect the Company's financial statements.
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives. Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not relevant to the Company's financial statements.
- IFRIC 16 - Hedge of Net Investment in a Foreign Operation has clarified that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment



## Notes to and forming part of the Financial Statements

as if the direct method of consolidation had been used. The amendment is not relevant to the Company's operations.

- IFRIC 18 - Transfers of Assets from Customers clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation is not relevant to the Company's operations.
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most became applicable during the year. These amendments however did not have an impact on the Company's financial statements.

### 2.2.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- Revised IFRS 3 - Business Combinations (applicable for annual periods beginning on or after 1 July 2009)
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
- IAS 24 - Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011)
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement – Eligible hedged items (effective for annual periods beginning on or after 1 July 2009)
- Amendment to IFRS 2 - Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)
- Amendment to IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011)
- IFRIC 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)

## For the Year Ended December 31, 2009

- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statement. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2008 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – (effective for annual periods beginning on or after 1 July 2009)

### 3. Basis of Measurement

These financial statements have been prepared on the basis of historical cost convention, except for certain investments, which are stated at fair value and obligation under certain employee retirement benefits which are measured at present value.

#### 3.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Provision for outstanding claims including IBNR (note 4.1.3)
- Provision for taxation and deferred tax (note 4.3)
- Defined benefit plan (note 4.8.2)
- Useful lives and residual values of fixed assets (note 4.7)
- Premium deficiency reserve (note 4.1.6)

#### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand, unless otherwise stated.

### 4. Summary of Significant Accounting Policies

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.



## Notes to and forming part of the Financial Statements

### 4.1 Insurance contracts

Insurance contracts are those contracts where 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.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

#### 4.1.1 Premium

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit and loss account.

#### 4.1.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

## For the Year Ended December 31, 2009

### 4.1.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

### 4.1.4 Reinsurance recoveries against claims

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

### 4.1.5 Commissions and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

### 4.1.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development.

Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	21%
Marine, aviation and transport	25%
Motor	47%
Miscellaneous	41%





## Notes to and forming part of the Financial Statements

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

### 4.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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 reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 4.3 Taxation

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

### 4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finance.

## For the Year Ended December 31, 2009

### 4.5 Investments

4.5.1 All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment in equity instruments of associated undertakings
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

#### 4.5.1.1 Investment in equity instruments of associated undertakings

Investment in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any permanent impairment loss with respect to the Company's net investment in the associate. Share of profit and loss of associate is accounted for in the Company's profit and loss account.

Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

#### 4.5.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

#### 4.5.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows trade date accounting for 'regular way purchase and sale' of investments.

Subsequent to initial recognition at cost, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Company uses latest stock exchange quotation to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.



## Notes to and forming part of the Financial Statements

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been lower by Rs. 1.208 million (2008: lower by Rs. 737.734 million).

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments are recognized in profit and loss account.

### 4.5.1.4 Investment at fair value through profit and loss - held for trading

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

### 4.5.2 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealized gain or loss are included in investment income.

### 4.6 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognized as mark-up income and included in other income.

### 4.7 Fixed assets

#### Tangible

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 18. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at 31 December 2009 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

## For the Year Ended December 31, 2009

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### 4.8 Staff retirement benefits

#### 4.8.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

#### 4.8.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. The latest actuarial valuation was carried out as at 31 December 2009. The actual returns on plan assets during the year were Rs. 3.216 million. The actual return on plan asset represents the difference between the fair value of plan assets at the beginning and end of the year after adjustment for contributions made by the Company as reduced by benefits paid during the year.

Plan assets comprise of equity instruments and cash to the extent of 12% and 88% respectively. The Company is expected to contribute Rs. 2.075 million to the gratuity fund in the next financial year.

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 - Employee benefits.

#### 4.8.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

### 4.9 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, long term finance, sundry creditors, short term finance and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.



## Notes to and forming part of the Financial Statements

### 4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 4.11 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 4.12 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non-financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

### 4.13 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak

## For the Year Ended December 31, 2009

Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 4.14 Expenses of management

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

### 4.15 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

## 5. Issued, subscribed and paid-up share capital

2009 (Number of shares)		2008 (Rupees in thousand)	
1,942,187	1,942,187	19,422	19,422
57,926,808	57,926,808	579,267	579,267
<u>59,868,995</u>	<u>59,868,995</u>	<u>598,689</u>	<u>598,689</u>

### 5.1 Ordinary shares of the Company held by associated undertakings are as follows:

	2009 (Number of shares)	2008 (Number of shares)
Packages Limited	6,354,412	6,354,412
Industrial Technical and Educational Institute	10,176,142	10,176,142
Loads Limited	-	516,750
	<u>16,530,554</u>	<u>17,047,304</u>

## 6. Deferred tax

	2009 (Rupees in thousand)	2008 (Rupees in thousand)
The (liability) / asset for deferred taxation comprises timing differences relating to:		
Accelerated tax depreciation	(39,074)	(44,812)
Investment in associated companies	(69,646)	2,482
Provision for doubtful receivables	27,344	24,719
Unused tax losses	30,444	34,479
	<u>(50,932)</u>	<u>16,868</u>





## Notes to and forming part of the Financial Statements

7. Sundry creditors	2009	2008
	(Rupees in thousand)	
Federal Excise Duty	8,102	6,769
Federal Insurance Fee	377	630
Car finance payable	2,770	2,239
Agent commission payable	32,516	28,802
Others	7.1 10,645	11,863
	<u>54,410</u>	<u>50,303</u>

7.1 This includes an amount of Rs. 3.856 million (2008: 6.692 million) representing advance rent received from IGI Investment Bank Limited.

### 8. Long term finance - secured

Loan	Lender	2009		2008	Rate of interest per annum	Number of instalments	Interest payable	Security
		(Rupees in thousand)						
1.	MCB Bank Limited	-	200,000		-	-	-	-
						Bullet payment made in September 2009		
2.	Standard Chartered Bank (Pakistan) Limited	40,000	120,000		3 months average KIBOR Ask rate + 0.75%	Last installment due in April 2010	Quarterly	The facility is secured against pledge of Company's investment in listed securities of 300,000 shares in Nestle Pakistan Limited having a market value of Rs. 373.79 million.
		<u>40,000</u>	<u>320,000</u>					

### 9. Short term finance - secured

	2009	2008
	(Rupees in thousand)	
Running finance	9.1 287,681	847,527
Term finance	9.2 200,000	200,000
	<u>487,681</u>	<u>1,047,527</u>

9.1 Running finance available from a consortium of commercial banks under mark-up arrangements amounts to Rs. 2,500 million (2008: Rs. 2,200 million). The rates of mark-up range from 13.55% to 17.00% per annum (2008: 16.99% to 17.24% per annum). Running finances are secured against pledge of shares held by the Company.

9.2 Term finance available from JS Bank Limited under mark-up arrangements amounts to Rs. 500 million (2008: Rs. 500 million). The rate of mark-up being 13.76% per annum (2008: 17.95% per annum). Term finance is secured against pledge of shares held by the Company.

## For the Year Ended December 31, 2009

### 10. Contingencies and commitments

The income tax assessments of the Company have been finalized up to and including the tax year 2009. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalizing the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.
- While finalizing the assessments for the year 2000-2001, 2001-2002, 2002-2003 the CIT (A) has made certain disallowances of expenses amounting to Rs. 134.2 million. Against the orders of CIT (A) the Company has filed the appeals with the Income Tax Appellate Tribunal who has decided the matter in favour of the Company, however, appeal effect order is pending for which letter is written to the T.O.
- The Company has also filed the applications in respect of certain mistakes made in the orders passed under section 124 of the Ordinance for 2001-2002 and 2002-2003. The applications filed are rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.
- The T.O. while passing the order for tax year 2004 has short allowed credit of tax amounting to Rs. 0.651 million. A refund of Rs. 0.651 million will be due to the Company once the credit of tax is allowed.
- The Additional Commissioner of income tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associated companies. Against the above notice, the Company has filed a constitutional petition before the honorable High Court. The honorable High Court while admitting the petition for regular hearing has granted stay in respect of proceedings.
- The Deputy Commissioner of Inland Revenue (DCIR) has selected the case relating to the tax year 2007 for audit in terms of section 177 of the Income Tax Ordinance, 2001. The DCIR has issued notice under section 122 (9) for amendment in the assessment and sought Company's reply on account of various issues including capital gains on sale of listed securities amounting to Rs. 7 billion exempt under Rule (6A) of the Fourth Schedule to the Income Tax Ordinance, 2001. Other issues include disallowance of amortization of goodwill, investment expenses, management expenses and reinsurance ceded premium outside Pakistan. Based on tax advisor's advice, management is confident that no liability will arise in this regard.
- The T.O. has passed an order under section 161 / 205 of the Income tax Ordinance, 2001 on account of non-deduction of tax from reinsurance premium paid to non-resident reinsurance companies wherein a demand of Rs. 3.299 million has been created for the tax year 2009. Against the said order an appeal has been filed before the CIT (A) which is pending adjudication.
- The Company has along with certain other insurance companies filed a suit against the demand notice issued, in which it has sought a declaration that the demand charging FED at 5% of the premium on contracts concluded and policies issued before 1 July 2006, is ultravires.
- Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The outcome of the case is likely to be favourable.
- Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge.





## Notes to and forming part of the Financial Statements

11. Cash and other equivalents	2009	2008
	(Rupees in thousand)	
Cash	-	-
Policy stamps in hand	267	53
	<u>267</u>	<u>53</u>

## 12. Current and other accounts

Current accounts	590	622
PLS saving accounts	12.1 5,952	57,233
	<u>6,542</u>	<u>57,855</u>

12.1 The balances in PLS saving accounts carry mark-up ranging from 2.35% to 6.00% per annum (2008: 0.10% to 13.00% per annum).

## 13. Deposits maturing within 12 months

	2009	2008
	(Rupees in thousand)	
Statutory deposit with State Bank of Pakistan	-	352
Term deposits	-	200,000
	<u>-</u>	<u>200,352</u>

## 14. Investments

The investments comprise of the following:

Equity instruments of associated companies	14.1 4,851,740	4,130,464
Held to maturity	14.2 122,334	121,668
Available for sale	14.3 6,261,684	7,440,122
At fair value through profit or loss - held for trading	-	17,694
	<u>11,235,758</u>	<u>11,709,948</u>

### 14.1 Equity instruments of associated companies

#### Quoted

##### IGI Investment Bank Limited

89,095,494 (2008: 89,095,494) fully paid ordinary shares of Rs. 10 each  
Equity held 42.01% (2008: 42.01%)  
Market value Rs. 3.53 per share

##### Packages Limited

19,007,860 (2008: 19,007,860) fully paid ordinary shares of Rs. 10 each  
Equity held 22.53% (2008: 22.53%)  
Market value Rs. 144 per share

## For the Year Ended December 31, 2009

Unquoted	2009	2008
	(Rupees in thousand)	

#### Loads Limited

1,249,260 (2008: 1,249,260) fully paid ordinary shares of Rs. 10 each  
Equity held 20.82% (2008: 20.82%)  
Break up value Rs. 88.82 per share

#### Dane Foods Limited

2,643,161 (2008: 2,643,161) fully paid ordinary shares of Rs. 10 each  
Equity held 30.62% (2008: 30.62%)  
In liquidation, break-up value is Nil per share based on audited accounts for the year ended 30 June 2000

Cost	26,432	26,432
Provision for diminution in value	(26,432)	(26,432)
	<u>-</u>	<u>-</u>
	<u>4,851,740</u>	<u>4,130,464</u>

14.1.1 Investments in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.

14.1.2 The summarized financial information of associated companies is as follows:

	Country of incorporation	Assets	2009		
			Liabilities	Revenues	(Loss)/profit
(Rupees in thousand)					
IGI Investment Bank Limited	Pakistan	8,318,162	6,792,634	876,330	(283,926)
Packages Limited	Pakistan	35,588,582	12,315,900	16,506,653	3,919,699
Loads Limited	Pakistan	1,088,470	555,547	1,317,932	(181,867)
		<u>44,995,214</u>	<u>19,664,081</u>	<u>18,700,915</u>	<u>3,453,906</u>

	Country of incorporation	Assets	2008		
			Liabilities	Revenues	(Loss)/profit
(Rupees in thousand)					
IGI Investment Bank Limited	Pakistan	8,274,052	6,414,238	549,184	(234,637)
Packages Limited	Pakistan	35,094,846	18,762,061	12,224,779	(195,825)
Loads Limited	Pakistan	1,189,743	499,064	946,514	40,416
		<u>44,558,641</u>	<u>25,675,363</u>	<u>13,720,477</u>	<u>(390,046)</u>

14.1.3 The share of profit and loss from Packages Limited and IGI Investment Bank Limited respectively is based on unaudited results as at 31 December 2009. In case of Loads Limited, audited financial statements as at 30 June 2009 have been used.

## Notes to and forming part of the Financial Statements

14.2	Held to maturity			2009	2008
				(Rupees in thousand)	
	Government securities	14.2.1		61,600	59,063
	Term finance certificates	14.2.2		60,734	62,605
				<u>122,334</u>	<u>121,668</u>

### 14.2.1 Government securities

Particulars	Maturity year	Effective yield %	Profit payment	2009 (Rupees in thousand)	2008 (Rupees in thousand)
Pakistan Investment Bonds	2012	15%	Half yearly	<u>61,600</u>	<u>59,063</u>

14.2.1.1 The Pakistan Investment Bond is placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

14.2.1.2 Market value of Pakistan Investment Bond carried at amortized cost amounts to Rs. 65.204 million (2008: Rs. 58.685 million).

### 14.2.2 Term finance certificates

Name of investee company	Rating	Maturity year	Effective yield %	Profit payment	2009 (Rupees in thousand)	2008 (Rupees in thousand)
Bank AL Habib Limited	AA	2012	10%	Half yearly	2,495	2,496
Standard Chartered Bank (Pakistan) Limited	AAA	2010	10.75%	Half yearly	5,244	7,113
United Bank Limited	AA	2012	8.45%	Half yearly	2,495	2,496
Pakistan Mobile Communication Limited -II	AA	2012	15%	Half yearly	50,500	50,500
				<u>60,734</u>	<u>62,605</u>	

14.2.2.1 Market value of term finance certificates carried at amortized cost amounts to Rs. 58.391 million (2008: Rs. 65.625 million).

### 14.3 Available for sale

				2009	2008
				(Rupees in thousand)	
Related parties			14.3.1		
- Quoted				6,120,801	7,183,712
- Unquoted				100,236	100,236
				<u>6,221,037</u>	<u>7,283,948</u>
Others			14.3.2		
- Quoted				13,857	120,002
- Unquoted				26,790	36,172
				<u>40,647</u>	<u>156,174</u>
				<u>6,261,684</u>	<u>7,440,122</u>

## For the Year Ended December 31, 2009

### 14.3.1 Related parties

#### Associated companies

#### Quoted

Number of Shares	Percentage equity held	Face value per share	Company's name	2009 (Rupees in thousand)	2008 (Rupees in thousand)	
						2009
4,355,389	4,319,897	9.60%	Nestle Pakistan Limited	14.4	6,353,909	6,316,156
1,161,894	1,161,894	12.05%	Sanofi Aventis Pakistan Limited	14.4	280,654	280,654
947,500	947,500	3.16%	Tri-Pack Films Limited	14.4	202,789	202,789
544,206	544,206	13.01%	Treet Corporation Limited		150,035	150,035
187,353	187,353	3.72%	Mitchell's Fruit Farms Limited		21,437	21,437
173,191	157,447	3.25%	ZIL Limited		19,561	19,561
70,131	70,220	0.85%	Siemens Pakistan Engineering Company Limited	14.5	125,622	125,781
-	36,432	-	BOC Pakistan Limited		-	5,143
-	2,051,037	-	IGI Income Fund		-	201,036
			Total investment		<u>7,154,007</u>	<u>7,322,592</u>
			Provision for diminution in value		<u>(1,033,206)</u>	<u>(138,880)</u>
					<u>6,120,801</u>	<u>7,183,712</u>
			Market value as at 31 December		<u>5,961,115</u>	<u>6,587,052</u>

#### Unquoted

12,433,934	12,433,934	1.48%	10	Coca Cola Beverages Pakistan Limited		
				Managing Director: Mr. Ahsan Rasheed		
				Break-up value is Rs. 7.40 per share based on unaudited financial statements for the period ended 31 December 2008		
				Cost	134,665	134,665
				Provision for diminution in value	<u>(34,429)</u>	<u>(34,429)</u>
					<u>100,236</u>	<u>100,236</u>
				Breakup value as at 31 December	<u>92,011</u>	<u>101,418</u>



## Notes to and forming part of the Financial Statements

### 14.3.2 Others

#### Quoted

Number of Shares		Percentage equity held	Face value per share	Company's name		2009	2008
2009	2008	%	(Rupees)			(Rupees in thousand)	
-	788,127	-	10	Engro Chemicals Pakistan Limited	14.4	-	243,765
-	28,108	-	10	Shell Pakistan Limited		-	6,810
-	10,000	-	10	United Bank Limited		-	1,082
-	149,200	-	10	Oil and Gas Development Company Limited		-	17,339
-	60,000	-	10	Pakistan State Oil Company Limited		-	28,273
382,176	382,176	0.38%	10	International Industries Limited	14.4	37,395	37,395
-	98,880	-	10	Allied Bank Limited		-	9,152
				<b>Total investment</b>		<b>37,395</b>	<b>343,816</b>
				Provision for diminution in value		(23,538)	(223,814)
						<u>13,857</u>	<u>120,002</u>
				Market value as at 31 December		<u>22,426</u>	<u>121,912</u>

#### Unquoted

44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended 30 September 2006		4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 107.09 per share based on audited financial statements for the year ended 30 September 2006		3	3
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Chief Executive: Syed M. Mohsin Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended 30 June 2006			
				Cost		17	17
				Provision for diminution in value		(1)	(1)
						<u>16</u>	<u>16</u>
350	350	-	100	Petroleum Development Pakistan Limited	14.6	1	1
500	500	-	100	National Steel of Pakistan Limited	14.6	1	1
324,999	324,999	0.65%	10	CDC Private Limited Chief Executive: Muhammad Hanif Break-up value is Rs. 29.04 per share based on audited financial statements for the year ended 30 June 2009		9,110	9,110

## For the Year Ended December 31, 2009

Number of Shares		Percentage equity held	Face value per share	Company's name	2009	2008
2009	2008	%	(Rupees)		(Rupees in thousand)	
1,900,000	1,900,000	0.67%	10	DHA Cogen Limited Chief Executive: Naseem Khan Break-up value is Rs. 6.86 per share based on audited financial statements for the year ended 30 June 2009		
				Cost	19,125	19,125
				Provision for diminution in value	(6,091)	-
					<u>13,034</u>	<u>19,125</u>
374,440	374,440	0.37%	10	Techlogix International Limited Chief Executive: Mr Kawan Khawaja Break-up value is Rs. 2.59 per share based on audited financial statements for the period ended 31 December 2008		
				Cost	4,261	4,261
				Provision for diminution in value	(3,291)	-
					<u>970</u>	<u>4,261</u>
637,448	531,207	2.46%	10	Systems (Private) Limited Chief Executive: Mr. Ashraf Kapadia Break-up value is Rs. 13.23 per share based on unaudited financial statements for the period ended 30 June 2009		
				Cost	10,150	10,150
				Provision for diminution in value	(6,499)	(6,499)
					<u>3,651</u>	<u>3,651</u>
					<u>26,790</u>	<u>36,172</u>
				Breakup value as at 31 December	<u>31,875</u>	<u>44,348</u>

14.4 1,525,000 shares of Nestle Pakistan Limited with a book value of Rs. 2,225 million, 375,000 shares of International Industries Limited with book value of Rs. 37 million, 1,000,000 shares of Sanofi Aventis with a book value of Rs. 242 million, 947,500 shares of Tri-Pack Films Limited with book value of Rs. 203 million are pledged as security against long term and short term finance as referred to in note 8 and 9 respectively.

14.5 Investments with a carrying value of Rs. 0.896 million (2008: Rs. 0.896 million) are held jointly by the Company and its nominee.

14.6 These represent investments in Bangladesh.



## Notes to and forming part of the Financial Statements

15. Premiums due but unpaid		2009 (Rupees in thousand)	2008
Unsecured			
- Considered good		127,071	169,916
- Considered doubtful		31,480	23,980
		158,551	193,896
Provision for doubtful receivables	15.1	(31,480)	(23,980)
		<u>127,071</u>	<u>169,916</u>
<b>15.1 Provision for doubtful receivables</b>			
Balance as at 1 January		23,980	13,980
Provision made during the year		7,500	10,000
Balance as at 31 December		<u>31,480</u>	<u>23,980</u>
<b>16. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good		259,712	189,374
- Considered doubtful		46,646	46,646
		306,358	236,020
Provision for doubtful receivables		(46,646)	(46,646)
		<u>259,712</u>	<u>189,374</u>
<b>17. Sundry receivables</b>			
Advances - considered good	17.1	19,638	47,224
Security deposits		6,108	5,644
Agent balances		166	231
Receivable against reverse repo agreement	17.2	19,530	19,530
Receivable from defined contribution plan		-	4
Receivable from defined benefit plan	17.3	3,971	3,399
Sales tax recoverable		827	-
		<u>50,240</u>	<u>76,032</u>
<b>17.1</b>			
Included in advances is an amount of Rs. 0.614 million (2008: Rs. 6.832 million) representing balance receivable from related parties. These are in the normal course of business and are interest free.			
<b>17.2</b>			
This represents amount receivable from EPCL Trust under reverse repo agreement against shares of Engro Polymer and Chemicals Limited having market value of Rs. 68.7 million (2008: Rs. 55.812 million) and carries mark up at the rate of 16.5% per annum (2008: 19% per annum).			

## For the Year Ended December 31, 2009

### 17.3 Defined benefit plan

The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.

- Discount rate 14% (2008: 15%) per annum
- Expected rate of increase in the salaries of the employees 14% (2008: 15%) per annum
- Expected interest rate on the plan assets of the fund 14% (2008: 15%) per annum
- Expected service length of employees 8 years (2008: 14 years)

17.3.1 (Asset) / liability in balance sheet		2009 (Rupees in thousand)	2008
Present value of defined benefit obligation	17.3.2	10,038	6,371
Fair value of plan assets	17.3.3	(10,109)	(4,797)
Net actuarial losses not recognized		(3,900)	(4,973)
		<u>(3,971)</u>	<u>(3,399)</u>

### Movement in (asset) / liability during the year

Opening balance	(3,399)	(2,632)
Charge to profit and loss account	2,039	1,462
Contribution to the fund during the year	(2,611)	(2,229)
Closing balance	<u>(3,971)</u>	<u>(3,399)</u>

### 17.3.2 Reconciliation of the present value of defined benefit obligations

Present value of obligation as at 1 January	6,371	4,851
Current service cost	1,260	1,206
Interest cost	956	534
Benefits paid	(515)	(437)
Actuarial loss	1,966	217
Present value of obligation as at 31 December	<u>10,038</u>	<u>6,371</u>

### 17.3.3 The changes in fair value of plan assets is as follows:

Fair value of plan assets as at 1 January	4,797	4,211
Expected return on plan assets	719	464
Contributions to the fund	2,611	2,229
Benefits paid	(515)	(437)
Actuarial gain / (loss)	2,497	(1,670)
Fair value as at 31 December	<u>10,109</u>	<u>4,797</u>



## Notes to and forming part of the Financial Statements

	2009 (Rupees in thousand)	2008 (Rupees in thousand)
<b>17.3.4 Charge for the defined benefit plan</b>		
Current service cost	1,260	1,206
Interest cost	956	534
Expected return on investments	(719)	(464)
Recognition of actuarial loss	542	186
Expense for the year	<u>2,039</u>	<u>1,462</u>

	2009	2008
<b>17.3.5 Actual return on plan assets</b>		
Expected return on assets	719	464
Actuarial gain / (loss)	2,497	(1,670)
	<u>3,216</u>	<u>(1,206)</u>

	2009	2008
<b>17.3.6 Composition of fair value of plan assets</b>		
Equity investment	1,243	1,268
Cash & bank deposit	8,866	3,529
Fair value of plan assets	<u>10,109</u>	<u>4,797</u>

	2009	2008	2007	2006	2005
	(Rupees in thousand)				
<b>17.3.7 Historical data of the fund</b>					
Present value of defined benefit obligation	10,038	6,371	4,851	3,666	3,279
Fair value of plan assets	10,109	4,797	4,211	3,253	2,566
(Surplus) / deficit	<u>(71)</u>	<u>1,574</u>	<u>640</u>	<u>413</u>	<u>713</u>
<b>Experience adjustment</b>					
- Experience adjustment on obligation	-20%	-21%	2%	13%	16%
- Experience adjustment on assets	-25%	-35%	6%	11%	12%

## For the Year Ended December 31, 2009

### 18. Fixed assets - Tangible

	Furniture, fixtures and office equipment				Buildings	Motor Vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total			
(Rupees in thousand)							
As at 1 January 2008							
Cost	22,496	20,087	20,080	62,663	239,826	55,174	357,663
Accumulated depreciation	(4,020)	(6,456)	(14,535)	(25,011)	(9,997)	(13,372)	(48,380)
Net book value as at 1 January 2008	<u>18,476</u>	<u>13,631</u>	<u>5,545</u>	<u>37,652</u>	<u>229,829</u>	<u>41,802</u>	<u>309,283</u>
For the year ended 31 December 2008							
Opening net book value	18,476	13,631	5,545	37,652	229,829	41,802	309,283
Additions	1,846	3,569	3,751	9,166	-	23,509	32,675
Disposals							
- Cost	(2,494)	(1,747)	(267)	(4,508)	-	(11,191)	(15,699)
- Accumulated depreciation	1,778	1,560	267	3,605	-	4,542	8,147
Depreciation charge	(716)	(187)	-	(903)	-	(6,649)	(7,552)
Depreciation charge	(2,056)	(3,042)	(3,933)	(9,031)	(11,991)	(10,853)	(31,875)
Net book value as at 31 December 2008	<u>17,550</u>	<u>13,971</u>	<u>5,363</u>	<u>36,884</u>	<u>217,838</u>	<u>47,809</u>	<u>302,531</u>
As at 1 January 2009							
Cost	21,848	21,909	23,564	67,321	239,826	67,492	374,639
Accumulated depreciation	(4,298)	(7,938)	(18,201)	(30,437)	(21,988)	(19,683)	(72,108)
Net book value as at 1 January 2009	<u>17,550</u>	<u>13,971</u>	<u>5,363</u>	<u>36,884</u>	<u>217,838</u>	<u>47,809</u>	<u>302,531</u>
For the year ended 31 December 2009							
Opening net book value	17,550	13,971	5,363	36,884	217,838	47,809	302,531
Additions	1,225	489	1,725	3,439	-	15,333	18,772
Disposals							
- Cost	(845)	(756)	(1,218)	(2,819)	-	(13,522)	(16,341)
- Accumulated depreciation	241	423	1,217	1,881	-	7,089	8,970
Depreciation charge	(604)	(333)	(1)	(938)	-	(6,433)	(7,371)
Depreciation charge	(2,163)	(3,186)	(3,397)	(8,746)	(11,991)	(12,650)	(33,387)
Net book value as at 31 December 2009	<u>16,008</u>	<u>10,941</u>	<u>3,690</u>	<u>30,639</u>	<u>205,847</u>	<u>44,059</u>	<u>280,545</u>
As at 31 December 2009							
Cost	22,228	21,642	24,071	67,941	239,826	69,303	377,070
Accumulated depreciation	(6,220)	(10,701)	(20,381)	(37,302)	(33,979)	(25,244)	(96,525)
Net book value as at 31 December 2009	<u>16,008</u>	<u>10,941</u>	<u>3,690</u>	<u>30,639</u>	<u>205,847</u>	<u>44,059</u>	<u>280,545</u>
Annual rate of depreciation	10%	10-20%	33.33%		5%	20%	



## Notes to and forming part of the Financial Statements

### 18.1 Disposal of operating fixed assets

Particulars of the assets	Sold to	(Rupees in thousand)				Mode of disposal
		Cost	Accumulated depreciation	Book value	Sale proceeds	
<b>Vehicles</b>						
Toyota Corrola Gli LEH-7085	Employees Faheem Saeed	1,065	258	807	775	Company policy
Suzuki Cultus APT-087	Muhammad Shoaib	686	222	464	501	Company policy
Toyota Corrola Gli ANQ-984	Saulat Said	985	345	640	711	Company policy
Santro LRM-8255	Syed Fazal Abbas Rizvi	430	222	208	272	Company policy
Honda Civic APD-979	Saulat Said	1,651	523	1,128	1,193	Company policy
Honda City LZX-559	Syed Khalid Yusuf	698	233	465	559	Company policy
Honda City AFQ-321	Kashiq Qayyum	794	437	357	488	Company policy
<b>Outsiders</b>						
Suzuki Liana AKV-925	Faisal Abdul Aziz	824	453	371	570	Negotiation
Honda City APQ-187	IGI Securities	959	272	687	845	Negotiation
Suzuki Cultus APL-875	IGI Investment Bank	688	195	493	650	Negotiation
Suzuki Mehran LEF-4513	Ch. Farman Ali	471	47	424	480	Negotiation
Suzuki Alto APV-504	Noman Siddique	515	146	369	571	Negotiation
<b>Office &amp; electrical equipments</b>						
Generator 30 KVA	Muhammad Mushtaq	285	113	172	88	Negotiation
<b>Other assets with book value less than Rs. 50,000</b>						
		6,290	5,504	786	2,694	
		<u>16,341</u>	<u>8,970</u>	<u>7,371</u>	<u>10,397</u>	

### 19. Management Expenses

	2009	2008
	(Rupees in thousand)	
Salaries, wages and benefits	19.1 110,315	102,072
Rent, rates and taxes	19,232	17,875
Electricity, gas etc	5,572	4,300
Repairs and maintenance	2,090	2,831
Conveyance	136	167
Education and training	1,127	993
Computer	5,082	2,813
Communication	7,599	8,020
Provision for doubtful debts	7,500	10,000
Inspection fee	1,227	398
Security expenses	9,748	10,045
	<u>169,628</u>	<u>159,514</u>

19.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 2.039 million (2008: Rs. 1.462 million) and Rs. 3.563 million (2008: Rs. 3.111 million) respectively.

## For the Year Ended December 31, 2009

### 20. Other income

	2009	2008
	(Rupees in thousand)	
Income from financial assets		
Finance income from Continuous Funding System and reverse repo transaction	3,350	18,746
Income from non-financial assets		
Gain on disposal of fixed assets	3,026	1,028
Miscellaneous	109	1,215
	<u>3,135</u>	<u>2,243</u>
	<u>6,485</u>	<u>20,989</u>

### 21. Financial charges

Markup on:		
- Long term finance	33,262	43,579
- Short term finance	94,783	170,524
Bank charges	1,664	1,264
	<u>129,709</u>	<u>215,367</u>

### 22. General and administrative expenses

Office renovation	409	6,746
Insurance expense	1,926	7,997
Motor car expenses	9,141	8,639
Tour and travelling	10,664	8,552
Representation expenses	748	586
Stationery and printing	3,750	3,719
Depreciation	18	33,387
Donations	22.1 1,507	424
Auditors' remuneration	22.2 849	941
Advertisement expenses	6,487	24,062
Legal and professional	11,774	11,040
Workers' Welfare Fund	7,295	-
Sundry expenses	1,370	2,079
	<u>89,307</u>	<u>106,660</u>

22.1 Donations amounting to Rs. 962,351 (2008: Rs. 79,973) were made to various institutes in which Directors of the Company had interest during the year.

#### 22.2 Auditors' remuneration

Audit fee	400	350
Fee for interim review	150	150
Audit fee for regulatory return	100	250
Certification fee	50	25
Out of pocket expenses	149	166
	<u>849</u>	<u>941</u>



## Notes to and forming part of the Financial Statements

23. Taxation	2009	2008
	(Rupees in thousand)	
For the year		
- Current	33,000	20,000
- Deferred	67,800	(47,061)
	<u>100,800</u>	<u>(27,061)</u>
<b>23.1 Tax charge reconciliation</b>	<b>2009</b>	<b>2008</b>
	(Percentage)	
Reconciliation between the average effective tax rate and the applicable tax rate is as follows:		
Applicable tax rate	35.00	35.00
Tax effect of the amounts that are:		
Exempt income	(2.04)	(32.72)
Chargeable to tax at different rates	(71.83)	4.41
Deductions not allowed	66.74	-
Others	(0.24)	0.01
	<u>(7.37)</u>	<u>(28.30)</u>
Effective tax rate	<u>27.63</u>	<u>6.70</u>

## 24. Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company during the year are as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
Managerial remuneration	5,467	3,946	1,593	1,423	12,779	9,200
Retirement benefits (including provident fund)	854	685	-	-	1,944	1,475
Housing and utilities	2,734	2,248	449	405	6,735	5,380
Medical expenses	157	468	-	-	662	524
Conveyance allowance	207	121	-	-	1,902	1,646
Others	1,184	151	-	-	1,103	1,137
	<u>10,603</u>	<u>7,619</u>	<u>2,042</u>	<u>1,828</u>	<u>25,125</u>	<u>19,362</u>
Number of persons	1	1	2	2	17	13

Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

## For the Year Ended December 31, 2009

## 25. Transactions with related parties

Related parties comprise associated undertakings, other related group companies, Directors of the Company, companies where Directors also hold directorship, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of key management personnel is disclosed in note 24. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

Relationship with the Company	Nature of transactions	2009	2008
		(Rupees in thousand)	
i) Associated undertakings	Transactions		
	Insurance premium	95,389	105,530
	Insurance commission	4,359	5,883
	Claims paid	10,600	101,764
	Dividend paid	14,297	4,947
	Underwriting commission	-	1,198
	Fee paid for issuance of commercial paper	-	500
	Rental income	17,566	15,216
	Balances		
	Premium receivable	9,574	26,752
	Commission payable	70	1,257
ii) Other related parties	Transactions		
	Insurance premium	317,827	279,705
	Insurance commission	9,447	10,390
	Claims paid	170,392	39,256
	Dividend received	267,145	149,371
	Dividend paid	64,759	20,992
	Redemption of units	279,709	104,410
	Investment in units	60,000	100,000
	Brokerage commission	1,528	11,640
	Cash management charges	765	1,122
	Mark-up paid	13,450	7,518
	Balances		
	Premium receivable	26,903	50,226
	Commission payable	6,945	10,443
	Overdraft payable	3,451	207,979
	Mark-up payable	253	7,249
iii) Post employment benefit plans	Transactions		
	Expense charged in respect of retirement benefit plans	5,602	4,573

All transactions with related parties have been carried out on commercial terms and conditions.



## Notes to and forming part of the Financial Statements

### 26. Operating segment

The Company has four primary business segments for reporting purposes namely Fire and Property Damage, Marine, Aviation and Transport, Motor and Miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Miscellaneous		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Other information										
Segment assets	438,906	481,289	149,494	200,708	234,207	218,790	152,519	145,521	975,126	1,046,308
Unallocated corporate assets									11,390,940	12,154,331
Consolidated total assets									12,366,066	13,200,639
Segment liabilities	316,721	388,540	62,972	117,016	261,880	258,720	131,152	150,147	772,725	914,423
Unallocated corporate liabilities									632,528	1,439,697
Consolidated total liabilities									1,405,253	2,354,120
Capital expenditure	6,839	10,910	4,074	7,376	6,993	9,477	2,866	4,912	20,772	32,675
Depreciation	10,993	10,643	6,547	7,195	11,241	9,245	4,606	4,792	33,387	31,875

### 27. Earnings / (loss) per share

#### 27.1 Basic earnings / (loss) per share

	2009	2008
Profit / (loss) for the year	263,966	(377,042)

(Rupees in thousand)

	2009	2008
Weighted average number of ordinary shares	59,868,995	59,868,995

(Number of shares)

Earnings / (loss) per share	4.41	(6.30)
-----------------------------	------	--------

#### 27.2 Weighted average number of ordinary shares

Number of ordinary shares outstanding as at 1 January 2009	59,868,995
Bonus shares issued during the year	-
Weighted average number of ordinary shares as at 31 December 2009	59,868,995

## For the Year Ended December 31, 2009

### 27.3 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2009 and 31 December 2008 which would have any effect on the earnings per share if the option to convert is exercised.

### 28. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### 28.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2009	2008
	(Rupees in thousand)	
Bank deposits	6,542	257,855
Investments	60,734	62,605
Premiums due but unpaid	127,071	169,916
Amounts due from other insurers / reinsurers	259,712	189,374
Accrued investment income	8,379	5,381
Reinsurance recoveries against outstanding claims	172,357	196,584
Sundry receivables	49,413	76,032
	684,208	957,747

The Company did not hold any collateral against the above during the year except for lending under reverse repo agreement where the Company held collateral as mentioned in note 17.2. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

(Rupees in thousand)





## Notes to and forming part of the Financial Statements

During the year receivables of Rs. 7.5 million were further impaired and provided for. The movement in the provision for doubtful debt account is shown in note 15.1. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

The age analysis of receivables is as follows:	2009	2008
	(Rupees in thousand)	
Upto 1 year	288,023	319,220
1-2 years	62,074	35,900
2-3 years	42,668	21,594
Over 3 years	72,144	53,202
	<u>464,909</u>	<u>429,916</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2009	2008
	Short term	Long term		(Rupees in thousand)	
Dubai Islamic Bank	A1	A	JCR-VIS	7	-
JS Bank Limited	A1	A	PACRA	5,911	260
Habib Bank Limited	A1+	AA+	JCR-VIS	1	-
KASB Bank Limited	A1	A	PACRA	25	148
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8	313
MCB Bank Limited	A1+	AA+	PACRA	590	237
IGI Investment Bank Limited	A1	A	PACRA	-	200,000
The Royal Bank of Scotland	A1+	AA	PACRA	-	4,994
United Bank Limited	A1+	AA+	JCR-VIS	-	51,892
Bank Alfalah Limited	A1+	AA	PACRA	-	11
				<u>6,542</u>	<u>257,855</u>

Sector wise analysis of premiums due but unpaid

Foods & beverages	22,308	24,023
Financial services	18,073	17,308
Pharmaceuticals	14,314	17,591
Textile & composites	13,304	15,953
Plastic industries	10,322	24,000
Engineering	9,570	8,872
Other manufacturing	27,893	38,587
Miscellaneous	42,767	47,562
	<u>158,551</u>	<u>193,896</u>

## For the Year Ended December 31, 2009

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amounts due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2009	2008
	Rupees in thousand				
A or above (including PRCL)	301,829	159,421	123,303	584,553	566,538
BBB	1,385	12,936	9,971	24,292	52,136
Others	3,144	-	-	3,144	1,601
Total	<u>306,358</u>	<u>172,357</u>	<u>133,274</u>	<u>611,989</u>	<u>620,275</u>

### 28.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date, Company has cash and bank balance and unutilized credit lines of Rs. 6.8 million (2008: Rs. 258 million) and Rs. 2,513 million (2008: Rs. 1,653 million) respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2009			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees in thousand)			
Financial liabilities				
Provision for outstanding claims	286,739	286,739	286,739	-
Amounts due to other insurers / reinsurers	31,211	31,211	31,211	-
Accrued expenses	18,841	18,841	18,841	-
Unclaimed dividend	2,595	2,595	2,595	-
Long term finance	40,000	42,682	42,682	-
Short term finance	487,681	498,588	498,588	-
Sundry creditors	42,075	42,075	41,930	145
	<u>909,142</u>	<u>922,731</u>	<u>922,586</u>	<u>145</u>



## Notes to and forming part of the Financial Statements

	2008			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees in thousand)			
Financial liabilities				
Provision for outstanding claims	366,620	366,620	366,620	-
Amounts due to other insurers / reinsurers	75,730	75,730	75,730	-
Accrued expenses	14,411	14,411	14,411	-
Unclaimed dividend	1,964	1,964	1,964	-
Long term finance	320,000	368,612	325,930	42,682
Short term finance	1,047,527	1,079,208	1,079,208	-
Sundry creditors	36,212	36,212	36,212	-
	<u>1,862,464</u>	<u>1,942,757</u>	<u>1,900,075</u>	<u>42,682</u>

### 28.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposure within acceptable parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

The Company is not exposed to material currency risk.

#### a) Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2009	2008	2009	2008
	Effective interest rate (in %)		(Rupees in thousand)	
Financial assets				
Bank deposits	-	20%	-	200,000
Investments	8.45% to 15%	8.45% to 14.72%	<u>122,334</u>	<u>121,668</u>
Sundry receivables	16.5%	19%	<u>19,530</u>	<u>19,530</u>
Financial liabilities				
Long term finance	13.65%	13.93% to 14.59%	<u>40,000</u>	<u>320,000</u>
Short term finance	13.55% to 17%	16.99% to 17.95%	<u>487,681</u>	<u>1,047,527</u>

## For the Year Ended December 31, 2009

### Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousand)	
As at 31 December 2009		
Cash flow sensitivity-Variable rate financial liabilities	<u>(901)</u>	<u>901</u>
Cash flow sensitivity-Variable rate financial assets	<u>207</u>	<u>(207)</u>
As at 31 December 2008		
Cash flow sensitivity-Variable rate financial liabilities	<u>(1,946)</u>	<u>1,946</u>
Cash flow sensitivity-Variable rate financial assets	<u>174</u>	<u>(174)</u>

#### b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 10,872 million (2008: Rs. 11,099 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market



## Notes to and forming part of the Financial Statements

value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

### Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2009 and 2008 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	(Rupees in thousand)				
	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
31 Dec 2009	5,983,541	10% increase	6,581,895	598,354	-
		10% decrease	5,385,187	(598,354)	-
31 Dec 2008	6,726,658	10% increase	7,399,324	670,649	2,017
		10% decrease	6,053,992	(670,649)	(2,017)

### 28.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments held whose fair values have been disclosed in their respective notes to these financial statements.

### 28.5 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

## For the Year Ended December 31, 2009

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

### Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.



## Notes to and forming part of the Financial Statements

### Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2009	2008	2009	2008	2009	2008
	(Rupees in thousand)					
Fire	232,961,365	188,795,316	187,009,548	153,549,431	45,951,817	35,245,885
Marine	128,353,665	147,764,834	64,766,665	73,475,461	63,587,000	74,289,373
Motor	19,419,051	10,088,192	-	-	19,419,051	10,088,192
Miscellaneous	73,254,347	71,776,561	32,894,258	24,938,124	40,360,089	46,838,437
	<u>453,988,428</u>	<u>418,424,903</u>	<u>284,670,471</u>	<u>251,963,016</u>	<u>169,317,957</u>	<u>166,461,887</u>

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre tax profit		Shareholders' equity	
	2009	2008	2009	2008
	(Rupees in thousand)			
10% increase in loss				
Net				
Fire	(62)	(2,739)	(40)	(1,781)
Marine	(1,817)	(2,688)	(1,181)	(1,747)
Motor	(18,390)	(15,186)	(11,954)	(9,871)
Miscellaneous	(5,436)	(3,479)	(3,533)	(2,261)
	<u>(25,705)</u>	<u>(24,092)</u>	<u>(16,708)</u>	<u>(15,660)</u>

## For the Year Ended December 31, 2009

	Pre tax profit		Shareholders' equity	
	2009	2008	2009	2008
	(Rupees in thousand)			
10% decrease in loss				
Net				
Fire	62	2,739	40	1,781
Marine	1,817	2,688	1,181	1,747
Motor	18,390	15,186	11,954	9,871
Miscellaneous	5,436	3,479	3,533	2,261
	<u>25,705</u>	<u>24,092</u>	<u>16,708</u>	<u>15,660</u>

### Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2009.

### Analysis on gross basis

Accident year	2007	2008	2009	Total
	(Rupees in thousand)			
Estimate of ultimate claims cost:				
At end of accident year	229,955	156,033	47,418	433,406
One year later	215,056	141,233	-	356,289
Two years later	212,352	-	-	212,352
Estimate of cumulative claims	212,352	141,233	47,418	401,003
Cummulative payments to date	(208,810)	(52,763)	(21,153)	(282,726)
Liability recognised in the balance sheet	<u>3,542</u>	<u>88,470</u>	<u>26,265</u>	<u>118,277</u>

## 29. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as the going concern in order to provide returns for share holders and benefit for other stakeholders and to 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 dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as borrowings divided by total capital employed. Borrowings represent the long term loan obtained by the Company as referred to in note 8. Total capital employed includes equity as shown in the balance sheet, plus borrowings. The Company has changed its strategy to maintain the gearing ratio of 5% debt and 95% equity. The gearing ratio as at year ended 31 December 2009 and 31 December 2008 are as follows:





## Notes to and forming part of the Financial Statements

	31 December	
	2009	2008
	(Rupees in thousand)	
Borrowings	40,000	320,000
Total capital Employed	<u>11,000,813</u>	<u>11,166,519</u>
Gearing ratio	0.36%	2.87%

### 30. Fair value of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value except for investments available for sale included in note 14.3 Fair value is determined on the basis of objective evidence at each reporting date.

### 31. Events after balance sheet date

The Board of Directors have proposed a final dividend for the year ended 31 December 2009 of Rs. 2.50 per share (2008: Rs.1.5 per share), amounting to Rs.149,672 million (2008: Rs. 89.803 million) at their meeting held on 16 February 2010 for the approval of the members at the annual general meeting to be held on 7 April 2010.

### 32. Date of authorization for issue

These financial statements have been authorized for issue on 16 February 2010 by the Board of Directors of the Company.

### 33. Reclassification

Corresponding figures have been reclassified / rearranged, wherever necessary, for better presentation.

Profit and loss account	From	To	(Rupees in thousand)
Service charges	Management expenses	Net commission	5,376
Club expenses	Club expenses	Sundry expenses	141
Books and periodicals	Books and periodicals	Sundry expenses	338
Office cleaning and maintenance	Office cleaning and maintenance	Sundry expenses	717

Chairman

Director

Director

Principal Officer and Chief Executive

## Notice of Annual General Meeting

### IGI INSURANCE LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 56th Annual General Meeting of IGI Insurance Limited (the "Company") will be held on Wednesday, April 7, 2010 at 03:00 p.m. at the Registered Office of the Company located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

#### ORDINARY BUSINESS

- To confirm the minutes of Annual General Meeting of the Company held on March 31, 2009.
- To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2009.
- To consider and approve the payment of cash dividend @ twenty five percent (25%), that is, Rs. 2.5 per ordinary share of Rupees ten (10) each for the year ended December 31, 2009, as recommended by the Board of Directors (the "Board") of the Company. This is in addition to interim cash dividend paid @ ten percent (10%), that is, Re.1.00 per ordinary share of Rupees ten (10) each.
- To appoint auditors for the ensuing year and to fix their remuneration.

#### ANY OTHER BUSINESS

- To consider any other business with the permission of the Chairman.

#### By order of the board

Haider Raza

Company Secretary

Karachi: February 17, 2010

#### NOTES:

- The Share Transfer Book of the Company will be closed from March 29, 2010 to April 7, 2010, both days inclusive.
- A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 1st Floor, State Life Building 1-A, I. I. Chundrigar Road, Karachi-74000, not later than forty-eight (48) hours before the time appointed for the Meeting.
- Any individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting must bring his/her Computerized National Identity Card ("CNIC") with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her NIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.
- Change of address, if any, should be notified immediately to the Company's Share Registrar aforesaid.
- Members are requested to provide their e-mail addresses to enable the Company to send notices, financial statements etc. via e-mail.
- Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.



## Notice of Annual General Meeting

### STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS

#### Status of approvals for investments in associated companies

As required under the SRO No. 865(I)/2000 dated December 06, 2000, the position of various investments in associated companies against approvals held by the Company is as under:

1. Packages Limited – Against approval of Rs. 187.91 million, the Company has made no investment. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
2. Nestle Pakistan Limited - Against approval of Rs. 189.86 million, the Company has invested Rs. 39.1 million. Since the market price of the scrip remained volatile during the period, the Company has delayed further investment till the market price is attractive to buy. There was no major change in financial position of the investee company.
3. Siemens (Pakistan) Engineering Company Limited - Against approval of Rs. 196.6 million, the Company has made no investment. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
4. Sanofi-Aventis Pakistan Limited - Against approval of Rs. 200 million, the Company has made no investments. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
5. Tri-Pack Films Limited - Against approval of Rs. 12.01 million, the investment will be made on availability of shares at reasonable prices. There was no major change in the financial position of the investee company.
6. Coca-Cola Beverages Pakistan Limited (CCBPL) – Against approval of Rs. 70 million, the Company has made no investment. The Company will make the investment at an appropriate time. There was no major change in financial position of the investee company.
7. IGI Investment Bank Limited – Against approval of Rs. 224.65 million, the Company has made no investment. The company has declared loss after tax of Rs. (375) million, translating into Rs. (1.77) per share in its consolidated financial results for the year ended June 30, 2009. The break-up value of the company is Rs. 8.80 as at June 30, 2009. Your Company will make further investment at an appropriate time.

## Form of Proxy

The Company Secretary,  
IGI Insurance Limited,  
7th Floor, The Forum,  
Suite Nos. 701-703, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

I/We \_\_\_\_\_  
(name)

of \_\_\_\_\_ being member (s)

of **IGI Insurance Limited**, and holder of \_\_\_\_\_ Ordinary Shares as per Share  
(number of shares)

Registered Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
(name)

or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
(name)

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the fifty six Annual General Meeting of the Company to be held on Wednesday, April 7, 2010 at 3:00 P.M at the registered office of the Company at 7th Floor, The Forum, Suite Nos. 701-703, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

1. Witness  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

CNIC or  
Passport No. \_\_\_\_\_

2. Witness  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

CNIC or  
Passport No. \_\_\_\_\_

Signature :

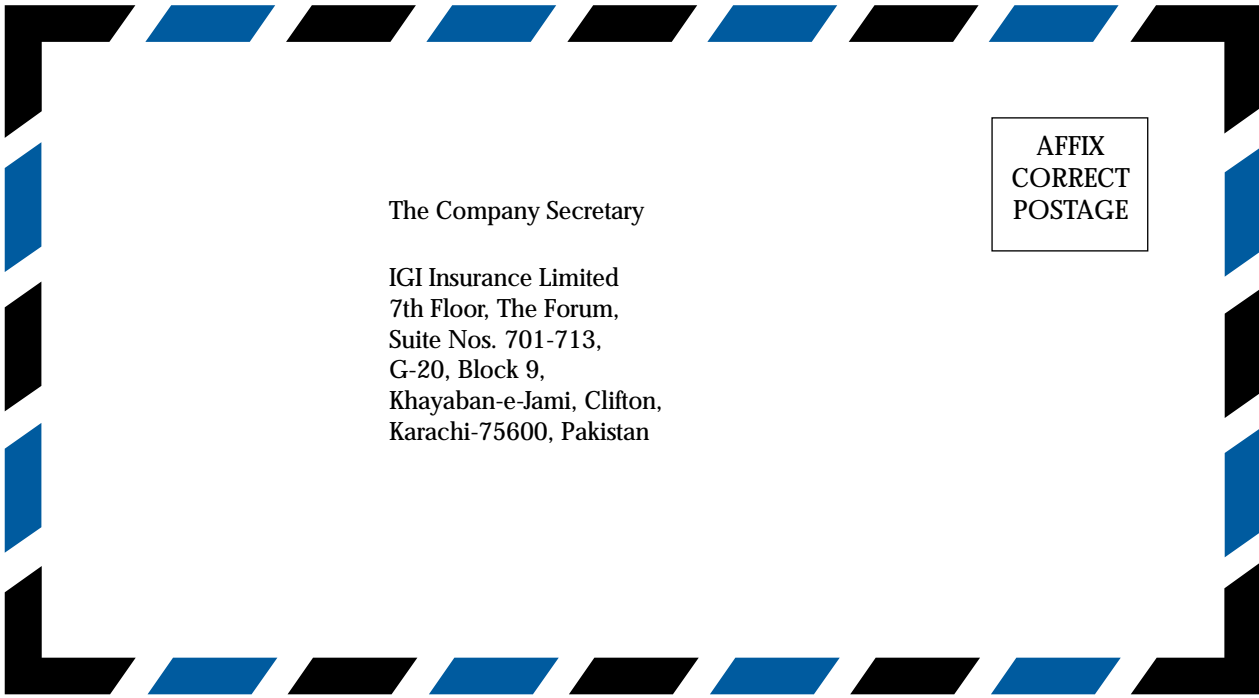
Please  
affix Rupees Five  
Revenue Stamp

Signature should agree with the  
specimen Signature registered  
with the Company

Notes: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. CDC Shareholders and their Proxies are each requested to attach photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Cards and CDC account number for verification.

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The Company Secretary

IGI Insurance Limited  
7th Floor, The Forum,  
Suite Nos. 701-713,  
G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

AFFIX  
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