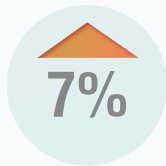


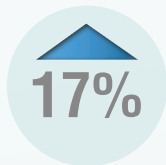


Annual Report
2019



Written Premium

2019	Rs. 3,400	M
2018	Rs. 3,180	M

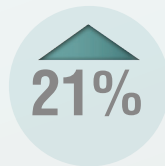
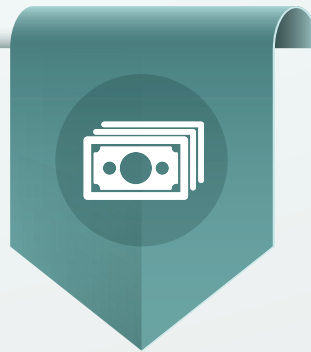


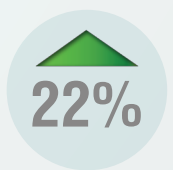
Shareholder's Equity

2019	Rs. 1,966	M
2018	Rs. 1,687	M

Investments

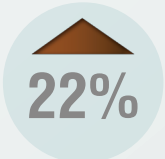
2019	Rs. 2,207	M
2018	Rs. 1,832	M





Profit After Tax

2019	Rs. 362	M
2018	Rs. 296	M

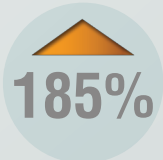


Earnings Per Share

2019	Rs. 5.03
2018	Rs. 4.11

Investment Income

2019	Rs. 201	M
2018	Rs. 71	M





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Corporate INFORMATION

Board of Directors

Lt Gen Najib Ullah Khan (Retd)
Chairman
Maj Gen Akhtar Iqbal (Retd)
Member
Maj Gen Imtiaz Hussain Sherazi (Retd)
Member
Brig Kamran Asad (Retd)
Member
Mr. Malik Riffat Mehmood
Member
Mr. Abdul Hai Mahmood Bhaimia
Member
Mr. M. Munir Malik
Member
Mr. Imran Iqbal
Member

President & Chief Executive Officer

Mr. Abdul Waheed

Chief Financial Officer

Mr. Razi Haider

Company Secretary

Mr. Faizan Zafar

Head of Internal Audit

Mr. Usman Nawaz

Executive, Risk Management & Compliance Committee

Maj Gen Akhtar Iqbal (Retd)
Chairman
Maj Gen Imtiaz Hussain Serazi (Retd)
Member
Brig Kamran Asad (Retd)
Member
Mr. Abdul Waheed
Member

Audit Committee

Mr. M. Munir Malik
Chairman
Mr. Malik Riffat Mehmood
Member
Brig Kamran Asad (Retd)
Member

Ethics, Human Resource and Remuneration Committee

Mr. Imran Iqbal
Chairman
Brig Kamran Asad (Retd)
Member
Mr. Abdul Waheed
Member

Underwriting, Reinsurance & Coinsurance Committee

Maj Gen Akhtar Iqbal (Retd)
Chairman
Mrs. Samina Khan
Member
Mr. Sohail Khalid
Member

Claims Settlement Committee

Mr. Malik Riffat Mehmood
Chairman
Mr. Abdul Waheed
Member
Mr. M. Qasim
Member

Investment Committee

Mr. Malik Riffat Mehmood
Chairman
Mr. M. Munir Malik
Member
Mr. Abdul Waheed
Member
Mr. Razi Haider
Member
Mr. Shahid Qayyum
Member

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Shariah Compliance Auditors

S.M. Suhail & Co.
Chartered Accountants
Islamabad

Shariah Advisor

Mufti Ehsan Waqar

Legal Advisors

Hassan Kaunain Nafees

Bankers

Askari Bank Limited
Askari Islamic Bank Limited
Habib Bank Limited
The Bank of Punjab
Bank Alfalah Limited
Summit Bank Limited
NRSP Microfinance Bank Limited
Silk Bank Limited
Faysal Bank Limited
Bank Al Habib Limited
Meezan Bank Limited
Finca Microfinance Bank Limited
Zarai Taraqati Bank Limited
Samba Bank Limited
U Microfinance Bank Limited
JS Bank Limited
Sindh Bank Limited
The Bank of Khyber
MCB Islamic Bank Limited
Al Baraka Bank Limited
Punjab Provincial Cooperative Bank Limited

Registrar & Share Transfer Office

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi 75400, Pakistan.
PABX: +92 (021) 111-000-322
Direct: +92 (021) 34168270
Fax: +92 (021) 34168271

Registered Office/Head Office

3rd Floor, AWT Plaza, The Mall,
Rawalpindi, Pakistan
Ph: +92-51-9028101-2
Fax: +92-51-9272424
Email: info@agico.com.pk

Our Board of DIRECTORS



Lt Gen Najib Ullah Khan
Chairman (Retd)



Maj Gen Akhtar Iqbal
(Retd)



Maj Gen Imtiaz Hussain Sherazi
(Retd)



Brig Kamran Asad
(Retd)



Mr. Malik Riffat Mehmood



Mr. Abdul Hai Mahmood Bhaimia



Mr. M. Munir Malik



Mr. Imran Iqbal

VISIO





ON

VISION

The vision of askari general insurance company limited (agico) is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.

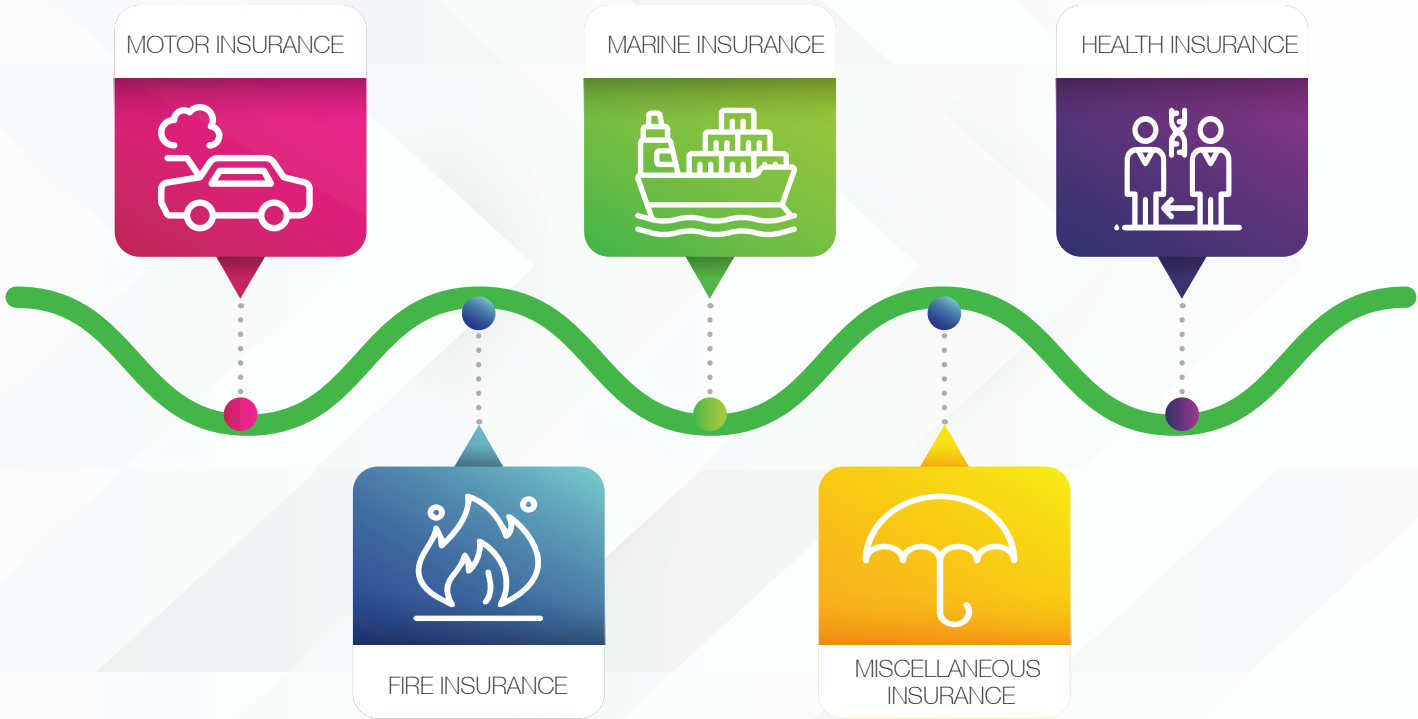


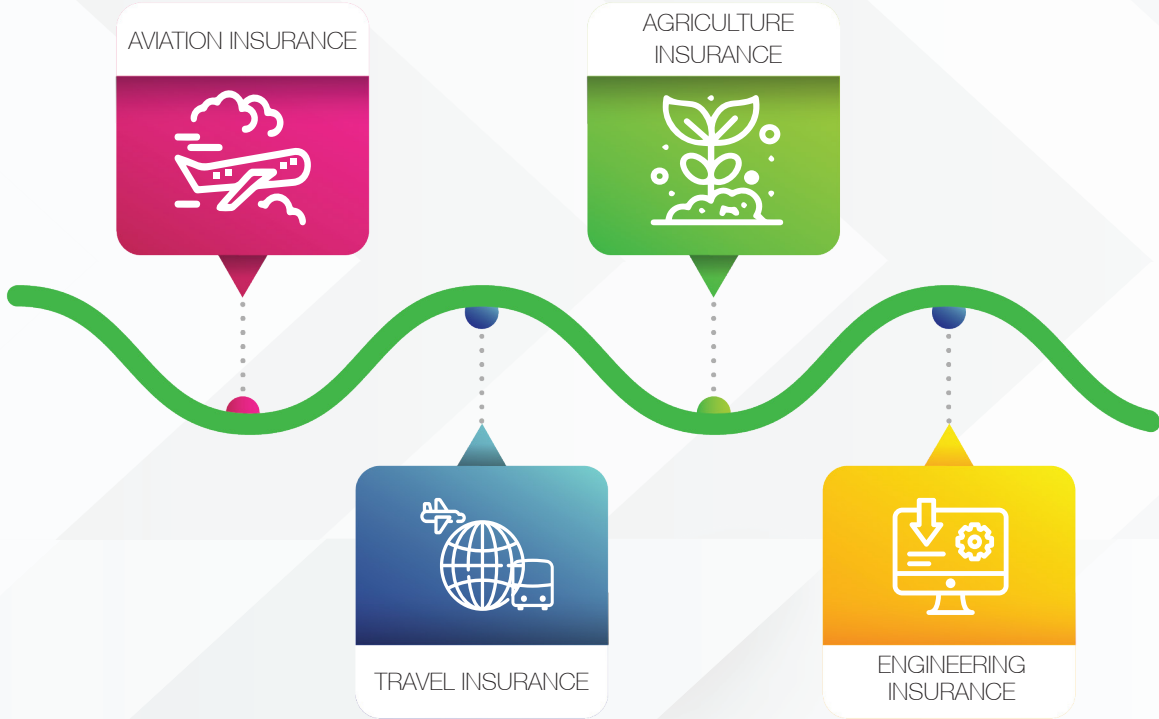


MISSION

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.

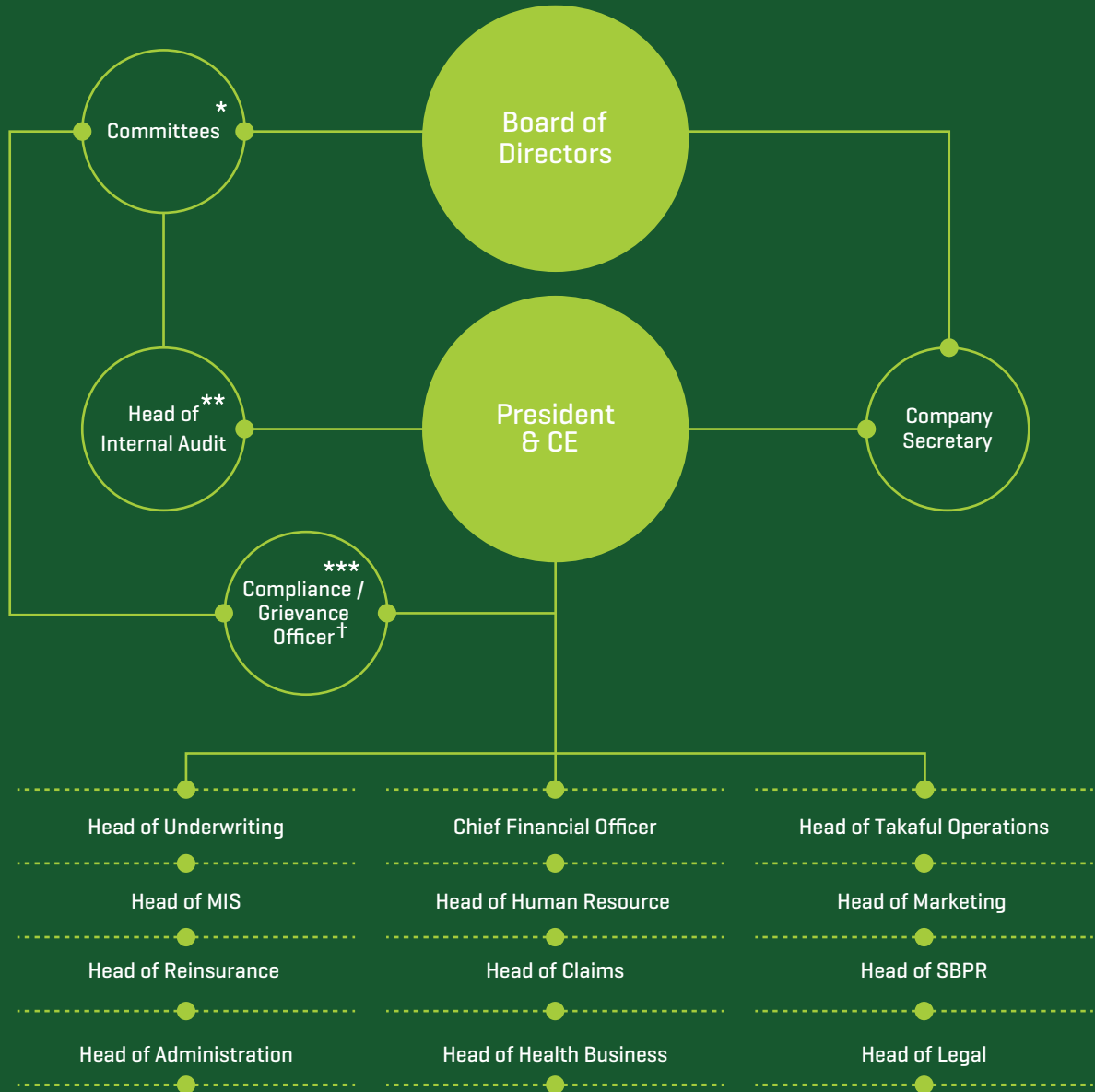
Our PRODUCTS







Organizational STRUCTURE



*Committees include the following:-

- Audit Committee
- Executive, Risk Management & Compliance Committee
- Ethics, Human Resource and Remuneration Committee
- Underwriting, Reinsurance & Coinsurance Committee
- Claims Settlement Committee
- Investment Committee

** Internal Audit functionally reports to the Audit Committee

*** Compliance Officer functionally reports to the Executive, Risk Management & Compliance Committee

† Grievance Officer functionally reports to Claims Settlement Committee

OUR MANAGEMENT

Rana Shahbaz Ahmed
Head of Marketing

Mr. Razi Haider
Chief Financial Officer

Mr. Mustafa Salman Pasha
Head of Strategic Business
Planning & Relations

Mr. Zahid Mahmood Chaudary
Head of Human Resource



Mr. Anwar Ahmed Malik
Head of Compliance /
Grievance Function

Mr. Muhammad Qasim
Head of Claims

Mrs. Samina Khan
Head of Underwriting

Mr. Sohail Khalid
Head of Reinsurance



OUR MANAGEMENT

Mr. Mian Syed Samir Ahmad
Head of Health Business

Mr. Raza Ali
Head of Takaful Operations

Mr. Hassan Aziz Rana
Head of Legal Affairs

Mr. Khalid Qayum
Head of Risk Management



Col. Ayub Aezad (Retd)
Head of Administration

Mr. Hassan Tahir
Head of MIS

Mr. Usman Nawaz
Head of Internal Audit

Mr. Faizan Zafar
Company Secretary





CHAIRMAN'S REVIEW

Esteemed Shareholders,

I am pleased to present this review on overall performance of Askari General Insurance Company Limited and the effective role played by the Board of Directors in achieving the desired objectives.

This year, Askari Insurance again flourished in difficult macroeconomic conditions. We further cemented our position as an important market player and remain well poised for sustainable future growth. Our aim is to play an active role in the growth of Insurance industry by offering high quality products and services tailored to the needs of our esteemed clients while ensuring compliance with regulatory requirements.

In 2019, the positive results of Askari Insurance were in line with its robust growth over the last several years based on vision of the Board and the management. PACRA and VIS Credit Rating agencies maintained our Insurer Financial Strength rating as Double A (AA), which was a testament to the excellent guidance of our Board and efforts put in by the Company. Gross Premium underwritten was Rs. 3.4 billion this year, an increase of 7% over the last year. Considerable growth of 21% was witnessed in profits before taxes over the corresponding period, well supported by profits of Rs. 67 million from Window Takaful Operations and Investment Income of Rs. 201 million. The Company's excellent performance has also resulted in the Board recommending disbursement of 25% final cash dividend for the year 2019.

The excellent guidance, collective contributions and efforts of our Board members allowed the Company to not only execute its overall strategy but also achieve its targets while maintaining

excellent market reputation. The Board ensured implementation of best practices for corporate governance by maintaining high levels of professional and business conduct and implementing effective internal controls.

We are also grateful to our clients and shareholders for their continued trust, which has been the cornerstone of our continued success. I would also like to thank the Securities & Exchange Commission of Pakistan, Insurance Association of Pakistan and our reinsurers for their continued support.

I am confident that the Company will continue to move towards greater heights of success on back of guidance of Board of Directors, innovative product portfolio and focus on providing unparalleled client experience.

Lt Gen Najib Ullah Khan (Retd)
Chairman

Rawalpindi
12 March 2020

چیئر مین کا جائزہ ۲۰۱۹ء

عسکری جنرل انٹورنس کینی لمیٹڈ

محترم حصص کنندگان،

ہمارے بورڈ ممبرز کی عمدہ رہنمائی، اجتماعی شرکت اور کاوشوں سے کمپنی کو نہ صرف اپنی مجموعی حکمت عملی پر عمل درآمد کرنے کا موقع ملا بلکہ مارکیٹ کی عمدہ سہولت کو برقرار رکھتے ہوئے کمپنی نے اپنے اہداف کو بھی حاصل کیا۔ بورڈ نے، اعلیٰ سطح کے پیشہ ورانہ اور کاروباری طریقہ عمل کو برقرار رکھتے ہوئے اور موثر اندرونی کنٹرولوں کو نافذ کرتے ہوئے، کارپوریٹ گورننس کے بہترین طریقوں پر عمل درآمد کو یقینی بنایا۔

ہم اپنے گاہکوں اور شیئرز ہولڈرز کے مسلسل اعتماد پر ان کے بھی شکرگزار ہیں، ان کا یہ اعتماد ہماری مسلسل کامیابی کا سنگ بنیاد رہا ہے۔ میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انٹورنس ایسوسی ایشن آف پاکستان اور ہماری ری انٹورنس کمپنیوں کی مسلسل حمایت کے لئے بھی شکریہ ادا کرنا چاہتا ہوں۔

مجھے یقین ہے کہ جدید پروڈکٹ پورٹ فولیو اور بورڈ آف ڈائریکٹرز کی رہنمائی میں کمپنی، کامیابی کی اعلیٰ بلندیوں کی طرف گامزن رہے گی اور گاہکوں کو بے مثال تجربہ فراہم کرنے پر توجہ دے گی۔



لیفٹیننٹ جنرل نجیب اللہ خان (ر)
چیئر مین

راولپنڈی
12 مارچ، 2020ء

مطلوبہ مقاصد کے حصول میں عسکری جنرل انٹورنس کمپنی لمیٹڈ کی تمام کارکردگی اور بورڈ آف ڈائریکٹرز کے موثر کردار کے حوالے سے یہ جائزہ پیش کرنے پر مجھے خوشی ہے۔

اس سال، عسکری انٹورنس کمپنی، مشکل معاشی حالات کے باوجود ایک بار پھر پروان چڑھی۔ ہم نے مارکیٹ کے ایک اہم کھلاڑی کی حیثیت سے اپنی پوزیشن کو مزید مستحکم کیا اور مستقبل کی پائیدار نمو کے لئے اچھی طرح سے مستحکم رہے۔ ہمارا مقصد ہمارے معزز گاہکوں کی ضروریات کے مطابق اعلیٰ معیار کی مصنوعات اور خدمات پیش کرتے ہوئے انٹورنس انڈسٹری کی ترقی میں فعال کردار ادا کرنا ہے جبکہ اس کے ساتھ ساتھ انضباطی تقاضوں کی تعمیل کو یقینی بنانا ہے۔

2019ء میں، عسکری انٹورنس کے مثبت نتائج، بورڈ اور انتظامیہ کے وژن کی بنیاد پر گذشتہ کئی سالوں میں اس کی مضبوط نمو کے مطابق تھے۔ PACRA اور VIS کریڈٹ ریٹنگ ایجنسیوں نے ہماری ذمہ داریوں کی مالیاتی طاقت کی شرح کو ڈبل اے (AA) کے طور پر برقرار رکھا ہے جو کہ ہمارے بورڈ کی شاندار رہنمائی اور کمپنی کی جانب سے کی جانے والی کوششوں کا منہ بولتا ثبوت ہے۔ اس سال مجموعی پریمیم ذمہ داریوں 3.4 بلین روپے تھی جو کہ گذشتہ سال سے 6 فیصد زیادہ ہے۔ نافذہ الیکٹرانکس عمل کاری (ونڈ ویکال فل آپریشنز) کے کافی تعاون سے منافع میں نمایاں اضافہ ہوا تھا، اگرچہ اسٹاک مارکیٹ نے توقع سے کم آمدن پیدا کی۔ اسی عرصے میں ٹیکس سے قبل منافع میں 21 فیصد کی نمایاں نمو دیکھی گئی تھی، جسے نافذہ الیکٹرانکس عمل کاری (ونڈ ویکال فل آپریشنز) سے حاصل ہونے والے 67 بلین روپے کے منافع اور 201 بلین روپے کی انویسٹمنٹ اکٹم سے سپورٹ ملی۔ کمپنی کی عمدہ کارکردگی کے نتیجے میں بورڈ نے سال 2019ء کے لئے 25 فیصد حتمی نقد ڈیویڈنڈ کی فراہمی کی سفارش کی ہے۔



President's MESSAGE

“We will continue to strive for sustainable growth while providing exceptional services to our clients”

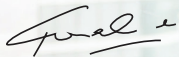
I extend my sincerest appreciation to our stakeholders for the continued support and patronage. I would like to take this opportunity to share with you my thoughts on our performance in 2019.

Askari Insurance's brand was able to stand firm in a difficult year, continuing its growth trend in top and bottom line, and building a stronger position in each segment, thereby creating significant value for our clients and shareholders. We responded to changes in the marketplace by embracing new technologies and consistently delivering high-quality results through more efficient and effective ways of working with clients. As progressive thinkers, we are constantly looking forward for our clients and delivering cost-effective, high-value solutions.

Our relentless focus on emerging opportunities has enabled Askari Insurance to step forward with a positive growth in a challenging environment. In 2019, we achieved Gross Premium Written of Rs. 3.40 billion (including Takaful contribution of Rs. 371 million), a growth of 7% over 2018. Profit after taxes, well supplemented by profit of Rs. 67 million from Window Takaful Operations, and Earnings Per Share grew by 22%, enabling it to declare 25% final cash dividend for 2019.

We are confident that our unique business mix balanced across products and geographies, a diverse talent base, and a highly regarded brand, puts us in a strong position for coming years, helping us to generate better returns for shareholders and making us better at serving our esteemed clientele.

Based on our performance in 2019, we can look ahead with great confidence that we have the right approach, mindset and culture to compete in this rapidly evolving, client-focused industry.



Mr. Abdul Waheed
President & Chief Executive



DIRECTORS' REPORT

To members of the Group

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited and its subsidiary (the Group) along with Audited Consolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2019.

MACRO-ECONOMIC SYNOPSIS

Overall economic outlook for fiscal year (FY) 2020 remains restrained with GDP growth projected around 2.5%. Average inflation for 7M FY 2020 is 11.6% compared to 5.9% for the same period last year, however, the average inflation projection for FY'20 remains between 11.0% and 12.0%. During this period, imports reduced by 21% and exports rose by 4.5%. The current account deficit declined by 75% to USD 2.2 billion during first half of FY 2020 while Foreign Direct Investment (FDI) also increased by 62% during this period. The foreign exchange reserves increased by 24% in June 2019 to USD 17.9 billion in December 2019, allowing the Pak Rupee to recover 5.6% of its value from the historic high recorded in June 2019. The Large-Scale Manufacturing (LSM) sector showed negative growth of 3.64% decline for first half of FY 2020 with Automobiles, Iron & Steel and Petroleum sectors showing decline.

Keeping in view the escalating inflationary pressure, the State Bank of Pakistan continued its contractionary monetary policy stance. As a result, the policy rate was gradually raised from 10.00 % to 13.25 % during 2019. The State Bank of Pakistan observed in its monetary policy statement of January 2020 that monetary policy would continue to be based on the medium-term inflation outlook. Continuously high interest rates severely affected private lending allowing it to grow by only 2% in first half FY 2020 compared to 10% for the corresponding period.

Group in 2019

The Group underwrote highest-ever Gross Premium of Rs. 3.400 billion (inclusive of Rs. 371 million of Takaful contribution) - an increase of 7% over the last year. The investments portfolio grew by 21% whereas net profits after tax and Earnings Per Share grew by 22%. Major contributors towards overall business and profitability were Fire, Marine, Miscellaneous and Motor classes of business, with Miscellaneous segment accounting for more than 70% of total underwriting profits

KEY HIGHLIGHTS

ACQUISITION OF ASKTECH (PRIVATE) LIMITED

Askari General Insurance Company Limited (AGICO) acquired AskTech (Private) Limited (AskTech) in February 2019. AskTech

is primarily involved in providing independent vehicle tracking services across the country. It commenced commercial operations in October 2019. As a result of this acquisition, the Group has prepared both consolidated and unconsolidated financial statements for the year ended 31 December 2019.

Credit Rating

AGICO maintained Insurer Financial Strength Rating of "AA" by both PACRA and VIS credit rating agencies with stable future outlook.

AUTOMATING CLIENT SATISFACTION

Our main objective is to provide superior client service, which is a major challenge, especially across an enormous and diverse customer base. The digital transformation such the internet, mobile devices add further extents of complexity to the challenge of providing unique, tailored client service. We are focused towards shaping our systems in such a way to address the diverse range of our clients' needs. We are also focused on implementing a comprehensive risk management and IT security solution to in wake of emanating cyber risks.

The growing complexity of the insurance business, owing to increased diversity in products, requires prompt decision making. To further improve this area, customizable management information systems have been implemented that provide runtime business views with different aspects to all departments.

We have also developed mobile applications for claims reimbursement on Android and Apple platforms. Which will facilitate a policy holder to view their policy data, submit their reimbursement claims and track its processing. To cater to ever increasing risk management and compliance requirements, we have developed dedicated risk management controls in our systems. The clients' data collection is integrated in such a way that system can automatically identify risk levels for individuals/businesses.

Listed Companies (Code of Corporate Governance) Regulations, 2019

The Securities & Exchange Commission of Pakistan issued Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), which replaced the Listed Companies (Code of Corporate Governance) Regulations, 2017. The new Regulations introduced changes to the governance requirements within the listed companies to bring them in line with the international best practices. The Group has already complied with the key requirements applicable. A Statement of Compliance in this regard can be viewed at page 67.

DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.50 per share (25 %) to the shareholders whose names appear in the share register of the Group at the start of the book closure period.

PERFORMANCE REVIEW

The key performance indicators of the Group are summarized below:

	Rupees in million (unless specified otherwise)	
	2019	2018
Gross premium written (including Takaful)	3,400	3,180
Net premium revenue	2,016	1,812
Net Claims	1,251	1,069
Underwriting results	216	273
Investment & other income	246	104
Profit before tax – General Insurance Operations	441	364
Profit before tax – Window Takaful Operations (OPF)	67	57
Profit after tax	360	296
Earnings Per Share (Rs.)	5.01	4.11

SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis is as follows:

Fire & Property Damage

This segment contributed 14% to our total business underwritten in 2019 with gross premium underwritten of Rs. 418 m (2018: Rs. 451 m).

In 2019, the underwriting profit increased to Rs. 64 m as compared to Rs. 58 m last year. Loss ratio (net claims as % of net premium revenue) decreased considerably to 18% from 43% last year. The premium ceded to the reinsurers increased to 90% (2018: 85%) in line with the reinsurance arrangements.

Marine, Aviation & Transport

The contribution of this segment was 6% towards our portfolio with gross premium underwritten of Rs. 193 m (2018: Rs. 200 m).

The underwriting profit from this segment in the 2019 was Rs. 36 m (2018: Rs. 45 m). Loss ratio increased to 37% in 2019 as compared to 33% last year. The premium ceded to the reinsurers stood at 66% (2018: 62%).



Motor

Motor segment was the best performing segment as it secured business of Rs. 893 m in 2019 (2018: Rs. 986 m), which translated to a share of 29% of the total business portfolio. Its contribution towards underwriting profits was Rs. 112 m (2018: Rs. 167 m). Loss ratio increased to 50% this year from 44% last year, primarily due to increase in value of replacement parts resulting from devaluation of Pak Rupee.

Accident & Health

This segment's contribution in the Group's business in 2019 was Rs. 744 m (2018: Rs. 784 m) which was 25% of the total portfolio. Loss ratio increased to 94% this year from 86% in 2018 mainly due to increase in cost of medicine resulting from devaluation of Pak Rupee. The ratio of premium ceded to reinsurers decreased to 20% in 2019 as compared to 23% last year.



DIRECTORS' REPORT

To members of the Group



Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. It was the second best-performing segment and contributed 26% towards our underwritten business in 2019 as compared to 16% in 2018 with a premium of Rs. 781 m (2018: Rs. 464 m). It contributed Rs. 168 m towards profitability this year (2018: Rs. 68 m). The cession for this segment stood at 65% as compared to 54% in 2018. Loss ratio of this segment decreased from 55% in 2018 to 38% in 2019.

Investment Income

Overall Investment income for 2019 increased to Rs. 201 m from Rs. 71 m last year due to efficient management of investment portfolio.

Re-Insurance

The Group enjoys long-standing business relationships with internationally renowned Re-Insurers such as SCOR Re, AXA XL, Echo Re, Sava Re, Labuan Re and Hannover Re. Moreover, AXA also provides reinsurance services in relation to Accident & Health



segment of the Group. Locally, we have reinsurance agreement with Pakistan Reinsurance Company Limited.

WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Group and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2019 increase by 26%, amounting to Rs. 371 m (2018: Rs. 295 m) while the profit from Operator's Fund for the year grew by 18% and amounts to Rs. 67 m (2018: Rs. 57 m).

AUDITORS

External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants audited the financial statements for the year 2019 and, being re-eligible, presented themselves for reappointment. The Board of Directors,



upon recommendation of Audit Committee, recommended reappointment of KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Group for the financial year ending December 31, 2020.

Shariah Compliance Auditors

The Board of Directors has also recommended reappointment of S.M. Suhail & Co. Chartered Accountants, being eligible for reappointment, as Shariah Compliance Auditors of the Group, as required under Takaful Rules 2012, for the next financial year ending December 31, 2020.



CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Group in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Group have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines I principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Group's ability to continue as a going concern.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2019, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2019 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Board Performance Evaluation

The Group's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of the Group. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which includes the following:

- Basic composition of the Board of Directors;
- Assessment of overall roles and responsibilities of the Board members;
- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Trainings and up gradation of knowledge & skills of directors;

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

Directors' Remuneration Policy

In order to comply with relevant legal requirements and Articles of Association, the Group has policy with respect to the remuneration



DIRECTORS' REPORT

To members of the Group



of Chairman, Non-Executive, Executive and Independent Directors. Directors are only paid a fee for attending the meetings of the Board and its sub-committees and are also reimbursed for expenses borne by them in that regard, as per the Articles of Association.

Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2019 was:

Name of Fund	2019	2018
	Rupees in Millions	
Employees' Provident Fund	89	79
Employees' Gratuity Fund	90	80

Composition of Board

The total number of directors are eight as per the following:

a.	Male	Eight
b.	Female	Nil

Category	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Non-Executive Directors	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig Kamran Asad (Retd) Mr. Abdul Hai Mahmood Bhaimia Mr. Malik Riffat Mehmood
Executive Directors	Not applicable
Female Director	None*

*This requirement will be fulfilled during upcoming election of directors.

Board Meetings

Six meetings of the Board of Directors were held during 2019. Attendance by each of the director was as follows:

Name of Director	Meetings Attended
Lt Gen Najib Ullah Khan (Retd)	6
Maj Gen Imtiaz Hussain Sherazi (Retd)	6
Maj Gen Akhtar Iqbal (Retd)	6
Brig Kamran Asad (Retd)	5
Mr. Malik Riffat Mehmood	5
Mr. Abdul Hai Mahmood Bhaimia	4
Mr. M. Munir Malik	5
Mr. Imran Iqbal	4

The Board granted leave of absence to those directors who could not attend the Board Meetings.

The list of Board Committees is given on Page 52.

Pattern of Shareholding

The pattern of shareholding is given at page 281 of this report. There was no trading in shares of the Group by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

Principal Risks and Uncertainties Facing the Group

The information relating to principal risks and uncertainties faced by the Group is given at page 49 of this report.

Board Committees

During the year, the Audit Committee held five meetings whereas Human Resource & Remuneration Committee held three meetings. The composition of the Board Committees and their terms of reference are given at page 52.

Further, the Group has four sub committees of the Board which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee and Investment Committee. The names of members and the terms of references of these committees are given at page 52.



OUTLOOK

Over the course of the year, the Group flourished in difficult macroeconomic conditions. We are aiming to play an active role in the growth of General Insurance and Takaful industry by offering high quality General and Shariah compliant products and services. We are confident of continuing to move towards greater heights of success on back of guidance of Board of Directors, innovative product portfolio, commitment towards its clientele and focus on providing unparalleled client experience.

Subsequent to the year end, World Health Organization declared outbreak of novel Corona Virus (COVID19) a pandemic. At this

stage, it is uncertain how this would impact operations of the Group. However, the management is closely monitoring the situation and taking necessary measures.

ACKNOWLEDGMENTS

The Directors would like to thank the regulatory authorities, banks and financial institutions, Re-Insurers and credit rating companies for their guidance and valued support. We also thank our shareholders for posing their trust and confidence in the Group. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Group.

For and on behalf of the Board

Abdul Waheed
President & Chief Executive

Rawalpindi
12 March 2020

Lt Gen Najib Ullah Khan (Retd)
Chairman – Board of Directors

شراکت نامہ صفحہ 52 پر دی گئی ہے۔

مستقبل کی توقعات:

ایک سال کے دوران، یہ گروپ مشکل معاشی حالات میں پروان چڑھا۔ ہم اعلیٰ معیار کی جنرل اور شریعت کے مطابق مصنوعات اور خدمات پیش کر کے جنرل انشورنس اور تکامل انڈسٹری کی ترقی میں فعال کردار ادا کرنا چاہتے ہیں۔ عسکری انشورنس کمپنی کو یقین ہے کہ وہ اپنے گاہکوں کے ساتھ کیے گئے عزم، جدید پروڈکٹ پورٹ فولیو اور بورڈ آف ڈائریکٹرز کی رہنمائی میں، کامیابی کی اعلیٰ بلندیوں کی طرف گامزن رہے گی اور گاہکوں کو بے مثال تجربہ فراہم کرنے پر توجہ دے گی۔

سال کے اختتام کے بعد، عالمی ادارہ صحت نے ناول کورونا وائرس (COVID-19) کی وبا کو پائی بیماری قرار دیا۔ اس مرحلے پر، یہ یقینی نہیں ہے کہ اس سے گروپ کے کاموں پر کیا اثر پڑے گا۔ تاہم، انتظامیہ اس صورتحال پر گہری نظر رکھے ہوئے ہے اور ضروری اقدامات اٹھا رہی ہے۔

اظہار تشکر:

ریگولیشنز، حکام، بینکوں، مالیاتی اداروں، ری انشورنس اور کریڈٹ ریٹنگ کمپنیوں کی طرف سے فراہم کردہ ہدایت اور قابل قدر حمایت کی بدولت ڈائریکٹرز ان کا شکر یہ ادا کرنا چاہیں گے۔ گروپ پر بھروسہ اور اعتماد ظاہر کرنے کی بدولت ہم اپنے حصص یافتگان کا بھی شکر یہ ادا کرتے ہیں۔ آخر میں، گروپ کی ترقی کے خاطر کام کرنے والے ہمارے ملازمین کی وابستگی اور محنت کے لئے ہم اپنے تعریفی کلمات ریکارڈ میں رکھتے ہیں۔

بورڈ کی جگہ اور بورڈ کی نیابت سے:



لیفٹیننٹ جنرل نجیب اللہ خان (ر)

چیئر مین۔ بورڈ آف ڈائریکٹرز



جناب عبدالوحید

صدر و چیف ایگزیکٹو

راولپنڈی

12 مارچ 2020ء

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
لفٹیننٹ جنرل نجیب اللہ خان (ر)	6
میجر جنرل امتیاز حسین شیرازی (ر)	6
میجر جنرل اختر اقبال (ر)	6
بریگیڈیئر کامران اسد (ر)	5
ملک رفعت محمود	5
عبدالحی محمود بھائی میا	4
محمد منیر ملک	5
عمران اقبال	4

بورڈ نے ان منتظمین کو رخصت دی تھی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔

بورڈ کی کمیٹیوں کی فہرست صفحہ 52 پر دی گئی ہے۔

شیر ہولڈنگ کا طریقہ کار:

شیر ہولڈنگ کا طریقہ کار اس رپورٹ کے صفحے 281 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ بچوں کی طرف سے گروپ کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان:

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان اس رپورٹ کے صفحے 44 پر دیا گیا ہے۔

گروپ کو درپیش بڑے خطرات و خدشات:

گروپ کو درپیش بڑے خطرات و خدشات کے متعلق معلومات اس رپورٹ کے صفحے 47 پر دی گئی ہے۔

بورڈ کی کمیٹیاں:

سال کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جب کہ انسانی وسائل اور معاوضاتی کمیٹی کے تین اجلاس منعقد ہوئے۔ بورڈ کمیٹیوں کی ساخت اور ان کے ریفرنس کی شراکت نامہ صفحہ 52 پر دی گئی ہے۔

اس کے علاوہ، گروپ میں بورڈ کی چار ڈبلی کمیٹیاں ہیں جو کہ کاروبار کے اہم علاقوں کا احاطہ کرتی ہیں؛ یہ کمیٹیاں (1) ذمہ دہی، مگر رہبرہ کاری اور باہمی انشورنس کی کمیٹی، (2) دعویٰ جات کی سبٹسٹ کمیٹی، (3) ایگزیکٹو، رسک مینجمنٹ اینڈ کپائلٹس کمیٹی اور (4) انویسٹمنٹ کمیٹی ہیں۔ ارکان اور ان کمیٹیوں کے حوالے کی

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عسکری جرنل انشورنس کمپنی لمیٹڈ گروپ

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت:

آڈٹ اکاؤنٹس کی بنیاد پر، پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت 31 دسمبر 2019ء تک درج ذیل تھی:

فونڈ کا نام	سال 2019ء	سال 2018ء
		روپے ملین میں
ایسپلائز پراویڈنٹ فنڈ	89	79
ایسپلائز گریجویٹ فنڈ	90	80

بورڈ کی ساخت:

ڈائریکٹرز کی مجموعی تعداد آٹھ ہے جو کہ درج ذیل طریقے سے ہے:

اے	مرد	آٹھ
بی <td>خواتین <td>کوئی نہیں</td> </td>	خواتین <td>کوئی نہیں</td>	کوئی نہیں

درجہ	ڈائریکٹر کا نام
خود انحصار ڈائریکٹر	محمد منیر ملک
غیر ایگزیکٹو ڈائریکٹر	عمران اقبال
	لفظیت جنرل نجیب اللہ خان (ر)
	میجر جنرل اختر اقبال (ر)
	میجر جنرل امتیاز حسین شیرازی (ر)
	برگیڈیئر کامران اسد (ر)
	عبدالحی محمود بھائی میا
	ملک رفعت محمود
ایگزیکٹو ڈائریکٹر	قابل اطلاق نہیں
خاتون ڈائریکٹر	کوئی نہیں x

x یہ ضرورت ڈائریکٹرز کے آئندہ انتخابات کے دوران پوری ہوگی۔

بورڈ کے اجلاس:

سال 2019ء کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

حالیہ تشریح کے طور پر جاری رکھنے کے لئے گروپ کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔ ٹیکس، فرائض، لیویز اور الزامات کے اکاؤنٹ پر کوئی قانونی ادائیگی نہیں ہے جو کہ 31 دسمبر 2019ء تک واجب الادا ہیں سوائے ان ادائیگیوں کے جن کا انکشاف مالی بیانات میں کر دیا گیا ہے۔ ایسے تمام واجبات بنیادی طور پر مالی سال 2019ء کے آخری مہینے کے واجبات سے متعلق ہیں اور نتیجتاً یہ بروقت حکومتی خزانے میں جمع کروا دیے گئے تھے۔

متعلقہ پارٹی کی لین دین کی منظوری اور توثیق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی طرف سے کی جاتی ہے۔

بورڈ کی کارکردگی کا اندازہ:

گروپ کا بورڈ آف ڈائریکٹرز کچھ پیرامیٹرز کے برخلاف ہر سال خود تشریحی مشق سے گزرتا ہے۔ بنیادی طور پر گورننس کے معیار کا جائزہ لینے میں بورڈ کی مدد کرنے کے لئے تشریح کی جاتی ہے اور یہ بورڈ کے ارکان کو اس قابل بنادیتی ہے کہ وہ آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے سر انجام دیں۔ یہ خود تشریحی عمل، مخصوص پیرامیٹرز پر مبنی ایک تشریحی طریقہ کار کے تحت عمل میں لایا جاتا ہے۔

تشریحی مشق انتہائی اہمیت کے ایریا کا احاطہ کرتی ہے جس میں درج ذیل ایریا شامل ہیں:

- « بورڈ آف ڈائریکٹرز کی بنیادی ساخت؛
- « بورڈ کے ممبران کی اجمالی ذمہ داریوں اور کردار کی تشریح؛
- « بورڈ اور اس کی کمیٹیوں کی کارروائی کی کارکردگی اور تاثیر؛ نیز
- « منتظمین کی مہارت اور علم کی اپ گریڈیشن اور ریٹیننگ؛

قائم کردہ معیار کے لحاظ سے بورڈ کی مجموعی کارکردگی کی خود تشریحی تسلی بخش تھی۔

ڈائریکٹرز کے معاوضے کی پالیسی:

چیئرمین، غیر ایگزیکٹو، ایگزیکٹو اور خود انحصار ڈائریکٹرز کے معاوضے کے سلسلے میں، متعلقہ قانونی تقاضوں اور کمپنی کے آرٹیکل آف ایسوسی ایشن کی تعمیل میں، گروپ کی ایک پالیسی ہے۔ ڈائریکٹرز کو صرف بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لئے فیس دی جاتی ہے اور اس ضمن میں ہونے والے اخراجات کی ادائیگی بھی کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق کی جاتی ہے۔

کلیدی مالیاتی ڈیٹا:

گزشتہ 6 سال کے لئے کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحے 64 پر شامل کر دیا گیا ہے۔

کے لیے "KPMGTaseerHadi & Co. CharteredAccountants" کو گروپ کے آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی۔

شریعت تعمیل آڈیٹرز:

بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والے آئندہ مالی سال کے لیے "S.M.Suhail & Co. CharteredAccountants" کو کمپنی کے شریعت تعمیل آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی بھی سفارش کی ہے، جیسا کہ ٹکافل رولز 2012ء کے تحت مطلوب ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کی ذمہ داریوں کا بیان:

کارپوریٹ گورننس کے کوڈ کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، منتظمین درج ذیل کی تصدیق کرتے ہیں:

گروپ کی انتظامیہ کی طرف سے مالیاتی بیانات بشمول ان نقاط کے جو کہ ان بیانات کا ایک لازمی حصہ ہیں، کو کمپنیز ایکٹ 2017ء اور انشورنس آرڈیننس 2000ء کے مطابق تیار کیا گیا ہے؛ اور یہ بیانات گروپ کے معاملات کی حالت، اس کی کاروائیوں کے نتائج، نقد رقم کے بہاؤ اور ایکٹیوٹی (حصص کی مقررہ قیمت) میں تبدیلیوں کے نتائج کو منصفانہ طریقے سے پیش کرتے ہیں۔

گروپ کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔

ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔

انٹرنیشنل اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ معیارات یا کسی بھی دوسرے ضابطے یا قانون (جو کہ بلا حصر شرعی ہدایات/اصولوں کو شامل ہیں) کی اسی طرح پیروی کی گئی ہے جیسا کہ وہ پاکستان میں لاگو ہیں۔ مالی بیانات کی ناقص تیاری اور کسی بھی طرح کے اخراج کو مناسب طور پر ظاہر کیا گیا ہے۔

اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور سال بھر اس کی نگرانی کی گئی ہے۔

کارکردگی کا دوسرا بڑا شعبہ تھا جس نے 781 ملین روپے (جو کہ سال 2018ء میں 464 ملین روپے تھا) کے پریمیم کے ساتھ سال 2019ء میں ہمارے ذمہ داری کاروبار میں 26 فیصد حصہ ڈالا جب کہ سال 2018ء میں 16 فیصد حصہ ڈالا تھا۔ اس نے اس سال کے منافع میں 168 ملین روپے (جو کہ 2018ء میں 68 ملین روپے تھا) کا حصہ ڈالا۔ اس شعبہ کی منتقلی 65 فیصد رہی جو کہ سال 2018ء میں 54 فیصد تھی۔ اس شعبہ میں نقصان کی شرح سال 2019ء میں 38 فیصد تک کم ہو گئی جو کہ سال 2018ء میں 55 فیصد تھی۔

سرمایہ کاری کی آمدنی:

پورٹ فولیو کے مؤثر انتظام کی وجہ سے 2019ء کی مجموعی سرمایہ کاری آمدن میں 201 ملین روپے کا اضافہ ہوا جو کہ گزشتہ سال 70 ملین روپے تھا۔

مکرر ذمہ داری:

گروپ، بین الاقوامی شہرت یافتہ مکرر ذمہ داری جیسا کہ "SCOR Re"، "AXA"، "Echo"، "Sava Re"، "Re" اور "Labuan Re" کے ساتھ درینہ کاروباری تعلقات سے لطف اندوز ہوتا ہے۔ مزید برآں "AXA" کمپنی، کمپنی کے حادثاتی اور صحت کے شعبہ کو مکرر ذمہ داری کی خدمات مہیا کرتی ہے۔ مقامی طور پر، ہمارا "پاکستان ری انشورنس کمپنی لمیٹڈ" (PRCL) کے ساتھ مکرر ریہ کاری کا معاہدہ (ری انشورنس ایگریمنٹ) ہے۔

نافذہ الحکاف ل عمل کاری

نافذہ الحکاف ل عمل کاری (WTO) گروپ کے کاروبار میں مسلسل حجم اور منافع شامل کرتا رہا ہے اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سال میں جاری رہے گا۔

سال 2019ء کے دوران نافذہ الحکاف ل عمل کاری (WTO) کی طرف سے مکتوبہ شراکت 371 ملین روپے تھی (جو کہ 2018ء میں 295 ملین روپے تھی) جب کہ اس سال کے لئے آپریٹنگ فنڈ سے 67 ملین روپے کا منافع ہوا (جو کہ 2018ء میں 57 ملین تھا)۔

محاسبین

خارجی محاسب

"KPMGTaseerHadi & Co. CharteredAccountants" نے سال 2019ء کے مالی بیانات کا محاسبہ کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020ء کو ختم ہونے والے آئندہ مالی سال

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عسکری جنرل انشورنس کمپنی لمیٹڈ گروپ

روپے تھی) سال 2019ء میں ہمارے بیمہ کاری مجموعی کاروبار میں 14 فیصد حصہ ڈالا۔

سال 2019ء میں، ذمہ داری منافع 64 ملین روپے بڑھ گیا جو کہ گزشتہ سال 2018ء میں 58 ملین روپے تھا۔ اس کے نتیجے میں نقصان کا تناسب (میٹ پر بیمہ آمدنی کے فیصدی کے طور پر خالص مطالبہ جات) سال 2019ء میں 18 فیصد تک کم ہو گیا جو کہ گزشتہ سال 43 فیصد تک تھا۔ مکرر بیمہ کاری کی ترتیبات کے موافق سال 2019ء میں مکرر بیمہ کاری کی طرف پر بیمہ 90 فیصد رہا (جو کہ سال 2018ء میں 85 فیصد تھا)۔

بحری، فضائی اور ٹرانسپورٹ:

193 ملین (سال 2018ء میں = 200 ملین) کے مجموعی درج شدہ ذمہ داری کے ساتھ اس شعبہ کی شراکت اس سال ہمارے پورٹ فولیو میں 6 فیصد تھی۔

سال 2019ء میں اس شعبہ سے درج شدہ منافع 36 ملین (جو کہ سال 2018ء میں = 45 ملین) روپے تھا۔ نقصان کے تناسب میں سال 2019ء میں 37 فیصد اضافہ ہوا جو کہ گزشتہ سال 33 فیصد تھا۔ انشورنس کمپنیوں کو دینے گئے پر بیمہ کا تناسب 66 فیصد رہا (جو کہ سال 2018ء میں = 62 فیصد تھا)۔

موٹر گاڑیاں:

موٹر گاڑیوں کا شعبہ بہترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا کیوں کہ اس نے 2019ء میں 893 ملین روپے کا کاروبار محفوظ کیا (جو کہ 2018ء میں 986 ملین روپے تھا)، جو کہ مجموعی کاروباری پورٹ فولیو میں 29 فیصد کا حصہ ہے۔ ذمہ داری منافع میں اس کا حصہ 112 ملین روپے رہا (جو کہ سال 2018ء میں 167 ملین روپے تھی)۔ نقصان کا تناسب گزشتہ سال 44 فیصد تھا جو کہ اس سال 50 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں متبادل پارٹس کی قیمت میں اضافہ ہونا شامل ہے۔

حادثات وصحت:

اس شعبہ نے سال 2019ء میں گروپ کے کاروبار میں 744 ملین روپے کی شراکت داری کی (جو کہ 2018ء میں 784 ملین روپے تھی) اور یہ مجموعی پورٹ فولیو کا 25 فیصد بنا۔ نقصان کا تناسب سال 2018ء میں 86 فیصد تھا جو کہ اس سال 94 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں دوائیوں کی قیمت میں اضافہ ہے۔ سال 2019ء میں مکرر بیمہ کاری کی طرف پر بیمہ کا تناسب 20 فیصد رہا جو کہ گزشتہ سال 23 فیصد تھا۔

متفرق کاروبار:

اس شعبہ میں انجینئرنگ انشورنس، ہاؤس انشورنس، فصلی انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ یہ بہترین

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء

"سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء (ضوابط) کا نفاذ کیا، جس نے "فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2017ء کی جگہ لے لی۔ نئے قواعد نے فہرست شدہ کمپنیوں کے اندر اندر حکومتی ضروریات میں تبدیلی متعارف کرائی تاکہ ان کو بین الاقوامی بہترین طریقوں کے مطابق لایا جاسکے۔ گروپ نے پہلے ہی سے قابل اطلاق اہم ضروریات کے مطابق عمل کیا ہے۔ اس سلسلے میں تھیل کا ایک بیان صفحہ نمبر 67 پر دیکھا جاسکتا ہے۔

ڈیویڈنڈ کی تقسیم

بورڈ آف ڈائریکٹرز نے ان ڈیویڈنڈز کے لیے 2.5 روپے فی حصہ (25 فیصد) کے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جن کے نام کتاب کی بندش کی مدت کے آغاز پر گروپ کے ڈیویڈنڈز میں آئے ہیں۔

کارکردگی کا جائزہ

کمپنی کی کارکردگی کے کلیدی اشاریہ کا ذیل میں خلاصہ پیش کیا گیا ہے:

روپے ملین میں (اے یہ کہ ان کو مخصوص کر دیا جائے)		
2018ء	2019ء	
3,180	3,400	مجموعی ملٹی پر بیمہ (بشمول کانفل)
1,812	2,016	خالص پر بیمہ آمدنی
1,069	1,251	خالص دعوے
273	216	ذمہ داری کے نتائج
104	246	سرمایہ کاری اور دیگر آمدنی
364	441	ٹیکس سے قبل منافع۔ جنرل انشورنس آپریشنز
57	67	ٹیکس سے قبل منافع۔ نافذہ العمل کا عمل کا عمل کاری
296	360	ٹیکس کے بعد منافع
4.11	5.01	فی شخص آمدنی (روپے میں)

شعبہ جاتی کارکردگی کا تجزیہ

کاروبار کے ہر شعبہ کے لئے شعبہ جاتی کارکردگی کا تجزیہ مندرجہ ذیل ہے:

آتشزدگی اور املاک کے نقصان:

اس شعبہ نے 418 ملین روپے کی مجموعی ذمہ داری پر بیمہ کے ساتھ (جو کہ سال 2018ء میں = 451 ملین

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عسکری جنرل انشورنس کمپنی لمیٹڈ گروپ

کلیدی جھلکیاں

بورڈ آف ڈائریکٹرز کی جانب سے، ہم "عسکری جنرل انشورنس کمپنی لمیٹڈ" (AGICO) اور اس کے ذیلی ادارہ (گروپ) کے ڈائریکٹرز کی رپورٹ پیش کرنے پر خوش ہیں، اس رپورٹ کے ساتھ ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے محاسبہ شدہ مختص مالی بیانات اور حاشیہ کی رپورٹ بھی ہے۔

ASKTECH (پرائیویٹ) لمیٹڈ کا حصول

عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO) نے جنوری 2019ء میں AskTech (پرائیویٹ) لمیٹڈ (AskTech) کمپنی حاصل کی ہے۔ AskTech بنیادی طور پر ملک بھر میں ذاتی گاڑیوں کے لیے ٹریکنگ خدمات مہیا کرنے میں مشغول ہے۔ اس نے اپنا تجارتی کام اکتوبر 2019ء میں شروع کیا۔ اس حصول کے نتیجے میں، گروپ نے 31 دسمبر 2019ء کو ختم ہونے والے سال کے لئے دووں مستحکم اور غیر متقابل مالی بیانات تیار کیے ہیں۔

کریڈٹ ریٹنگ

AGICO کی VIS اور PACRA کریڈٹ ریٹنگ ایجنسیوں کی طرف سے درجہ بندی کی گئی، جس میں AGICO نے مستحکم مستقبل کے نقطہ نظر کے ساتھ "ڈبل A" (AA) درجہ بندی برقرار رکھی۔

کلائنٹ کے اطمینان کی تعریف نو

ہمارا بنیادی مقصد گاہکوں کو بہترین خدمات فراہم کرنا ہے، جو ایک بہت بڑا چیلنج ہے، خاص طور پر گاہکوں کے ایک بہت بڑے اور متنوع ڈیٹا بیس کے حوالے سے۔ ڈیجیٹل ٹرانسفارمیشن جیسا کہ انٹرنیٹ، موبائل ڈیوائسز میں سے ہر ایک گاہکوں کو انفرادی اور موزوں سروس مہیا کرنے کے چیلنج میں مزید پیچیدگیوں کا اضافہ کرتے ہیں۔ ہم اپنے سسٹم کو اس طرح سے تشکیل دینے کی طرف توجہ مرکوز کر رہے ہیں جو ہمارے گاہکوں کی متنوع ضروریات کو حل کرنے کے لیے موزوں ہو۔ سائبر رسک کے خاتمے کے لیے ہم ایک "جامع رسک مینجمنٹ اور آئی ٹی سیکورٹی حل" کے نفاذ پر بھی توجہ مرکوز کر رہے ہیں۔

مصنوعات میں تنوع میں اضافہ کی وجہ سے انشورنس کاروبار کی بڑھتی ہوئی پیچیدگی کے لیے فوری فیصلہ کرنے کی ضرورت ہے۔ اس حوالے سے مزید بہتری لانے کے لیے، تخصیص بخش انتظامی انفارمیشن سسٹم نافذ کیا گیا ہے جو تمام حکموں کو مختلف پہلوؤں کے ساتھ رن ٹائم (ایک کاروبار کو چلنے میں جتنا وقت لگتا ہے) کاروباری آراء فراہم کرتا ہے۔

ہم نے معاوضوں کی ادائیگی کے لیے ایئر رائیڈ اور ایئر پیلٹ فارم پر موبائل ایپلی کیشنز تیار کی ہیں۔ جو ایک پالیسی ہولڈر اپنا پالیسی ڈیٹا دیکھنے، اپنے معاوضے کا دعویٰ دائر کرنے اور اس عمل کو دیکھنے میں مدد فراہم کرتا ہے۔ بڑھتے ہوئے رسک مینجمنٹ اور تعمیل کی ضروریات کو پورا کرنے کے لیے، ہم نے اپنے سسٹم میں وقف شدہ رسک مینجمنٹ کنٹرول تیار کیا ہے۔ مخصوص اعلانیہ کے ساتھ گاہکوں سے متعلق ڈیٹا اکٹھا کرنے کا طریقہ اس طرح سے مربوط ہے کہ یہ نظام خود بخود افراد/کاروبار کے لئے خطرہ کی سطح کی شناخت کرے گا۔

خلاصہ برائے میکرو اکنامک

مالی سال 2020ء کے لئے مجموعی معاشی صورت حال پر قابو ہے جبکہ جی ڈی پی کی شرح نمو تقریباً 2.5 فیصد ہے۔ مالی سال 2020ء کے ۷ ماہ کے لئے اوسط افراط زر 11.6 فیصد ہے جب کہ اس سے پچھلے سال کی اتنی ہی مدت کے لئے یہ 5.9 فیصد تھی، تاہم، مالی سال 2020ء کے لئے اوسط افراط زر کا تخمینہ 11.0 فیصد اور 12.0 فیصد کے درمیان رہتا ہے۔ اس دورانیے میں، درآمدات میں 21 فیصد کمی واقع ہوئی ہے اور برآمدات میں 4.5 فیصد اضافہ ہوا ہے۔ رواں مالی سال 2020ء کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارہ 75 فیصد کم ہو کر 2.2 ارب ڈالر رہ گیا جب کہ اس عرصے کے دوران براہ راست غیر ملکی سرمایہ کاری (FDI) میں بھی 62 فیصد اضافہ ہوا۔ مالی سال 2020ء کے جون تک غیر ملکی زرمبادلہ کے ذخائر 24 فیصد تھے جو کہ دسمبر 2019ء تک 17.9 بلین امریکی ڈالر تک زیادہ ہو گئے، جس سے پاک روپیہ جون 2019ء میں درج تاریخی بلندی سے اپنی قیمت 5.6 فیصد بازیافت کر سکا۔ مالی سال 2020ء کے پہلے نصف حصے میں، بڑے پیمانے پر اشیاء تیار کرنے (LSM) والے شعبہ جات جیسا کہ آٹوموبائل، آئرن اینڈ اسٹیل اور پیٹرولیم وغیرہ کے شعبوں میں 3.64 فیصد تک کمی کی منفی نمودیکھی گئی۔

افراط زر کے بڑھتے ہوئے دباؤ کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان معاہدے سے متعلق مالیاتی پالیسی کے موقف کو جاری رکھے ہوئے ہے۔ اس کے نتیجے میں، 2019ء کے دوران پالیسی کی شرح آہستہ آہستہ 10.00 فیصد سے بڑھ کر 13.25 فیصد ہو گئی۔ اسٹیٹ بینک آف پاکستان نے جنوری 2020ء کے اپنے ماہی پالیسی بیان میں محفوظ کیا کہ ماہی پالیسی درمیانی مدت کی افراط زر کے نقطہ نظر پر مبنی ہوگی۔ مستقل طور پر اعلیٰ سود کی شرحوں نے فحشی قرضوں کو بڑی طرح متاثر کیا جس کی وجہ سے اسی مدت کے 10 فیصد کے مقابلے میں مالی سال 2020ء کی پہلی ششماہی میں صرف 2 فیصد اضافہ ہو سکتا ہے۔

2019ء میں گروپ کی صورتحال

گروپ نے 3,400 ملین (بشمول تکافل شراکت کے 371 ملین) کی سب سے زیادہ مجموعی بیمہ کاری کی جو کہ گزشتہ سال کے مقابلے میں 7 فیصد اضافہ ہے۔ سرمایہ کاری کے پورٹ فولیو میں تقریباً 21 فیصد اضافہ ہوا، جبکہ ٹیکس کے بعد خالص منافع اور فی حصہ آمدنی 22 فیصد بڑھ گئی۔ مجموعی طور پر کاروباری اور منافع بخش ہونے والے بڑے شراکت داروں میں فائزر، میرا، متفرق اور موٹر طبعات کے شعبے تھے، مجموعی ذمہ داری منافع میں تقریباً 70 فیصد حصہ متفرق اشیاء کی اکاؤنٹنگ کا ہے۔

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited along with Audited Unconsolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2019.

MACRO-ECONOMIC SYNOPSIS

Overall economic outlook for fiscal year (FY) 2020 remains restrained with GDP growth projected around 2.5%. Average inflation for 7M FY 2020 is 11.6% compared to 5.9% for the same period last year, however, the average inflation projection for FY'20 remains between 11.0% and 12.0%. During this period, imports reduced by 21% and exports rose by 4.5%. The current account deficit declined by 75% to USD 2.2 billion during first half of FY 2020 while Foreign Direct Investment (FDI) also increased by 62% during this period. The foreign exchange reserves increased by 24% in June 2019 to USD 17.9 billion in December 2019, allowing the Pak Rupee to recover 5.6% of its value from the historic high recorded in June 2019. The Large-Scale Manufacturing (LSM) sector showed negative growth of 3.64% decline for first half of FY 2020 with Automobiles, Iron & Steel and Petroleum sectors showing decline.

Keeping in view the escalating inflationary pressure, the State Bank of Pakistan continued its contractionary monetary policy stance. As a result, the policy rate was gradually raised from 10.00 % to 13.25 % during 2019. The State Bank of Pakistan observed in its monetary policy statement of January 2020 that monetary policy would continue to be based on the medium-term inflation outlook. Continuously high interest rates severely affected private lending allowing it to grow by only 2% in first half FY 2020 compared to 10% for the corresponding period.

AGICO in 2019

AGICO underwrote highest-ever Gross Premium of Rs. 3,400 billion (inclusive of Rs. 371 million of Takaful contribution) - an increase of 7% over the last year. The investments portfolio grew by 21% whereas net profits after tax and Earnings Per Share grew by 22%. Major contributors towards overall business and profitability were Fire, Marine, Miscellaneous and Motor classes of business, with Miscellaneous segment accounting for more than 70% of total underwriting profits

KEY HIGHLIGHTS

Credit Rating

Your Company maintained Insurer Financial Strength Rating of "AA" by both PACRA and VIS credit rating agencies with stable future outlook.

AUTOMATING CLIENT SATISFACTION

Our main objective is to provide superior client service, which is a major challenge, especially across an enormous and diverse customer base. The digital transformation such the internet, mobile devices add further extents of complexity to the challenge of providing unique, tailored client service. We are focused towards shaping our systems in such a way to address the diverse range of our clients' needs. We are also focused on implementing a comprehensive risk management and IT security solution to in wake of emanating cyber risk.

The growing complexity of the insurance business, owing to increased diversity in products, requires prompt decision making. To further improve this area, customizable management information systems have been implemented that provide runtime business views with different aspects to all departments.

We have also developed mobile applications for claims reimbursement on Android and Apple platforms. Which facilitate a policy holder to view their policy data, submit their reimbursement claims and track its processing. To cater to ever increasing risk management and compliance requirements, we have developed dedicated risk management controls in our systems. The clients' data collection is integrated in such a way that system can automatically identify risk levels for individuals/businesses.

Listed Companies (Code of Corporate Governance) Regulations, 2019

The Securities & Exchange Commission of Pakistan issued Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), which replaced the Listed Companies (Code of Corporate Governance) Regulations, 2017. The new Regulations introduced changes to the governance requirements within the listed companies to bring them in line with the international

DIRECTORS' REPORT

best practices. The Company has already complied with the key requirements applicable. A Statement of Compliance in this regard is at page 67.

DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.50 per share (25 %) to the shareholders whose names appear in the share register of the Company at the start of the book closure period.

PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

	Rupees in million (unless specified otherwise)	
	2019	2018
Gross premium written (including Takaful)	3,400	3,180
Net premium revenue	2,016	1,812
Net Claims	1,251	1,069
Underwriting results	218	273
Investment & other income	246	104
Profit before tax – General Insurance Operations	442	364
Profit before tax – Window Takaful Operations (OPF)	67	57
Profit after tax	362	296
Earnings Per Share (Rs.)	5.03	4.11

SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis is as follows:

Fire & Property Damage

This segment contributed 14% to our total business underwritten in 2019 with gross premium underwritten of Rs. 418 m (2018: Rs. 451 m).

In 2019, the underwriting profit increased to Rs. 64 m as compared to Rs. 58 m last year. Loss ratio (net claims as % of net premium revenue) decreased considerably to 18% from 43% last year. The premium ceded to the reinsurers increased to 90% (2018: 85%) in line with the reinsurance arrangements.

Marine, Aviation & Transport

The contribution of this segment was 6% towards our portfolio with gross premium underwritten of Rs. 193 m (2018: Rs. 200 m).

The underwriting profit from this segment in the 2019 was Rs. 36 m (2018: Rs. 45 m). Loss ratio increased to 37% in 2019 as compared to 33% last year. The premium ceded to the reinsurers stood at 66% (2018: 62%).



Motor

Motor segment was the highest contributing segment as it secured business of Rs. 893 m in 2019 (2018: Rs. 986 m), which translated to a share of 29% of the total business portfolio. Its contribution towards underwriting profits was Rs. 112 m (2018: Rs. 167 m). Loss ratio increased to 50% this year from 44% last year, primarily due to increase in value of replacement parts resulting from devaluation of Pak Rupee.

Accident & Health

This segment's contribution in the Company's business in 2019 was Rs. 744 m (2018: Rs. 784 m) which was 25% of the total portfolio. Loss ratio increased to 94% this year from 86% in 2018 mainly due to increase in cost of medicine resulting from devaluation of Pak Rupee. The ratio of premium ceded to reinsurers decreased to 20% in 2019 as compared to 23% last year.

Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. It was the best performing segment of 2019 as it contributed 26% towards our





underwritten business in 2019 as compared to 16% in 2018 with a premium of Rs. 781 m (2018: Rs. 464 m). It contributed Rs. 168 m towards profitability this year (2018: Rs. 68 m). The cession for this segment stood at 65% as compared to 54% in 2018. Loss ratio of this segment decreased from 55% in 2018 to 38% in 2019.

Investment Income

Overall Investment income for 2019 increased to Rs. 201 m from Rs. 71 m last due to efficient management of investment portfolio.

Re-Insurance

The Company enjoys long-standing business relationships with internationally renowned Re-Insurers such as SCOR Re, AXA XL, Echo Re, Sava Re, Labuan Re and Hannover Re. Moreover, AXA also provides reinsurance services in relation to Accident & Health segment of the Company. Locally, we have reinsurance agreement with Pakistan Reinsurance Company Limited.

WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Company and we expect this trend to continue in the coming years as well.



The written contribution from WTO during 2019 increase by 26%, amounting to Rs. 371 m (2018: Rs. 295 m) while the profit from Operator's Fund for the year grew by 18% and amounts to Rs. 67 m (2018: Rs. 57 m).

AUDITORS

External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants audited the financial statements for the year 2019 and, being re-eligible, presented themselves for reappointment. The Board of Directors, upon recommendation of Audit Committee, recommended reappointment of KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company for the financial year ending December 31, 2020.

Shariah Compliance Auditors

The Board of Directors has also recommended reappointment



of S.M. Suhail & Co. Chartered Accountants, being eligible for reappointment, as Shariah Compliance Auditors of the company, as required under Takaful Rules 2012, for the next financial year ending December 31, 2020.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000;

DIRECTORS' REPORT



present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines I principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2019, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2019 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Board Performance Evaluation

The Company's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which includes the following:

- Basic composition of the Board of Directors;
- Assessment of overall roles and responsibilities of the Board members;
- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Trainings and up gradation of knowledge & skills of directors;

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2019 was:

Name of Fund	2019	2018
	Rupees in Millions	
Employees' Provident Fund	89	79
Employees' Gratuity Fund	90	80





Composition of Board

The total number of directors are eight as per the following:

a.	Male	Eight
b.	Female	Nil

Category	Name of Director
Independent Directors	Mr. M. Munir Malik Mr. Imran Iqbal
Non-Executive Directors	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig Kamran Asad (Retd) Mr. Abdul Hai Mahmood Bhaimia Mr. Malik Riffat Mehmood
Executive Directors	Not applicable
Female Director	None*

*This requirement will be fulfilled during upcoming election of directors.

Board Meetings

Six meetings of the Board of Directors were held during 2019. Attendance by each of the director was as follows:

Name of Director	Meetings Attended
Lt Gen Najib Ullah Khan (Retd)	6
Maj Gen Imtiaz Hussain Sherazi (Retd)	6
Maj Gen Akhtar Iqbal (Retd)	6
Brig Kamran Asad (Retd)	5
Mr. Malik Riffat Mehmood	5
Mr. Abdul Hai Mahmood Bhaimia	4
Mr. M. Munir Malik	5
Mr. Imran Iqbal	4

The Board granted leave of absence to those directors who could not attend the Board Meetings.

The list of Board Committees is given on Page 52

Pattern of Shareholding

The pattern of shareholding is given at page 281 of this report. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

Principal Risks and Uncertainties Facing the Company

The information relating to principal risks and uncertainties faced by the Company is given at page 47 of this report.

Board Committees

During the year, the Audit Committee held five meetings whereas Human Resource & Remuneration Committee held three meetings. The composition of the Board Committees and their terms of reference are given at page 52.

Further, the Company has four sub committees of the Board which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee and Investment Committee. The names of members and the terms of references of these committees are given at page 52.

OUTLOOK

Over the course of the year, Askari Insurance flourished in difficult macroeconomic conditions. We are aiming to play an active role in the growth of General Insurance and Takaful industry by offering high quality General and Shariah compliant products and services.



DIRECTORS' REPORT

Askari Insurance is confident of continuing to move towards greater heights of success on back of guidance of Board of Directors, innovative product portfolio, commitment towards its clientele and focus on providing unparalleled client experience.

Subsequent to the year end, World Health Organization declared outbreak of novel Corona Virus (COVID19) a pandemic. At this stage, it is uncertain how this would impact operations of the Company. However, the management is closely monitoring the situation and taking necessary measures.

ACKNOWLEDGMENTS

The Directors would like to thank the regulatory authorities, banks and financial institutions, Re-Insurers and credit rating companies for their guidance and valued support. We also thank our shareholders for posing their trust and confidence in the Company. Finally, we place on record our appreciation for the commitment and hard

work of our employees towards the growth of the Company.

For and on behalf of the Board



Abdul Waheed
President & Chief Executive



Lt Gen Najib Ullah Khan (Retd)
Chairman – Board of Directors

Rawalpindi
12 March 2020

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عسکری جنرل انشورنس کمپنی لمیٹڈ

شیئر ہولڈنگ کا طریقہ کار:

شیئر ہولڈنگ کا طریقہ کار اس رپورٹ کے صفحے 281 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔

سال کے اختتام کے بعد، عالمی ادارہ صحت نے ناول کورونا وائرس (O) کی وبا کو پائی بیماری قرار دیا۔ اس مرحلے پر، یہ یقینی نہیں ہے کہ اس سے کمپنی کے کاموں پر کیا اثر پڑے گا۔ تاہم، انتظامیہ اس صورتحال پر گہری نظر رکھے ہوئے ہے اور ضروری اقدامات اٹھا رہی ہے۔

اظہار تشکر:

ریگولیشنری حکام، بینکوں و مالیاتی اداروں، ری انشورنس اور کریڈٹ ریٹنگ کمپنیوں کی طرف سے فراہم کردہ ہدایت اور قابل قدر حمایت کی بدولت ڈائریکٹرز حضرات ان کا شکریہ ادا کرنا چاہیں گے۔ کمپنی پر بھروسہ اور اعتماد ظاہر کرنے کی بدولت ہم اپنے حصص یافتگان کا بھی شکریہ ادا کرتے ہیں۔ آخر میں، کمپنی کی ترقی کے خاطر کام کرنے والے ہمارے ملازمین کی وابستگی اور محنت کے لئے ہم اپنے تعریفی کلمات ریکارڈ میں رکھتے ہیں۔

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان:

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان اس رپورٹ کے صفحے 44 پر دیا گیا ہے۔

کمپنی کو درپیش بڑے خطرات و خدشات:

کمپنی کو درپیش بڑے خطرات و خدشات کے متعلق معلومات اس رپورٹ کے صفحے 47 پر دی گئی ہیں۔


بورڈ کی جگہ اور بورڈ کی نیابت سے:


بورڈ کی کمیٹیاں:

سال کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جب کہ انسانی وسائل اور معاوضاتی کمیٹی کے تین اجلاس منعقد ہوئے۔ بورڈ کمیٹیوں کی ساخت اور ان کے ریزولوشن کی شرائط صفحہ 52 پر دی گئی ہیں۔ اس کے علاوہ، کمپنی میں بورڈ کی چار ڈبلی کمیٹیاں ہیں جو کہ کاروبار کے اہم علاقوں کا احاطہ کرتی ہیں: یہ کمیٹیاں (۱) ذمہ داری، مکرر بیمہ کاری اور باہمی انشورنس کی کمیٹی، (۲) دعویٰ جات کی سٹیٹمنٹ کمیٹی، (۳) ایگزیکٹو، رسک مینجمنٹ اینڈ کمپائلنس کمیٹی اور (۴) انویسٹمنٹ کمیٹی ہیں۔ ارکان اور ان کمیٹیوں کے حوالہ کی شرائط صفحہ 52 پر دی گئی ہیں۔

مستقبل کی توقعات:

ایک سال کے دوران، عسکری انشورنس مشکل معاشی حالات میں پروان چڑھا۔ ہم اعلیٰ معیار کی جنرل اور شریعت کے مطابق مصنوعات اور خدمات پیش کر کے جنرل انشورنس اور تکافل انڈسٹری کی ترقی میں فعال کردار ادا کرنا چاہتے ہیں۔ عسکری انشورنس کمپنی کو یقین ہے کہ وہ اپنے گاہکوں کے ساتھ کیے گئے عزم، جدید پروڈکٹ پورٹ فولیو اور بورڈ آف ڈائریکٹرز کی رہنمائی میں، کامیابی کی اعلیٰ بلندیوں کی طرف گامزن رہے گی اور گاہکوں کو بے مثال تجربہ فراہم کرنے پر توجہ دے گی۔


لیفٹیننٹ جنرل نجیب اللہ خان (ر)
چیئرمین - بورڈ آف ڈائریکٹرز


جناب عبدالوحید
صدر و چیف ایگزیکٹو

راولپنڈی

12 مارچ 2020ء

درجہ	ڈائریکٹر کا نام
خود انحصار ڈائریکٹر	محمد منیر ملک
غیر ایگزیکٹو ڈائریکٹرز	عمران اقبال
	لفقیہ جزل نجیب اللہ خان (ر)
	میجر جزل اختر اقبال (ر)
	میجر جزل امتیاز حسین شیرازی (ر)
	برگڈیئر کامران اسد (ر)
	عبدالحی محمود بھائی میا
	ملک رفعت محمود
ایگزیکٹو ڈائریکٹر	قابل اطلاق نہیں
خاتون ڈائریکٹر	کوئی نہیں x

x یہ ضرورت ڈائریکٹرز کے آئندہ انتخابات کے دوران پوری ہوگی۔

بورڈ کے اجلاس:

سال 2019ء کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
لفقیہ جزل نجیب اللہ خان (ر)	6
میجر جزل امتیاز حسین شیرازی (ر)	6
میجر جزل اختر اقبال (ر)	6
برگڈیئر کامران اسد (ر)	5
ملک رفعت محمود	5
عبدالحی محمود بھائی میا	4
محمد منیر ملک	5
عمران اقبال	4

بورڈ نے ان منتظمین کو رخصت دی تھی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔

بورڈ کی کمیٹیوں کی فہرست صفحہ 52 پر دی گئی ہے۔

تشخیصی مشق انتہائی اہمیت کے اہلکاروں کی ہے جس میں درج ذیل اہلکار شامل ہیں:

- « بورڈ آف ڈائریکٹرز کی بنیادی ساخت؛
- « بورڈ کے ممبران کی اجمالی ذمہ داریوں اور کردار کی تشخیص؛
- « بورڈ اور اس کی کمیٹیوں کی کارروائی کی کارکردگی اور تاثیر؛ نیز
- « منتظمین کی مہارت اور علم کی اپ گریڈیشن اور ٹریننگ؛

قائم کردہ معیار کے لحاظ سے بورڈ کی مجموعی کارکردگی کی خود تشخیصی تسلی بخش تھی۔

کلیدی مالیاتی ڈیٹا:

گزشتہ 6 سال کے لئے کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحے 64 پر شامل کر دیا گیا ہے۔

پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت:

آڈٹ اکاؤنٹس کی بنیاد پر، پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت 31 دسمبر 2019ء تک درج ذیل تھی:

فنڈ کا نام	سال 2019ء	سال 2018ء
	روپے بلین میں	
ایپیلانز پراویڈنٹ فنڈ	89	79
ایپیلانز گریجویٹ فنڈ	90	80

بورڈ کی ساخت:

ڈائریکٹرز کی مجموعی تعداد آٹھ ہے جو کہ درج ذیل طریقے سے ہے:

اے	مرد	آٹھ
بی	خواتین	کوئی نہیں

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عمسکری جنرل انشورنس کمپنی لمیٹڈ

اس شعبہ میں نقصان کی شرح سال 2019ء میں 38 فیصد تک کم ہوگی جو کہ سال 2018ء میں 55 فیصد تھی۔

سرمایہ کاری کی آمدنی:

پورٹ فولیو کے مؤثر انتظام کی وجہ سے 2019ء کی مجموعی سرمایہ کاری آمدن میں 201 ملین روپے کا اضافہ ہوا جو کہ گزشتہ سال 70 ملین روپے تھا۔

مکرر ذمہ نویسی:

کمپنی، بین الاقوامی شہرت یافتہ مکرر ذمہ نویسی جیسا کہ "SCOR Re"، "AXA"، "Echo"، "Save Re"، "Luaban Re" اور "Hannover Re" کے ساتھ درینہ کاروباری تعلقات سے لطف اندوز ہوتی ہے۔ مزید برآں: "AXA" کمپنی، کمپنی کے حادثاتی اور صحت کے شعبہ کو مکرر ذمہ نویسی کی خدمات مہیا کرتی ہے۔ مقامی طور پر، ہمارا "پاکستان ری انشورنس کمپنی لمیٹڈ" (PRCL) کے ساتھ مکرر ذمہ کاری کا معاہدہ (ری انشورنس ایگریمنٹ) ہے۔

نافذہ العکاف عمل کاری

نافذہ العکاف عمل کاری (WTO) کمپنی کے کاروبار میں مسلسل حجم اور منافع شامل کرتا رہا ہے اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سال میں جاری رہے گا۔

سال 2019ء کے دوران نافذہ العکاف عمل کاری (WTO) کی طرف سے مکتوبہ شراکت میں 26 فیصد اضافہ ہوا جو کہ 371 ملین روپے بنتا ہے (یہ 2018ء میں 295 ملین روپے تھا) جب کہ اس سال کے لئے آپریٹنگ سے 18 فیصد منافع حاصل ہوا جو کہ 67 ملین روپے بنتا ہے (یہ 2018ء میں 57 ملین تھا)۔

محاسبین

خارجی محاسب

"KPMGTaseerHadi & Co. CharteredAccountants" نے سال 2019ء کے مالی بیانات کا محاسبہ کیا۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020ء کو ختم ہونے والے آئندہ مالی سال کے لیے "KPMGTaseerHadi & Co. CharteredAccountants" کو گروپ کے آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی۔

ڈائریکٹرز کی ذمہ داریوں کا بیان:

کارپوریٹ گورننس کوڈ کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، منتظمین درج ذیل کی تصدیق کرتے ہیں:

کمپنی کی انتظامیہ کی طرف سے مالیاتی بیانات بشمول ان نفاذ کے جو کہ ان بیانات کا ایک لازمی حصہ ہیں، کھینچنے ایکٹ 2017ء اور انشورنس آرڈیننس 2000ء کے مطابق تیار کیا گیا ہے؛ اور یہ بیانات کمپنی کے معاملات کی حالت، اس کی کاروائیوں کے نتائج، نقد رقم کے بہاؤ اور ایکویٹی (حصص کی مقررہ قیمت) میں تبدیلیوں کے نتائج کو منصفانہ طریقے سے پیش کرتے ہیں۔

کمپنی کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔

ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔

انٹرنیشنل اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ معیارات یا کسی بھی دوسرے ضابطے یا قانون (جو کہ بلا حصر شرعی ہدایات/اصولوں کو شامل ہیں) کی اسی طرح پیروی کی گئی ہے جیسا کہ وہ پاکستان میں لاگو ہیں۔ مالی بیانات کی ناقص تیاری اور کسی بھی طرح کے اخراج کو مناسب طور پر ظاہر کیا گیا ہے۔

اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور سال بھر اس کی نگرانی کی گئی ہے۔

حالیہ تشریح کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

ٹیکس، فرائض، لیویز اور الزامات کے اکاؤنٹ پر کوئی قانونی ادائیگی نہیں ہے جو کہ 31 دسمبر 2019ء تک واجب الادا ہیں سوائے ان ادائیگیوں کے جن کا انکشاف مالی بیانات میں کر دیا گیا ہے۔ ایسے تمام واجبات بنیادی طور پر مالی سال 2019ء کے آخری مہینے کے واجبات سے متعلق ہیں اور نتیجتاً یہ بروقت حکومتی خزانے میں جمع کروا دیے گئے تھے۔

متعلقہ پارٹی کی لین دین کی منظوری اور توثیق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی طرف سے کی جاتی ہے۔

بورڈ کی کارکردگی کا اندازہ:

کمپنی کا بورڈ آف ڈائریکٹرز کچھ پیرامیٹرز کے برخلاف ہر سال خود تشریحی مشق سے گزرتا ہے۔ بنیادی طور پر گورننس کے معیار کا جائزہ لینے میں بورڈ کی مدد کرنے کے لئے یہ تشریح کی جاتی ہے اور یہ بورڈ کے ارکان کو اس قابل بنادیتی ہے کہ وہ آپ کی کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے سر انجام دیں۔ یہ خود تشریحی عمل، مخصوص پیرامیٹرز پر مبنی ایک تشریحی طریقہ کار کے تحت عمل میں لایا جاتا ہے۔

2019ء میں 18 فیصد تک کم ہو گیا جو کہ گزشتہ سال 43 فیصد تک تھا۔ مکرر بیمہ کاری کی ترتیبات کے موافق سال 2019ء میں مکرر بیمہ کاری کی طرف پر بیمہ 90 فیصد رہا (جو کہ سال 2018ء میں 85 فیصد تھا)۔

بحری، فضائی اور ٹرانسپورٹ:

193 ملین (سال 2018ء میں = 200 ملین) کے مجموعی درج شدہ ذمہ نویسی کے ساتھ اس شعبہ کی شراکت اس سال ہمارے پورٹ فولیو میں 6 فیصد تھی۔

سال 2019ء میں اس شعبہ سے درج شدہ منافع 36 ملین (جو کہ سال 2018ء میں = 45 ملین) روپے تھا۔ نقصان کے تناسب میں سال 2019ء میں 37 فیصد اضافہ ہوا جو کہ گزشتہ سال 33 فیصد تھا۔ انشورنس کمپنیوں کو دیئے گئے پر بیمہ کا تناسب 66 فیصد رہا (جو کہ سال 2018ء میں = 62 فیصد تھا)۔

موٹر گاڑیاں:

موٹر گاڑیوں کا شعبہ بہترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا کیوں کہ اس نے 2019ء میں 893 ملین روپے کا کاروبار محفوظ کیا (جو کہ 2018ء میں 986 ملین روپے تھا)، جو کہ مجموعی کاروباری پورٹ فولیو میں 29 فیصد کا حصہ ہے۔ ذمہ نویسی منافع میں اس کا حصہ 112 ملین روپے رہا (جو کہ سال 2018ء میں 167 ملین روپے تھی)۔ نقصان کا تناسب گزشتہ سال 44 فیصد تھا جو کہ اس سال 50 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں متبادل پارٹس کی قیمت میں اضافہ ہونا شامل ہے۔

حادثات وصحت:

اس شعبہ نے سال 2019ء میں 744 ملین روپے کی شراکت داری کی (جو کہ 2018ء میں 784 ملین روپے تھی) اور یہ مجموعی پورٹ فولیو کا 256 فیصد بنا۔ نقصان کا تناسب سال 2018ء میں 86 فیصد تھا جو کہ اس سال 94 فیصد ہو گیا جس کی بنیادی وجہ پاک روپیہ کی قیمت میں کمی کے نتیجے میں دوائیوں کی قیمت میں اضافہ ہے۔ سال 2019ء میں مکرر بیمہ کاری کی طرف پر بیمہ کا تناسب 20 فیصد رہا جو کہ گزشتہ سال 23 فیصد تھا۔

متفرق کاروبار:

اس شعبہ میں انجینئرنگ انشورنس، ہانڈ انشورنس، فصلی انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ یہ بہترین کارکردگی کا دو برابر شعبہ تھا جس نے 781 ملین روپے (جو کہ سال 2018ء میں 464 ملین روپے تھا) کے پر بیمہ کے ساتھ سال 2019ء میں ہمارے ذمہ نویسی کاروبار میں 26 فیصد حصہ ڈالا جب کہ سال 2018ء میں 16 فیصد حصہ ڈالا تھا۔ اس نے اس سال کے منافع میں 168 ملین روپے (جو کہ 2018ء میں 68 ملین روپے تھا) کا حصہ ڈالا۔ اس شعبہ کی منتقلی 65 فیصد رہی جو کہ سال 2018ء میں 54 فیصد تھی۔

متعارف کرائی تاکہ ان کو بین الاقوامی بہترین طریقوں کے مطابق لایا جاسکے۔ کمپنی نے پہلے ہی سے قابل اطلاق اہم ضروریات کے مطابق عمل کیا ہے۔ اس سلسلے میں تقییل کا ایک بیان صفحہ نمبر 67 پر دیکھا جا سکتا ہے۔

ڈیویڈنڈ کی تقسیم

بورڈ آف ڈائریکٹرز نے ان شیئرز ہولڈرز کے لیے 2.5 روپے فی حصہ (25 فیصد) کے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جن کے نام کتاب کی بندش کی مدت کے آغاز پر کمپنی کے شیئرز رجسٹر میں آئے ہیں۔

کارکردگی کا جائزہ

کمپنی کی کارکردگی کے کلیدی اشاریہ کا ذیل میں خلاصہ پیش کیا گیا ہے:

روپے ملین میں (الایہ کہ ان کو مخصوص کر دیا جائے)		
2018ء	2019ء	
3,180	3,400	مجموعی مکتوبہ پر بیمہ (بشمول ہکانفل)
1,812	2,016	خاص پر بیمہ آمدنی
1,069	1,251	خاص وصولی
273	218	ذمہ نویسی کے نتائج
104	246	سرمایہ کاری اور دیگر آمدنی
364	442	ٹیکس سے قبل منافع۔ جزل انشورنس آپریشنز
57	67	ٹیکس سے قبل منافع۔ نافذہ العمل ہکانفل عمل کاری
296	360	ٹیکس کے بعد منافع
4.11	5.01	نی حصص آمدنی (روپے میں)

شعبہ جاتی کارکردگی کا تجزیہ

کاروبار کے ہر شعبہ کے لئے شعبہ جاتی کارکردگی کا تجزیہ مندرجہ ذیل ہے:

آتشزدگی اور املاک کے نقصان:

اس شعبہ نے 418 ملین روپے کی مجموعی ذمہ نویسی پر بیمہ کے ساتھ (جو کہ سال 2018ء میں = 451 ملین روپے تھی) سال 2019ء میں ہمارے بیمہ کاری مجموعی کاروبار میں 14 فیصد حصہ ڈالا۔

سال 2019ء میں، ذمہ نویسی منافع 64 ملین روپے بڑھ گیا جو کہ گزشتہ سال 2018ء میں 58 ملین روپے تھا۔ اس کے نتیجے میں نقصان کا تناسب (نیٹ پر بیمہ آمدنی کے فیصدی کے طور پر خالص مطالبہ جات) سال

منتظمین کی رپورٹ برائے سال ۲۰۱۹ء

عسکری جنرل انشورنس کمپنی لمیٹڈ

کلیدی جھلکیاں

بورڈ آف ڈائریکٹرز کی جانب سے، ہم "عسکری جنرل انشورنس کمپنی لمیٹڈ" (AGICO) کے ڈائریکٹرز کی رپورٹ پیش کرنے پر خوش ہیں، اس رپورٹ کے ساتھ ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے محاسبہ شدہ غیر متقابل مالی بیانات اور معائنہ کی رپورٹ بھی ہے۔

گریڈ ریٹنگ

آپ کی کمپنی کی VIS اور PACRA گریڈ ریٹنگ ایجنسیوں کی طرف سے درجہ بندی کی گئی، ان دونوں ریٹنگ ایجنسیوں نے آپ کی کمپنی کی مستحکم مستقبل کے نقطہ نظر کے ساتھ "ڈبل A" (AA) درجہ بندی کو برقرار رکھا ہے۔

خلاصہ برائے میکرو اکنامک

مالی سال 2020ء کے لئے مجموعی معاشی صورت حال پر قابو ہے جبکہ جی ڈی پی کی شرح نمو تقریباً 2.5 فیصد ہے۔ مالی سال 2020ء کے ۷ ماہ کے لئے اوسط افراط زر 11.6 فیصد ہے جب کہ اس سے پچھلے سال کی اتنی ہی مدت کے لئے یہ 5.9 فیصد تھی، تاہم، مالی سال 2020ء کے لئے اوسط افراط زر کا تخمینہ 11.0 فیصد اور 12.0 فیصد کے درمیان رہتا ہے۔ اس دورانیے میں، درآمدات میں 21 فیصد کمی واقع ہوئی ہے اور برآمدات میں 4.5 فیصد اضافہ ہوا ہے۔ رواں مالی سال 2020ء کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارہ 75 فیصد کم ہو کر 2.2 ارب ڈالر رہ گیا جب کہ اس عرصے کے دوران FDI میں بھی 62 فیصد اضافہ ہوا۔ مالی سال 2020ء کے جون تک غیر ملکی زرمبادلہ کے ذخائر 24 فیصد تھے جو کہ دسمبر 2019ء تک 17.9 بلین امریکی ڈالر تک زیادہ ہو گئے، جس سے پاک روپیہ جون 2019ء میں درج تاریخی بلندی سے اپنی قیمت کا 5.6 فیصد بازیافت ہوا۔ مالی سال 2020ء کے پہلے نصف حصے میں، بڑے پیمانے پر ایشیا تیار کرنے (LSM) والے شعبہ جات جیسا کہ آٹوموبائل، آئرن اینڈ اسٹیل اور پیٹرولیم وغیرہ کے شعبوں میں 3.64 فیصد تک کمی کی منفی نمود دیکھی گئی۔

کلائنٹ کے اطمینان کی تعریف نو

ہمارا بنیادی مقصد گاہکوں کو بہترین خدمات فراہم کرنا ہے، جو ایک بہت بڑا چیلنج ہے، خاص طور پر گاہکوں کے ایک بہت بڑے اور متنوع ڈیٹا بیس کے حوالے سے۔ ڈیجیٹل ٹرانسفارمیشن جیسا کہ انٹرنیٹ، موبائل ڈیوائسز میں سے ہر ایک گاہکوں کو انفرادی اور موزوں سروس مہیا کرنے کے چیلنج میں مزید پیچیدگیوں کا اضافہ کرتے ہیں۔ ہم اپنے سسٹم کو اس طرح سے تشکیل دینے کی طرف توجہ مرکوز کر رہے ہیں جو ہمارے گاہکوں کی متنوع ضروریات کو حل کرنے کے لیے موزوں ہو۔ سائبر رسک کے خاتمے کے لیے ہم ایک "جامع رسک مینجمنٹ اور آئی ٹی سکیورٹی حل کے نفاذ پر بھی توجہ مرکوز کر رہے ہیں۔

مصنوعات میں تنوع میں اضافہ کی وجہ سے انشورنس کاروبار کی بڑھتی ہوئی پیچیدگی کے لیے فوری فیصلہ کرنے کی ضرورت ہے۔ اس حوالے سے مزید بہتری لانے کے لیے، تخصیص بخش انتظامی انفارمیشن سسٹم نافذ کیا گیا ہے جو تمام محکموں کو مختلف پہلوؤں کے ساتھ رن ٹائم (ایک کاروبار کو چلنے میں جتنا وقت لگتا ہے) کاروباری آراء فراہم کرتا ہے۔

ہم نے معاوضوں کی ادائیگی کے لیے اینڈ رائیڈ اور اپیل پلیٹ فارم پر موبائل ایپلی کیشنز تیار کی ہیں۔ ان کا استعمال کرتے ہوئے، ایک پالیسی ہولڈر اپنا پالیسی ڈیٹا دیکھ سکتا ہے، اپنے معاوضے کا دعویٰ دائر کر سکتا ہے اور اس کے عمل کو دیکھ سکتا ہے۔ بڑھتے ہوئے رسک مینجمنٹ اور تعمیل کی ضروریات کو پورا کرنے کے لیے، ہم نے اپنے سسٹم میں وقف شدہ رسک مینجمنٹ کنٹرول تیار کیا ہے۔ مخصوص اعلانیہ کے ساتھ گاہکوں سے متعلق ڈیٹا اکٹھا کرنے کا طریقہ اس طرح سے مربوط ہے کہ یہ نظام خود بخود افراد کا روبرو کرنے کے لئے خطرہ کی سطح کی شناخت کرے گا۔

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء

"سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء (ضوابط) کا نفاذ کیا، جس نے "فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2017ء کی جگہ لے لی۔ نئے قواعد نے فہرست شدہ کمپنیوں کے اندر اندر حکومتی ضروریات میں تبدیلی

افراط زر کے بڑھتے ہوئے دباؤ کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان معاہدے سے متعلق مالیاتی پالیسی کے موقف کو جاری رکھے ہوئے ہے۔ اس کے نتیجے میں، 2019ء کے دوران پالیسی کی شرح آہستہ آہستہ 10.00 فیصد سے بڑھ کر 13.25 فیصد ہو گئی۔ اسٹیٹ بینک آف پاکستان نے جنوری 2020ء کے اپنے مانیٹری پالیسی بیان میں محفوظ کیا کہ مانیٹری پالیسی درمیانی مدت کی افراط زر کے نقطہ نظر پر مبنی ہوگی۔ مستقل طور پر اعلیٰ سود کی شرحوں نے نجی قرضوں کو بری طرح متاثر کیا جس کی وجہ سے اسی مدت کے 10 فیصد کے مقابلے میں مالی سال 2020ء کی پہلی ششماہی میں صرف 2 فیصد اضافہ ہو سکتا ہے۔

2019ء میں عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO)

عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO) نے 3.400 بلین (بشمول تکامل شراکت کے 371 بلین) کی سب سے زیادہ مجموعی بیمہ کاری کی جو کہ گزشتہ سال کے مقابلے میں 7 فیصد اضافہ ہے۔ سرمایہ کاری کے پورٹ فولیو میں تقریباً 21 فیصد اضافہ ہوا، جبکہ ٹیکس کے بعد خالص منافع اور فی حصہ آمدنی 22 فیصد بڑھ گئی۔ مجموعی طور پر کاروباری اور منافع بخش ہونے والے بڑے شراکت داروں میں فائر، میرائن، متفرق اور موٹر طبقات کے شعبے تھے، مجموعی ذمہ داریوں میں تقریباً 70 فیصد متفرق اشیاء کی اکاؤنٹنگ کا ہے۔

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") of askari general insurance company limited (Company) recognizes the importance of maintaining a good system of risk management and internal controls to safeguard investment of shareholders and assets of the Company. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board has thoroughly reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Company. It acknowledges the fact that owing to inherent limitations, the systems for this purpose can only manage rather than eliminate risk of business failure. Therefore, these systems cannot provide absolute assurance against material misstatements or losses and the effectiveness of an internal control system may vary over time.

SYSTEM OF RISK MANAGEMENT

The Board also acknowledges that all areas of the Company's activities involve some degree of risks and appreciates that effective risk management is part of best business management practices aimed at successfully achieving the Company's goals and objectives. Operationally, the respective key management staff is responsible for managing the risks of their departments. Any significant risks facing the Company are highlighted at appropriate level of hierarchy to ensure such risks are closely monitored and appropriately addressed. The above mentioned practices culminate into an on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Company's goals & objectives.

SYSTEM OF INTERNAL CONTROLS

The key measures implemented in the Company are as follows:-

- A well-defined organizational structure with well-defined responsibility matrix that sets out the authority delegated to the members of management;
- Documented policies and procedures for all significant processes;

- A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;
- Performance reports such as quarterly financial reviews, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at meetings of the Board;
- Review of quarterly and annual financial results by the Audit Committee;
- Regular meetings by the management team to discuss and review reports and business developments and to resolve key operations and managements issues; and
- Reviewing adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

INTERNAL AUDIT FUNCTION

The Company has an in-house internal audit function that constantly reviews the adequacy and integrity of the internal control systems of the Company.

The functions of the internal audit are as follows:-

- i. Perform audit work in accordance with the pre-approved internal audit plan;
- ii. Carry out review of the system of internal controls of the Company;
- iii. Review and comment on the effectiveness and adequacy of the existing control policies and procedures;
- iv. Provide recommendations, if any, for the improvement of the control policies and procedures; and
- v. Review and comment on the implementation status of the recommendations by the internal audit function.

The internal audit function reports directly to the Audit Committee. The internal audit reports are submitted to the Audit Committee who reviews and deliberates on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

CONCLUSION

The Board has utmost assurance that the Company's risk

management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board reiterates its commitment towards operating a sound system of internal controls and effective risk management practices throughout the Company. It is the view of the Board that the system of internal controls is adequate, considering the size of the Company's operations and functions; and that there was

no breakdown or weaknesses in the system of internal control that may have resulted in a significant loss to the Company for the year ended 31 December 2019. The Board will remain vigilant and continue implementing the necessary measures to improve and strengthen the Company's system of risk management and internal controls to adapt to the ever changing and challenging business environment.



رسک مینجمنٹ اینڈ انٹرنل کنٹرول سے متعلق بیان

بورڈ کی ذمہ داریاں

« رپورٹوں اور کاروباری ترقی پر تبادلہ خیال کرنے اور اہم عمل کاربوں اور انتظامی مسائل کو حل کرنے کے لئے انتظامی ٹیم کی طرف سے باقاعدہ اجلاس؛ اور
« داخلی آڈٹ فنکشن کی مدد سے، داخلی کنٹرول کے نظام کی موزونیت اور مؤثریت کا جائزہ لینا۔

داخلی آڈٹ فنکشن

کمپنی کے پاس ایک داخلی آڈٹ فنکشن ہے جو کمپنی کی داخلی کنٹرول کے نظام کی موزونیت اور سالمیت کا تسلسل سے جائزہ لیتا ہے۔

داخلی آڈٹ کے افعال مندرجہ ذیل ہیں:-

i	پہلے سے منظور شدہ داخلی آڈٹ منصوبہ کے مطابق آڈٹ کے کام سرانجام دینا؛
ii	کمپنی کے داخلی کنٹرول کے نظام کا جائزہ لینے کی کوشش کرنا؛
iii	موجودہ کنٹرول کی پالیسیوں اور طریقہ کار کی مؤثر اور مناسب نظر ثانی اور اس پر تبصرہ؛
iv	کنٹرول پالیسیوں اور طریقہ کاروں کی بہتری کے لئے سفارشات مہیا کرنا، اگر کوئی ہے تو؛ اور
v	داخلی آڈٹ فنکشن کی سفارشات کی نفاذ کی حیثیت پر نظر ثانی اور تبصرہ کرنا۔

داخلی آڈٹ فنکشن براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ داخلی آڈٹ رپورٹس آڈٹ کمیٹی کو پیش کی جاتی ہے جو، داخلی کنٹرول اور پالیسیوں کے نظام کو مضبوط کرنے کے لئے بورڈ کو ضروری سفارشات کرنے سے پہلے نتائج پر نظر ثانی کرتا ہے۔

نتیجہ

بورڈ نے انتہائی یقین دہانی کی ہے کہ کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" پر بنیاد رکھتے ہوئے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" تمام مادی پہلوؤں میں موزوں اور مؤثر انداز میں کام کر رہے ہیں۔

بورڈ نے کمپنی بھر میں داخلی کنٹرول اور مؤثر خطرے کے انتظام کے طریقوں کی کو موثر نظام کو چلانے کے لئے اپنا عزم کا اعادہ کیا ہے۔ کمپنی کے آپریشن اور افعال کے ساز و ساز پر غور کرتے ہوئے، یہ بورڈ کا نقطہ نظر ہے کہ اندرونی کنٹرول کا نظام مناسب ہے؛ اور یہ کہ داخلی کنٹرول کے نظام میں کوئی ایسی خرابی یا کمزوری نہیں تھی جو ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے لئے کمپنی میں اہم نقصان کا باعث بن سکتی تھی۔ بورڈ محتاط رہے گا اور کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" کو بہتر بنانے اور مضبوط کرنے کے لیے، کبھی بھی بدلنے والے اور مشکل کاروباری ماحول کے مطابق، ضروری اقدامات پر عملدرآمد جاری رکھے گا۔

عسکری جرنل انٹرنس کمپنی لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز ("دی بورڈ") کمپنی کے اثاثوں اور حصے داروں کی سرمایہ کاری کو محفوظ کرنے کے لئے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے اچھے نظام کو برقرار رکھنے کی اہمیت کو تسلیم کرتا ہے۔ بورڈ، بڑے خدشات کی پہچان کرتے ہوئے نیز خدشات کو قابو کرنے، کمپنی کے آپریشنل اثر و رسوخ اور کارکردگی کا اندازہ کرنے اور مناسب کنٹرول والا ماحول کا انتظامی ڈھانچہ بناتے ہوئے، کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کی شناخت اور موزونیت کو مد نظر رکھنے کے لئے اپنی مجموعی ذمہ داری کو تسلیم کرنے کا اعتراف کرتا ہے۔

بورڈ نے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے نظام کی موزونیت اور مؤثریت کا اچھی طرح سے جائزہ لیا ہے۔ بورڈ اس حقیقت کا اعتراف کرتا ہے کہ معتدل حدود کی وجہ سے، اس مقصد کے نظام، کاروباری ناکامی کے خطرے کو ختم کرنے کے بجائے صرف اسے منظم کر سکتے ہیں۔ لہذا، یہ نظام مواد کی غلطی یا بیانیوں یا نقصانات کے خلاف مطمئن یقین دہانی نہیں فراہم کر سکتا اور ایک اندرونی کنٹرول کے نظام کی تاثر وقتاً فوقتاً مختلف ہوتی ہے۔

رسک مینجمنٹ کا نظام

بورڈ یہ بھی اعتراف کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبہ جات میں کسی حد تک خدشہ شامل ہوتا ہے اور بورڈ یہ تعریف کرتا ہے کہ بورڈ رسک مینجمنٹ، بہترین کاروباری مینجمنٹ کے طریقوں کا حصہ ہے جن کا مقصد کمپنی کے اغراض و مقاصد کو مہیا کرنے کے لئے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی مینجمنٹ اسٹاف اپنے اپنے شعبہ جات کے خدشات کا انتظام کرنے کا خود ذمہ دار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرے کے متعلق تنظیمی ڈھانچے کے متعلق مناسب افراد کو باخبر کیا جائے تاکہ ان خدشات کی قریب سے نگرانی کی جائے اور مناسب طریقے سے ان کو حل کیا جائے۔ مندرجہ بالا طریقوں کا استعمال اس جاری عمل میں مفید ہے جو عمل ایسے نمایاں خدشات کی شناخت کرنے، ان کی تشخیص کرنے اور ان کو قابو کرنے کے لیے استعمال ہوتا ہے جو خدشات کمپنیوں کے اہداف اور مقاصد کی کامیابی کو متاثر کرتے ہیں۔

داخلی کنٹرول کا نظام

کمپنی میں لاگو اہم اقدامات مندرجہ ذیل ہیں:-

« بالکل واضح ذمہ داری بیان کرنے والے میٹرکس کے ساتھ ایک بالکل واضح تنظیمی ڈھانچہ جو مینجمنٹ کے اراکین کو تفویض کردہ اختیار مقرر کرتا ہے؛

« تمام اہم عمل کاربوں کے لئے دستاویزی پالیسیاں اور طریقہ کار؛

« انتظامی جائزے اور فیصلے کے لئے اہم تنقیدی معلومات کو جمع کرنا، اس کی پروسیجرنگ کرنا، اس کی نگرانی کرنا اور اس کو پھیلانے کے عمل کو بہل بنانے کے لیے مینجمنٹ رپورٹنگ سسٹم

« کارکردگی کی رپورٹیں جیسا کہ سماجی مالیاتی جائزے، کاروباری ترقی اور دیگر کارپوریٹ سے متعلقہ معاملات بورڈ کے اجلاسوں میں بحث و مباحثہ اور غور و فکر کے لیے باقاعدگی سے ڈائریکٹرز کو فراہم کی جاتی ہیں؛

« آڈٹ کمیٹی کی طرف سے سماجی اور سالانہ مالیاتی نتائج کا جائزہ؛

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

STRATEGIC RISKS

Strategic risks are the result of Company's strategic objectives and business strategy decisions. The Company's Board of Directors have established an Executive, Risk Management & Compliance Committee through which it actively supervises the management of these risks and creates mitigating strategies wherever required.

BUSINESS RISKS

These risks are associated with the commercial essence of an entity. Common examples are reduced market share, amendments to product-pricing regulations or other regulatory changes undermining the organization's profitability are a few examples of these risks affecting the Company.

OPERATIONAL RISKS

These include risk of adverse change in the value of capital resources resulting from operational events such as inadequacy or failure of internal systems, personnel, procedures or controls etc.

FINANCIAL RISKS

The Company's activities exposes it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk

without any material change from previous year 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. These risks are divided into following categories:

1. 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 exposures 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 affect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes 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.



PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure relates to held to maturity investment that are placed with Government of Pakistan and a financial institution as mentioned in note 14.2 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 14.2 to the financial statements.

2. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are as follows:

A). Interest / Mark up Rate Risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates risk. The Company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark up rate risk.

B). Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

C). 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. For further details relating to Price Risk, please refer note no. 41 on page 148.

3. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

For further information relating to Liquidity Risks facing the Company, please refer to note no. 41 on page 148.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that impact reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. The estimates and associated assumptions are based on historical experience and various other factors that the management and the Board believe to be reasonable under the prevailing conditions. The results of these estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Calculation of unearned premiums is performed by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

Premium deficiency reserve (liability adequacy test)

The Company maintains a provision in respect of premium



deficiency for the class of business where the unearned premium liability is inadequate 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 in profit and loss account for the year, if any.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims (including IBNR) is recognized in respect of all claims incurred up to the balance sheet date that is measured at the undiscounted value of expected future payments. An actuary carries out the valuation of IBNR claims based on guidelines issued by the Securities and Exchange Commission of Pakistan.

Employees' retirement benefits

The Company operates defined benefit pension fund and defined benefit gratuity fund for its employees. The accounting of these benefits is performed in accordance with International Accounting Standard (IAS) 19 – Employee Benefits.

Deferred taxation

Deferred tax asset or liability is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting and taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

Impairment in value of investments

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

Investment properties

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan. Valuation of investment properties are also carried out by independent valuers having relevant professional qualifications.

Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Premium due but unpaid and Amounts due from other insurers / reinsurers

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

ملازمین کے ریٹائرمنٹ فوائد

کمپنی اپنے ملازمین کے لئے مقررہ ہٹی فٹ پنشن فنڈ اور مقررہ ہٹی فٹ گریجویٹ فنڈ چلاتی ہے۔ ان فوائد کی اکاؤنٹنگ "بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) 19- ملازمین فوائد" کے مطابق کی جاتی ہے۔

معطل ٹیکس

مالیاتی رپورٹنگ اور ٹیکس کے مقاصد کے لئے اثاثوں اور واجبات کی منسوب کردہ رقم کے درمیان تمام عارضی اختلافات کے لئے بیلنس شیٹ واجبات کا طریقہ استعمال کرتے ہوئے معطل ٹیکس اثاثہ یا واجبات کو تسلیم کیا جاتا ہے۔ شناخت شدہ معطل ٹیکس کی رقم کی بنیاد، بیلنس شیٹ ڈیٹ میں نافذ کردہ ٹیکس کی شرح کا استعمال کرتے ہوئے، اثاثوں اور واجبات کی رقم کی وصولی یا تصفیہ کے متوقع طریقہ کار پر ہے۔

سرمایہ کاری کی قیمت میں نقصان

منافع اور نقصان کے اکاؤنٹ میں تمام نقصانات کو تسلیم کیا جاتا ہے۔ ہر بیلنس شیٹ ڈیٹ میں نقصان کی شرائط کا جائزہ لیا جاتا ہے اور موجودہ بہترین تخمینوں کی عکاسی کرنے کے لئے اسے ایڈجسٹ کیا جاتا ہے۔ شرائط میں تبدیلی کو منافع اور نقصان کے اکاؤنٹ میں آمدنی یا اخراج کے طور پر تسلیم کیا جاتا ہے۔

سرمایہ کاری کی جائیداد

سرمایہ کاری کی جائیداد کو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ S.R.O 938، "سرمایہ کاری پر اپنی" اور منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) ۴۰ کے مطابق لاگت ماڈل کے تحت شمار کیا جاتا ہے۔ سرمایہ کاری پر اپنی کی تشخیص بھی خود مختار قابل قدر اشخاص کی طرف سے کی جاتی ہیں جو متعلقہ پیشہ ورانہ اہلیت رکھتے ہوں۔

فلسفہ اثاثوں کا مفید بقاء

اثاثے کے باقی رہنے والے اقدار، مفید بقاء اور استحصال کے طریقہ کار کی ہر مالی سال کے اختتام پر نظر ثانی کی جاتی ہیں اور اگر قیمتوں میں اضافہ بہت نمایاں ہو تو انہیں ایڈجسٹ کیا جاتا ہے۔

پریمیم واجبات لیکن دیگر بیمہ کاروں / کمرر ذمہ داریوں کی طرف سے غیر ادا شدہ اور قابل ادارت

کمپنی اپنے ان پریمیم واجبات جو کہ ابھی تک بیمہ کاروں / کمرر ذمہ داریوں کے پورٹ فولیو کی طرف سے غیر ادا شدہ اور قابل ادارت ہیں، ان کا جائزہ لیتی ہے تاکہ ان کی بحالی اور مطلوبہ فراہمی کے لئے رسائی حاصل کرے۔ اس تقاضے کا اندازہ کرتے ہوئے، ہم منصب پارٹی کی لاقانونیت اور مالی پوزیشن سمیت کئی عوامل شامل ہیں۔

داری کو پورا کرنے کے لئے مناسب فنڈ موجود ہیں۔ خطرے سے بچنے کے لئے، کمپنی نے لیکویڈٹی ذہن میں رکھنے کے ساتھ نقد، نقد مساوات اور مارکیٹنگ سکیورٹیز کے صحت مند توازن کو برقرار رکھتے ہوئے فنڈنگ وسائل اور اثاثہ جات کو مختلف جگہوں پر لگایا ہے۔

کمپنی کو درپیش لیکویڈٹی خطرات سے متعلق مزید معلومات کے لئے، براہ کرم صفحہ نمبر 148 کے نوٹ نمبر 41 کو ملاحظہ کریں۔

غیر یقینی صورتحال کا تخمینہ کرنے کے اہم ذرائع

مالی بیانات کی تیاری کے لیے اس چیز کی ضرورت ہوتی ہے کہ بورڈ آف ڈائریکٹرز ایسے تخمینے اور فیصلے کرے جو کہ اثاثہ جات، واجبات، آمدنیوں اور اخراجات اور متعلقہ افواہوں کے بارے میں اطلاع کی مقدار پر اثر انداز ہوں۔ تخمینہ جات اور منسلک مفروضات تاریخی تجربے اور دیگر متعدد عوامل پر مبنی ہیں جن کے بارے میں انتظامیہ اور بورڈ کا یہ خیال ہے کہ یہ موجودہ حالات کے تحت مناسب ہیں۔ ان تخمینوں اور مفروضوں کے نتائج ان اثاثوں اور واجبات کے اقدار کے بارے میں فیصلہ کرنے کے لئے بنیاد بناتے ہیں جو کہ دوسرے ذرائع سے آسانی سے ظاہر نہیں ہوتے ہیں۔ مختلف نتائج یا حالات کے تحت اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ غیر یقینی تخمینہ کی اہم وجوہات، جس کا مالی بیانات میں تسلیم کردہ مقداروں پر ایک اہم اثر ہو سکتا ہے، کے بارے میں ذیل میں تبادلہ خیال کیا گیا ہے:

غیر موصول شدہ پریمیم کے لئے فراہمی

غیر موصول شدہ پریمیم ریزرو، بیلنس شیٹ ڈیٹ میں مذکور کاروبار سے متعلق پریمیم کا غیر متوقع حصہ ہے۔ "انسورنس اکاؤنٹنگ ریگولیشنز، ۲۰۱۷ء" میں بیان کردہ طریقہ کار کے ۴۳/۱۰۱ میں حصے کو لاگو کرنے سے غیر موصول کردہ پریمیموں کا حساب لگایا جاتا ہے۔

پریمیم کی کمی والی آمدن (واجبات جانچنے کا ٹیسٹ)

کمپنی، کاروبار کی کلاس کے لئے پریمیم کی کمی کے سلسلے میں شرط کو برقرار رکھتی ہے جہاں بکر بیمہ کاری کے بعد، مستقبل کے متوقع واجبات کو پورا کرنے کے لئے غیر موصول پریمیم واجبات ناقابل اعتماد ہے، ایسے دعویٰ جات اور دیگر اضافی اخراجات میں سے جن کے بارے میں یہ توقع ہے کہ یہ بیلنس شیٹ ڈیٹ میں کاروبار کی اس کلاس میں غیر متوقع پالیسی کے حوالے سے بیلنس شیٹ ڈیٹ کے بعد خرچ ہوں گے۔ پریمیم کی کمی آمدن میں تحریک، بوقت ضرورت، سال کے لئے منافع اور نقصان کے اکاؤنٹ میں خرچ کے طور پر ریکارڈ کی گئی ہے۔

بقایا جاتی رقم کے دعویٰ کے لئے شرط (IBNR سمیت)

بقایا جاتی رقم کے دعویٰ (بشمول آئی بی این آر) کی ذمہ داری ان تمام دعویوں کے سلسلے میں تسلیم کی جاتی ہے جو اس بیلنس شیٹ ڈیٹ تک خرچ ہوئے جس کی متوقع مستقبل کی ادائیگیوں کے غیر رعایتی اقدار تک پیمائش ہوئی۔ آئی بی این آر کے ان دعویٰ جات کی تشخیص عمل میں لائی گئی جو دعویٰ جات ان ہدایات پر مبنی تھے جو "سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے جاری کیں۔

کمپنی کو درپیش بڑے خطرات اور غیر یقینی صورتحال

اسٹریٹجک رسک

خطرے کو کم کرنے کے لئے کمپنی کے پاس سرمایہ کاری کا ایک متنوع پورٹ فولیو ہے۔ اہم کریڈٹ رسک کے واقع ہونے کا تعلق اس میچورٹی سرمایہ کاری کے ساتھ ہے جو حکومت پاکستان اور مالیاتی ادارے کے ساتھ رکھی جاتی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 14.2 میں مذکور ہے۔ کمپنی نے سرمایہ کاری کے بعض مشقیات کے خلاف ایکشن بھی برقرار رکھی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 14.2 میں انکشاف کیا ہے۔

مارکیٹ رسک

مارکیٹ رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کے متغیرات جیسا کہ سود/منافع کی شرح، غیر ملکی کرنسی کی شرح اور ایکویٹی کی قیمتوں وغیرہ میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیشی ہو جائے گی۔ اصل مقصد قابل قبول پیرامیٹرز کے اندر رہتے ہوئے مارکیٹ رسک سے نمٹنے کا انتظام کرنا اور اسے کنٹرول کرنا ہے، جبکہ واپسی کو بہتر بنانا مقصود ہو۔ کمپنی کی کاروباری سرگرمیوں کے ساتھ منسلک مارکیٹ رسک مندرجہ ذیل ہیں:

(اے) سود/منافع کی شرح کا رسک

سود/منافع کی شرح کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ سود/منافع کی شرح میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیشی ہو جائے گی۔ کمپنی سیکورٹیز میں سرمایہ کاری کرتا ہے اور اس کے پاس رقوم ہیں جس میں سود/منافع کی شرح کا رسک موجود ہے۔ کمپنی اس کرنسی میں سود/منافع کی شرح میں تبدیلی کو مدنظر رکھتے ہوئے سود/منافع کی شرح کے رسک کو محدود کرتی ہے جس کرنسی میں کمپنی کے نقد رقوم اور سرمایہ کاری کی نشان زدگی کی گئی ہوتی ہے۔

(بی) غیر ملکی کرنسی رسک

غیر ملکی کرنسی رسک ایسا خطرہ ہے جس میں غیر ملکی کرنسی کی شرح میں تبدیلیوں کی وجہ سے مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں تبدیلی آجائے گی۔ اس وقت کمپنی مادی طور پر کرنسی رسک میں مبتلا نہیں ہے کیونکہ زیادہ تر لین دین پاکستانی روپوں میں کیا جاتا ہے۔

(سی) قیمتوں کا رسک

قیمتوں کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کی قیمتوں (سود/منافع کی شرح کے رسک یا کرنسی رسک کے علاوہ) میں تبدیلی کی وجہ سے مالیاتی وسائل کی منصفانہ قیمت میں کمی پیشی واقع ہوگی، چاہے ان تبدیلیوں کی وجہ انفرادی مالیاتی وسائل یا اس کے اجراء کنندہ کے ساتھ مخصوص عوامل ہوں، یا مارکیٹ میں تجارت کیے جانے والے تمام بائیک جیسے مالیاتی وسائل پر اثر انداز ہونے والے عوامل ہوں۔ قیمتوں کے رسک سے متعلق مزید تفصیلات کے لئے، براہ کرم صفحہ نمبر 148 پر ملاحظہ نمبر 41 کی طرف رہنمائی کریں۔

لیکویڈیٹی رسک (مائع جاتی خطرات)

لیکویڈیٹی رسک ایسا خطرہ ہے جس میں کمپنی اپنے پر لاگو ہونے والے مالی واجبات کو پورا کرنے میں کامیاب نہیں ہو سکتی۔ متوقع لیکویڈیٹی رسک میٹجمنٹ کا مطلب مناسب نقد رقم اور مارکیٹنگ سیکورٹیز کو برقرار رکھنا ہے۔ انتظامیہ، لیکویڈیٹی کی ضروریات کی نگرانی کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کسی بھی درپیش ذمہ

اسٹریٹجک رسک کمپنی کے اسٹریٹجک مقاصد اور کاروباری حکمت عملی کے فیصلے کا نتیجہ ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک "ایگزیکٹو، رسک میٹجمنٹ اینڈ کمپلائنس کمیٹی" قائم کر دی ہے جس کے ذریعہ یہ کمپنی ان خطرات کے انتظام کی مؤثر طریقے سے نگرانی کرتی ہے اور جہاں بھی ضروری ہو یہ کمپنی ان خطرات کو کم کرنے کے لیے حکمت عملی بناتی ہے۔

کاروباری رسک

یہ خطرات کسی ادارے کے تجارتی جزو سے منسلک ہوتے ہیں۔ کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالوں میں مارکیٹ شیئر کی کمی، مصنوعات کی قیمتوں کا تعین کرنے والے قواعد و ضوابط میں ترمیم یا کمپنی کے منافع کو کم کرنے والی دیگر ریگولیٹری تبدیلیاں بہت عام مثالیں ہیں۔

آپریٹنگ رسک

ان میں آپریٹنگ واقعات کے نتیجے میں کسٹمرل وسائل کی قدر میں منفی تبدیلی کا خطرہ شامل ہوتا ہے جیسا کہ اندرونی نظام، ایپارٹس، طریقہ کار یا کنٹرول وغیرہ کا ناکافی ہونا یا ان چیزوں کی ناکامی۔

مالیاتی رسک

کمپنی کی سرگرمیاں مختلف مالیاتی خطرات سے نمٹنے کے لئے ظہور میں آتی ہیں۔ کمپنی کا مجموعی رسک میٹجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی درج ذیل اہم ملاحظات میں بیان کردہ طریقے سے پچھلے سال کی نسبت اس سال بھی کسی چیز کی تبدیلی کے بغیر مالیاتی خطرے کے ظہور کا تسلسل سے انتظام کر رہی ہے۔ بورڈ آف ڈائریکٹرز پر کمپنی کے رسک میٹجمنٹ فریم ورک کے قیام اور اس کی نگرانی کی مجموعی ذمہ داری ہے۔ کمپنی کی رسک میٹجمنٹ پالیسیوں کی بہتری کے لئے بھی بورڈ ہی ذمہ دار ہے۔ یہ خطرات مندرجہ ذیل اقسام میں تقسیم کیے گئے ہیں:

کریڈٹ رسک (قرض کا خطرہ)

کریڈٹ رسک ایسا خطرہ ہے جو اس امکان سے پیدا ہوتا ہے کہ ایک مالی آلہ پر ایک پارٹی اپنی ذمہ داری کو ہٹانے میں ناکام ہو جائے اور دوسری پارٹی کو مالی نقصان پہنچا دے۔ کمپنی، مختلف صنعتوں میں بہت سی ہم منصب پارٹیوں کے ساتھ لین دین کا آغاز کرتے ہوئے اور ہم منصب پارٹیوں کے کریڈٹ کی اہلیت کا جائزہ لیتے ہوئے کریڈٹ کے ظہور کی نگرانی کے ذریعہ کریڈٹ رسک کنٹرول کرنے کی کوشش کرتی ہے۔

کریڈٹ رسک کا ارتکاز اس وقت ہوتا ہے جب کئی ہم منصب پارٹیاں ایک ہی قسم کی کاروباری سرگرمیاں کرتی ہیں۔ اس کے نتیجے میں، معاشی، سیاسی یا دیگر حالات میں کوئی بھی تبدیلی اسی طریقے سے ان کے معاہدے کو پورا کرنے کی صلاحیت پر اثر انداز ہوگی۔ میٹجمنٹ، اگر ضرورت پڑے تو کلائنٹ کی پوشیدہ حقیقت کی نگرانی اور مشکوک اثاثہ جات کے لئے اشیاء کے روایتی تخمینوں کو برقرار رکھنے کے ذریعے، کمپنی کو کریڈٹ رسک میں پڑنے سے روکتی ہے یا اس خطرے کو کم کر دیتی ہے۔ میٹجمنٹ کا خیال ہے کہ کریڈٹ رسک پر بہت زیادہ توجہ مرکوز کرنے کی ضرورت نہیں ہے کیونکہ کمپنی کے مالی اثاثہ جات مالیاتی لحاظ سے مضبوط اداروں میں ہے جو ادارے مختلف صنعتی شعبہ جات کا احاطہ کرتے ہوئے ہیں۔

BOARD COMMITTEES

The company has six committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

Executive, Risk Management and Compliance Committee

The terms of reference of this committee include the following:

- a. Oversee the activities of the risk management function / department;
- b. Monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.
- c. Supervise and monitor matters reported using the insurer's whistle blowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations or frauds.
- d. Approve all investments over Rs. 10 million and review progress of investments.
- e. Review yearly budget and recommend its approval to the Board.
- f. Review monthly performance of the Company.
- g. Review and approve claim payments over Rs. 1 million.
- h. Review legal suits filed by or against the Company.
- i. Consider any other matter related to the performance and operations of the Company.

The Committee comprises of four members, including the Chairman of this committee, three of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
Maj Gen Akhtar Iqbal (Retd)	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Audit Committee

The terms of reference of this committee include the following:

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors,

focusing on:

- o major judgmental areas;
- o significant adjustments resulting from the audit;
- o the going concern assumption;
- o any changes in accounting policies and practices;
- o compliance with applicable accounting standards;
- o compliance with listing regulations and other statutory and regulatory requirements; and
- o significant related party transactions.
- review of preliminary announcements of results prior to publication;
- facilitating 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 (in the absence of management, where necessary);
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Company;
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- consideration of major findings of internal investigations and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of three members, including the Chairman of this committee, all of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
Mr. M. Munir Malik	Chairman
Mr. Malik Riffat Mehmood	Member
Brig Kamran Asad (Retd)	Member

Ethics , Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.
- proposing a remuneration approach and related policies for the insurer covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit.

The committee comprises of three members including the Chairman of this Committee, out of which one is independent and one is a non-executive director. Following is the composition of this committee:

Name	Status in Committee
Mr. Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

Underwriting, Reinsurance & Coinsurance Committee

The Underwriting, Reinsurance & Coinsurance Committee formulates the under writing 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. It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as business portfolio and the market development.

This committee also ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for the future reference

Following is the composition of this committee:

Name	Status in Committee
Maj Gen Akhtar Iqbal (Retd)	Chairman
Mrs. Samina Khan	Member
Mr. Sohail Khalid	Member

Claims Settlement Committee

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays particular attention to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims disputes be brought to its attention and decide how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

BOARD COMMITTEES

Following is the composition of this committee:

Name	Status in Committee
Mr. Malik Riffat Mehmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member

Investment Committee

The Investment Committee is responsible for framing the investment policy for the Company and ensuring that the overall investment portfolio is managed in line with the approved investment policy. The functions of the committee are outlined below:

- Reviewing overall investment portfolio and investments and encashments made during the period under consideration;
- Reviewing the investment income generated in comparison with budgeted targets during the period under consideration;
- Reviewing and recommending the annual investment budget for the Board's approval;
- Assessing the macroeconomic and microeconomic factors for the foreseeable future and to issue guidance for further

investments/disinvestments, restructuring of investment portfolio and reallocation of funds etc. so as to make timely decisions to maximize profits (or reduce possible losses), within the parameters of prudent and sound investment operations;

- Assessing the performance benchmarks for the investment portfolio;
- To ensure that the investment decisions are in synchronization with overall business strategy and investment policy of the Company; and
- To recommend changes in the investment policy guidelines, as and when considered necessary, to the Board of Directors.

Following is the composition of this committee:

Name	Status in Committee
Mr. Malik Riffat Mehmood	Chairman
Mr. M. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member



AskTech (Pvt) Ltd.

OPEN & TRANSPARENT TO INNOVATION & DIVERSITY



At Asktech we believe that through diversity and transparency we can enhance the experience of our customers by providing them with quality services using cutting edge technologies and turnkey solutions. We started our operations after receiving commencement from regulators in November 2019, since then our focus has been to develop a strong and close relationship with our customers, understand their individual needs and implement solutions.

In this period we have also managed to acquire digitization technologies and Information Technology services by partnering with world leading brands who seek progress on our shared challenges.

With the right mind set and a growing team of highly trained and experience staff, we aim to excel in everything we do, and to be considered best in the industry is a continuous process in our young history. We strive to providing exceptional client service and living our core values of Excellence, Integrity and Transparency.

We give our sincere gratitude to our valued customers for their confidence in us and our team for their hard work and dedication. Special Thanks to our Board of Directors for their valuable guidance.

We believe that we are all set and ready to accept challenges this year and excel according to expectations of our stakeholder.

Mr. Jamshed Jadoon
Chief Executive Officer
AskTech (Pvt) Ltd.

FINANCIAL CALENDAR



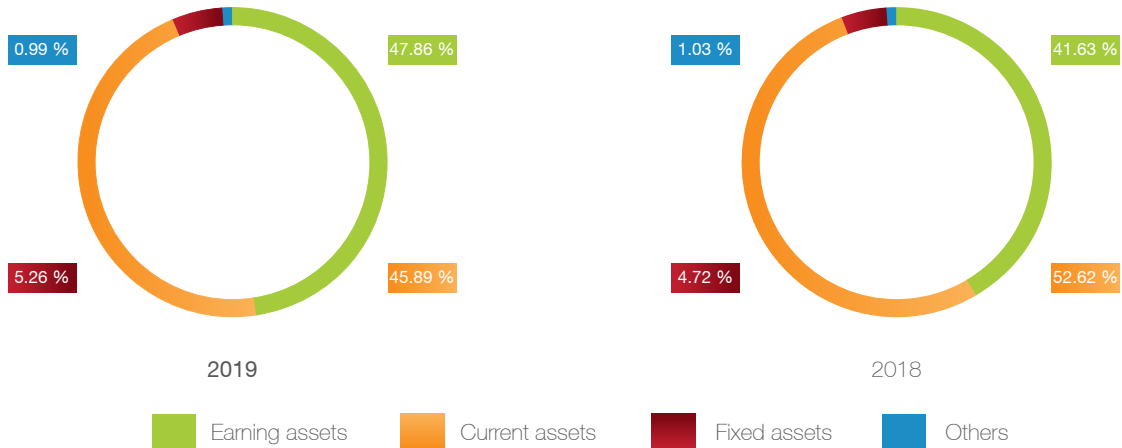
FINANCIAL ANALYSIS

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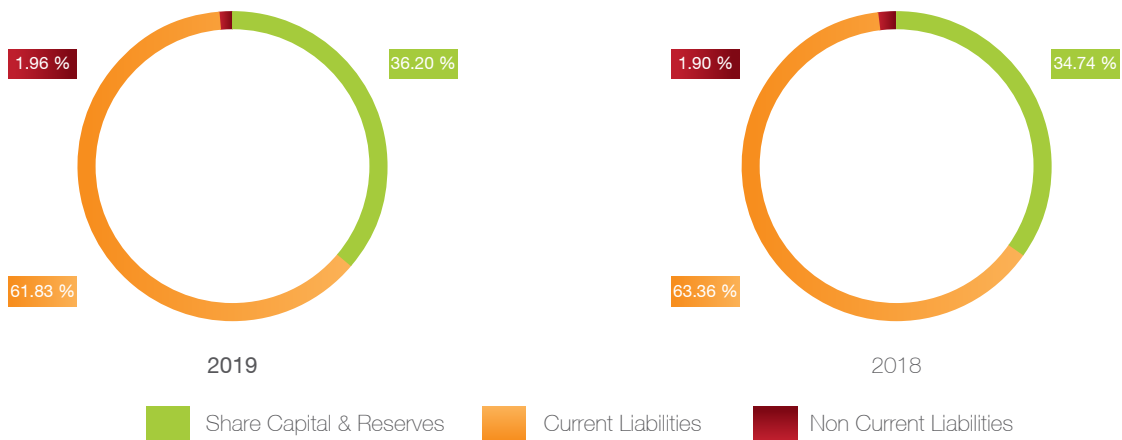
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PERFORMANCE AT A GLANCE

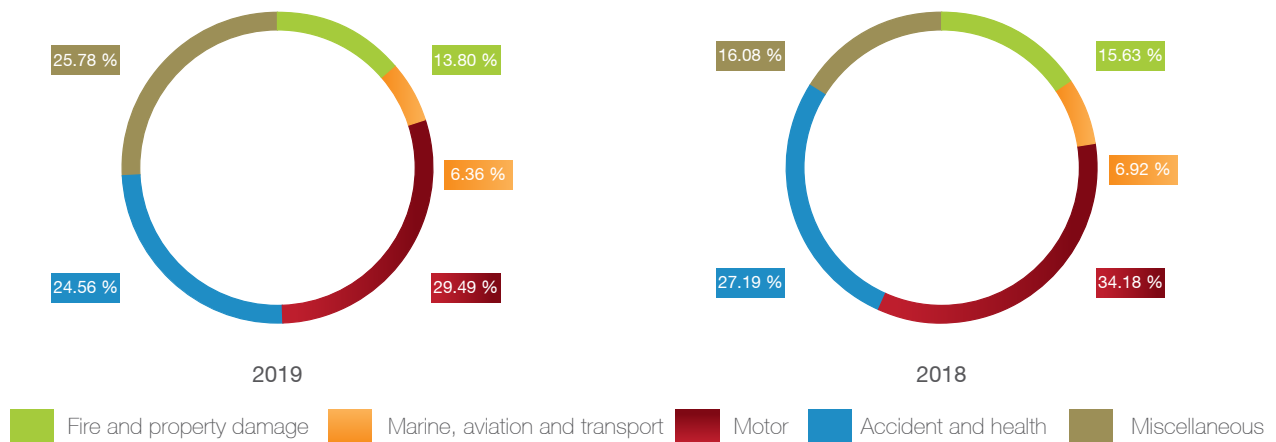
Assets



Shareholders' Equity and Liabilities

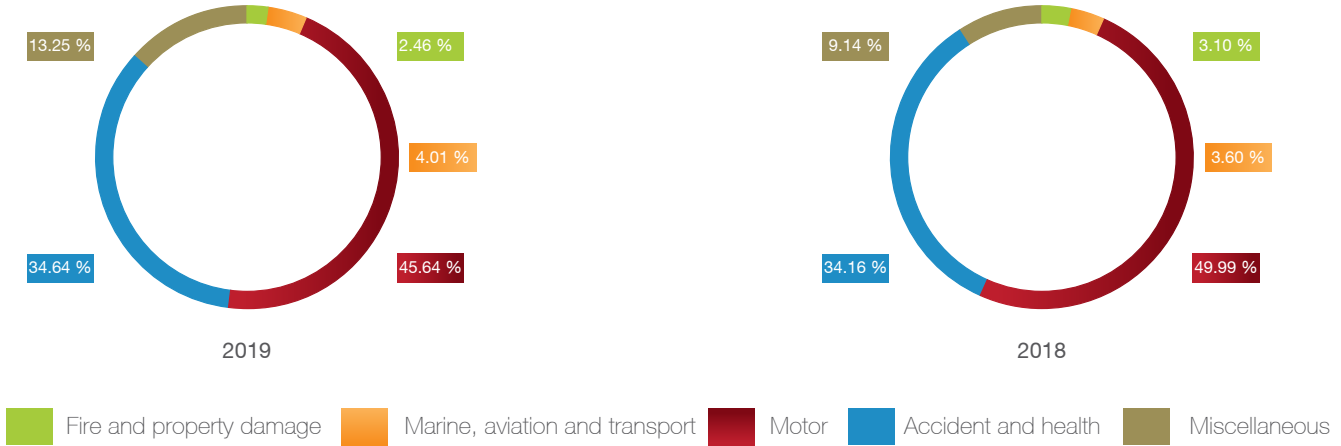


Gross Premium - Business Wise

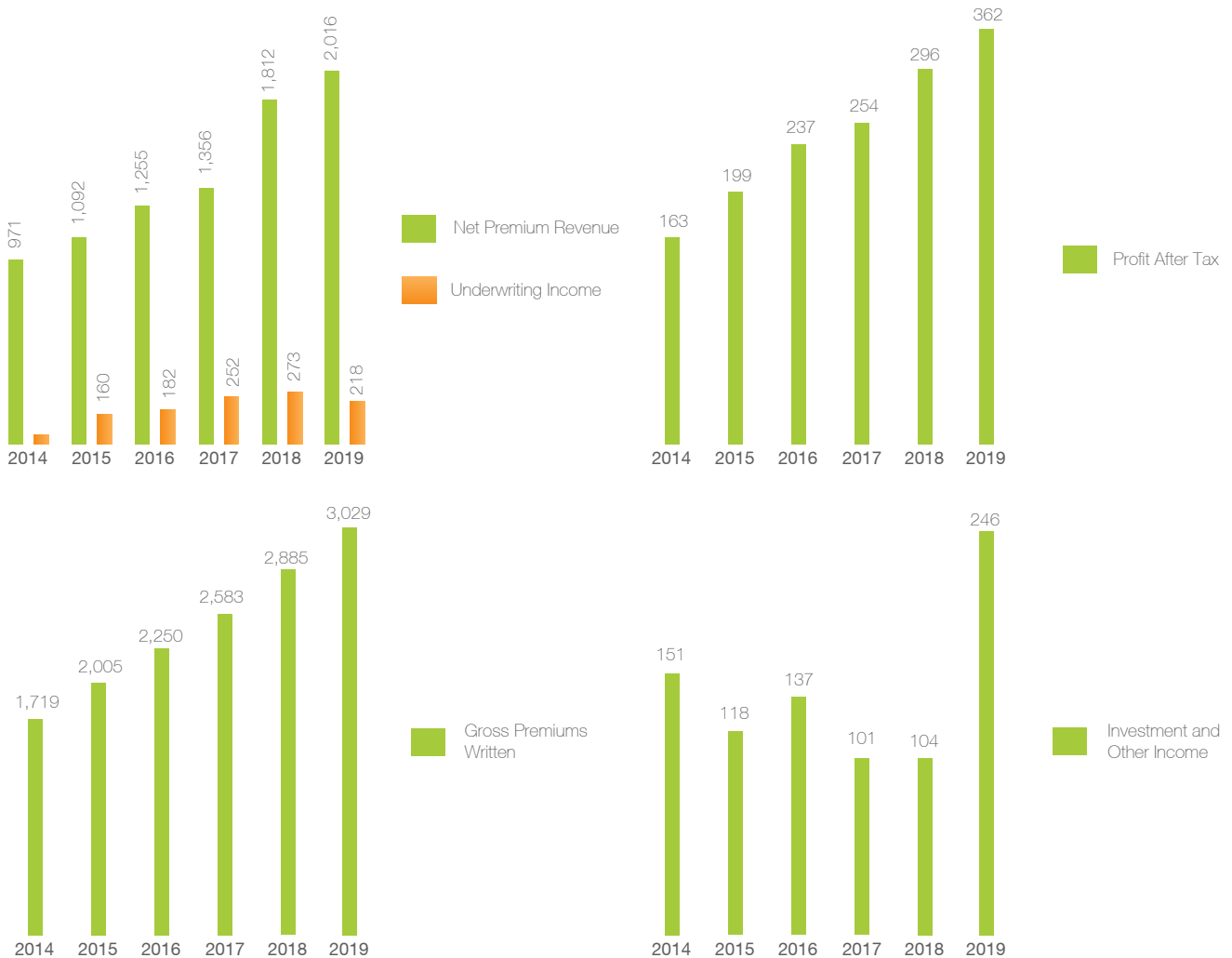


PERFORMANCE AT A GLANCE

Net Premium - Business Wise

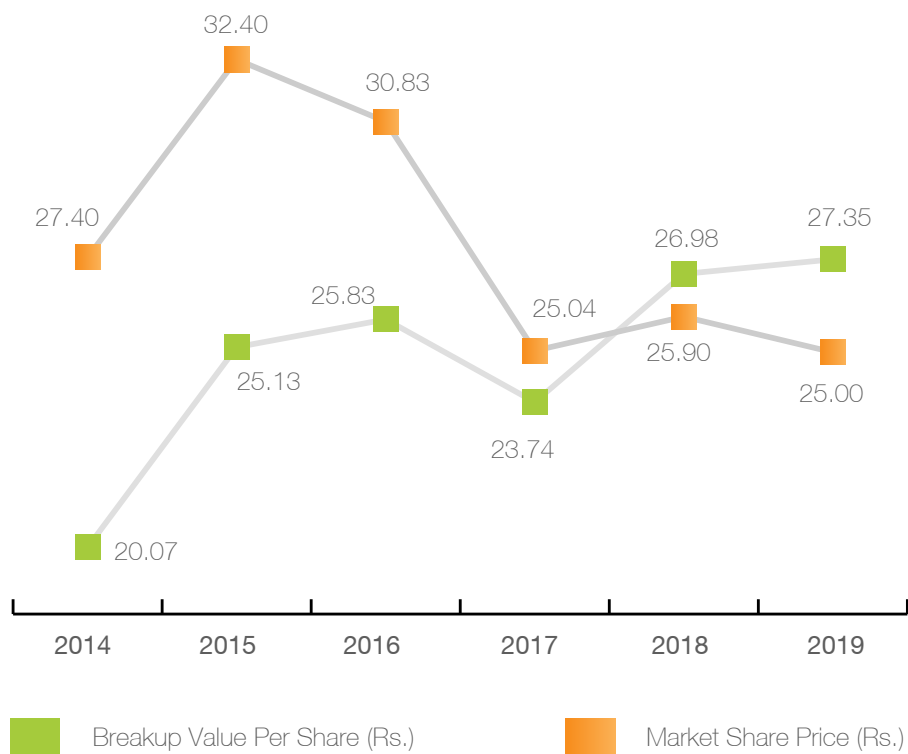
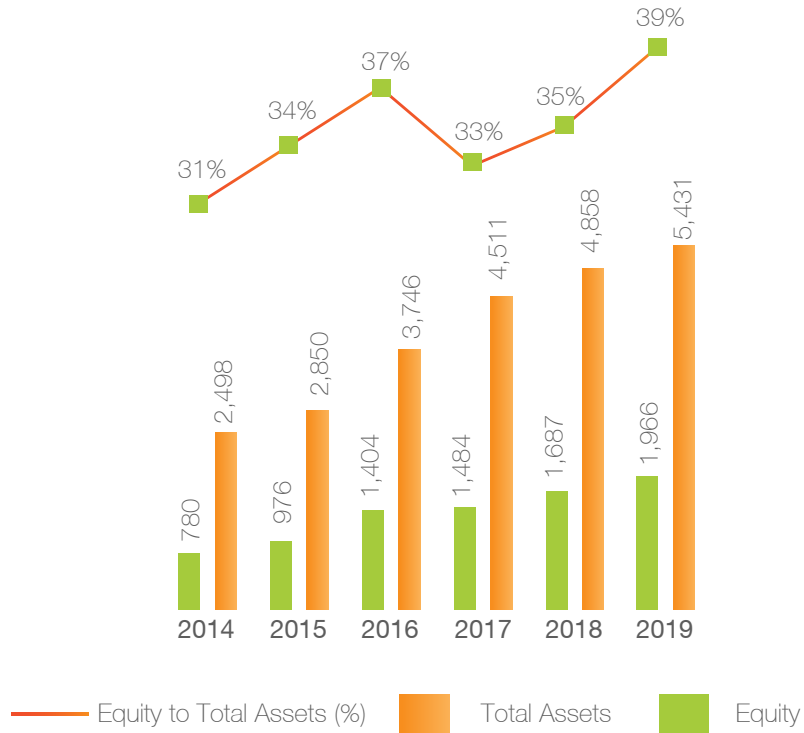


GRAPHICAL ANALYSIS OF BALANCE SHEET



GRAPHICAL ANALYSIS - PROFIT & LOSS

Graphical Analysis of P&L



STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	Rupees in thousand	
Wealth Generated		
Net Premium Revenue	2,016,249	1,811,751
Commission from reinsurer	272,042	236,146
Investment income and profit on bank deposits	219,521	78,350
Rental income	5,354	3,474
Other income	21,022	21,718
Gain on Takaful	67,157	56,907
	2,601,345	2,208,346
Less:		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	1,572,397	1,383,682
Net wealth generated	1,028,966	824,663
Wealth distribution:		
Employees' remuneration	424,689	348,614
Government taxes (includes income tax, WWF and other taxes)	147,926	125,380
Finance cost	12,356	4,297
	584,971	478,291
Distribution		
Cash Dividend	93,785	93,785
Stock Dividend	93,785	-
	187,570	93,785
Retained in business:		
Depreciation and amortization	82,157	50,605
Earnings	174,268	201,982
	256,425	252,587
Total Wealth Distributed	1,028,966	824,663

VERTICAL ANALYSIS

	2019		2018		2017		2016		2015		2014	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Balance Sheet												
Cash and Bank Deposits	342,237	6.28	147,175	3.03	191,755	4.25	151,902	4.06	115,264	4.06	133,969	5.36
Loans to Employees	12	0.00	324	0.01	801	0.02	1,344	0.04	1,488	0.05	1,586	0.06
Investments	2,216,837	40.70	1,831,910	37.74	1,606,820	35.62	1,524,532	40.70	1,157,928	40.75	1,014,304	40.61
Investment Property	40,501	0.74	41,811	0.86	43,121	0.96	44,431	1.19	45,741	1.61	47,051	1.88
Deferred Taxation	15,592	0.29	31,940	0.66	24,134	0.53	2,605	0.07	11,232	0.40	3,942	0.16
Current Assets - without investments, advances and cash and bank	2,247,921	41.39	2,357,261	48.56	2,404,616	53.30	1,807,718	48.26	1,360,156	47.86	1,247,777	49.95
Fixed Assets - Tangible and Intangible	285,910	5.25	228,906	4.72	120,400	2.67	133,732	3.57	99,524	3.50	49,321	1.97
House Building Finance	2,961	0.05	12,771	0.00	00	00	00	00	00	00	00	00
Total Assets from Window Takatuf Operations - Operators Fund (OPF)	279,427	5.13	202,467	4.17	119,482	2.65	79,387	2.12	50,368	1.77	-	0.00
Total Assets	5,431,398	100.00	4,854,565	100.00	4,511,129	100.00	3,745,651	100.00	2,841,701	100.00	2,497,950	100.00
Share Holders Equity	1,966,379	36.20	1,686,721	34.75	1,484,286	32.90	1,404,245	37.49	975,777	34.34	779,535	31.21
Underwriting Provisions	2,117,312	38.98	2,195,594	45.23	2,045,241	45.34	1,651,460	44.09	1,412,067	49.69	1,344,770	53.83
Staff Retirement Benefits	67,081	1.24	54,390	1.12	40,988	0.91	32,357	0.86	19,737	0.69	15,132	0.61
Creditors and Accruals	1,035,769	19.07	751,407	15.48	773,271	17.14	508,014	13.56	381,616	13.43	343,744	13.76
Finance Lease Liability	100,390	1.85	59,591	1.23	63,770	1.41	70,655	1.89	31,474	1.11	-	0.00
Deposits and other payables	45,610	0.84	33,604	0.69	58,184	1.29	53,223	1.42	-	-	-	-
Other Liabilities	7,158	0.13	4,049	0.08	2,298	0.05	1,237	0.03	18,710	0.66	14,769	0.59
Total Liabilities from Window Takatuf Operations - OPF	91,699	1.688	69,209	1.426	43,091	0.955	24,460	0.65	2,320	0.08	-	0.00
Total Equity and Liabilities	5,431,398	100.00	4,854,565	100.00	4,511,129	100.00	3,745,651	100.00	2,841,701	100.00	2,497,950	100.00
Profit & Loss Account												
Net Premium Revenue	2,016,249	148.67	1,811,751	133.59	1,356,189	100.00	1,255,230	100.00	1,091,884	100.00	971,450	100.00
Net Claims	1,250,767	69.04	1,069,485	59.03	622,365	45.89	644,502	51.35	537,792	49.25	561,424	57.79
Expenses	639,228	35.28	553,133	30.53	536,302	39.54	477,867	38.07	449,083	41.13	418,416	43.07
Net Commission	82,512	4.55	75,563	4.17	46,999	3.47	48,722	3.88	54,965	5.03	60,074	6.18
Investment Income including Rental & Bank Deposits Returns	224,875	12.41	81,824	4.52	98,320	7.25	131,098	10.44	113,325	10.38	136,925	14.09
Other Income	21,022	1.16	21,718	1.20	2,957	0.22	6,310	0.50	4,552	0.42	13,608	1.40
Finance Cost	12,356	0.68	4,297	0.24	5,056	0.37	4,017	0.32	983	0.09	-	-
Impairment in Value of Available for Sale Securities	45,103	0.00	38,711	2.14	4,463	0.33	2,322	0.18	4,251	0.39	-	-
Profit Before Window Takatuf Operations and Tax	442,307	24.41	363,940	20.09	340,742	25.12	314,973	25.09	276,868	25.36	202,217	20.82
Profit / (loss) from Window Takatuf Operations - OPF	67,157	3.71	56,907	3.14	23,755	1.75	5,543	0.44	(1,952)	(0.18)	-	-
Taxation - net	147,626	8.15	125,080	6.90	110,807	8.17	83,711	6.67	76,408	7.00	38,802	3.99
Profit After Tax	361,838	19.97	295,767	16.32	259,690	18.71	236,805	18.87	198,508	18.18	163,415	16.82

HORIZONTAL ANALYSIS

Balance Sheet	Rupees '000							% Increase / (decrease) over preceding year				
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Cash and Bank Deposits	342,237	147,175	191,755	151,902	115,264	133,969	132.54	(23.25)	26.24	31.79	(13.96)	12.01
Loans to Employees	12	324	801	1,344	1,488	1,586	(96.23)	(59.57)	(40.40)	(9.68)	(6.18)	42.75
Investments	2,216,837	1,831,910	1,606,820	1,524,532	1,157,928	1,014,304	21.01	14.01	5.40	31.66	14.16	17.38
Investment Property	40,501	41,811	43,121	44,431	45,741	47,051	(3.13)	(3.04)	(2.95)	(2.86)	(2.78)	(2.71)
Deferred Taxation	15,592	31,940	24,134	2,605	11,232	3,942	(51.18)	32.34	826.45	(76.81)	184.93	(45.17)
Current Assets - without investments, advances, and cash and bank	2,247,921	2,357,261	2,404,616	1,807,718	1,360,156	1,247,777	(3.98)	(1.97)	33.02	32.91	9.01	10.37
Fixed Assets - Tangible and Intangible	285,910	228,906	120,400	133,732	99,524	49,321	24.90	90.12	(9.97)	34.37	101.79	(26.52)
House Building Finance	2,961	12,771	-	-	00	00	(76.82)	-	-	-	-	-
Total Assets from Window Takatuf Operations - OPF	279,427	202,467	119,482	79,387	50,368	-	38.01	69.45	50.51	57.61	100.00	-
Total Assets	5,431,398	4,854,565	4,511,129	3,745,651	2,841,701	2,497,950	12.20	7.61	20.44	31.81	13.76	11.62
Share Holders' Equity	1,966,379	1,686,721	1,484,286	1,404,245	975,777	779,535	16.58	13.64	5.70	43.91	25.17	26.04
Underwriting Provisions	2,117,312	2,195,594	2,045,241	1,651,460	1,412,067	1,344,770	(3.57)	7.35	23.84	16.95	5.00	2.83
Staff Retirement Benefits	67,081	54,390	40,988	32,357	19,737	15,132	23.33	32.70	26.67	63.94	30.43	36.56
Creditors and Accruals	1,035,769	751,407	773,271	508,014	381,616	343,744	37.84	(2.83)	52.21	33.12	11.02	22.05
Finance Lease Liability	100,390	59,591	63,770	70,655	31,474	-	68.47	(6.55)	(9.74)	124.49	100.00	-
Deposits and other payables	45,610	33,604	58,184	53,223	00	-	35.73	(42.25)	9.32	#D/N/OI	100.00	-
Other Liabilities	7,158	4,049	2,298	1,237	18,710	14,769	76.78	76.20	85.77	(93.39)	26.68	(22.35)
Total Liabilities from Window Takatuf Operations - OPF	91,699	69,209	43,091	24,460	2,320	-	32.50	60.61	76.17	954.31	100.00	-
Total Equity and Liabilities	5,431,398	4,854,565	4,511,129	3,745,651	2,841,701	2,497,950	11.88	7.61	20.44	31.81	13.76	11.62
Profit & Loss Account												
Net Premium Revenue	2,016,249	1,811,751	1,356,189	1,255,230	1,091,884	971,450	11.29	33.59	8.04	14.96	12.40	15.38
Net Claims	1,250,767	1,069,485	622,365	644,502	537,792	561,424	16.95	71.84	(3.43)	19.84	(4.21)	20.78
Expenses	639,228	553,133	536,302	477,867	449,083	418,416	15.56	3.14	12.23	6.41	7.33	13.69
Net Commission	82,512	75,563	46,999	48,722	54,965	60,074	9.20	60.78	(3.54)	(11.36)	(8.50)	18.69
Investment Income including Rental & Bank Deposits Returns	224,875	81,824	98,320	131,098	113,325	136,925	174.83	(16.78)	(25.00)	15.68	(17.24)	81.29
Other Income	21,022	21,718	2,957	6,310	4,552	13,608	(3.21)	634.47	(53.14)	38.62	(66.55)	(5.80)
Finance Cost	12,356	4,297	5,056	4,017	983	-	187.55	(15.01)	25.87	308.65	100.00	-
Impairment in Value of Available for Sale Securities	-	38,711	4,463	2,322	4,251	-	(100.00)	767.37	92.20	(45.38)	100.00	-
Profit Before Window Takatuf Operations and Tax	442,307	363,940	340,742	314,973	276,868	202,217	21.53	6.81	8.18	13.76	36.92	35.14
Profit / (loss) from Window Takatuf Operations - OPF	67,157	56,907	23,755	5,543	(1,952)	-	18.01	139.56	328.56	(383.97)	100.00	-
Taxation - net	147,626	125,060	110,807	83,711	76,408	38,802	18.03	12.88	32.37	9.56	96.92	26.92
Profit After Tax	361,838	296,767	253,690	236,805	198,508	163,415	22.34	16.59	7.13	19.29	21.47	37.25

SIX YEARS PERFORMANCE

Financial Position	2019	2018	2017	2016	2015	2014
Paid Up Share Capital	7,19,019	625,234	625,234	543,682	388,344	388,344
Retained Profits	1,055,860	887,788	693,895	650,330	512,775	316,533
Reserves	191,500	173,699	166,157	210,233	74,668	74,668
Share Holders' Equity	1,966,379	1,686,721	1,484,286	1,404,245	975,777	779,535
Underwriting Reserve	1,388,338	1,642,458	1,538,596	1,160,228	986,731	895,426
Investments	2,216,837	1,831,910	1,606,820	1,524,532	1,157,928	1,014,304
Investment Property	40,501	41,811	43,121	44,431	45,741	47,051
Fixed Assets - Tangible and Intangible	285,910	228,906	120,400	133,732	99,524	49,321
Total Assets	5,431,398	4,854,565	4,511,129	3,745,651	2,849,689	2,497,950
Market Share Price	25.00	25.90	25.04	30.83	32.40	27.40
Breakup Value Per Share	27.35	26.98	23.74	25.83	25.13	20.07
Financial Performance						
Gross Premium Written	3,029,070	2,885,080	2,583,234	2,249,946	2,005,056	1,719,458
Net Premium Revenue	2,016,249	1,811,751	1,356,189	1,255,230	1,091,884	971,450
Net Claims	1,250,767	1,069,485	622,365	644,502	537,792	561,424
Underwriting Income	217,839	272,577	262,431	181,583	159,974	51,684
Management and Other Expenses	639,228	553,133	536,302	477,867	449,083	418,416
Investment and Other Income	245,897	103,541	101,277	137,408	117,877	150,533
Finance Cost	12,356	4,297	5,066	4,017	983	-
Profit Before Window Takaful Operations and Tax	442,307	363,940	340,742	314,973	276,868	202,217
Profit / (loss) from Window Takaful Operations - OPF	67,157	56,907	23,755	5,543	(1,952)	-
Profit After Tax	361,838	295,767	253,690	236,805	198,508	163,415
Dividend	25%	15%	25%	10%	15%	-
Bonus Shares	0%	15%	-	15%	10%	-
Earning Per Share (Rs.) (Restated)	5.03	4.11	4.06	3.89	3.26	2.68
Cash Flows Summary						
Operating Activities	575,132	364,137	257,472	123,594	120,099	28,955
Investing Activities	(225,537)	(274,436)	(75,044)	(227,053)	(137,800)	(14,587)
Financing Activities	(154,533)	(134,281)	(142,575)	140,097	(14,645)	-
Cash & Cash Equivalents at the year end	342,237	147,175	191,755	151,902	115,264	133,969

FINANCIAL RATIOS

	2019	2018	2017	2016	2015	2014
Profitability						
Profit Before Tax / Gross Premium	%	16.82	14.59	14.11	14.25	13.71
Profit Before Tax / Net Premium	%	25.27	23.23	26.88	25.53	25.18
Profit After Tax / Gross Premium	%	11.95	10.25	9.82	10.52	9.90
Profit After Tax / Net Premium	%	17.95	16.32	18.71	18.87	18.18
Underwriting Result / Gross Premium	%	7.19	9.45	9.77	8.07	7.98
Underwriting Result / Net Premium	%	10.80	15.04	18.61	14.47	14.65
Profit Before Tax / Total Income	%	21.04	20.47	23.73	22.15	21.77
Profit After Tax / Total Income	%	14.95	14.39	16.51	16.37	15.72
Combined ratio	%	79.53	77.03	74.86	83.51	82.40
Net Claims / Net Premium	%	62.03	59.03	45.89	51.35	49.25
Management and Other Expense / Net Premium	%	31.70	30.53	39.54	38.07	41.13
Return to Share Holders						
Return on Equity - PAT	%	21.45	19.93	18.07	24.27	25.46
Earning Growth	%	22.34	16.59	7.13	19.29	21.47
Return on Assets (Book value)	%	6.66	6.09	5.62	6.32	6.97
Earning Per Share	Rs.	5.03	4.11	4.06	3.89	3.26
Breakup Value Per Share	Rs.	27.35	26.98	23.74	25.83	25.13
Market Share Price	Rs.	25.00	25.90	25.04	30.83	32.40
Performance / Liquidity						
Current Ratio	Times	1.41	1.41	1.44	1.58	1.46
Cash / Current Liabilities	Times	0.10	0.05	0.07	0.07	0.06
Total Assets Turnover	Times	0.56	0.59	0.57	0.60	0.70
Fixed Assets Turnover	Times	10.59	12.60	21.46	16.82	20.15
Total Liabilities / Equity	Times	1.76	1.88	2.04	1.67	1.92
Paid-up Capital / Total Assets	%	13.24	12.88	13.86	14.52	13.63
Earning Assets / Total Assets	%	47.86	41.63	40.83	45.94	46.28
Equity / Total Assets	%	36.20	34.75	32.90	37.49	34.24
Cash Flow from Operations / Premium Written	%	18.99	12.62	9.97	5.49	5.99



STATEMENTS & **REPORTS**

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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of the Company:

Askari General Insurance Company Limited

Year Ending: 31 December 2019

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (CCG 2016) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations 2019).

AGICO has applied the principles contained in CCG 2016 and Regulations 2019 in the following manner:

1. The total number of directors are eight as per the following:

a.	Male	Eight
b.	Female	Nil

*This requirement of Regulations 2019 will be complied with during upcoming election of directors, as permitted by Regulations 2019.

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name of Director
Independent Directors*	Mr. M. Munir Malik Mr. Imran Iqbal
Non-Executive Directors	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig Kamran Asad (Retd) Mr. Abdul Hai Mahmood Bhaimia Mr. Malik Riffat Mehmood
Executive Directors	Not applicable
Female Directors	None*

All independent directors meet the criteria of independence as laid down under CCG 2016 and Regulations 2019.

* This requirement of Regulations 2019 will be complied with during upcoming election of directors, as permitted by Regulations 2019.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. All the resident directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a

defaulter by a stock exchange.

5. One casual vacancy occurred on the Board during 2019 as follows:

Casual vacancy occurred and filled on	Resigned	Replaced by
February 28, 2019	Brig M. Aslam Khan (Retd)	Brig Kamran Asad (Retd)

6. The Company has prepared a Code of Conduct & Ethics and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. 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 relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and Regulations 2019.

9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.

10. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations 2019.

11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the CCG 2016.

12. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

13. The Board has put in place a mechanism for an annual evaluation of the Board's own performance as required under the Regulations 2019.

14. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.
16. CFO and CEO duly endorsed the financial statements before approval of the Board.
17. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
18. The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and Regulations 2019.
19. The Board has formed the following Management Committees under the CCG 2016:

Underwriting, Reinsurance & Coinsurance Committee:

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Mrs. Samina Khan	Member
Mr. Sohail Khalid	Member

Claims Settlement Committee:

Name of the Member	Category
Mr. Malik Riffat Mehmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member

Executive, Risk Management & Compliance Committee:

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Mr. Abdul Waheed	Member

20. The Board has formed the following Board Committees under CCG 2016/Regulations 2019:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Investment Committee:

Name of the Member	Category
Mr. Malik Riffat Mehmood	Chairman
Mr. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member

21. The Board has formed an Audit Committee. It comprises of three (3) members, of whom one is independent director and two are non-executive director. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. M. Munir Malik	Chairman
Mr. Malik Riffat Mehmood	Member
Brig Kamran Asad (Retd)	Member

22. The meeting of the Committees, except Ethics, Human Resources and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by CCG 2016 and Regulations 2019.
23. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
24. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section-12 of

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Persons	Designation
Mr. Abdul Waheed	Chief Executive Officer
Mrs. Samina Khan	Head of Underwriting
Mr. Sohail Khalid	Head of Reinsurance
Mr. M. Qasim	Head of Claims
Mr. Khalid Qayyum	Head of Risk Management
Mr. Anwar Ahmed Malik	Compliance Officer/ Head of Grievance Function
Mr. Razi Haider	Chief Financial Officer
Mr. Faizan Zafar	Company Secretary
Mr. Usman Nawaz	Head of Internal Audit

25. The Statutory auditors of the insurer have been appointed from the panel of auditors approved by the Commission in terms of Section 148 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with the International

Federation of Accountants (IFAC) guidance on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and the Board of Directors. These transactions are duly reviewed and approved by the Audit

committee and Board of Directors along with pricing method.

28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the CCG 2016.

29. The Board ensures that the risk management system of the Company is in place as per requirements of the CCG 2016.

30. The Board has set up a risk management function/ department, which carries out its tasks as covered under the CCG 2016.

31. The Board ensured that, as part of the risk management system, the Company obtained rating from VIS and PACRA, which is being used by its risk management function/ department and the respective Committee as a risk monitoring tool. The rating assigned by PACRA and VIS on 28 August 2019 and 27 December 2019 respectively, was "AA" (Double A) with Stable outlook.

32. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG 2016.

33. The Company has not obtained any exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirements of the CCG 2016.

34. We confirm that all material principles contained in CCG 2016 and all requirements of the Regulations 2019 have been complied with.

Lt Gen Najib Ullah Khan (Retd)

Chairman – Board of Directors

Rawalpindi

12 March 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of askari general insurance company limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of askari general insurance company limited for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' 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.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Islamabad
Date: 27 March 2020

KPMG Taseer Hadi and Co
Chartered Accountants
Engagement Partner: Inam Ullah Kakra

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative.

("KPMG International"), a Swiss entity.

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR IN RESPECT OF COMPLIANCE WITH PRESCRIBED TAKAFUL RULES, 2012, AND THE SHARIAH RULES AND PRINCIPLES DETERMINED BY THE SHARIAH ADVISOR

We have performed an independent assurance engagement – Shariah Compliance Audit – of Window Takaful Operations of Askari General Insurance Company Limited (the Company) to ensure that the Company has complied with the prescribed Takaful Rules, 2012, and Shariah Rules and Principles determined by the Shariah Advisor of the Company, during the period under review from January 01, 2019, to December 31, 2019.

2. Management’s Responsibility for Shariah Compliance

It is the responsibility of the Company’s management to ensure that the financial arrangements, contracts, products and transactions entered into by the Company, with other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah Rules and Principles, as prescribed in the Takaful Rules, 2012, and determined by the Shariah Advisor.

3. Our Responsibility

- 3.1 Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah Rules and Principles, as determined by the Company’s Shariah Advisor and prescribed in the Takaful Rules, 2012.
- 3.2 The procedures selected by us for the engagement were based on our judgment, including the assessment of the risks of material non-compliance with the said Shariah Rules and Principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Company’s compliance with the Shariah Rules and Principles. Our engagement, however, is not intended to express opinion on the effectiveness of the Company’s internal controls for purposes of compliance with the Shariah Rules and Principles.
- 3.3 We believe that the evidence we have obtained through performing our procedures on a sample basis, were sufficient and appropriate to provide a basis for our opinion.

3.4 During the course of our assignment we came across certain matters that have been brought to the attention of the Shariah Advisor and the management of the Company entailing certain Shariah issues. Based on discussion with management and Shariah Advisor, it is reasonably concluded that these matters have no adverse Shariah compliance affect. In addition, interpretation and conclusion of the Shariah Advisor of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

4. Framework for the Engagement

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Advisor of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter, i.e., the Company's compliance with the Shariah Rules and Principles, as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012.

5. Our Opinion

In our opinion, based on the samples selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Askari General Insurance Company Limited, Window Takaful Operations, as the case may be, during the year from January 01, 2019, to December 31, 2019, are in compliance with the requirements of the Shariah Rules and Principles as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012, in all material respects.

The engagement partner on the Shariah audit resulting in this independent auditors' report is Imran Haider, FCA.

S. M. Suhail & Co.

S.M. Suhail & Co.

Chartered Accountants

Islamabad.

Our Ref: SMS-ISL-A-0652020

Date: February 26, 2020



Window Takaful Operations

Shariah Advisor Report to the Board of Directors.

For the year ended 31 December 2019

As Shariah Advisor of Askari General Insurance-Window Takaful operation, I have carefully reviewed all the product documents including policies, agreement, Surplus distribution mechanism. I have found them according with Shariah principles. I conform that transaction and activities of window Takaful Operation during the year comply with the Shariah principles and guidelines.

We hope Askari Window Takaful Operation to continue training programs in the coming year.

According to my information, Askari Window Takaful Operation has complied with the Shariah principles in every aspect of practical implementation.

A handwritten signature in black ink, appearing to read 'E. W. Ahmad', with a stylized flourish at the end.

Mufti Ehsan Waqar Ahmad

Shariah Advisor
Askari General Insurance Company Ltd.
Window Takaful Operation
March 12, 2020



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INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed financial statements of **askari general insurance company limited (the Company)**, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2019 and of the profit or loss, total comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Valuation of Claim Liabilities</p> <p>Refer note 3.1.3, 4(c) and 26 to the financial statements relating to valuation of claim liabilities.</p> <p>The Company's claim liabilities represent 18% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the key controls over the process of capturing, processing and recording of information related to the claims and recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations and assessed the sufficiency of reserving claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

S. No.	Key audit matter(s)	How the matter was addressed in our audit
2	<p>Revenue Recognition</p> <p>Refer note 3.1.1 and 25 to the financial statements for accounting policies and details in respect of revenue recognition risk.</p> <p>We identified recognition of premium as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premium; • Assessed the appropriateness of the Company's accounting policy for recording of Premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to period end and evaluated that these were recorded in the appropriate accounting period; and • Tested a sample of journal entries posted throughout the year to revenue accounts that met specific criteria to identify unusual or irregular items.
3	<p>Valuation of insurance / reinsurance receivables</p> <p>Refer note 3.1.1, 3.1.4 and 13 to the financial statements for accounting policies and details in respect of Valuation of insurance / reinsurance receivables.</p> <p>The Company's insurance / reinsurance receivables represents 21.5% of its total assets which are stated net of provision for impairment of Rs. 36.26 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the implementation of controls designed for the recognition and valuation of receivables; • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end; • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liability; and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.

S. No.	Key audit matter(s)	How the matter was addressed in our audit
4	<p>Classification, Valuation and Impairment of Investments</p> <p>Refer note 3.5, 3.15(a), 4(h), 4(k), 9, 10 and 11 to the financial statements relating to classification, valuation and impairment of investments.</p> <p>The Company's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits.</p> <p>Investments carried at Available for Sale represent 14% of the total investments while investments classified as Fair value through Profit and Loss and Held to Maturity represent 74.62% of total investments.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the implementation of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded during the year with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and • Assessed the adequacy of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; 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.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



KPMG Taseer Hadi and Co.

Chartered Accountants

Islamabad

Date: 27 March 2020



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INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **askari general insurance company limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Valuation of Claim Liabilities</p> <p>Refer note 3.1.3, 4(c) and 25 to the consolidated financial statements relating to valuation of claim liabilities.</p> <p>The Group's claim liabilities represent 18% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Group maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the key controls over the process of capturing, processing and recording of information related to the claims and recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Group's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Group's policy and insurance regulations and assessed the sufficiency of reserving claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Group for determination of IBNR; and • Considered the adequacy of Group's disclosures about the estimates used and the sensitivity to key assumptions.

S. No.	Key audit matter(s)	How the matter was addressed in our audit
2	<p>Revenue Recognition</p> <p>Refer note 3.1.1 and 24 to the consolidated financial statements for accounting policies and details in respect of revenue recognition risk.</p> <p>We identified recognition of premium as a key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premium; • Assessed the appropriateness of the Group's accounting policy for recording of Premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to period end and evaluated that these were recorded in the appropriate accounting period; and • Tested a sample of journal entries posted throughout the year to revenue accounts that met specific criteria to identify unusual or irregular items.
3	<p>Valuation of insurance / reinsurance receivables</p> <p>Refer note 3.1.1, 3.1.4 and 12 to the consolidated financial statements for accounting policies and details in respect of Valuation of insurance / reinsurance receivables.</p> <p>The Group's insurance / reinsurance receivables represent 21.5% of its total assets which are stated net of provision for impairment of Rs. 36.26 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the implementation of controls designed for the recognition and valuation of receivables; • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end; • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liability; and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.

S. No.	Key audit matter(s)	How the matter was addressed in our audit
4	<p>Classification, Valuation and Impairment of Investments</p> <p>Refer note 3.5, 3.15(a), 4(h), 4(k), 8, 9 and 10 to the consolidated financial statements relating to classification, valuation and impairment of investments.</p> <p>The Group's investment portfolio comprises of government debt securities, equity securities, other fixed income securities and term deposits.</p> <p>Investments carried at Available for Sale represent 14% of the total investments while investments classified as Fair value through Profit and Loss and Held to Maturity represent 74.62% of total investments.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the implementation of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded during the year with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and • Assessed the adequacy of impairment in the value of available for sale securities held by the Group in accordance with accounting and reporting standards as applicable in Pakistan.

Information Other than the consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



KPMG Taseer Hadi and Co.
Chartered Accountants

Islamabad
Date: 27 March 2020



INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Financial Statements - window takaful operations

Opinion

We have audited the annexed financial statements of askari general insurance company limited – window takaful operations (“the Operator”), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator’s affairs as at 31 December 2019 and total comprehensive income or loss, the changes in fund and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors’ Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Operator’s Annual Report for 2019 but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



KPMG Taseer Hadi and Co.

Chartered Accountants

Islamabad

Date: 27 March 2020

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

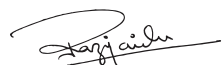
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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 December 2019	31 December 2018
	Note	Rupees in thousand	
ASSETS			
Property and equipment	5	285,565	228,834
Intangible assets	6	345	72
Investment property	7	40,501	41,811
Investment in subsidiary	8	10,000	-
Investments			
- Equity securities	9	314,451	424,765
- Debt securities	10	1,640,386	276,345
- Term deposits	11	252,000	1,130,800
Loans and other receivables	12	132,406	73,214
Insurance / Reinsurance receivables	13	1,166,352	1,393,739
Reinsurance recoveries against outstanding claims	26	331,317	180,980
Salvage recoveries accrued		39,206	60,543
Deferred commission expense / Acquisition cost	27	124,175	97,956
Deferred taxation	16	15,592	35,134
Prepayments	17	457,438	563,924
Cash and bank	18	342,237	147,175
Total assets from Window Takaful Operations - OPF	44	279,427	202,467
Total Assets		5,431,398	4,857,759



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive

		31 December 2019	31 December 2018
	Note	Rupees in thousand	
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	19	719,019	625,234
Share premium	20	121,161	121,161
Reserves	20	70,339	52,538
Unappropriated profit		1,055,860	887,788
Total Equity		1,966,379	1,686,721
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	26	624,125	445,799
- Unearned premium reserves	25	1,388,338	1,642,458
- Unearned reinsurance commission	27	104,849	107,337
Retirement benefit obligations	14	37,366	28,722
Staff compensated absences	15	29,715	25,668
Lease liabilities	21	100,390	59,591
Taxation - provision less payment		295	9,482
Premium received in advance		15,021	22,794
Insurance / Reinsurance payables	22	853,022	531,640
Unclaimed dividends		7,158	4,049
Other creditors and accruals	23	167,431	190,685
Deposits and other payables		45,610	33,604
Total Liabilities		3,373,320	3,101,829
Total liabilities from Window Takaful Operations - OPF	44	91,699	69,209
Total Equity and Liabilities		5,431,398	4,857,759
Contingencies and commitments	24		

The annexed notes 1 to 47 form an integral part of these financial statements.

Maj Gen Akhtar Iqbal (Retd)
Director

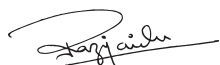
Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		31 December 2019	31 December 2018
	Note	Rupees in thousand	
Net insurance premium	25	2,016,249	1,811,751
Net insurance claims	26	(1,250,767)	(1,069,485)
Net commission and other acquisition costs	27	82,512	75,563
Insurance claims and acquisition expenses		(1,168,255)	(993,922)
Management expenses	28	(630,155)	(545,252)
Underwriting results		217,839	272,577
Investment income	29	201,389	70,701
Rental income		5,354	3,474
Other income	30	39,154	29,366
Other expenses	31	(9,073)	(7,881)
Results of operating activities		454,663	368,237
Finance costs	32	(12,356)	(4,297)
Profit before tax from General Operations		442,307	363,940
Profit before tax from Window Takaful Operations - OPF	33	67,157	56,907
Profit before tax		509,464	420,847
Income tax expense	34	(147,626)	(125,080)
Profit after tax		361,838	295,767
Other comprehensive income:			
Items that will be reclassified subsequently to profit and loss account:			
Unrealised gain / (loss) on available-for-sale investments - net		338	(17,462)
Reclassification adjustment on available-for-sale investments included in profit and loss account - net		17,463	25,325
Reclassification adjustment on available-for-sale investments included in profit and loss account from Window Takaful Operations - OPF (net)		-	679
		17,801	8,542
Items that will not be reclassified subsequently to profit and loss account:			
Effect of remeasurement of staff retirement benefit plans - net		(4,866)	(7,820)
Total comprehensive income for the year		374,773	296,489
Earnings (after tax) per share - Rupees (restated)	35	5.03	4.11

The annexed notes 1 to 47 form an integral part of these financial statements.



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director

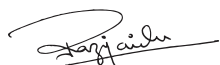


Lt Gen Najib Ullah Khan (Retd)
Chairman

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Rupees in thousand		
Operating cash flows		
a) Underwriting activities:		
Premium received	3,230,418	2,780,064
Reinsurance premium paid	(490,851)	(1,688,973)
Claims paid	(1,613,090)	(1,402,176)
Reinsurance and other recoveries received	185,721	1,009,704
Commission paid	(212,376)	(190,603)
Commission received	146,026	449,276
Management expenses paid	(513,609)	(519,095)
Net cash flows generated from underwriting activities	732,239	438,197
b) Other operating activities:		
Income tax paid	(142,553)	(141,151)
Other expenses paid	(8,202)	(7,819)
Other operating (payments) / receipts	(6,664)	74,433
Advances to employees	312	477
Net cash used in other operating activities	(157,107)	(74,060)
Total cash flow generated from all operating activities	575,132	364,137
Investing activities:		
Profit / return received	161,981	59,480
Dividends received	6,436	33,308
Payments for investments	(9,316,333)	(8,303,764)
Proceeds from investments	8,957,449	8,073,135
Fixed capital expenditure	(41,343)	(139,651)
Proceeds from disposal of fixed assets	6,273	3,056
Total cash used in investing activities	(225,537)	(274,436)
Financing activities:		
Financial charges paid	(12,356)	(4,297)
Repayment of lease liabilities	(61,421)	(25,341)
Dividend paid	(90,676)	(92,035)
Staff house building finance - net	9,810	(12,771)
Mark-up on staff house building finance received	1,440	431
Equity transactions costs paid	(1,330)	(268)
Total cash used in financing activities	(154,533)	(134,281)
Net cash generated from / (used in) all activities	195,062	(44,580)
Cash and cash equivalents at beginning of the year	147,175	191,755
Cash and cash equivalents at end of the year	342,237	147,175

The annexed notes 1 to 47 form an integral part of these financial statements.



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

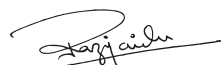
	2019	2018
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	575,132	364,137
Depreciation expense	(82,157)	(50,605)
Financial charges	(12,356)	(4,297)
Gain on disposal of fixed assets	557	40
Increase / (decrease) in assets other than cash	153,976	(802,691)
(Increase) / decrease in liabilities other than running finance	(547,972)	637,856
Unrealized gain on investments - held for trading	2	3,962
Provision against premium due but unpaid	(5,423)	-
Provision against amounts due from other insurers / reinsurers	(1,524)	-
Reversal of / (provision for) diminution in value of AFS investments	45,103	(38,711)
Dividend income	6,336	33,343
Investment income	95,434	55,148
Profit on bank deposits	18,132	7,648
Income tax provision	(147,626)	(125,080)
Gain on trading	54,514	16,959
Tax paid	142,553	141,151
Profit after taxation from General Insurance Operations	294,681	238,860
Profit from Window Takaful Operations - OPF	67,157	56,907
Profit after taxation	361,838	295,767

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2019	2018
	Rupees in thousand	
Cash for the purpose of cash flow statement consists of:		
Cash and other equivalents		
Cash in hand	1,458	906
Banking instrument (Cash Deposit Receipt)	-	15,000
Stamp in hand	460	596
	1,918	16,502
Current and other accounts		
Current accounts	35,917	28,575
Deposit accounts	304,402	102,098
	340,319	130,673
Total	342,237	147,175

The annexed notes 1 to 47 form an integral part of these financial statements.



Razi Haider
Chief Financial Officer



Abdul Waheed
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Maj Gen Akhtar Iqbal (Retd)
Director



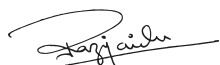
Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Reserves			Total	Total
	Issued, subscribed and paid up	Capital reserve	Revenue reserve			reserves	equity
			Share premium	General reserve	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2018	625,234	121,161	70,000	(26,004)	693,895	859,052	1,484,286
Total comprehensive income for the year							
Profit for the year	-	-	-	-	295,767	295,767	295,767
Other comprehensive income / (loss) for the year	-	-	-	8,542	(7,820)	722	722
Total comprehensive income for the year	-	-	-	8,542	287,947	296,489	296,489
Changes in owners' equity							
Final cash dividend 2017: Rupee 1.5 per share	-	-	-	-	(93,786)	(93,786)	(93,786)
Equity transaction costs	-	-	-	-	(268)	(268)	(268)
	-	-	-	-	(94,054)	(94,054)	(94,054)
Balance as at 31 December 2018	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
Balance as at 01 January 2019	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
Total comprehensive income for the year							
Profit for the year	-	-	-	-	361,838	361,838	361,838
Other comprehensive income / (loss) for the year	-	-	-	17,801	(4,866)	12,935	12,935
Total comprehensive income for the year	-	-	-	17,801	356,972	374,773	374,773
Changes in owners' equity							
Issuance of bonus shares	93,785	-	-	-	(93,785)	(93,785)	-
Cash dividend 2018: Rupee 1.5 per share	-	-	-	-	(93,785)	(93,785)	(93,785)
Equity transaction costs	-	-	-	-	(1,330)	(1,330)	(1,330)
	93,785	-	-	-	(188,900)	(188,900)	(95,115)
Balance as at 31 December 2019	719,019	121,161	70,000	339	1,055,860	1,247,360	1,966,379

The annexed notes 1 to 47 form an integral part of these financial statements.


Razi Haider
Chief Financial Officer

Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 20 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulation and SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, and Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012, have been followed.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

A separate set of financial statements of Window Takaful Operations has been reported which is annexed to the financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.1 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

IFRS 15

'IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1 Identify the contract(s) with a customer.

Step 2 Identify the performance obligations in the contract.

Step 3 Determine the transaction price.

Step 4 Allocate the transaction price to the performance obligations in the contract.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit as of 01 January 2019 and comparatives are not restated. The adoption of IFRS 15 did not have any material impact on the Company's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

IFRS 9

IFRS 9 Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The Company has used an optional temporary exemption from applying IFRS 9 financial instruments as given in IFRS 4 before adoption of IFRS 17 Insurance Contracts. Accordingly IFRS 9 financial instruments is not incorporated in these financial statements.

IFRS 16

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Company's leased assets comprise of leased vehicles and office premises for its Head office and branches.

2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements, except for the changes as follows:

IFRS 16 Leases

IFRS 16 replaces existing guidance on accounting for leases, including IAS-17, Leases, IFRIC-4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases-Incentive, and SIC-27, Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company initially applied IFRS 16 Leases from 1 January 2019. The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated i.e it is presented as previously reported, under IAS 17 and related interpretations.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities are now measured as the present value of there remaining lease payments, discounted using the incremental borrowing rate of KIBOR plus 1% as of January 1, 2019. The associated right-of use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

The Company's leased vehicles were previously classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that date.

Right of use assets - Rental properties have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the statement of financial position as at 01 January 2019.

The impact as at 01 January 2019 is as follows:

	Rupees in thousand
Present value of the future lease payments	62,479
Prepayments reclassified as right of use assets	12,019
	74,498

If IFRS 16 were not applicable then property and equipment and lease liabilities would have been lower by Rs.53,907 thousand and Rs.53,480 thousand respectively and prepayments and accrued liabilities would have been higher by Rs.15,552 thousand and Rs.325 thousand respectively. Accordingly, rental expense and taxation would have been higher by Rs.29,744 thousand and Rs. 4,292 thousand respectively. Amortization of right of use of assets and finance cost would have been lower by Rs.38,818 thousand and Rs.5,726 thousand respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Policy applicable before 1 January 2019

Assets held under finance leases were initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods were shown as a liability.

The financial charges were allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets was charged by allocating their depreciable amount over the estimated useful lives or the lease term of the assets, whichever is shorter, from the month these are available for use, while on disposals, depreciation is charged up to the month in which the assets are disposed off.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss account on a straight line basis over the term of the lease.

3.1

Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Reinsurance contracts

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

3.1.1 Premium and receivable under insurance contracts

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year 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 year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable 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 that impairment loss is recognised in the profit and loss account.

3.1.2 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 year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance 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 contracts.

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

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is any 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.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

3.1.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to 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 claims 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 as at 31 December 2019 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	5,132	670
- Marine, aviation and transport;	4,118	1,291
- Motor;	41,346	40,151
- Accident and health; and	63,246	32,068
- Miscellaneous.	23,397	10,153
	137,239	84,333

3.1.4 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers 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 in accordance with respective reinsurance arrangements.

3.1.5 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

3.1.6 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 in profit and loss account for the year. Income is recognised to the extent of reversal of deficit previously recognised, if any.

For this purpose, loss ratios for each class are estimated based on historical claim development for all classes except Accident and health which is determined on the basis of actuarial recommendations. 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:

	2019	2018
- Fire and property damage;	33%	35%
- Marine, aviation and transport;	37%	31%
- Motor;	45%	44%
- Accident and health; and	94%	86%
- Miscellaneous.	35%	33%

Based on an analysis of combined operating ratio for the expired year 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.2 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

3.3 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 recognised when the Company has a present legal or constructive obligation as a result of past events and 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 reporting date and adjusted to reflect the current best estimate.

3.4 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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 profit and loss account in the year in which they are incurred. 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.

Owned - 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. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

3.5 Investments

3.5.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

3.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.8 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 taxation

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 year 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 other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.9 Employees' retirement benefits

a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2019.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected return on plan assets	11.25% per annum	13.25% per annum
Expected rate of increase in salary	11.25% per annum	13.25% per annum
Average expected remaining working life time of the employee	10 years	10.17 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2019 based on the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected rate of increase in salary	11.25% per annum	13.25% per annum
Average number of leaves accumulated per annum	2 days	7 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

3.10 Management expenses

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

3.11 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares.

3.12 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 Insurance Accounting Regulations, 2017. 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 following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

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

Accident and health provides inpatient and outpatient medical coverage.

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

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.13 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

3.14 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

3.15 Impairment

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.16 Distribution and appropriations

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgements/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements/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 their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

a) Income tax

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

d) Premium deficiency reserves

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

e) Defined benefit plan

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

f) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

g) Provision against premium due but unpaid & amount due from other insurers/reinsurers

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

h) Classification of investments

In classifying investments as "fair value through profit and loss" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

i) Allocation of management expenses

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premium of the Company.

j) Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

k) Fair value of investments

The fair value of held for trading and available for sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

l) Lease term

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognised.

		2019	2018
	Note	Rupees in thousand	
5	PROPERTY AND EQUIPMENT		
	Capital work-in-progress	3,310	2,871
	Operating assets	282,255	225,963
		285,565	228,834
5.1	Movement in Capital work-in-progress is as follows:		
	Opening balance	2,871	2,776
	Additions	4,664	2,467
	Transfers	(4,225)	(2,372)
	Closing balance	3,310	2,871

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5.2 Operating assets

Note	Rupees in thousand									
	2019					2018				
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December	Written down value as at 31 December	Useful life (years)
5.2.1	118,800	23,802	-	142,602	743	3,059	-	3,802	138,800	40
	25,694	3,428	-	29,122	17,760	2,605	(760)	19,605	9,517	5
	67,421	1,970	-	69,391	57,076	6,790	(4,318)	59,548	9,843	3
	22,100	(1,053)	-	21,047	12,452	3,087	(931)	14,608	6,439	5
	139,368	1,039	-	140,407	68,835	28,469	(11,006)	86,298	54,109	5
	74,498	18,227	-	92,725	-	38,818	-	38,818	53,907	1 to 9
	109,155	(26,376)	4,225	87,004	104,222	3,389	(25,610)	82,001	5,003	3
	20,675	2,637	-	23,312	16,162	2,513	-	18,675	4,637	3
	577,711	23,674	4,225	605,610	277,250	88,730	(42,625)	323,355	282,255	

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

Note	Rupees in thousand									
	2018					2017				
	As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	For the period	(Disposals) / Adjustments	As at 31 December	Written down value as at 31 December	Useful life (years)
	-	118,800	-	118,800	-	743	-	743	118,057	40
	24,980	714	-	25,694	15,789	2,794	(823)	17,760	7,934	5
	60,190	7,231	-	67,421	50,686	6,922	(532)	57,076	10,345	3
	18,844	3,256	-	22,100	9,111	3,475	(134)	12,452	9,648	5
	124,642	14,726	-	139,368	47,005	25,631	(3,801)	68,835	70,533	5
	106,863	(80)	2,372	109,155	96,047	8,255	(80)	104,222	4,933	3
	15,358	5,317	-	20,675	14,826	1,336	-	16,162	4,513	3
	350,877	149,964	2,372	503,213	233,464	49,156	(5,370)	277,250	225,963	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5.2.2 Details of disposal of fixed assets during the year

Particulars of assets / buyers	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
2019						
Vehicles sold to following in-service/ resigning employees as per Company's policy						
Ashraf Hussain Shah	Employee	1,712	1,113	599	599	-
Usama Sanwar	Employee	1,927	1,284	643	643	-
Nasir Ehsan	Employee	1,887	1,384	503	503	-
Ahsan Jatoi	Employee	2,592	1,469	1,123	1,123	-
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction						
2019 - Total		22,730	17,014	5,716	6,273	557
2018 - Total		8,385	5,369	3,016	3,056	40

6 INTANGIBLE ASSETS

	Cost		Amortization		Written down value as at 31 December	Useful life (years)
	As at 1 January	As at 31 December	For the period	(Disposals) / Adjustments		
Rupees ('000)						
Computer software	5,139	366	93	-	5,160	5
2019	5,139	366	93	-	5,160	345
2018	5,139	-	139	-	5,067	72

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7	INVESTMENT PROPERTY	2019	2018
	This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.		
		Rupees in thousand	
	Cost		
	Balance at beginning of the year	52,400	52,400
	Balance at end of the year	52,400	52,400
	Depreciation		
	Balance at beginning of the year	(10,589)	(9,279)
	Depreciation for the year	(1,310)	(1,310)
	Balance at end of the year	(11,899)	(10,589)
		40,501	41,811
	Useful life (years)	40	40

7.1 The market value of the investment property as on 31 December 2019 is Rs. 94.32 million (2018: Rs. 89.08 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

7.2 The amount of depreciation has been allocated to management expenses.

8	INVESTMENT IN SUBSIDIARY	Note	2019	2018
			Rupees in thousand	
	AskTech (Private) Limited - At cost	8.1	10,000	-

8.1 AskTech (Private) Limited is engaged in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems. The Company acquired 100% shareholding in AskTech (Private) Limited in February 2019. The Company holds 99.96% shares of AskTech (Private) Limited whereas the directors nominated by the Company on the Board of Directors of AskTech (Private) Limited hold qualification shares of 0.04%.

9	INVESTMENTS IN EQUITY SECURITIES	Note	2019	2018
			Rupees in thousand	
	Fair value through profit and loss	9.1	311,421	166,340
	Available-for-sale	9.2	3,030	258,425
	Total equity securities		314,451	424,765

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Number of shares / units		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
Rupees in thousand						
9.1	Fair value through profit and loss account					
	Mutual funds					
NBP Financial Sector Income Fund	11,154,419	-	125,004	125,004	-	-
JS Income Fund	899,834	-	90,451	90,451	-	-
First Habib Cash Fund	502,129	-	50,326	50,326	-	-
Atlas Money Market Fund	89,252	-	45,000	45,000	-	-
PIML Income Fund	-	1,523,372	-	-	162,345	166,307
UBL Money Market Fund	-	327	-	-	33	33
786 Smart Fund (Dawood Income Fund)	7,438	-	638	640	-	-
	12,653,072	1,523,699	311,419	311,421	162,378	166,340

	2019			2018		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
9.2	Available-for-sale					
Listed shares	-	-	-	121,716	(25,652)	96,064
Mutual funds	2,554	-	2,554	206,407	(19,451)	186,956
Unrealized surplus / (deficit) on revaluation	-	-	476	-	-	(24,595)
	2,554	-	3,030	328,123	(45,103)	258,425

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
Listed shares						
Ghandara Industries Limited	-	-	-	8,460	(2,800)	5,660
Ghandhara Nissan Limited	-	-	-	6,406	(2,856)	3,550
Maple Leaf Cement Factory Limited	-	-	-	6,907	(3,871)	3,036
D.G Khan Cement Company Limited	-	-	-	5,377	(3,373)	2,004
Fauji Cement Company Limited	-	-	-	5,978	(951)	5,027
Fauji Foods Limited	-	-	-	5,245	-	5,245
Fauji Fertilizer Bin Qasim Limited	-	-	-	8,313	-	8,313
Oil & Gas Development Company Limited	-	-	-	4,079	(879)	3,200
Pakistan OilFields Limited	-	-	-	4,335	(936)	3,399
Hascol Petroleum Limited	-	-	-	1,269	(379)	890
Mari Petroleum Company Limited	-	-	-	5,171	-	5,171
Sui Northern Gas Pipelines Limited	-	-	-	8,006	(1,923)	6,083
Amreli Steels Limited	-	-	-	5,180	(2,068)	3,112
International Steels Limited	-	-	-	6,232	(2,253)	3,979
Mughal Iron and Steel Industries Limited	-	-	-	1,185	-	1,185
Pakistan National Shipping Corporation	-	-	-	3,886	-	3,886
MCB Bank Limited	-	-	-	5,323	-	5,323
United Bank Limited	-	-	-	16,413	(1,239)	15,174
Habib Bank Limited	-	-	-	3,328	(919)	2,409
National Bank of Pakistan	-	-	-	6,228	-	6,228
Attock Refinery Limited	-	-	-	2,154	(679)	1,475
National Refinery Limited	-	-	-	2,241	(526)	1,715
	-	-	-	121,716	(25,652)	96,064
Unrealized deficit on revaluation			-			(6,352)
			-			89,712
Mutual funds						
Dawood Income Fund	2,554	-	2,554	2,328	-	2,328
JS Large Capital Fund	-	-	-	15,000	-	15,000
AKD Opportunity Fund	-	-	-	25,000	-	25,000
HBL Stock Fund	-	-	-	55,503	(12,265)	43,238
UBL Stock Advantage Fund	-	-	-	25,000	(4,811)	20,189
MCB Pakistan Stock Market Fund	-	-	-	25,000	-	25,000
Lakson Equity Fund	-	-	-	48,356	-	48,356
PIML Value Equity Fund	-	-	-	10,000	(2,375)	7,625
First Dawood Mutual Fund	-	-	-	220	-	220
	2,554	-	2,554	206,407	(19,451)	186,956
Unrealized surplus / (deficit) on revaluation			476			(18,243)
			3,030			168,713

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9.2.1	Investments in units / shares - quoted					
	Number of shares / units		Face value per share / unit	Investee name	Carrying value	
	2019	2018	Rupees		2019	2018
	Rupees in thousand					
	Open-End Mutual Funds					
	35,238	32,420	100	Dawood Income Fund	2,554	2,328
	-	103,499	100	JS Large Capital Fund	-	15,000
	-	289,770	50	AKD Opportunity Fund	-	25,000
	-	456,488	100	HBL Stock Fund	-	55,503
	-	327,955	50	UBL Stock Advantage Fund	-	25,000
	-	241,540	50	MCB Pakistan Stock Market Fund	-	25,000
	-	386,001	100	Lakson Equity Fund	-	48,356
	-	84,991	100	PIML Value Equity Fund	-	10,000
	Closed-End Mutual Funds					
	-	36,395	10	First Dawood Mutual Fund	-	220
	Automobile and Parts					
	-	20,600	10	Ghandara Industries Limited	-	8,460
	-	37,000	10	Ghandhara Nissan Limited	-	6,406
	Cement					
	-	74,700	10	Maple Leaf Cement Factory Limited	-	6,907
	-	25,000	10	D.G Khan Cement Company Limited	-	5,377
	-	230,000	10	Fauji Cement Company Limited	-	5,978
	Food Producers					
	-	155,000	10	Fauji Foods Limited	-	5,245
	Fertilizers					
	-	215,000	10	Fauji Fertilizer Bin Qasim Limited	-	8,313
	Oil and Gas					
	-	25,000	10	Oil & Gas Development Company Limited	-	4,079
	-	8,000	10	Pakistan OilFields Limited	-	4,335
	-	6,000	10	Hascol Petroleum Limited	-	1,269
	-	3,720	10	Mari Petroleum Company Limited	-	5,171
	-	75,000	10	Sui Northern Gas Pipelines Limited	-	8,006
	Engineering Ind.					
	-	65,000	10	Amreli Steels Limited	-	5,180
	-	60,500	10	International Steels Limited	-	6,232
	-	30,000	10	Mughal Iron and Steel Industries Limited	-	1,185
	-	56,500	10	Pakistan National Shipping Corporation	-	3,886

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Number of shares / units		Face value per share / unit	Investee name	Carrying value	
2019	2018	Rupees		2019	2018
Rupees in thousand					
Banks					
-	25,000	10	MCB Bank Limited	-	5,323
-	105,000	10	United Bank Limited	-	16,413
-	20,000	10	Habib Bank Limited	-	3,328
-	125,000	10	National Bank of Pakistan	-	6,228
Refinery					
-	10,000	10	Attock Refinery Limited	-	2,154
-	6,000	10	National Refinery Limited	-	2,241
Carrying value - before provision				2,554	328,123
Provision for diminution in market value				-	(45,103)
Carrying value				2,554	283,020
Market value				3,030	258,425

10 INVESTMENTS IN DEBT SECURITIES

	Note	2019			2018		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand							
HELD TO MATURITY							
Government Securities							
Pakistan Investment Bonds	10.1	112,259	-	112,259	40,858	-	40,858
Treasury Bills	10.2	1,223,102	-	1,223,102	25,487	-	25,487
		1,335,361	-	1,335,361	66,345	-	66,345
AVAILABLE-FOR-SALE							
Term Finance Certificates	10.3	160,000	-	160,000	160,000	-	160,000
Sukuks	10.4	145,025	-	145,025	50,000	-	50,000
		305,025	-	305,025	210,000	-	210,000
LOANS AND RECEIVABLES							
Certificates of Investments	10.5	11,128	(11,128)	-	11,128	(11,128)	-
		1,651,514	(11,128)	1,640,386	287,473	(11,128)	276,345

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10.1	Pakistan Investment Bonds						
	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2019	2018
	Rupees					Rupees in thousand	
	50,000,000	13.60%	On Maturity	Pakistan Investment Bonds	12-Jul-28	38,216	-
	37,500,000	13.60%	On Maturity	Pakistan Investment Bonds	12-Jul-28	28,707	-
	25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22	22,845	-
	25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24	22,491	-
	5,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	-	5,014
	25,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	-	24,702
	11,000,000	7%	On Maturity	Pakistan Investment Bonds	29-Dec-19	-	11,142
						112,259	40,858

10.1.1 These carry interest at effective rate of 5.65% to 13.48% per annum (2018: 6.53% to 12.54% per annum) and will mature by 12 July 2028 (2018: 29 December 2019). Market value of PIBs carried at amortised cost amounts to Rs. 131.96 million (2018: Rs.41.41 million).

10.2	Treasury Bills	Note	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2019	2018
			Rupees					Rupees in thousand	
			25,487,332	8.74%	Maturity	Treasury Bills	3-Jan-19	-	25,487
		10.2.1	110,000,000	14.19%	Maturity	Treasury Bills	27-Aug-20	96,365	-
			500,000,000	13.83%	Maturity	Treasury Bills	10-Sep-20	439,393	-
			500,000,000	13.21%	Maturity	Treasury Bills	7-May-20	469,102	-
			225,000,000	13.46%	Maturity	Treasury Bills	12-Mar-20	218,242	-
								1,223,102	25,487

10.2.1 Treasury bills are 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.

10.3	Term Finance Certificates						
	Number of certificates		PACRA rating	Mark up Rate	Investee name	Value of Certificates	
	2019	2018				2019	2018
						Rupees in thousand	
	15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Al Habib	75,000	75,000
	15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Alfalah	75,000	75,000
	2,000	2,000	A	6-M KIBOR Plus 200 bps	Soneri Bank	10,000	10,000
						160,000	160,000

10.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2018: 05 January 2028 to 20 December 2028)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10.4		Sukuks					
Number of certificates		Mark up Rate		Investee name		Value of Certificates	
2019	2018					2019	2018
						Rupees in thousand	
500	500	3-M KIBOR Plus 100 bps		Dawood Hercules Corporation Limited		45,000	50,000
50	-	Based on Monthly Shariah Pool		Meezan Bank Limited		50,025	-
500	-	3-M KIBOR Plus 190 bps		The Hub Power Company Limited		50,000	-
						145,025	50,000
10.5		Loans and Receivables					
		2019			2018		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		Rupees in thousand					
Certificates of Investments		11,128	(11,128)	-	11,128	(11,128)	-
11		INVESTMENTS IN TERM DEPOSITS		Note		2019	2018
						Rupees in thousand	
		Loans and receivables					
Deposits maturing within 12 months				11.1		252,000	1,130,800
Deposits maturing after 12 months						-	-
11.1		Certificate Number		Investment Period	Investee Name	Rate	Carrying value
		2019	2018			2019	2018
		Rupees in thousand					
-		1253364	365 days	JS Bank Limited	11.20%	-	200,000
-		1253367	365 days	JS Bank Limited	11.20%	-	200,000
-		1253368	365 days	JS Bank Limited	11.20%	-	218,000
-		1253385	365 days	JS Bank Limited	11.20%	-	122,300
-		1254340	365 days	JS Bank Limited	11.20%	-	40,500
-		1269349	31 days	JS Bank Limited	11.45%	-	100,000
-		AA19003QN183	31 days	Soneri Bank Limited	11.00%	-	250,000
0001497360		-	31 days	JS Bank Limited	14.80%	252,000	-
						252,000	1,130,800

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		Rupees in thousand	
	Note		
12	LOANS AND OTHER RECEIVABLES		
	Sundry receivables	85,405	49,233
	Advances to employees	12	324
	Staff house building finance	2,961	12,771
	Accrued investment income	44,028	10,886
		132,406	73,214
12.1	Sundry receivables		
	Security deposits	16,038	16,910
	Advances to suppliers - unsecured, considered good	14,949	579
	Receivable against sale of laptops	940	2,691
	Receivable against sale of vehicles	611	611
	Deposit against vehicles Ijarah	3,005	3,145
	Other receivables - unsecured, considered good	49,862	25,297
		85,405	49,233
12.2	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. 800 thousand (2018: Rs. 70 thousand) and outstanding balance at 31 December 2019 is Rs. nil (2018: nil).		
		2019	2018
		Rupees in thousand	
	Note		
13	INSURANCE / REINSURANCE RECEIVABLES		
	Due from insurance contract holders	1,013,864	1,225,705
	Less: provision for impairment of receivables from insurance contract holders	(20,760)	(15,337)
		993,104	1,210,368
	Due from other insurers / reinsurers	188,748	197,347
	Less: provision for impairment of receivables from other insurers / reinsurers	(15,500)	(13,976)
		173,248	183,371
		1,166,352	1,393,739

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

13.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,358 thousand (2018: Rs. 1,316 thousand) and Rs. 80,204 thousand (2018: Rs. 94,261 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2019	2018
	Rupees in thousand	
Receivable from parent:		
Balance at beginning of the year	1,316	153
Insurance premium written (including government levies, administrative surcharge and policies stamps)	6,946	6,871
Premium received during the year	(5,904)	(5,708)
Balance at end of the year	2,358	1,316
Receivable from associated undertakings:		
Balance at beginning of the year	94,261	86,940
Insurance premium written (including government levies, administrative surcharge and policies stamps)	108,957	148,088
Premium received during the year	(123,014)	(140,767)
Balance at end of the year	80,204	94,261
13.2 Provision for doubtful balances		
Balance at beginning of the year	15,337	15,337
Provision made during the year	5,423	-
Balance at end of the year	20,760	15,337

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
13.3	Age analysis of amounts receivable from related parties:	
	Receivable from parent:	
Up to 1 year	1,319	1,163
1 to 2 years	1,013	150
2 to 3 years	26	3
	2,358	1,316
	Receivable from associated undertakings:	
Up to 1 year	72,670	93,666
1 to 2 years	6,900	375
2 to 3 years	634	220
	80,204	94,261
13.4	Due from other insurers / reinsurers	
Considered good	173,248	183,371
Considered doubtful	15,500	13,976
	188,748	197,347
Provision for doubtful balances	(15,500)	(13,976)
	173,248	183,371
13.5	Provision for doubtful balances	
Balance at beginning of the year	13,976	13,976
Provision made during the year	1,524	-
Balance at end of the year	15,500	13,976

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
14	RETIREMENT BENEFIT OBLIGATIONS		
14.1	Amount recognized in statement of financial position		
	Present value of defined benefit obligation	14.3	124,970
	Benefits due but not paid during the year		2,210
			109,025
	Fair value of plan assets	14.4	(89,814)
	Net liability at end of the year		37,366
			28,722
14.2	Movement in liability recognized in statement of financial position		
	Balance at beginning of the year		28,722
	Expense for the year	14.5	14,867
	Actuarial loss recognized in other comprehensive income		6,853
			39,596
	Contributions to the fund during the year		(13,076)
	Balance at end of the year		37,366
			28,722
14.3	Reconciliation of the present value of defined benefits obligation		
	Present value of obligations as at beginning of the year		107,728
	Current service cost		11,763
	Interest cost		13,877
	Benefits paid		(4,339)
	Benefits due but not paid		(1,650)
	Actuarial gain		(2,409)
	Present value of obligations as at end of the year		124,970
			90,208
			10,641
			7,825
			(3,097)
			(351)
			2,502

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
14.4	Movement in the fair value of plan assets	Rupees in thousand	
	Fair value of plan assets as at beginning of the year	80,303	77,318
	Interest income on plan assets	10,773	7,154
	Contribution to the fund	13,076	10,874
	Benefits paid	(5,076)	(6,532)
	Actuarial loss	(9,262)	(8,511)
	Fair value of plan assets as at end of the year	89,814	80,303
14.5	Expense for the year		
	Current service cost	11,763	10,641
	Interest cost	13,877	7,825
	Interest income on plan assets	(10,773)	(7,154)
	Expense for the year	14,867	11,312

14.6 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2020 is Rs. 16.59 million.

14.7	Composition of fair value of plan assets	2019		2018	
		Fair value	Percentage	Fair value	Percentage
		Rupees in thousand	%	Rupees in thousand	%
	Debt instruments	35,871	40%	28,458	35%
	Cash and bank balances	8,458	9%	6,204	8%
	Mutual funds	45,485	51%	45,641	57%
	Fair value of plan assets	89,814	100%	80,303	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

14.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

	2019	2018	2017	2016	2015
	Rupees in thousand				
Present value of defined benefit obligation	124,970	107,728	90,208	79,885	68,982
Fair value of plan assets	(89,814)	(80,303)	(77,318)	(76,082)	(60,462)
Deficit	35,156	27,425	12,890	3,803	8,520
Effect of remeasurement:					
- Actuarial (gain) / loss on experience adjustment on obligation	(2,409)	2,502	3,869	1,816	4,186
- Actuarial (loss) / gain on plan assets	(9,262)	(8,511)	(11,097)	4,939	855

14.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	Increase / decrease in defined benefit obligation			
	2019		2018	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	113,913	137,773	97,753	119,650
Future salary growth	137,781	113,703	119,648	97,540

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
14.10	Expected maturity analysis of staff gratuity fund is as follows:	Rupees in thousand	
	Within one year	6,778	4,568
	Between one to two years	7,121	7,525
	Between two to five years	33,243	23,896
	Over five year	128,412	135,926

14.11 Significant Actuarial Assumption

The following significant assumptions have been used for valuation of this scheme:

		2019	2018
		per annum	
	a) Expected rate of increase in salary level	11.25%	13.25%
	b) Discount rate	11.25%	13.25%

14.12 Risks

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.

		2019	2018
		Rupees in thousand	
15	STAFF COMPENSATED ABSENCES	29,715	25,668

15.1 Movement in liability

	Note	2019	2018
Balance at beginning of the year		25,668	23,717
Charge for the year	15.1.1	8,018	4,314
Benefits paid		(3,971)	(2,363)
Balance at end of the year		29,715	25,668

15.1.1 Charge for the year

		2019	2018
Current service cost		3,231	2,970
Interest cost		3,138	2,028
Actuarial loss / (gain) on experience adjustment		1,649	(684)
		8,018	4,314

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
16 DEFERRED TAXATION	Rupees in thousand	
Deferred tax asset in respect of:		
- Provision for impairment in loans and receivables investments	3,227	3,227
- Effect of remeasurement of staff retirement benefit plans	1,988	3,194
- Unrealized losses on AFS investments	(138)	7,132
- Provision for diminution in value of AFS investments	-	13,080
- Provision against premium due but unpaid	6,020	4,448
- Provision against amounts due from other insurers / reinsurers	4,495	4,053
	15,592	35,134
17 PREPAYMENTS		
Prepaid reinsurance premium ceded	454,811	547,973
Prepaid rent	220	13,810
Others	2,407	2,141
	457,438	563,924
18 CASH AND BANK		
Cash in hand	1,458	906
Banking instrument (Cash Deposit Receipt)	-	15,000
Policy & Revenue stamps, Bond papers	460	596
	1,918	16,502
CURRENT AND OTHER ACCOUNTS		
Cash at bank:		
Current accounts	35,917	28,575
Deposit accounts - local currency	304,402	102,098
	340,319	130,673

18.1 These carry an annual effective markup rate ranging from 4.5% to 11.25% (2018 : 3.70% to 8.03%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18.2 Reconciliation of movement of liabilities of cash flows arising from financing activities

	Unpaid dividend and unclaimed dividend	Staff house building finance	Finance cost	Lease liabilities	Total
2019					
Rupees in thousand					
Balance at 01 January	4,049	(12,771)	-	59,591	50,869
Changes from financing cash flows					
Dividend declared	93,785	-	-	-	93,785
Dividend paid	(90,676)	-	-	-	(90,676)
Total finance provided	-	(3,000)	-	-	(3,000)
Repayment of principal	-	12,810	-	-	12,810
Additional rental lease liability	-	-	-	86,432	86,432
Additional leased vehicles	-	-	-	15,788	15,788
Lease rentals paid	-	-	-	(57,893)	(57,893)
Down payment on leased assets	-	-	-	(3,528)	(3,528)
Finance cost received / (paid)	-	1,440	(12,356)	-	(10,916)
Finance cost charge for the year	-	(1,440)	12,356	-	10,916
Balance at 31 December	7,158	(2,961)	-	100,390	104,587
2018					
Rupees in thousand					
Balance at 01 January	2,298	-	-	63,770	66,068
Changes from financing cash flows					
Dividend declared	93,786	-	-	-	93,786
Dividend paid	(92,035)	-	-	-	(92,035)
Total finance provided	-	(12,960)	-	-	(12,960)
Repayment of principal	-	189	-	-	189
Additional leased vehicles	-	-	-	21,162	21,162
Lease rentals paid	-	-	-	(19,869)	(19,869)
Down payment on leased assets	-	-	-	(5,472)	(5,472)
Finance cost received / (paid)	-	431	(4,297)	-	(3,866)
Finance cost charge for the year	-	(431)	4,297	-	3,866
Balance at 31 December	4,049	(12,771)	-	59,591	50,869

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

19	SHARE CAPITAL		2019	2018	
19.1	Authorized Capital		Rupees in thousand		
	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000	
19.2	Issued, subscribed and paid-up share capital				
	2019	2018	2019	2018	
	Number of shares		Rupees in thousand		
	Ordinary shares of Rs. 10 each issued as:				
	24,358,699	24,358,699	- fully paid cash shares	243,587	243,587
	47,543,196	38,164,688	- fully paid bonus shares	475,432	381,647
	71,901,895	62,523,387		719,019	625,234
19.3	Army Welfare Trust (AWT) and directors hold 42,597,713 (2018: 37,041,491) and 549,973 (2018: 478,240) ordinary shares of the Company respectively at the year end.				
			2019	2018	
			Rupees in thousand		
		Note			
20	RESERVES				
	Capital reserve				
	Share premium		121,161	121,161	
	Revenue reserves				
	General reserves		70,000	70,000	
	AFS Revaluation reserve		339	(17,462)	
			70,339	52,538	
			191,500	173,699	
21	LEASE LIABILITIES				
	Lease liability - right of use assets - rental properties	21.1	53,480	-	
	Lease liabilities - right of use assets - vehicles	21.2	46,910	59,591	
			100,390	59,591	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21.1 Lease liability - right of use assets - rental properties

The Company has recognized lease liabilities under IFRS - 16 at the date of initial recognition, for leases previously classified as operating leases under IAS - 17 at the present value of the remaining lease payments using an estimated incremental borrowing rate of KIBOR plus 1 percent at 1 January 2019.

	01 January 2019	01 January 2018
	Rupees in thousand	
Un-discounted lease commitments on initial recognition	70,357	-
Present value of the future lease payments on initial recognition	62,479	-
	31 December 2019	31 December 2018
	Rupees in thousand	
Contractual maturity of remaining lease commitments		
Within one year	35,257	-
Between 2 and 5 years	17,683	-
After 5 years	10,851	-
Total un-discounted lease commitments	63,791	-
Discounted lease liability using the incremental borrowing rate as at 31 December 2019	53,480	-
Current portion of discounted lease	40,277	-

21.2 Lease liabilities - right of use assets - vehicles

	2019			2018		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees in thousand					
Not later than one year	25,525	5,265	20,260	26,311	4,387	21,924
Later than one year and not later than five years	32,628	5,978	26,650	42,650	4,983	37,667
	58,153	11,243	46,910	68,961	9,370	59,591

21.2.1 The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
22	INSURANCE / REINSURANCE PAYABLES		
	Amount due to other insurers	48,349	86,824
	Amount due to foreign reinsurers	804,673	444,816
		853,022	531,640
23	OTHER CREDITORS AND ACCRUALS		
	Agents' commission payable	64,947	62,323
	Tax deducted at source	13,395	11,390
	Federal excise duty / federal insurance fee	39,940	35,071
	Accrued expenses	12,269	5,087
	Fund received against leased vehicle	2,262	13,422
	Fund received against vehicle Ijarah	23.1 145	2,065
	Payable to subsidiary	4,853	
	Others	29,620	61,327
		167,431	190,685
23.1	Funds received from executives	-	491
	Fund received against vehicle Ijarah	-	491

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
25 NET INSURANCE PREMIUM		
Written gross premium	3,029,070	2,885,080
Add: Unearned premium reserve opening	1,642,458	1,538,596
Less: Unearned premium reserve closing	1,388,338	1,642,458
Premium earned	3,283,190	2,781,218
Less: Reinsurance premium ceded	1,173,779	951,306
Add: Prepaid reinsurance premium opening	547,973	566,134
Less: Prepaid reinsurance premium closing	454,811	547,973
Reinsurance expense	1,266,941	969,467
	2,016,249	1,811,751
26 NET INSURANCE CLAIMS		
Claims paid	1,613,090	1,407,006
Add: Outstanding claims including IBNR closing	624,125	445,799
Less: Outstanding claims including IBNR opening	445,799	416,296
Claims expense	1,791,416	1,436,509
Less: Reinsurance and other recoveries received	390,312	370,461
Add: Reinsurance and other recoveries in respect of outstanding claims closing	331,317	180,980
Less: Reinsurance and other recoveries in respect of outstanding claims opening	180,980	184,417
Reinsurance and other recoveries revenue	540,649	367,024
	1,250,767	1,069,485

26.1 Claim Development

The following table shows the development of fire claims over the last five years. The disclosure goes back to the year 2015 for which there is still uncertainty about the amount and timing of claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timing of claims payment is usually resolved within a year, are not disclosed in the below table.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Accident Year	2015	2016	2017	2018	2019
Rupees in thousand					
Estimate of ultimate claims costs					
At end of accident year	40,106	87,779	101,657	116,460	50,750
One year later	48,943	93,845	99,357	127,847	
Two years later	48,391	93,983	97,935		
Three years later	46,821	94,677			
Four years later	46,844				
Current estimate of cumulative claims	46,844	94,677	97,935	127,847	50,750
Cumulative payments to date	47,132	93,667	94,036	124,288	20,300
Liability recognised in the statement					
of financial position	(288)	1,010	3,898	3,558	30,450

		2019	2018
27	NET COMMISSION EXPENSE / ACQUISITION COST	Rupees in thousand	
	Commission paid or payable	215,749	188,321
	Add: Deferred commission expense opening	97,956	70,218
	Less: Deferred commission expense closing	124,175	97,956
	Net commission	189,530	160,583
	Less: Commission received or recoverable	269,554	253,134
	Add: Unearned reinsurance commission opening	107,337	90,349
	Less: Unearned reinsurance commission closing	104,849	107,337
	Commission from reinsurers	272,042	236,146
		(82,512)	(75,563)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

			2019	2018
28	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Salaries and other benefits	28.1	424,689	348,614
	Rent		9,922	43,726
	Communication		8,510	12,027
	Tracker devices		3,602	12,649
	Monitoring of trackers		22,293	8,282
	Printing and stationery		7,006	9,236
	Traveling and entertainment		6,624	13,657
	Depreciation and amortization		82,157	50,605
	Repair and maintenance		12,546	12,262
	Utilities		12,716	11,337
	Advertisement		2,052	2,060
	Legal and professional charges		8,592	7,807
	Bank charges		1,892	1,181
	Provision against premium due but unpaid		5,423	-
	Provision against amounts due from other insurers / reinsurers		1,524	-
	Vehicle ljarah rentals		6,287	5,255
	Miscellaneous		14,320	6,554
			630,155	545,252

28.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 14.87 million (2018: Rs. 11.31 million), Rs. 8.02 million (2018: Rs. 4.31 million) and Rs. 11.03 million (2018: Rs. 9.32 million) respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
29	INVESTMENT INCOME		
		Rupees in thousand	
	Dividend income on investments		
	Dividend income on securities held for trading	3,939	26,497
	Dividend income on available for sale investments	2,396	6,846
		6,335	33,342
	Income from debt securities		
	Return on government securities	99,144	4,846
	Return on other fixed income securities	100,402	62,201
		199,546	67,047
	Net realised loss on investments		
	Gain on trading of held for trading investments	54,514	16,959
	Loss on sale of available for sale investments	(103,949)	(16,993)
		(49,435)	(34)
	Unrealized profit on re-measurement of investments held for trading	2	3,962
	Reversal of / (provision for) diminution in available-for-sale investments	45,103	(38,711)
	Reversal of diminution in value of Certificate of Investments	-	5,094
	Total investment income	201,551	70,701
	Less: Investment related expenses	(162)	-
		201,389	70,701
30	OTHER INCOME		
	Profit on bank deposits	18,132	7,648
	Gain on sale of fixed assets	558	40
	Mark-up on staff house building finance	1,440	431
	Others	19,024	21,247
		39,154	29,366

30.1 This includes amount of funds received against leased vehicles amortized till 31 December 2019 amounting to Rs. 14,749. This further represents income recognized in respect of long outstanding payables for more than ten years amounting to Rs. Nil (2018: 14,629 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
31	OTHER EXPENSES		
		Rupees in thousand	
	Subscription	7,080	6,251
	Auditors' remuneration	1,993	1,630
		9,073	7,881
31.1	Auditors' remuneration		
	Audit fee	867	540
	Half yearly review	331	315
	Special purpose review	315	300
	Other certifications	255	260
	Tax advisory services	225	215
		1,993	1,630
32	FINANCE COSTS	12,356	4,297
	Interest on lease liabilities	12,356	4,297
33	WINDOW TAKAFUL OPERATIONS - OPF		
	Wakala fee	139,363	95,850
	Management expenses	(67,464)	(24,552)
	Commission expenses	(28,722)	(20,422)
	Modarib's share of PTF investment income	4,146	1,699
	Investment income	18,137	1,947
	Other expenses - net	1,697	2,385
	Profit from Window Takaful Operations - OPF	67,157	56,907
34	INCOME TAX EXPENSE		
	For the year		
	Current	136,560	134,311
	Deferred	11,066	(9,231)
		147,626	125,080

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34.1 Relationship between tax expense and accounting profit	2019	2018	2019	2018
	Effective tax rate - %		Rupees in thousand	
Profit for the year before taxation			509,464	420,847
Tax at the applicable rate	29.00	29.00	147,745	122,046
Effect of items that are not considered in determining taxable income - net	(0.02)	0.55	(119)	2,336
Effect of amounts chargeable to tax at reduced rate	0.00	0.00	-	-
Effect of change in tax rate	0.00	0.17	-	698
	28.98	29.72	147,626	125,080

34.2 Taxation charged to other comprehensive income			(1,988)	(3,194)
Current tax income				

34.3 Tax returns for the Tax Years 2014 to 2019 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.

35 EARNINGS PER SHARE	2019	2018
	Rupees in thousand	
Profit after tax (Rupees in thousand)	361,838	295,767
Weighted average number of shares	71,902	71,902
Earnings per share (Rupees) - Restated	5.03	4.11

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

36 COMPENSATION OF DIRECTORS AND EXECUTIVES

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

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,705	-	-	1,280	-
Managerial remuneration	12,269	-	12,352	10,669	-	9,738
Leave encashment	710	-	572	375	-	298
Bonus	5,334	-	4,428	3,899	-	3,016
Charge to defined benefit plan	1,921	-	2,309	1,248	-	1,332
Rent and house maintenance	5,521	-	5,008	4,801	-	3,942
Utilities	1,227	-	1,113	1,067	-	876
Conveyance	1,219	-	5,011	1,101	-	4,517
Provident fund	1,022	-	801	889	-	618
Others	36	-	1,419	36	-	1,419
	29,260	1,705	33,014	24,085	1,280	25,756
No of person(s)	1	8	7	1	8	6

36.2 The Chief Executive is also provided with Company maintained car.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

37 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 13.1 and the remuneration of chief executive, executives and directors is disclosed in note 36 to the financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2019	2018
	Rupees in thousand	
Transactions with the parent company:		
Insurance premium written (including government levies administrative surcharge and policies stamps)	6,946	6,871
Premium received during the period	5,904	5,708
Insurance claims paid	355	2,749
Rent paid	22,646	20,825
Dividend paid	55,578	55,578
Bonus shares issued	55,578	-
Transactions with subsidiary:		
Investment made	10,000	-
Services acquired	22,200	-
Payments made	17,347	-
Transactions with associated undertakings:		
Army Stud Farms Boylegunj		
Insurance premium written (including government levies administrative surcharge and policies stamps)	57	420
Premium received during the period	57	420
Insurance claims paid	53	-
Army Stud Farms Probynabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	310	555
Premium received during the period	245	555
Insurance claims paid	152	24

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Army Welfare Sugar Mills		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	11,786	8,213
Premium received during the period	11,380	7,596
Insurance claims paid	189	448
Askari Airport Services		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	197
Premium received during the period	-	197
Insurance claims paid	21	58
Askari Aviation (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(9,685)	29,101
Premium received during the period	8,058	25,091
Insurance claims paid	1,880	417
Askari Development and Holdings (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,509	1,284
Premium received during the period	8,372	1,211
Insurance claims paid	349	85
Askari Enterprises (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	543	610
Premium received during the period	380	1,045
Insurance claims paid	168	294

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari CNG and Fuels	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	5,196	5,238
Premium received during the period	9,859	425
Insurance claims paid	1,798	673
Askari Guards (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	50,946	69,822
Premium received during the period	54,574	71,069
Insurance claims paid	5,419	2,168
Askari Lagoon Faisalabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	47	40
Premium received during the period	-	57
Insurance claims paid	-	-
Askari Shoe Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,719	2,368
Premium received during the period	2,487	673
Insurance claims paid	129	427
Askari Tours and Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,681	907
Premium received during the period	523	85
Insurance claims paid	9	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari Woolen Mills	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	796	717
Premium received during the period	1,343	625
Insurance claims paid	254	-
AWT Plaza Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	107	214
Premium received during the period	94	106
Insurance claims paid	70	83
Army Welfare Trust CEO (Army Projects) Office		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	221
Premium received during the period	91	207
Insurance claims paid	125	223
Blue Lagoon		
Insurance premium written (including government levies administrative surcharge and policies stamps)	489	265
Premium received during the period	510	413
Insurance claims paid	14	46

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2019	2018
Fauji Security Services (Private) Limited		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	15,890	15,944
Premium received during the period	14,313	18,459
Insurance claims paid	430	312
MAL Pakistan Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	7,793	3,301
Premium received during the period	3,031	3,571
Insurance claims paid	2,760	1,780
Petrosel Lubricants (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	380
Premium received during the period	5	421
Insurance claims paid	-	202
Army Welfare Housing Scheme		
Insurance premium written (including government levies administrative surcharge and policies stamps)	287	428
Premium received during the period	287	471
Insurance claims paid	258	-
Army Welfare Real Estate Division		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,082	1,092
Premium received during the period	1,007	801
Insurance claims paid	406	311

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2019	2018
Rupees in thousand		
ASK Flying Academy		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	2,719
Premium received during the period	-	2,719
Insurance claims paid	-	2,463
Askari Apparel		
Insurance premium written (including government levies administrative surcharge and policies stamps)	380	432
Premium received during the period	551	1,528
Insurance claims paid	41	15
AWT Investments Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,867	580
Premium received during the period	1,882	574
Insurance claims paid	1,229	-
Services Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	70
Premium received during the period	-	70
Insurance claims paid	-	-
Askari Life Assurance		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,252	2,027
Premium received during the period	1,626	1,715
Insurance claims paid	828	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari Chartered Services	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	19
Premium received during the period	-	19
Insurance claims paid	120	-
Askari Seeds		
Insurance premium written (including government levies administrative surcharge and policies stamps)	238	109
Premium received during the period	238	109
Insurance claims paid	87	71
Medask		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,669	815
Premium received during the period	2,103	537
Insurance claims paid	160	10
Transactions with other related parties		
Contributions to Employees Provident Fund Trust	37,115	32,458

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2019					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Level 1
	Rupees in thousand					
Financial assets measured at fair value						
Investment at fair value through profit and loss	311,421	-	-	-	-	311,421
Investment at fair value through other comprehensive income	-	3,030	-	-	-	3,030
Financial assets not measured at fair value						
Investment in subsidiary	-	10,000	-	-	-	-
Investments						
- Government securities	-	-	1,335,361	-	-	-
- Certificates of Investment (COIs) / TDRs	-	-	-	252,000	-	-
- Fixed term deposits	-	305,025	-	-	-	-
Loans to employees	-	-	-	12	-	-
Accrued investment income*	-	-	-	44,028	-	-
Staff house building finance	-	-	-	2,961	-	-
Sundry receivables*	-	-	-	85,405	-	-
Amount due from insurance contract holders*	-	-	-	998,104	-	-
Amounts due from other insurers / reinsurers*	-	-	-	173,248	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	331,317	-	-
Salvage recoveries accrued*	-	-	-	39,206	-	-
Cash and bank deposits*	-	-	-	342,237	-	-
Total assets of Window Takaful Operations - OPF	-	-	-	279,427	-	-
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	624,125	-
Lease liabilities	-	-	-	-	100,390	-
Premium received in advance	-	-	-	-	15,021	-
Insurance / Reinsurance payables*	-	-	-	-	853,022	-
Unclaimed dividends*	-	-	-	-	7,158	-
Accrued expenses*	-	-	-	-	12,269	-
Other creditors and accruals*	-	-	-	-	150,308	-
Deposits and other payables*	-	-	-	-	45,610	-
Total liabilities of Window Takaful Operations - OPF	-	-	-	-	91,699	-
	311,421	318,055	1,335,361	2,542,945	1,899,602	314,451

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	2018					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Level 1
	Rupees in thousand					
Financial assets measured at fair value						
Investment at fair value through profit and loss	166,340	-	-	-	-	166,340
Investment at fair value through other comprehensive income	-	258,425	-	-	-	258,425
Financial assets not measured at fair value						
Investments						
- Government securities	-	-	66,345	-	-	-
- Certificates of Investment (COIs) / TDFs	-	-	-	1,130,800	-	-
- Fixed term deposits	-	210,000	-	-	-	-
Loans to employees	-	-	-	324	-	-
Accrued investment income*	-	-	-	10,886	-	-
Staff house building finance	-	-	-	-	-	-
Sundry receivables*	-	-	-	49,233	-	-
Amount due from insurance contract holders*	-	-	-	1,210,368	-	-
Amounts due from other insurers / reinsurers*	-	-	-	183,371	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	180,980	-	-
Salvage recoveries accrued*	-	-	-	60,543	-	-
Cash and bank deposits*	-	-	-	147,175	-	-
Total assets of Window Takatful Operations - OPF	-	-	-	202,467	-	-
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	445,799	-
Insurance / Reinsurance payables*	-	-	-	-	531,640	-
Unclaimed dividends*	-	-	-	-	4,049	-
Accrued expenses*	-	-	-	-	5,087	-
Other creditors and accruals*	-	-	-	-	185,594	-
Deposits and other payables*	-	-	-	-	33,604	-
Total liabilities of Window Takatful Operations -OPF	-	-	-	-	69,209	-
	166,340	468,425	66,345	3,176,147	1,274,982	424,765

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

39 SEGMENT INFORMATION 39.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
	Rupees in thousand											
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	487,249	523,584	228,612	235,892	1,045,590	1,152,176	751,514	792,365	833,898	529,430	3,346,863	3,233,447
Less: Federal Excise Duty	65,118	68,253	27,126	28,864	142,948	156,040	2	142	45,020	60,584	280,214	313,883
Federal Insurance Fee	4,164	4,371	2,045	1,981	9,082	9,899	7,427	7,803	7,789	4,630	30,507	28,684
Stamp Duty	43	39	6,712	5,387	175	206	5	3	138	166	7073	5,800
Gross written premium (inclusive of administrative surcharge)	417,924	450,921	192,729	199,660	893,385	986,031	744,080	784,417	780,951	464,051	3,029,069	2,885,080
Gross premium	407,313	434,500	185,907	194,032	862,747	954,137	740,987	781,463	772,361	456,174	2,969,314	2,820,306
Administrative surcharge	6,515	5,865	7,736	6,377	31,005	31,983	1,170	1,120	6,789	6,053	53,215	51,398
Facultative inward premium	6,549	9,775	-	-	-	-	-	-	2,508	3,923	9,058	13,698
Service charges	(2,453)	781	(914)	(749)	(367)	(89)	1,923	1,834	(707)	(2,099)	(2,518)	(322)
Insurance premium earned	414,385	418,911	204,538	186,617	932,444	924,800	858,578	853,459	873,245	397,431	3,283,190	2,781,218
Insurance premium ceded to reinsurers	(364,689)	(362,767)	(123,652)	(121,359)	(12,297)	(19,074)	(160,117)	(234,491)	(606,166)	(231,776)	(1,266,941)	(969,467)
Net insurance premium	49,696	56,144	80,886	65,258	920,147	905,726	698,461	618,968	267,059	165,655	2,016,249	1,811,751
Commission income	87,591	82,977	41,112	45,235	780	862	25,755	37,356	116,804	69,716	272,042	236,146
Net underwriting income	137,287	139,121	121,998	110,493	920,927	906,588	724,216	656,324	383,863	235,371	2,288,291	2,047,897
Insurance claims	(78,419)	(119,659)	(156,102)	(60,173)	(453,776)	(404,849)	(770,149)	(750,704)	(332,970)	(101,124)	(1,791,416)	(1,436,509)
Insurance claims recovered from reinsurers	69,454	95,503	125,924	38,390	(2,515)	5,245	115,001	217,957	232,785	9,929	540,649	367,024
Net claims	(8,965)	(24,156)	(30,178)	(21,783)	(456,291)	(399,604)	(655,148)	(532,747)	(100,185)	(91,195)	(1,250,767)	(1,069,485)
Commission expense	(49,253)	(41,113)	(32,340)	(25,689)	(47,333)	(50,967)	(24,556)	(13,552)	(36,048)	(29,262)	(189,530)	(160,583)
Management expense	(14,741)	(15,874)	(23,991)	(18,451)	(905,039)	(289,084)	(207,171)	(175,006)	(79,213)	(46,837)	(630,155)	(545,252)
Underwriting results	64,328	57,978	35,489	44,570	112,264	166,933	(162,659)	(64,981)	168,417	68,077	217,839	272,577
Investment income											201,389	70,701
Rental income											5,354	3,474
Other income											39,154	29,366
Finance costs											(12,356)	(4,297)
Other expenses											(9,073)	(7,881)
Profit before tax from Window Takaful Operations - OPF											442,307	363,941
Profit before tax											67,157	56,907
											509,464	420,848

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

39.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	Rupees in thousand										
Corporate Segment assets - Conventional	341,185	361,003	125,052	114,878	750,071	923,238	630,697	708,514	554,421	402,393	2,510,026
Corporate Segment assets - Takatful OPF	10,033	6,248	4,161	2,402	36,929	31,841	2,338	1,788	4,695	1,564	43,843
Corporate unallocated assets - Conventional											2,145,266
Corporate unallocated assets - Takatful OPF											158,624
Consolidated total assets											222,272
Corporate Segment liabilities - Conventional	399,985	387,047	135,018	123,394	1,014,588	956,527	876,409	895,339	709,851	518,718	2,881,025
Corporate Segment liabilities - Takatful OPF	11,571	5,903	2,599	1,016	50,746	46,899	5,205	2,748	11,421	7,978	64,544
Corporate unallocated Segment liabilities - Conventional											237,597
Corporate unallocated Segment liabilities - Takatful OPF											10,029
Consolidated total liabilities											3,465,019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

40	MOVEMENT IN INVESTMENTS				
	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand					
At beginning of previous year	71,710	336,360	846,891	351,859	1,606,820
Additions	36,764	580,083	672,963	7,448,129	8,737,939
Disposals (sale and redemptions)	(42,129)	(420,907)	(1,357,476)	(6,674,282)	(8,494,794)
Fair value net gain (excluding net realised gains)	-	11,600	3,962	-	15,562
Impairment (loss) / reversal	-	(38,711)	-	5,094	(33,617)
At beginning of current year	66,345	468,425	166,340	1,130,800	1,831,910
Additions	3,223,852	726,512	7,484,136	1,973,639	13,408,139
Disposals (sale and redemptions)	(1,954,836)	(957,055)	(7,339,057)	(2,852,439)	(13,103,387)
Fair value net gain (excluding net realised gains)	-	25,070	2	-	25,072
Impairment reversal	-	45,103	-	-	45,103
At end of current year	1,335,361	308,055	311,421	252,000	2,206,837

41 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

41.1 Financial risk

The Company's activities exposes 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year 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.

i) 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 exposures 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 management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	Rupees in thousand	
Bank deposits	340,319	130,673
Investments	2,206,837	1,407,145
Salvage recoveries accrued	39,206	60,543
Advances to employees	12	324
Amounts due from insurance contract holders	993,104	1,210,368
Amounts due from other insurers / reinsurers	173,248	183,371
Accrued investment income	44,028	10,886
Reinsurance recoveries against outstanding claims	331,317	180,980
Staff house building finance	2,961	12,771
Sundry receivables	85,405	49,233
	4,216,437	3,246,294

The Company does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these financial statements, 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 gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2019 Aggregate	2018 Aggregate
	Rupees ('000)					
Up to 1 year	815,569	148,895	293,922	85,405	1,343,791	1,408,239
1-2 years	178,722	24,336	8,714	-	211,772	189,592
2-3 years	11,343	1,776	14,172	-	27,291	13,563
Over 3 years	8,230	13,741	14,509	-	36,480	41,871
	1,013,864	188,748	331,3167	85,405	1,619,334	1,653,265

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Rating Financial institution	Rating		Rating agency	2019	2018
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A-1+	PACRA	313,110	101,083
Habib Bank Limited	AAA	A-1+	JCR-VIS	1,513	2,099
Faysal Bank Limited	AA	A-1+	PACRA	2,029	1,263
Silk Bank Limited	A-	A-2	JCR-VIS	37	54
Bank Al Falah Limited	AA+	A-1+	PACRA	10	593
Bank Al-Habib Limited	AA+	A-1+	PACRA	113	160
Meezan Bank Limited	AA+	A-1+	JCR-VIS	933	703
The Bank of Punjab	AA	A-1+	PACRA	775	105
NRSP Microfinance Bank	A	A-1	PACRA	2,966	3,483
JS Bank Limited	AA-	A-1+	PACRA	311	1,644
Sindh Bank Limited	A+	A-1	JCR-VIS	1	1
Bank Of Khyber	A	A-1	PACRA	644	1,211
PPCBL	Exempted	Exempted	Not Applicable	2,756	7,516
Samba Bank Limited	AA	A-1	JCR-VIS	6	1,215
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	11,921	8,557
Finca Microfinance Bank	A	A-1	PACRA	939	-
U Microfinance Bank	A	A-1	JCR-VIS	1,190	-
MCB Islamic Banking	A	A-1	PACRA	1	-
Summit Bank Limited	D (SO)	D (SO)	JCR-VIS	1,064	986
				340,319	130,673

b) Sector wise analysis of gross amount due from insurance contract holders is as follows:

Agriculture	16,636	21,152
Construction Companies	35,363	72,774
Development	33,637	36,696
Education	55,385	56,862
Engineering	23,091	16,341
Financial Services	57,367	65,926
Logistics	28,357	25,236
Miscellaneous	138,710	148,024
Other Manufacturing	23,908	27,003
Other Services	143,372	229,877
Pharmaceuticals	11,068	9,320
Poultry Industry	1,511	848
Sugar Industry	1,163	1,162
Telecommunication	407,005	480,171
Textile and Composites	36,765	32,760
Travel and Tourism Development	526	1,553
	1,013,864	1,225,705

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2019		2018	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
Rating	188,748	331,317	520,065	378,205
A or above	-	-	-	122
Others	188,748	331,317	520,065	378,327

- d) The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	624,125	624,125	624,125	-
Amounts due to other insurers / reinsurers	853,022	853,022	853,022	-
Accrued expenses	12,269	12,269	12,269	-
Other creditors and accruals	160,501	160,501	160,501	-
Unclaimed dividend	7,158	7,158	7,158	-
Deposits and other payables	45,610	45,610	45,610	-
Lease liabilities	121,944	121,944	60,782	61,162
Other liabilities	32,027	32,027	32,027	-
	1,856,656	1,856,656	1,795,494	61,162

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	445,799	445,799	445,799	-
Amounts due to other insurers / reinsurers	531,640	531,640	531,640	-
Accrued expenses	5,087	5,087	5,087	-
Other creditors and accruals	137,506	137,506	137,506	-
Unclaimed dividend	4,049	4,049	4,049	-
Deposits and other payables	33,604	33,604	33,604	-
Liabilities against assets subject to finance lease	68,961	68,961	26,311	42,650
Other liabilities	76,814	76,814	76,814	-
	1,303,460	1,303,460	1,260,810	42,650

iii) **Market risk**

- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018	2019	2018
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
Fixed rate financial assets				
Deposit accounts	4.5% to 11.25%	3.70% to 8.03%	304,402	102,098
Investments	5.65% to 13.49%	2.81% to 12.54%	2,206,837	1,407,145
			2,511,239	1,509,243

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 the 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 decreased / increased profit for the year by Rs. 3.05 million (2018: Rs. 2.10 million).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant. Actual results might differ from those reflected above.

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

c) 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. The Company is exposed to price risk since it has investments in quoted securities which are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost.

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.

Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 31.14 million (2018: Rs. 16.63 million).

iv) 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 available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 311.42 million (2018: Rs. 166.34 million) and investments in available-for-sale (Equity securities) of Rs. 3.03 million (2018: Rs. 258.43 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of debt securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

Available-for-sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

	30 June	31 December
	Rupees in thousand	
Year 2015	-	300,000
Year 2016	350,000	400,000
Year 2017	450,000	500,000

The Company meets the regulatory requirements for minimum paid up capital.

41.2 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under 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 Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	148,727	141,442	4,265	1,762	1,259	-

(c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

(d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to 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 claim numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized 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.

	Profit before tax		Shareholders' equity	
	2019	2018	2019	2018
	Rupees in thousand		Rupees in thousand	
10% increase in loss				
Fire and property damage	(1,385)	(1,313)	(983)	(932)
Marine aviation and transport	(1,929)	(1,708)	(1,370)	(1,213)
Motor	(13,343)	(14,487)	(9,473)	(10,285)
Health	(3,814)	(4,406)	(2,708)	(3,128)
Miscellaneous	(8,811)	(4,568)	(6,255)	(3,243)
	(29,282)	(26,482)	(20,789)	(18,801)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(f) **Concentration of insurance risk**

A concentration of risk may also arise from a single insurance contract issued to a particular 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.

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

	Gross sum insured	Reinsurance	Net
Rupees in thousand			
2019			
Fire and property	322,151,661	280,469,222	41,682,439
Marine, aviation and transport	128,427,157	(71,383,362)	199,810,519
Motor	45,047,115	481,627	44,565,488
Miscellaneous	152,439,208	103,792,540	48,646,668
	648,065,141	313,360,027	334,705,114
2018			
Fire and property	623,667,798	546,272,626	77,395,172
Marine, aviation and transport	595,306,457	384,978,035	210,328,422
Motor	49,314,958	496,824	48,818,134
Miscellaneous	313,402,484	109,422,121	203,980,363
	1,581,691,697	1,041,169,606	540,522,091

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2019	2018
Rupees in thousand		
Fire and property	59,259,860	160,336,433
Marine, aviation and transport	14,000,000	243,663,525
Motor	116,740	66,000
Liability	3,925,000	3,342,468
Miscellaneous	10,028,718	27,809,406

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

42	STATEMENT OF SOLVENCY	2019
		Rupees in thousand
	Assets	
	Property and equipment	285,565
	Intangible assets	345
	Investment property	40,501
	Investment in subsidiary	10,000
	Investments	
	- Equity securities	314,451
	- Debt securities	1,640,386
	- Term deposits	252,000
	Loans and other receivables	132,406
	Insurance / Reinsurance receivables - unsecured, considered good	1,166,352
	Reinsurance recoveries against outstanding claims	331,317
	Salvage recoveries accrued	39,206
	Deferred commission expense / Acquisition cost	124,175
	Deferred taxation	15,592
	Prepayments	457,438
	Cash and bank	342,237
	Total assets from Window Takaful Operations - OPF	279,427
	Total Assets (A)	5,431,398
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(d)	loans to employees	12
(g)	receivable from related parties	82,562
(g)	investment in subsidiary	10,000
(h)	insurance / reinsurance receivables for more than three months	418,093
(i)	intangible assets	345
(j)	deferred tax asset	15,592
(k)	security deposit receivable	16,038
(k)	security deposits	45,610
(U)-(i)	vehicles	60,548
(U)-(ii)	office equipment	18,156
(U)-(ii)	office equipment (window takaful operator's fund)	76
(U)-(iii)	fixtures and fittings	9,517
(U)-(iii)	fixtures and fittings (window takaful operator's fund)	451
	Total of In-admissible assets (B)	677,000
	Total Admissible Assets (C=A-B)	4,754,398

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2019

Rupees in thousand

Total Liabilities	
Underwriting Provisions	
- Outstanding claims including IBNR	624,125
- Unearned premium reserves	1,388,338
- Unearned reinsurance commission	104,849
Retirement benefit obligations	37,366
Staff compensated absences	29,715
Lease liabilities	100,390
Taxation - provision less payment	295
Premium received in advance	15,021
Insurance / Reinsurance Payables	853,022
Unclaimed dividend	7,158
Other Creditors and Accruals	167,431
Deposits and other payables	45,610
Total Liabilities	3,373,320
Total liabilities from Window Takaful Operations - OPF	91,699
Total Liabilities (D)	3,465,019
Total Net Admissible Assets (E=C-D)	1,289,379
Minimum solvency requirement (higher of following)	403,250
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	403,250
Method C - U/s 36(3)(c)	245,267
Excess in Net Admissible Assets over Minimum Requirements	886,129

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2019	2018
	Rupees in thousand	
44 WINDOW TAKAFUL OPERATIONS - OPF		
Assets		
Cash and bank deposits	24,966	3,915
Investments	186,560	147,413
Current assets - others	67,374	50,688
Fixed assets	527	451
Total assets	279,427	202,467
Total liabilities - current	91,699	69,209
Profit from Window Takaful Operations - OPF	67,157	56,907

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

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NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 12 March 2020 have proposed a final cash dividend of Rupees 2.50 per share.

Subsequent to year end, World Health Organization has declared outbreak of novel coronavirus (COVID-19) a pandemic. At this stage, it is uncertain how this may or may not impact operations of the Company. The financial statements for the year ended 31 December 2019 do not include the effects, if any, of COVID-19 which will be accounted for in the financial statements for the year ending 31 December 2020.

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DATE OF AUTHORISATION FOR ISSUE

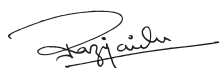
These financial statements have been authorized for issue by the Board of Directors of the Company on 12 March 2020.

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GENERAL

Number of employees

Total number of employees at the end of the year were 397 (2018: 436). Average number of employees during the year were 417 (2018: 427).



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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		31 December 2019	31 December 2018
	Note	Rupees in thousand	
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	719,019	625,234
Share premium	19	121,161	121,161
Reserves	19	70,339	52,538
Unappropriated profit		1,054,211	887,788
Total Equity		1,964,730	1,686,721
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	25	624,125	445,799
- Unearned premium reserves	24	1,388,338	1,642,458
- Unearned reinsurance commission	26	104,849	107,337
Retirement benefit obligations	13	37,366	28,722
Staff compensated absences	14	29,715	25,668
Lease liabilities	20	100,390	59,591
Taxation - provision less payment		556	9,482
Premium received in advance		15,021	22,794
Insurance / Reinsurance payables	21	853,022	531,640
Unclaimed dividends		7,158	4,049
Other creditors and accruals	22	165,954	190,685
Deposits and other payables		45,610	33,604
Total Liabilities		3,372,104	3,101,829
Total liabilities from Window Takaful Operations - OPF	43	91,699	69,209
Total Equity and Liabilities		5,428,533	4,857,759
Contingencies and commitments	23		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Maj Gen Akhtar Iqbal (Retd)
Director

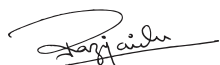
Lt Gen Najib Ullah Khan (Retd)
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
Net insurance premium	24	2,016,249	1,811,751
Net insurance claims	25	(1,250,767)	(1,069,485)
Net commission and other acquisition costs	26	82,512	75,563
Insurance claims and acquisition expenses		(1,168,255)	(993,922)
Management expenses	27	(631,749)	(545,252)
Underwriting results		216,245	272,577
Investment income	28	201,389	70,701
Rental income		5,354	3,474
Other income	29	39,735	29,366
Other expenses	30	(9,444)	(7,881)
Results of operating activities		453,279	368,237
Finance costs	31	(12,360)	(4,297)
Profit before tax from General Operations		440,919	363,940
Profit before tax from Window Takaful Operations - OPF	32	67,157	56,907
Profit before tax		508,076	420,847
Income tax expense	33	(147,887)	(125,080)
Profit after tax		360,189	295,767
Other comprehensive income:			
Items that will be reclassified subsequently to profit and loss account:			
Unrealised gain / (loss) on available-for-sale investments - net		338	(17,462)
Reclassification adjustment on available-for-sale investments included in profit and loss account - net		17,463	25,325
Reclassification adjustment on available-for-sale investments included in profit and loss account from Window Takaful Operations - OPF (net)		-	679
		17,801	8,542
Items that will not be reclassified subsequently to profit and loss account:			
Effect of remeasurement of staff retirement benefit plans - net		(4,866)	(7,820)
Total comprehensive income for the year		373,124	296,489
Earnings (after tax) per share - Rupees (restated)	34	5.01	4.11

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



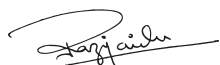
Lt Gen Najib Ullah Khan (Retd)
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
Operating cash flows		
a) Underwriting activities:		
Premium received	3,230,418	2,780,064
Reinsurance premium paid	(490,851)	(1,688,973)
Claims paid	(1,613,090)	(1,402,176)
Reinsurance and other recoveries received	185,721	1,009,704
Commission paid	(212,376)	(190,603)
Commission received	146,026	449,276
Management expenses paid	(529,097)	(519,095)
Net cash flows generated from underwriting activities	716,751	438,197
b) Other operating activities:		
Income tax paid	(142,553)	(141,151)
Other expenses paid	(8,572)	(7,819)
Other operating receipts	3,179	74,433
Advances to employees	312	477
Net cash used in other operating activities	(147,634)	(74,060)
Total cash flow generated from all operating activities	569,117	364,137
Investing activities:		
Profit / return received	162,561	59,480
Dividends received	6,436	33,308
Payments for investments	(9,306,333)	(8,303,764)
Proceeds from investments	8,957,449	8,073,135
Fixed capital expenditure	(41,344)	(139,651)
Proceeds from disposal of fixed assets	6,274	3,056
Total cash used in investing activities	(214,957)	(274,436)
Financing activities:		
Financial charges paid	(12,360)	(4,297)
Repayment of lease liabilities	(61,421)	(25,341)
Dividend paid	(90,676)	(92,035)
Staff house building finance - net	9,810	(12,771)
Mark-up on staff house building finance received	1,440	431
Equity transactions costs paid	(1,330)	(268)
Total cash used in financing activities	(154,537)	(134,281)
Net cash generated from / (used in) all activities	199,623	(44,580)
Cash and cash equivalents at beginning of the year	147,175	191,755
Cash and cash equivalents at end of the year	346,798	147,175

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.



Razi Haider
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Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
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CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

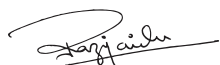
	2019	2018
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	569,117	364,137
Depreciation expense	(82,332)	(50,605)
Financial charges	(12,360)	(4,297)
Gain on disposal of fixed assets	557	40
Increase / (decrease) in assets other than cash	161,576	(802,691)
(Increase) / decrease in liabilities other than running finance	(551,348)	637,856
Unrealized gain on investments - held for trading	2	3,962
Provision against premium due but unpaid	(5,423)	-
Provision against amounts due from other insurers / reinsurers	(1,524)	-
Reversal of / (provision for) diminution in value of AFS investments	45,103	(38,711)
Dividend income	6,336	33,343
Investment income	95,434	55,148
Profit on bank deposits	18,713	7,648
Income tax provision	(147,887)	(125,080)
Gain on trading	54,514	16,959
Tax paid	142,553	141,151
Profit after taxation from General Insurance Operations	293,032	238,860
Profit from Window Takaful Operations - OPF	67,157	56,907
Profit after taxation	360,189	295,767

Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2019	2018
	Rupees in thousand	
Cash for the purpose of cash flow statement consists of:		
Cash and other equivalents		
Cash in hand	1,518	906
Banking instrument (Cash Deposit Receipt)	-	15,000
Stamp in hand	460	596
	1,978	16,502
Current and other accounts		
Current accounts	36,263	28,575
Deposit accounts	308,557	102,098
	344,820	130,673
Total	346,798	147,175

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.



Razi Haider
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Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



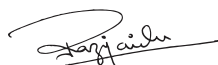
Lt Gen Najib Ullah Khan (Retd)
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Reserves			Total	Total
	Issued, subscribed and paid up	Capital reserve	Revenue reserve			reserves	equity
			Share premium	General reserve	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2018	625,234	121,161	70,000	(26,004)	693,895	859,052	1,484,286
Total comprehensive income for the year							
Profit for the year	-	-	-	-	295,767	295,767	295,767
Other comprehensive income / (loss) for the year	-	-	-	8,542	(7,820)	722	722
Total comprehensive income for the year	-	-	-	8,542	287,947	296,489	296,489
Changes in owners' equity							
Final cash dividend 2017: Rupee 1.5 per share	-	-	-	-	(93,786)	(93,786)	(93,786)
Equity transaction costs	-	-	-	-	(268)	(268)	(268)
	-	-	-	-	(94,054)	(94,054)	(94,054)
Balance as at 31 December 2018	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
Balance as at 01 January 2019	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
Total comprehensive income for the year							
Profit for the year	-	-	-	-	360,189	360,189	360,189
Other comprehensive income / (loss) for the year	-	-	-	17,801	(4,866)	12,935	12,935
Total comprehensive income for the year	-	-	-	17,801	355,323	373,124	373,124
Changes in owners' equity							
Issuance of bonus shares	93,785	-	-	-	(93,785)	(93,785)	-
Cash dividend 2018: Rupee 1.5 per share	-	-	-	-	(93,785)	(93,785)	(93,785)
Equity transaction costs	-	-	-	-	(1,330)	(1,330)	(1,330)
	93,785	-	-	-	(188,900)	(188,900)	(95,115)
Balance as at 31 December 2019	719,019	121,161	70,000	339	1,054,211	1,245,711	1,964,730

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.



Razi Haider
Chief Financial Officer



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Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

The group consists of:

Holding Company

Askari General Insurance Company Limited

Subsidiary Company

AskTech (Private) Limited

Askari General Insurance Company Limited (Holding Company)

askari general insurance company limited was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Holding Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Holding Company commenced its commercial operations on 15 October 1995. Shares of the Holding Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Holding Company is located at AWT Plaza, Rawalpindi. The Holding Company has 19 branches in Pakistan. The Holding Company is a subsidiary of Army Welfare Trust.

AskTech (Private) Limited (Subsidiary Company)

AskTech (Private) Limited was incorporated in Pakistan on 17 December 2018 as a private limited company under the Companies Act, 2017. AskTech (Private) Limited was acquired by Askari General Insurance Company Limited as a wholly owned subsidiary on 01 February 2019. The registered office and principal place of business of the subsidiary company is located at 1st Floor, Ferozsons Building, Harding Road, Saddar, Rawalpindi. The subsidiary specializes in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulation and SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, and Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012, have been followed.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these consolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

A separate set of financial statements of Window Takaful Operations has been reported which is annexed to the financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.1 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

2.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

IFRS 15

'IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1 Identify the contract(s) with a customer.

Step 2 Identify the performance obligations in the contract.

Step 3 Determine the transaction price.

Step 4 Allocate the transaction price to the performance obligations in the contract.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit as of 01 January 2019 and comparatives are not restated. The adoption of IFRS 15 did not have any material impact on the Company's financial statements.

IFRS 9

IFRS 9 Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The Company has used an optional temporary exemption from applying IFRS 9 financial instruments as given in IFRS 4 before adoption of IFRS 17 Insurance Contracts. Accordingly IFRS 9 financial instruments is not incorporated in these financial statements.

IFRS 16

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Company's leased assets comprise of leased vehicles and office premises for its Head office and branches.

2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes as follows:

IFRS 16 Leases

IFRS 16 replaces existing guidance on accounting for leases, including IAS-17, Leases, IFRIC-4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases-Incentive, and SIC-27, Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company initially applied IFRS 16 Leases from 1 January 2019. The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated i.e it is presented as previously reported, under IAS 17 and related interpretations.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities are now measured as the present value of there remaining lease payments, discounted using the incremental borrowing rate of KIBOR plus 1% as of January 1, 2019. The associated right-of use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Company's leased vehicles were previously classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that date.

Right of use assets - Rental properties have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the consolidated statement of financial position as at 01 January 2019.

The impact as at 01 January 2019 is as follows:

	Rupees in thousand
Present value of the future lease payments	62,479
Prepayments reclassified as right of use assets	12,019
	74,498

If IFRS 16 were not applicable then property and equipment and lease liabilities would have been lower by Rs.53,907 thousand and Rs.53,480 thousand respectively and prepayments and accrued liabilities would have been higher by Rs.15,552 thousand and Rs.325 thousand respectively. Accordingly, rental expense and taxation would have been higher by Rs.29,744 thousand and Rs. 4,292 thousand respectively. Amortization of right of use of assets and finance cost would have been lower by Rs.38,818 thousand and Rs.5,726 thousand respectively.

Policy applicable before 1 January 2019

Assets held under finance leases were initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods were shown as a liability.

The financial charges were allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets was charged by allocating their depreciable amount over the estimated useful lives or the lease term of the assets, which ever is shorter, from the month these are available for use, while on disposals, depreciation is charged up to the month in which the assets are disposed off.

Assets held under other leases were classified as operating leases and were not recognised in the Company's consolidated statement of financial position. Payments made under operating leases were recognised in profit or loss account on a straight line basis over the term of the lease.

3.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Reinsurance contracts

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

3.1.1 Premium and receivable under insurance contracts

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year 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 year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable 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 that impairment loss is recognised in the profit and loss account.

3.1.2 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 year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance 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 contracts.

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

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is any 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.

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Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

3.1.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to 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 claims 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 as at 31 December 2019 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	5,132	670
- Marine, aviation and transport;	4,118	1,291
- Motor;	41,346	40,151
- Accident and health; and	63,246	32,068
- Miscellaneous.	23,397	10,153
	137,239	84,333

3.1.4 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers 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 in accordance with respective reinsurance arrangements.

3.1.5 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

3.1.6 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 in profit and loss account for the year. Income is recognised to the extent of reversal of deficit previously recognised, if any.

For this purpose, loss ratios for each class are estimated based on historical claim development for all classes except Accident and health which is determined on the basis of actuarial recommendations. 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:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
- Fire and property damage;	33%	35%
- Marine, aviation and transport;	37%	31%
- Motor;	45%	44%
- Accident and health; and	94%	86%
- Miscellaneous.	35%	33%

Based on an analysis of combined operating ratio for the expired year 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 consolidated financial statements.

3.2 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

3.3 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 recognised when the Company has a present legal or constructive obligation as a result of past events and 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 reporting date and adjusted to reflect the current best estimate.

3.4 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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 profit and loss account in the year in which they are incurred. 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.

Owned - 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. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2019

3.5 Investments

3.5.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

3.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.8 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Deferred taxation

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 year 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 other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.9 Employees' retirement benefits

a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2019.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected return on plan assets	11.25% per annum	13.25% per annum
Expected rate of increase in salary	11.25% per annum	13.25% per annum
Average expected remaining working life time of the employee	10 years	10.17 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2019 based on the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected rate of increase in salary	11.25% per annum	13.25% per annum
Average number of leaves accumulated per annum	2 days	7 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.10 Management expenses

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

3.11 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares.

3.12 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 Insurance Accounting Regulations, 2017. 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 following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

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

Accident and health provides inpatient and outpatient medical coverage.

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

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.13 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

3.14 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

3.15 Impairment

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) **Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 **Distribution and appropriations**

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

4 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgements/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements/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 their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

a) **Income tax**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

d) Premium deficiency reserves

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

e) Defined benefit plan

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

f) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

g) Provision against premium due but unpaid & amount due from other insurers/reinsurers

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

h) Classification of investments

In classifying investments as "fair value through profit and loss" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

i) **Allocation of management expenses**

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premium of the Company.

j) **Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

k) **Fair value of investments**

The fair value of held for trading and available for sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

l) **Lease term**

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognised.

		2019	2018
		Rupees in thousand	
Note			
5	PROPERTY AND EQUIPMENT		
	Capital work-in-progress	4,211	2,871
	Operating assets	282,968	225,963
		287,179	228,834
5.1	Movement in Capital work-in-progress is as follows:		
	Opening balance	2,871	2,776
	Additions	5,565	2,467
	Transfers	(4,225)	(2,372)
	Closing balance	4,211	2,871

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5.2 Operating assets

	Rupees in thousand									
	2019					2018				
	Cost		Depreciation		Useful life (years)	Cost		Depreciation		Useful life (years)
As at 1 January	Additions / (Disposals)	As at 31 December	Adjustments	As at 1 January		For the period	(Disposals) / Adjustments	As at 31 December	Written down value as at 31 December	
5.2.1	118,800	23,802	-	142,602	743	3,059	-	3,802	138,800	40
Building	25,694	3,970	-	29,664	17,760	2,634	(366)	20,028	9,636	5
Furniture and fixtures	67,421	4,164	-	71,585	57,076	6,850	(2,531)	61,395	10,190	3
Computers and office equipment	22,100	(322)	-	21,778	12,452	3,135	(495)	15,092	6,686	5
Motor vehicles (Owned)	139,368	1,039	-	140,407	68,835	28,469	(11,006)	86,298	54,109	5
Right of use assets - Motor vehicles	74,498	18,227	-	92,725	-	38,818	-	38,818	53,907	1 to 9
Right of use assets - Rental properties	109,155	(26,376)	4,225	87,004	104,222	3,389	(25,610)	82,001	5,003	3
Tracking devices	20,675	2,637	-	23,312	16,162	2,513	-	18,675	4,637	3
Leasehold improvements	577,711	27,141	4,225	609,077	277,250	88,867	(40,008)	326,109	282,968	

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

	Rupees in thousand									
	2018					2017				
	Cost		Depreciation		Useful life (years)	Cost		Depreciation		Useful life (years)
As at 1 January	Additions / (Disposals)	As at 31 December	Adjustments	As at 1 January		For the period	(Disposals) / Adjustments	As at 31 December	Written down value as at 31 December	
Building	-	118,800	-	118,800	-	743	-	743	118,057	40
Furniture and fixtures	24,980	714	-	25,694	15,789	2,794	(823)	17,760	7,934	5
Computers and office equipment	60,190	7,231	-	67,421	50,686	6,922	(532)	57,076	10,345	3
Motor vehicles (Owned)	18,844	3,256	-	22,100	9,111	3,475	(134)	12,452	9,648	5
Motor vehicles (Leased)	124,642	14,726	-	139,368	47,005	25,631	(3,801)	68,835	70,533	5
Tracking devices	106,863	(80)	2,372	109,155	96,047	8,255	(80)	104,222	4,933	3
Leasehold improvements	15,358	5,317	-	20,675	14,826	1,336	-	16,162	4,513	3
	350,877	149,964	2,372	503,213	233,464	49,156	(5,370)	277,250	225,963	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5.2.2 Details of disposal of fixed assets during the year

Particulars of assets / buyers	Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
2019						
Vehicles sold to following in-service/ resigning employees as per Company's policy						
Ashraf Hussain Shah	Employee	1,712	1,113	599	599	-
Usama Sanwar	Employee	1,927	1,284	643	643	-
Nasir Ehsan	Employee	1,887	1,384	503	503	-
Ahsan Jatoi	Employee	2,592	1,469	1,123	1,123	-
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction		14,612	11,764	2,848	3,405	557
2019 - Total		22,730	17,014	5,716	6,273	557
2018 - Total						
		8,385	5,369	3,016	3,056	40

6 INTANGIBLE ASSETS

	Cost		Amortization		Written down value as at 31 December	Useful life (years)
	As at 1 January	As at 31 December	For the period	(Disposals) / Adjustments		
Rupees ('000)						
Computer software	5,139	366	93	-	5,160	5
2019	5,139	366	93	-	5,160	345
2018	5,139	-	139	-	5,067	72

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7	INVESTMENT PROPERTY		2019	2018
	This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.			
			Rupees in thousand	
	Cost			
	Balance at beginning of the year		52,400	52,400
	Balance at end of the year		52,400	52,400
	Depreciation			
	Balance at beginning of the year		(10,589)	(9,279)
	Depreciation for the year		(1,310)	(1,310)
	Balance at end of the year		(11,899)	(10,589)
			40,501	41,811
	Useful life (years)		40	40
7.1	The market value of the investment property as on 31 December 2019 is Rs. 94.32 million (2018: Rs. 89.08 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.			
7.2	The amount of depreciation has been allocated to management expenses.			
8	INVESTMENTS IN EQUITY SECURITIES	Note	2019	2018
			Rupees in thousand	
	Fair value through profit and loss	8.1	311,421	166,340
	Available-for-sale	8.2	3,030	258,425
	Total equity securities		314,451	424,765

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Number of shares / units		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
Rupees in thousand						
8.1	Fair value through profit and loss account					
	Mutual funds					
NBP Financial Sector Income Fund	11,154,419	-	125,004	125,004	-	-
JS Income Fund	899,834	-	90,451	90,451	-	-
First Habib Cash Fund	502,129	-	50,326	50,326	-	-
Atlas Money Market Fund	89,252	-	45,000	45,000	-	-
PIML Income Fund	-	1,523,372	-	-	162,345	166,307
UBL Money Market Fund	-	327	-	-	33	33
786 Smart Fund (Dawood Income Fund)	7,438	-	638	640	-	-
	12,653,072	1,523,699	311,419	311,421	162,378	166,340

	2019			2018		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
8.2	Available-for-sale					
Listed shares	-	-	-	121,716	(25,652)	96,064
Mutual funds	2,554	-	2,554	206,407	(19,451)	186,956
Unrealized surplus / (deficit) on revaluation	-	-	476	-	-	(24,595)
	2,554	-	3,030	328,123	(45,103)	258,425

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	Rupees in thousand					
Listed shares						
Ghandara Industries Limited	-	-	-	8,460	(2,800)	5,660
Ghandhara Nissan Limited	-	-	-	6,406	(2,856)	3,550
Maple Leaf Cement Factory Limited	-	-	-	6,907	(3,871)	3,036
D.G Khan Cement Company Limited	-	-	-	5,377	(3,373)	2,004
Fauji Cement Company Limited	-	-	-	5,978	(951)	5,027
Fauji Foods Limited	-	-	-	5,245	-	5,245
Fauji Fertilizer Bin Qasim Limited	-	-	-	8,313	-	8,313
Oil & Gas Development Company Limited	-	-	-	4,079	(879)	3,200
Pakistan OilFields Limited	-	-	-	4,335	(936)	3,399
Hascol Petroleum Limited	-	-	-	1,269	(379)	890
Mari Petroleum Company Limited	-	-	-	5,171	-	5,171
Sui Northern Gas Pipelines Limited	-	-	-	8,006	(1,923)	6,083
Amreli Steels Limited	-	-	-	5,180	(2,068)	3,112
International Steels Limited	-	-	-	6,232	(2,253)	3,979
Mughal Iron and Steel Industries Limited	-	-	-	1,185	-	1,185
Pakistan National Shipping Corporation	-	-	-	3,886	-	3,886
MCB Bank Limited	-	-	-	5,323	-	5,323
United Bank Limited	-	-	-	16,413	(1,239)	15,174
Habib Bank Limited	-	-	-	3,328	(919)	2,409
National Bank of Pakistan	-	-	-	6,228	-	6,228
Attock Refinery Limited	-	-	-	2,154	(679)	1,475
National Refinery Limited	-	-	-	2,241	(526)	1,715
	-	-	-	121,716	(25,652)	96,064
Unrealized deficit on revaluation			-			(6,352)
			-			89,712
Mutual funds						
Dawood Income Fund	2,554	-	2,554	2,328	-	2,328
JS Large Capital Fund	-	-	-	15,000	-	15,000
AKD Opportunity Fund	-	-	-	25,000	-	25,000
HBL Stock Fund	-	-	-	55,503	(12,265)	43,238
UBL Stock Advantage Fund	-	-	-	25,000	(4,811)	20,189
MCB Pakistan Stock Market Fund	-	-	-	25,000	-	25,000
Lakson Equity Fund	-	-	-	48,356	-	48,356
PIML Value Equity Fund	-	-	-	10,000	(2,375)	7,625
First Dawood Mutual Fund	-	-	-	220	-	220
	2,554	-	2,554	206,407	(19,451)	186,956
Unrealized surplus / (deficit) on revaluation			476			(18,243)
			3,030			168,713

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8.2.1		Investments in units / shares - quoted				
		Number of shares / units	Face value per share / unit	Investee name	Carrying value	
2019	2018	Rupees			2019	2018
Rupees in thousand						
Open-End Mutual Funds						
35,238	32,420	100	Dawood Income Fund	2,554	2,328	
-	103,499	100	JS Large Capital Fund	-	15,000	
-	289,770	50	AKD Opportunity Fund	-	25,000	
-	456,488	100	HBL Stock Fund	-	55,503	
-	327,955	50	UBL Stock Advantage Fund	-	25,000	
-	241,540	50	MCB Pakistan Stock Market Fund	-	25,000	
-	386,001	100	Lakson Equity Fund	-	48,356	
-	84,991	100	PIML Value Equity Fund	-	10,000	
Closed-End Mutual Funds						
-	36,395	10	First Dawood Mutual Fund	-	220	
Automobile and Parts						
-	20,600	10	Ghandara Industries Limited	-	8,460	
-	37,000	10	Ghandhara Nissan Limited	-	6,406	
Cement						
-	74,700	10	Maple Leaf Cement Factory Limited	-	6,907	
-	25,000	10	D.G Khan Cement Company Limited	-	5,377	
-	230,000	10	Fauji Cement Company Limited	-	5,978	
Food Producers						
-	155,000	10	Fauji Foods Limited	-	5,245	
Fertilizers						
-	215,000	10	Fauji Fertilizer Bin Qasim Limited	-	8,313	
Oil and Gas						
-	25,000	10	Oil & Gas Development Company Limited	-	4,079	
-	8,000	10	Pakistan OilFields Limited	-	4,335	
-	6,000	10	Hascol Petroleum Limited	-	1,269	
-	3,720	10	Mari Petroleum Company Limited	-	5,171	
-	75,000	10	Sui Northern Gas Pipelines Limited	-	8,006	
Engineering Ind.						
-	65,000	10	Amreli Steels Limited	-	5,180	
-	60,500	10	International Steels Limited	-	6,232	
-	30,000	10	Mughal Iron and Steel Industries Limited	-	1,185	
-	56,500	10	Pakistan National Shipping Corporation	-	3,886	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Number of shares / units		Face value per share / unit	Investee name	Carrying value	
2019	2018	Rupees		2019	2018
Rupees in thousand					
Banks					
-	25,000	10	MCB Bank Limited	-	5,323
-	105,000	10	United Bank Limited	-	16,413
-	20,000	10	Habib Bank Limited	-	3,328
-	125,000	10	National Bank of Pakistan	-	6,228
Refinery					
-	10,000	10	Attock Refinery Limited	-	2,154
-	6,000	10	National Refinery Limited	-	2,241
Carrying value - before provision				2,554	328,123
Provision for diminution in market value				-	(45,103)
Carrying value				2,554	283,020
Market value				3,030	258,425

9 INVESTMENTS IN DEBT SECURITIES

	Note	2019			2018		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand							
HELD TO MATURITY							
Government Securities							
Pakistan Investment Bonds	9.1	112,259	-	112,259	40,858	-	40,858
Treasury Bills	9.2	1,223,102	-	1,223,102	25,487	-	25,487
		1,335,361	-	1,335,361	66,345	-	66,345
AVAILABLE-FOR-SALE							
Term Finance Certificates	9.3	160,000	-	160,000	160,000	-	160,000
Sukuks	9.4	145,025	-	145,025	50,000	-	50,000
		305,025	-	305,025	210,000	-	210,000
LOANS AND RECEIVABLES							
Certificates of Investments	9.5	11,128	(11,128)	-	11,128	(11,128)	-
		1,651,514	(11,128)	1,640,386	287,473	(11,128)	276,345

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9.1	Pakistan Investment Bonds							
	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2019	2018	
	Rupees						Rupees in thousand	
	50,000,000	13.60%	On Maturity	Pakistan Investment Bonds	12-Jul-28	38,216	-	
	37,500,000	13.60%	On Maturity	Pakistan Investment Bonds	12-Jul-28	28,707	-	
	25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22	22,845	-	
	25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24	22,491	-	
	5,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	-	5,014	
	25,000,000	7%	On Maturity	Pakistan Investment Bonds	21-Apr-19	-	24,702	
	11,000,000	7%	On Maturity	Pakistan Investment Bonds	29-Dec-19	-	11,142	
						112,259	40,858	

9.1.1 These carry interest at effective rate of 5.65% to 13.48% per annum (2018: 6.53% to 12.54% per annum) and will mature by 12 July 2028 (2018: 29 December 2019). Market value of PIBs carried at amortised cost amounts to Rs. 131.96 million (2018: Rs.41.41 million).

9.2	Treasury Bills	Note	Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2019	2018
	Rupees								Rupees in thousand
			25,487,332	8.74%	Maturity	Treasury Bills	3-Jan-19	-	25,487
		9.2.1	110,000,000	14.19%	Maturity	Treasury Bills	27-Aug-20	96,365	-
			500,000,000	13.21%	Maturity	Treasury Bills	7-May-20	469,102	-
			225,000,000	13.46%	Maturity	Treasury Bills	12-Mar-20	218,242	-
								1,223,102	25,487

9.2.1 Treasury bills are 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.

9.3	Term Finance Certificates							
	Number of certificates		PACRA rating	Mark up Rate	Investee name	Value of Certificates		
	2019	2018				2019	2018	
	Rupees in thousand							
	15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Al Habib	75,000	75,000	
	15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Alfalah	75,000	75,000	
	2,000	2,000	A	6-M KIBOR Plus 200 bps	Soneri Bank	10,000	10,000	
						160,000	160,000	

9.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2018: 05 January 2028 to 20 December 2028)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9.4	Sukuks		Mark up Rate	Investee name	Value of Certificates	
	Number of certificates				Rupees in thousand	
	2019	2018			2019	2018
	500	500	3-M KIBOR Plus 100 bps	Dawood Hercules Corporation Limited	45,000	50,000
	50	-	Based on Monthly Shariah Pool	Meezan Bank Limited	50,025	-
	500	-	3-M KIBOR Plus 190 bps	The Hub Power Company Limited	50,000	-
					145,025	50,000

9.5	Loans and Receivables		2019			2018		
			Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
			Rupees in thousand					
	Certificates of Investments		11,128	(11,128)	-	11,128	(11,128)	-

10	INVESTMENTS IN TERM DEPOSITS	Note	2019		2018	
			Rupees in thousand			
	Loans and receivables					
	Deposits maturing within 12 months	10.1	252,000		1,130,800	
	Deposits maturing after 12 months				-	-

10.1	Certificate Number	Investment Period	Investee Name	Rate	Carrying value		
					2019	2018	
					Rupees in thousand		
	-	1253364	365 days	JS Bank Limited	11.20%	-	200,000
	-	1253367	365 days	JS Bank Limited	11.20%	-	200,000
	-	1253368	365 days	JS Bank Limited	11.20%	-	218,000
	-	1253385	365 days	JS Bank Limited	11.20%	-	122,300
	-	1254340	365 days	JS Bank Limited	11.20%	-	40,500
	-	1269349	31 days	JS Bank Limited	11.45%	-	100,000
	-	AA19003QN183	31 days	Soneri Bank Limited	11.00%	-	250,000
	0001497360	-	31 days	JS Bank Limited	14.80%	252,000	-
						252,000	1,130,800

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		Rupees in thousand	
	Note		
11	LOANS AND OTHER RECEIVABLES		
	Sundry receivables	85,984	49,233
	Advances to employees	111	324
	Staff house building finance	2,961	12,771
	Accrued investment income	44,278	10,886
		133,334	73,214
11.1	Sundry receivables		
	Security deposits	16,038	16,910
	Advances to suppliers - unsecured, considered good	14,949	579
	Receivable against sale of laptops	940	2,691
	Receivable against sale of vehicles	611	611
	Deposit against vehicles Ijarah	3,527	3,145
	Other receivables - unsecured, considered good	49,919	25,297
		85,984	49,233
11.2	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. 800 thousand (2018: Rs. 70 thousand) and outstanding balance at 31 December 2019 is Rs. nil (2018: nil).		
		2019	2018
		Rupees in thousand	
	Note		
12	INSURANCE / REINSURANCE RECEIVABLES		
	Due from insurance contract holders	1,013,864	1,225,705
	Less: provision for impairment of receivables from insurance contract holders	(20,760)	(15,337)
		993,104	1,210,368
	Due from other insurers / reinsurers	188,748	197,347
	Less: provision for impairment of receivables from other insurers / reinsurers	(15,500)	(13,976)
		173,248	183,371
		1,166,352	1,393,739

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12.1 Due from insurance contract holders

This includes premium amounting to Rs. 2,358 thousand (2018: Rs. 1,316 thousand) and Rs. 80,204 thousand (2018: Rs. 94,261 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2019	2018
	Rupees in thousand	
Receivable from parent:		
Balance at beginning of the year	1,316	153
Insurance premium written (including government levies, administrative surcharge and policies stamps)	6,946	6,871
Premium received during the year	(5,904)	(5,708)
Balance at end of the year	2,358	1,316
Receivable from associated undertakings:		
Balance at beginning of the year	94,261	86,940
Insurance premium written (including government levies, administrative surcharge and policies stamps)	108,957	148,088
Premium received during the year	(123,014)	(140,767)
Balance at end of the year	80,204	94,261
12.2 Provision for doubtful balances		
Balance at beginning of the year	15,337	15,337
Provision made during the year	5,423	-
Balance at end of the year	20,760	15,337

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
12.3	Age analysis of amounts receivable from related parties:	
	Receivable from parent:	
Up to 1 year	1,319	1,163
1 to 2 years	1,013	150
2 to 3 years	26	3
	2,358	1,316
	Receivable from associated undertakings:	
Up to 1 year	72,670	93,666
1 to 2 years	6,900	375
2 to 3 years	634	220
	80,204	94,261
12.4	Due from other insurers / reinsurers	
Considered good	173,248	183,371
Considered doubtful	15,500	13,976
	188,748	197,347
Provision for doubtful balances	(15,500)	(13,976)
	173,248	183,371
12.5	Provision for doubtful balances	
Balance at beginning of the year	13,976	13,976
Provision made during the year	1,524	-
Balance at end of the year	15,500	13,976

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
13	RETIREMENT BENEFIT OBLIGATIONS		
13.1	Amount recognized in statement of financial position		
	Present value of defined benefit obligation	13.3	124,970
	Benefits due but not paid during the year		2,210
			1,297
			127,180
			109,025
	Fair value of plan assets	13.4	(89,814)
	Net liability at end of the year		(80,303)
			37,366
			28,722
13.2	Movement in liability recognized in statement of financial position		
	Balance at beginning of the year		28,722
	Expense for the year	13.5	14,867
	Actuarial loss recognized in other comprehensive income		6,853
			11,013
			50,442
			39,596
	Contributions to the fund during the year		(13,076)
	Balance at end of the year		(10,874)
			37,366
			28,722
13.3	Reconciliation of the present value of defined benefits obligation		
	Present value of obligations as at beginning of the year		107,728
	Current service cost		11,763
	Interest cost		13,877
	Benefits paid		(4,339)
	Benefits due but not paid		(1,650)
	Actuarial gain		(2,409)
	Present value of obligations as at end of the year		2,502
			124,970
			107,728

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
13.4	Movement in the fair value of plan assets	Rupees in thousand	
	Fair value of plan assets as at beginning of the year	80,303	77,318
	Interest income on plan assets	10,773	7,154
	Contribution to the fund	13,076	10,874
	Benefits paid	(5,076)	(6,532)
	Actuarial loss	(9,262)	(8,511)
	Fair value of plan assets as at end of the year	89,814	80,303

13.5	Expense for the year		
	Current service cost	11,763	10,641
	Interest cost	13,877	7,825
	Interest income on plan assets	(10,773)	(7,154)
	Expense for the year	14,867	11,312

13.6 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2020 is Rs. 16.59 million.

	2019		2018	
	Fair value	Percentage	Fair value	Percentage
	Rupees in thousand	%	Rupees in thousand	%
Debt instruments	35,871	40%	28,458	35%
Cash and bank balances	8,458	9%	6,204	8%
Mutual funds	45,485	51%	45,641	57%
Fair value of plan assets	89,814	100%	80,303	100%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

	2019	2018	2017	2016	2015
	Rupees in thousand				
Present value of defined benefit obligation	124,970	107,728	90,208	79,885	68,982
Fair value of plan assets	(89,814)	(80,303)	(77,318)	(76,082)	(60,462)
Deficit	35,156	27,425	12,890	3,803	8,520
Effect of remeasurement:					
- Actuarial (gain) / loss on experience adjustment on obligation	(2,409)	2,502	3,869	1,816	4,186
- Actuarial (loss) / gain on plan assets	(9,262)	(8,511)	(11,097)	4,939	855

13.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	Increase / decrease in defined benefit obligation			
	2019		2018	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	113,913	137,773	97,753	119,650
Future salary growth	137,781	113,703	119,648	97,540

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018	
13.10	Expected maturity analysis of staff gratuity fund is as follows:	Rupees in thousand		
	Within one year	6,778	4,568	
	Between one to two years	7,121	7,525	
	Between two to five years	33,243	23,896	
	Over five year	128,412	135,926	
13.11	Significant Actuarial Assumption			
	The following significant assumptions have been used for valuation of this scheme:			
		2019	2018	
		per annum		
	a) Expected rate of increase in salary level	11.25%	13.25%	
	b) Discount rate	11.25%	13.25%	
13.12	Risks			
	These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.			
		2019	2018	
		Rupees in thousand		
	Note			
14	STAFF COMPENSATED ABSENCES	14.1	29,715	25,668
14.1	Movement in liability			
	Balance at beginning of the year		25,668	23,717
	Charge for the year	14.1.1	8,018	4,314
	Benefits paid		(3,971)	(2,363)
	Balance at end of the year		29,715	25,668
14.1.1	Charge for the year			
	Current service cost		3,231	2,970
	Interest cost		3,138	2,028
	Actuarial loss / (gain) on experience adjustment		1,649	(684)
			8,018	4,314

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
15	DEFERRED TAXATION		
		Rupees in thousand	
	Deferred tax asset in respect of:		
	- Provision for impairment in loans and receivables investments	3,227	3,227
	- Effect of remeasurement of staff retirement benefit plans	1,988	3,194
	- Unrealized losses on AFS investments	(138)	7,132
	- Provision for diminution in value of AFS investments	-	13,080
	- Provision against premium due but unpaid	6,020	4,448
	- Provision against amounts due from other insurers / reinsurers	4,495	4,053
		15,592	35,134
16	PREPAYMENTS		
	Prepaid reinsurance premium ceded	454,811	547,973
	Prepaid rent	220	13,810
	Others	2,439	2,141
		457,470	563,924
17	CASH AND BANK		
	Cash in hand	1,518	906
	Banking instrument (Cash Deposit Receipt)	-	15,000
	Policy & Revenue stamps, Bond papers	460	596
		1,978	16,502
	CURRENT AND OTHER ACCOUNTS		
	Cash at bank:		
	Current accounts	36,263	28,575
	Deposit accounts - local currency	17.1 308,557	102,098
		344,820	130,673

17.1 These carry an annual effective markup rate ranging from 4.5% to 11.25% (2018 : 3.70% to 8.03%).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17.2 Reconciliation of movement of liabilities of cash flows arising from financing activities

	Unpaid dividend and unclaimed dividend	Staff house building finance	Finance cost	Lease liabilities	Total
2019					
Rupees in thousand					
Balance at 01 January	4,049	(12,771)	-	59,591	50,869
Changes from financing cash flows					
Dividend declared	93,785	-	-	-	93,785
Dividend paid	(90,676)	-	-	-	(90,676)
Total finance provided	-	(3,000)	-	-	(3,000)
Repayment of principal	-	12,810	-	-	12,810
Additional rental lease liability	-	-	-	86,432	86,432
Additional leased vehicles	-	-	-	15,788	15,788
Lease rentals paid	-	-	-	(57,893)	(57,893)
Down payment on leased assets	-	-	-	(3,528)	(3,528)
Finance cost received / (paid)	-	1,440	(12,356)	-	(10,916)
Finance cost charge for the year	-	(1,440)	12,356	-	10,916
Balance at 31 December	7,158	(2,961)	-	100,390	104,587
2018					
Rupees in thousand					
Balance at 01 January	2,298	-	-	63,770	66,068
Changes from financing cash flows					
Dividend declared	93,786	-	-	-	93,786
Dividend paid	(92,035)	-	-	-	(92,035)
Total finance provided	-	(12,960)	-	-	(12,960)
Repayment of principal	-	189	-	-	189
Additional leased vehicles	-	-	-	21,162	21,162
Lease rentals paid	-	-	-	(19,869)	(19,869)
Down payment on leased assets	-	-	-	(5,472)	(5,472)
Finance cost received / (paid)	-	431	(4,297)	-	(3,866)
Finance cost charge for the year	-	(431)	4,297	-	3,866
Balance at 31 December	4,049	(12,771)	-	59,591	50,869

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18	SHARE CAPITAL		2019	2018
18.1	Authorized Capital		Rupees in thousand	
	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
18.2	Issued, subscribed and paid-up share capital			
	2019	2018	2019	2018
	Number of shares		Rupees in thousand	
	Ordinary shares of Rs. 10 each issued as:			
	24,358,699	24,358,699	243,587	243,587
	47,543,196	38,164,688	475,432	381,647
	71,901,895	62,523,387	719,019	625,234
18.3	Army Welfare Trust (AWT) and directors hold 42,597,713 (2018: 37,041,491) and 549,973 (2018: 478,240) ordinary shares of the Company respectively at the year end.			
			2019	2018
	Note		Rupees in thousand	
19	RESERVES			
	Capital reserve			
	Share premium		121,161	121,161
	Revenue reserves			
	General reserves		70,000	70,000
	AFS Revaluation reserve		339	(17,462)
			70,339	52,538
			191,500	173,699
20	LEASE LIABILITIES			
	Lease liability - right of use assets - rental properties	20.1	53,480	-
	Lease liabilities - right of use assets - vehicles	20.2	46,910	59,591
			100,390	59,591

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20.1 Lease liability - right of use assets - rental properties

The Company has recognized lease liabilities under IFRS - 16 at the date of initial recognition, for leases previously classified as operating leases under IAS - 17 at the present value of the remaining lease payments using an estimated incremental borrowing rate of KIBOR plus 1 percent at 1 January 2019.

	01 January 2019	01 January 2018
	Rupees in thousand	
Un-discounted lease commitments on initial recognition	70,357	-
Present value of the future lease payments on initial recognition	62,479	-
	31 December 2019	31 December 2018
	Rupees in thousand	
Contractual maturity of remaining lease commitments		
Within one year	35,257	-
Between 2 and 5 years	17,683	-
After 5 years	10,851	-
Total un-discounted lease commitments	63,791	-
Discounted lease liability using the incremental borrowing rate as at 31 December 2019	53,480	-
Current portion of discounted lease	40,277	-

20.2 Lease liabilities - right of use assets - vehicles

	2019			2018		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees in thousand					
Not later than one year	25,525	5,265	20,260	26,311	4,387	21,924
Later than one year and not later than five years	32,628	5,978	26,650	42,650	4,983	37,667
	58,153	11,243	46,910	68,961	9,370	59,591

20.2.1 The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
21	INSURANCE / REINSURANCE PAYABLES		
	Amount due to other insurers	48,349	86,824
	Amount due to foreign reinsurers	804,673	444,816
		853,022	531,640
22	OTHER CREDITORS AND ACCRUALS		
	Agents' commission payable	64,947	62,323
	Tax deducted at source	13,422	11,390
	Federal excise duty / federal insurance fee	41,852	35,071
	Accrued expenses	12,348	5,087
	Fund received against leased vehicle	22.1	2,262
	Fund received against vehicle Ijarah	22.1	145
	Others	30,978	61,327
		165,954	190,685
22.1	Funds received from executives	-	491
	Fund received against vehicle Ijarah	-	491

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23 CONTINGENCIES AND COMMITMENTS

23.1 Claims against the Company not acknowledged as debts amounted to Rs. 16,629 million at year end (2018: Rs. 17,079 million). Details of the major legal proceedings disclosed as contingencies are as follows:

	2019	2018
	Rupees in thousand	
Parties involved	Date of institution of case	Court, agency or authority where proceedings are pending
		Facts of the case and relief sought
Mian cotton factory	10-Mar-18	Banking court
		AGICO had issued Fire Insurance Coverage to Mian Cotton Factory For Cotton bales, which were pledged against credit facilities, sanctioned to them by JS Bank. The above suit is as a result of demand raised by JS Bank and factual controversies about the claim of fire, the above suit has been filed. A Petition for Leave to Appeal has been filed and the management believes that the case will be settled in favor of the Company.
Other immaterial cases		
	11,629	12,079
Total	16,629	17,079

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

23.2 Commitments

The Company's commitment under Jarrah arrangement with Meezan Bank Limited is Rs 9.6 million (2018: Rs 14.3 million). The contracts have a term of five years.

	2019	2018
	Rupees in thousand	
Future Minimum Ujrah (lease) payments are as under:		
Not later than one year	4,564	4,686
Later than one year and not later than five years	5,037	9,587
	9,601	14,273
Jarrah payments recognized in expense during the year	6,481	5,255

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
24	NET INSURANCE PREMIUM	
Written gross premium	3,029,070	2,885,080
Add: Unearned premium reserve opening	1,642,458	1,538,596
Less: Unearned premium reserve closing	1,388,338	1,642,458
Premium earned	3,283,190	2,781,218
Less: Reinsurance premium ceded	1,173,779	951,306
Add: Prepaid reinsurance premium opening	547,973	566,134
Less: Prepaid reinsurance premium closing	454,811	547,973
Reinsurance expense	1,266,941	969,467
	2,016,249	1,811,751
25	NET INSURANCE CLAIMS	
Claims paid	1,613,090	1,407,006
Add: Outstanding claims including IBNR closing	624,125	445,799
Less: Outstanding claims including IBNR opening	445,799	416,296
Claims expense	1,791,416	1,436,509
Less: Reinsurance and other recoveries received	390,312	370,461
Add: Reinsurance and other recoveries in respect of outstanding claims closing	331,317	180,980
Less: Reinsurance and other recoveries in respect of outstanding claims opening	180,980	184,417
Reinsurance and other recoveries revenue	540,649	367,024
	1,250,767	1,069,485

25.1 Claim Development

The following table shows the development of fire claims over the last five years. The disclosure goes back to the year 2015 for which there is still uncertainty about the amount and timing of claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timing of claims payment is usually resolved within a year, are not disclosed in the below table.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Accident Year	2015	2016	2017	2018	2019
Rupees in thousand					
Estimate of ultimate claims costs					
At end of accident year	40,106	87,779	101,657	116,460	50,750
One year later	48,943	93,845	99,357	127,847	
Two years later	48,391	93,983	97,935		
Three years later	46,821	94,677			
Four years later	46,844				
Current estimate of cumulative claims	46,844	94,677	97,935	127,847	50,750
Cumulative payments to date	47,132	93,667	94,036	124,288	20,300
Liability recognised in the statement					
of financial position	(288)	1,010	3,898	3,558	30,450

		2019	2018
26	NET COMMISSION EXPENSE / ACQUISITION COST	Rupees in thousand	
	Commission paid or payable	215,749	188,321
	Add: Deferred commission expense opening	97,956	70,218
	Less: Deferred commission expense closing	124,175	97,956
	Net commission	189,530	160,583
	Less: Commission received or recoverable	269,554	253,134
	Add: Unearned reinsurance commission opening	107,337	90,349
	Less: Unearned reinsurance commission closing	104,849	107,337
	Commission from reinsurers	272,042	236,146
		(82,512)	(75,563)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

			2019	2018
27	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Salaries and other benefits	27.1	442,028	348,614
	Rent		9,922	43,726
	Communication		8,510	12,027
	Tracker devices		3,602	12,649
	Monitoring of trackers		6,063	8,282
	Printing and stationery		7,053	9,236
	Traveling and entertainment		6,625	13,657
	Depreciation and amortization		82,332	50,605
	Repair and maintenance		12,571	12,262
	Utilities		12,716	11,337
	Advertisement		2,076	2,060
	Legal and professional charges		8,592	7,807
	Bank charges		1,892	1,181
	Provision against premium due but unpaid		5,423	-
	Provision against amounts due from other insurers / reinsurers		1,524	-
	Vehicle Ijarah rentals		6,481	5,255
	Miscellaneous		14,338	6,554
			631,749	545,252

27.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 14.87 million (2018: Rs. 11.31 million), Rs. 8.02 million (2018: Rs. 4.31 million) and Rs. 11.03 million (2018: Rs. 9.32 million) respectively.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
28	INVESTMENT INCOME	Rupees in thousand	
	Note		
	Dividend income on investments		
	Dividend income on securities held for trading	3,939	26,497
	Dividend income on available for sale investments	2,396	6,846
		6,335	33,342
	Income from debt securities		
	Return on government securities	99,144	4,846
	Return on other fixed income securities	100,402	62,201
		199,546	67,047
	Net realised loss on investments		
	Gain on trading of held for trading investments	54,514	16,959
	Loss on sale of available for sale investments	(103,949)	(16,993)
		(49,435)	(34)
	Unrealized profit on re-measurement of investments held for trading	2	3,962
	Reversal / (Provision for) diminution in available-for-sale investments	45,103	(38,711)
	Reversal of diminution in value of Certificate of Investments	-	5,094
	Total investment income	201,551	70,701
	Less: Investment related expenses	(162)	-
		201,389	70,701
29	OTHER INCOME		
	Profit on bank deposits	18,713	7,648
	Gain on sale of fixed assets	558	40
	Mark-up on staff house building finance	1,440	431
	Others	19,024	21,247
		39,735	29,366

29.1

This includes amount of funds received against leased vehicles amortized till 31 December 2019 amounting to Rs. 14,749. This further represents income recognized in respect of long outstanding payables for more than ten years amounting to Rs. Nil (2018: 14,629 thousand).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
30	OTHER EXPENSES		
		Rupees in thousand	
	Subscription	7,406	6,251
	Auditors' remuneration	2,038	1,630
		9,444	7,881
30.1	Auditors' remuneration		
	Audit fee	912	540
	Half yearly review	331	315
	Special purpose review	315	300
	Other certifications	255	260
	Tax advisory services	225	215
		2,038	1,630
31	FINANCE COSTS	12,360	4,297
	Interest on lease liabilities	12,360	4,297
32	WINDOW TAKAFUL OPERATIONS - OPF		
	Wakala fee	139,363	95,850
	Management expenses	(67,464)	(24,552)
	Commission expenses	(28,722)	(20,422)
	Modarib's share of PTF investment income	4,146	1,699
	Investment income	18,137	1,947
	Other expenses - net	1,697	2,385
	Profit from Window Takaful Operations - OPF	67,157	56,907
33	INCOME TAX EXPENSE		
	For the year		
	Current	136,821	134,311
	Deferred	11,066	(9,231)
		147,887	125,080

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

33.1	Relationship between tax expense and accounting profit	2019	2018	2019	2018
		Effective tax rate - %		Rupees in thousand	
	Profit for the year before taxation			508,076	420,847
	Tax at the applicable rate	29.00	29.00	147,342	122,046
	Effect of items that are not considered in determining taxable income - net	0.11	0.55	545	2,336
	Effect of amounts chargeable to tax at reduced rate	0.00	0.00	-	-
	Effect of change in tax rate	0.00	0.17	-	698
		29.11	29.72	147,887	125,080
33.2	Taxation charged to other comprehensive income				
	Current tax income			(1,987)	(3,194)
33.3	Tax returns for the Tax Years 2014 to 2019 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.				
34	EARNINGS PER SHARE			2019	2018
	Profit after tax (Rupees in thousand)			360,189	295,767
	Weighted average number of shares			71,902	71,902
	Earnings per share (Rupees) - Restated			5.01	4.11

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

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

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,705	-	-	1,280	-
Managerial remuneration	12,269	-	12,352	10,669	-	9,738
Leave encashment	710	-	572	375	-	298
Bonus	5,334	-	4,428	3,899	-	3,016
Charge to defined benefit plan	1,921	-	2,309	1,248	-	1,332
Rent and house maintenance	5,521	-	5,008	4,801	-	3,942
Utilities	1,227	-	1,113	1,067	-	876
Conveyance	1,219	-	5,011	1,101	-	4,517
Provident fund	1,022	-	801	889	-	618
Others	36	-	1,419	36	-	1,419
	29,260	1,705	33,014	24,085	1,280	25,756
No of person(s)	1	8	7	1	8	6

35.2 The Chief Executive is also provided with Company maintained car.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

36 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 12.1 and the remuneration of chief executive, executives and directors is disclosed in note 35 to the consolidated financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2019	2018
	Rupees in thousand	
Transactions with the parent company:		
Insurance premium written (including government levies administrative surcharge and policies stamps)	6,946	6,871
Premium received during the period	5,904	5,708
Insurance claims paid	355	2,749
Rent paid	22,646	20,825
Dividend paid	55,578	55,578
Bonus shares issued	55,578	-
Transactions with associated undertakings:		
Army Stud Farms Boylegunj		
Insurance premium written (including government levies administrative surcharge and policies stamps)	57	420
Premium received during the period	57	420
Insurance claims paid	53	-
Army Stud Farms Probynabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	310	555
Premium received during the period	245	555
Insurance claims paid	152	24

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Army Welfare Sugar Mills		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	11,786	8,213
Premium received during the period	11,380	7,596
Insurance claims paid	189	448
Askari Airport Services		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	197
Premium received during the period	-	197
Insurance claims paid	21	58
Askari Aviation (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(9,685)	29,101
Premium received during the period	8,058	25,091
Insurance claims paid	1,880	417
Askari Development and Holdings (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,509	1,284
Premium received during the period	8,372	1,211
Insurance claims paid	349	85
Askari Enterprises (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	543	610
Premium received during the period	380	1,045
Insurance claims paid	168	294

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari CNG and Fuels	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	5,196	5,238
Premium received during the period	9,859	425
Insurance claims paid	1,798	673
Askari Guards (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	50,946	69,822
Premium received during the period	54,574	71,069
Insurance claims paid	5,419	2,168
Askari Lagoon Faisalabad		
Insurance premium written (including government levies administrative surcharge and policies stamps)	47	40
Premium received during the period	-	57
Insurance claims paid	-	-
Askari Shoe Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,719	2,368
Premium received during the period	2,487	673
Insurance claims paid	129	427
Askari Tours and Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,681	907
Premium received during the period	523	85
Insurance claims paid	9	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari Woolen Mills	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	796	717
Premium received during the period	1,343	625
Insurance claims paid	254	-
AWT Plaza Project		
Insurance premium written (including government levies administrative surcharge and policies stamps)	107	214
Premium received during the period	94	106
Insurance claims paid	70	83
Army Welfare Trust CEO (Army Projects) Office		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	221
Premium received during the period	91	207
Insurance claims paid	125	223
Blue Lagoon		
Insurance premium written (including government levies administrative surcharge and policies stamps)	489	265
Premium received during the period	510	413
Insurance claims paid	14	46

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Fauji Security Services (Private) Limited		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	15,890	15,944
Premium received during the period	14,313	18,459
Insurance claims paid	430	312
MAL Pakistan Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	7,793	3,301
Premium received during the period	3,031	3,571
Insurance claims paid	2,760	1,780
Petrosel Lubricants (Private) Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	380
Premium received during the period	5	421
Insurance claims paid	-	202
Army Welfare Housing Scheme		
Insurance premium written (including government levies administrative surcharge and policies stamps)	287	428
Premium received during the period	287	471
Insurance claims paid	258	-
Army Welfare Real Estate Division		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,082	1,092
Premium received during the period	1,007	801
Insurance claims paid	406	311

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	Rupees in thousand	
ASK Flying Academy		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	2,719
Premium received during the period	-	2,719
Insurance claims paid	-	2,463
Askari Apparel		
Insurance premium written (including government levies administrative surcharge and policies stamps)	380	432
Premium received during the period	551	1,528
Insurance claims paid	41	15
AWT Investments Limited		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,867	580
Premium received during the period	1,882	574
Insurance claims paid	1,229	-
Services Travels		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	70
Premium received during the period	-	70
Insurance claims paid	-	-
Askari Life Assurance		
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,252	2,027
Premium received during the period	1,626	1,715
Insurance claims paid	828	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Askari Chartered Services	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	19
Premium received during the period	-	19
Insurance claims paid	120	-
Askari Seeds		
Insurance premium written (including government levies administrative surcharge and policies stamps)	238	109
Premium received during the period	238	109
Insurance claims paid	87	71
Medask		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,669	815
Premium received during the period	2,103	537
Insurance claims paid	160	10
Transactions with other related parties		
Contributions to Employees Provident Fund Trust	37,115	32,458

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2018					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Level 1
	Rupees in thousand					
Financial assets measured at fair value						
Investment at fair value through profit and loss	166,340	-	-	-	-	166,340
Investment at fair value through other comprehensive income	-	258,425	-	-	-	258,425
Financial assets not measured at fair value						
Investments						
- Government securities	-	-	66,345	-	-	-
- Certificates of Investment (COIs) / TDRs	-	-	-	1,130,800	-	-
- Fixed term deposits	-	210,000	-	-	-	-
Loans to employees	-	-	-	324	-	-
Accrued investment income*	-	-	-	10,886	-	-
Staff house building finance	-	-	-	-	-	-
Sundry receivables*	-	-	-	49,233	-	-
Amount due from insurance contract holders*	-	-	-	1,210,368	-	-
Amounts due from other insurers / reinsurers*	-	-	-	183,371	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	180,980	-	-
Salvage recoveries accrued*	-	-	-	60,543	-	-
Cash and bank deposits*	-	-	-	147,175	-	-
Total assets of Window Takatuf Operations - OPF	-	-	-	202,467	-	-
Financial liabilities not measured at fair value						
Provision for outstanding claims (including IBNR)*	-	-	-	-	445,799	-
Insurance / Reinsurance payables*	-	-	-	-	531,640	-
Unclaimed dividends*	-	-	-	-	4,049	-
Accrued expenses*	-	-	-	-	5,087	-
Other creditors and accruals*	-	-	-	-	185,594	-
Deposits and other payables*	-	-	-	-	33,604	-
Total liabilities of Window Takatuf Operations - OPF	-	-	-	-	69,209	-
	166,340	468,425	66,345	3,176,147	1,274,982	424,765

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

38 SEGMENT INFORMATION 38.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	Rupees in thousand										
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	487,249	523,584	228,612	235,892	1,045,590	1,152,176	751,514	792,365	833,898	529,430	3,346,863
Less: Federal Excise Duty	65,118	68,253	27,126	28,864	142,948	156,040	2	142	45,020	60,584	280,214
Federal Insurance Fee	4,164	4,371	2,045	1,981	9,082	9,899	7,427	7,803	7,789	4,630	30,507
Stamp Duty	43	39	6,712	5,387	175	206	5	3	138	165	7,073
Gross written premium (inclusive of administrative surcharge)	417,924	450,921	192,729	199,660	893,385	986,031	744,080	784,417	780,951	464,051	3,029,069
Gross premium	407,313	434,500	185,907	194,032	862,747	954,137	740,987	781,463	772,361	456,174	2,969,314
Administrative surcharge	6,515	5,865	7,736	6,377	31,005	31,983	1,170	1,120	6,789	6,053	53,215
Facultative inward premium	6,549	9,775	-	-	-	-	-	-	2,508	3,923	13,698
Service charges	(2,453)	781	(914)	(749)	(367)	(89)	1,923	1,834	(707)	(2,099)	(322)
Insurance premium earned	414,385	418,911	204,538	186,617	932,444	924,800	858,578	853,459	873,245	397,431	3,283,190
Insurance premium ceded to reinsurers	(364,689)	(362,767)	(123,652)	(121,359)	(12,297)	(19,074)	(160,117)	(234,491)	(606,186)	(231,776)	(1,266,941)
Net insurance premium	49,696	56,144	80,886	65,258	920,147	905,726	698,461	618,968	267,059	165,655	2,016,249
Commission income	87,591	82,977	41,112	45,235	780	882	25,755	37,356	116,804	69,716	272,042
Net underwriting income	137,287	139,121	121,998	110,493	920,927	906,598	724,216	656,324	383,863	235,371	2,288,291
Insurance claims	(78,419)	(119,659)	(156,102)	(60,173)	(453,776)	(404,849)	(770,149)	(750,704)	(332,970)	(101,124)	(1,436,509)
Insurance claims recovered from reinsurers	69,454	95,503	125,924	38,390	(2,515)	5,245	115,001	217,957	232,785	9,929	367,024
Net claims	(8,965)	(24,156)	(30,178)	(21,783)	(456,291)	(399,604)	(655,148)	(532,747)	(100,185)	(91,195)	(1,069,485)
Commission expense	(49,253)	(41,113)	(32,340)	(25,689)	(47,333)	(50,967)	(24,556)	(13,552)	(36,048)	(29,262)	(189,530)
Management expense	(14,781)	(15,874)	(24,056)	(18,451)	(305,767)	(289,084)	(207,723)	(175,006)	(79,423)	(46,837)	(631,749)
Underwriting results	64,288	57,978	35,423	44,570	111,537	166,933	(163,211)	(64,981)	168,207	68,077	216,245
Investment income											201,389
Rental income											5,354
Other income											39,735
Finance costs											(12,360)
Other expenses											(9,444)
Profit before tax from Window Takaful Operations - OPF	440,919	363,941	67,157	56,907	508,076	420,848					

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

39	MOVEMENT IN INVESTMENTS	Held to maturity	Available- for -sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand						
	At beginning of previous year	71,710	336,360	846,891	351,859	1,606,820
	Additions	36,764	580,083	672,963	7,448,129	8,737,939
	Disposals (sale and redemptions)	(42,129)	(420,907)	(1,357,476)	(6,674,282)	(8,494,794)
	Fair value net gain (excluding net realised gains)	-	11,600	3,962	-	15,562
	Impairment (loss) / reversal	-	(38,711)	-	5,094	(33,617)
	At beginning of current year	66,345	468,425	166,340	1,130,800	1,831,910
	Additions	3,223,852	726,512	7,484,136	1,973,639	13,408,139
	Disposals (sale and redemptions)	(1,954,836)	(957,055)	(7,339,057)	(2,852,439)	(13,103,387)
	Fair value net gain (excluding net realised gains)	-	25,070	2	-	25,072
	Impairment reversal	-	45,103	-	-	45,103
	At end of current year	1,335,361	308,055	311,421	252,000	2,206,837

40 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

40.1 Financial risk

The Company's activities exposes 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year 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.

i) 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 exposures 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 management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	Rupees in thousand	
Bank deposits	344,820	130,673
Investments	2,206,837	1,407,145
Salvage recoveries accrued	39,206	60,543
Advances to employees	111	324
Amounts due from insurance contract holders	993,104	1,210,368
Amounts due from other insurers / reinsurers	173,248	183,371
Accrued investment income	44,278	10,886
Reinsurance recoveries against outstanding claims	331,317	180,980
Staff house building finance	2,961	12,771
Sundry receivables	85,984	49,233
	4,221,866	3,246,294

The Company does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these financial statements, 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 gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2019 Aggregate	2018 Aggregate
	Rupees ('000)					
Up to 1 year	815,569	148,895	293,922	85,984	1,344,370	1,408,239
1-2 years	178,722	24,336	8,714	-	211,772	189,592
2-3 years	11,343	1,776	14,172	-	27,291	13,563
Over 3 years	8,230	13,741	14,509	-	36,480	41,871
	1,013,864	188,748	331,3167	85,984	1,619,913	1,653,265

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Rating Financial institution	Rating		Rating agency	2019	2018
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A-1+	PACRA	317,611	101,083
Habib Bank Limited	AAA	A-1+	JCR-VIS	1,513	2,099
Faysal Bank Limited	AA	A-1+	PACRA	2,029	1,263
Silk Bank Limited	A-	A-2	JCR-VIS	37	54
Bank Al Falah Limited	AA+	A-1+	PACRA	10	593
Bank Al-Habib Limited	AA+	A-1+	PACRA	113	160
Meezan Bank Limited	AA+	A-1+	JCR-VIS	933	703
The Bank of Punjab	AA	A-1+	PACRA	775	105
NRSP Microfinance Bank	A	A-1	PACRA	2,966	3,483
JS Bank Limited	AA-	A-1+	PACRA	311	1,644
Sindh Bank Limited	A+	A-1	JCR-VIS	1	1
Bank Of Khyber	A	A-1	PACRA	644	1,211
PPCBL	Exempted	Exempted	Not Applicable	2,756	7,516
Samba Bank Limited	AA	A-1	JCR-VIS	6	1,215
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	11,921	8,557
Finca Microfinance Bank	A	A-1	PACRA	939	-
U Microfinance Bank	A	A-1	JCR-VIS	1,190	-
MCB Islamic Banking	A	A-1	PACRA	1	-
Summit Bank Limited	D (SO)	D (SO)	JCR-VIS	1,064	986
				344,820	130,673

b) Sector wise analysis of gross amount due from insurance contract holders is as follows:

Agriculture	16,636	21,152
Construction Companies	35,363	72,774
Development	33,637	36,696
Education	55,385	56,862
Engineering	23,091	16,341
Financial Services	57,367	65,926
Logistics	28,357	25,236
Miscellaneous	138,710	148,024
Other Manufacturing	23,908	27,003
Other Services	143,372	229,877
Pharmaceuticals	11,068	9,320
Poultry Industry	1,511	848
Sugar Industry	1,163	1,162
Telecommunication	407,005	480,171
Textile and Composites	36,765	32,760
Travel and Tourism Development	526	1,553
	1,013,864	1,225,705

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2019		2018	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
Rating	188,748	331,317	520,065	378,205
A or above	-	-	-	122
Others	188,748	331,317	520,065	378,327

- The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 9 to the consolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 9.5 to the consolidated financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	624,125	624,125	624,125	-
Amounts due to other insurers / reinsurers	853,022	853,022	853,022	-
Accrued expenses	12,348	12,348	12,348	-
Other creditors and accruals	157,587	157,587	157,587	-
Unclaimed dividend	7,158	7,158	7,158	-
Deposits and other payables	45,610	45,610	45,610	-
Lease liabilities	121,944	121,944	60,782	61,162
Other liabilities	33,385	33,385	33,385	-
	1,855,179	1,855,179	1,794,017	61,162

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	445,799	445,799	445,799	-
Amounts due to other insurers / reinsurers	531,640	531,640	531,640	-
Accrued expenses	5,087	5,087	5,087	-
Other creditors and accruals	137,506	137,506	137,506	-
Unclaimed dividend	4,049	4,049	4,049	-
Deposits and other payables	33,604	33,604	33,604	-
Liabilities against assets subject to finance lease	68,961	68,961	26,311	42,650
Other liabilities	76,814	76,814	76,814	-
	1,303,460	1,303,460	1,260,810	42,650

iii) **Market risk**

- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018	2019	2018
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
Fixed rate financial assets				
Deposit accounts	4.5% to 11.25%	3.70% to 8.03%	308,557	102,098
Investments	5.65% to 13.49%	2.81% to 12.54%	2,206,837	1,407,145
			2,515,394	1,509,243

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 the 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 decreased / increased profit for the year by Rs. 3.05 million (2018: Rs. 2.10 million).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant. Actual results might differ from those reflected above.

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

c) 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. The Company is exposed to price risk since it has investments in quoted securities which are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost.

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.

Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 31.14 million (2018: Rs. 16.63 million).

iv) 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 available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 311.42 million (2018: Rs. 166.34 million) and investments in available-for-sale (Equity securities) of Rs. 3.03 million (2018: Rs. 258.43 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of debt securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

Available-for-sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

v)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

	30 June	31 December
	Rupees in thousand	
Year 2015	-	300,000
Year 2016	350,000	400,000
Year 2017	450,000	500,000

The Company meets the regulatory requirements for minimum paid up capital.

40.2

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under 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 Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	148,727	141,442	4,265	1,762	1,259	-

(c) **Key assumptions**

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

(d) **Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) **Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to 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 claim numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized 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.

	Profit before tax		Shareholders' equity	
	2019	2018	2019	2018
Rupees in thousand				
10% increase in loss				
Fire and property damage	(1,385)	(1,313)	(983)	(932)
Marine aviation and transport	(1,929)	(1,708)	(1,370)	(1,213)
Motor	(13,343)	(14,487)	(9,473)	(10,285)
Health	(3,814)	(4,406)	(2,708)	(3,128)
Miscellaneous	(8,811)	(4,568)	(6,255)	(3,243)
	(29,282)	(26,482)	(20,789)	(18,801)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(f) **Concentration of insurance risk**

A concentration of risk may also arise from a single insurance contract issued to a particular 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.

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

	Gross sum insured	Reinsurance	Net
Rupees in thousand			
2019			
Fire and property	322,151,661	280,469,222	41,682,439
Marine, aviation and transport	128,427,157	(71,383,362)	199,810,519
Motor	45,047,115	481,627	44,565,488
Miscellaneous	152,439,208	103,792,540	48,646,668
	648,065,141	313,360,027	334,705,114
2018			
Fire and property	623,667,798	546,272,626	77,395,172
Marine, aviation and transport	595,306,457	384,978,035	210,328,422
Motor	49,314,958	496,824	48,818,134
Miscellaneous	313,402,484	109,422,121	203,980,363
	1,581,691,697	1,041,169,606	540,522,091

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
	2019	2018
Rupees in thousand		
Fire and property	59,259,860	160,336,433
Marine, aviation and transport	14,000,000	243,663,525
Motor	116,740	66,000
Liability	3,925,000	3,342,468
Miscellaneous	10,028,718	27,809,406

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

41	STATEMENT OF SOLVENCY	2019
		Rupees in thousand
	Assets	
	Property and equipment	287,179
	Intangible assets	345
	Investment property	40,501
	Investments	
	- Equity securities	314,451
	- Debt securities	1,640,386
	- Term deposits	252,000
	Loans and other receivables	133,334
	Insurance / Reinsurance receivables - unsecured, considered good	1,166,352
	Reinsurance recoveries against outstanding claims	331,317
	Salvage recoveries accrued	39,206
	Deferred commission expense / Acquisition cost	124,175
	Deferred taxation	15,592
	Prepayments	457,470
	Cash and bank	346,798
	Total assets from Window Takaful Operations - OPF	279,427
	Total Assets (A)	5,428,533
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
	(d) loans to employees	111
	(g) receivable from related parties	82,562
	(h) insurance / reinsurance receivables for more than three months	418,093
	(i) intangible assets	345
	(j) deferred tax asset	15,592
	(k) security deposit receivable	16,038
	(k) security deposits	45,610
	(U)-(i) vehicles	60,795
	(U)-(ii) office equipment	19,404
	(U)-(ii) office equipment (window takaful operator's fund)	76
	(U)-(iii) fixtures and fittings	9,636
	(U)-(iii) fixtures and fittings (window takaful operator's fund)	451
	Total of In-admissible assets (B)	668,713
	Total Admissible Assets (C=A-B)	4,759,820

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019
	Rupees in thousand
Total Liabilities	
Underwriting Provisions	
- Outstanding claims including IBNR	624,125
- Unearned premium reserves	1,388,338
- Unearned reinsurance commission	104,849
Retirement benefit obligations	37,366
Staff compensated absences	29,715
Lease liabilities	100,390
Taxation - provision less payment	295
Premium received in advance	15,021
Insurance / Reinsurance Payables	853,022
Unclaimed dividend	7,158
Other Creditors and Accruals	165,954
Deposits and other payables	45,610
Total Liabilities	3,372,104
Total liabilities from Window Takaful Operations - OPF	91,699
Total Liabilities (D)	3,463,803
Total Net Admissible Assets (E=C-D)	1,296,017
Minimum solvency requirement (higher of following)	403,250
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	403,250
Method C - U/s 36(3)(c)	245,267
Excess in Net Admissible Assets over Minimum Requirements	892,767

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

42 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2019	2018
	Rupees in thousand	
43 WINDOW TAKAFUL OPERATIONS - OPF		
Assets		
Cash and bank deposits	24,966	3,915
Investments	186,560	147,413
Current assets - others	67,374	50,688
Fixed assets	527	451
Total assets	279,427	202,467
Total liabilities - current	91,699	69,209
Profit from Window Takaful Operations - OPF	67,157	56,907

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

44 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 12 March 2020 have proposed a final cash dividend of Rupees 2.50 per share.

Subsequent to year end, World Health Organization has declared outbreak of novel coronavirus (COVID-19) a pandemic. At this stage, it is uncertain how this may or may not impact operations of the Company. The financial statements for the year ended 31 December 2019 do not include the effects, if any, of COVID-19 which will be accounted for in the financial statements for the year ending 31 December 2020.

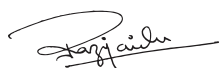
45 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of the Company on 12 March 2020.

46 GENERAL

Number of employees

Total number of employees at the end of the year were 397 (2018: 436). Average number of employees during the year were 417 (2018: 427).



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

WINDOW TAKAFUL OPERATIONS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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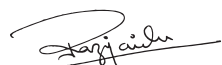
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

ASSETS	Note	2019			2018
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		Rupees in thousand			
Property and equipment	5	527	-	527	451
investments					
- Equity securities	6	124,060	115,779	239,839	178,616
- Debt securities	7	35,000	25,000	60,000	10,000
- Term deposits	8	27,500	-	27,500	-
Loans and Other Receivables	9	1,887	1,903	3,790	33,105
Takaful/Retakaful receivable	10	766	63,655	64,421	64,754
Retakaful recoveries against outstanding claims	20	-	16,397	16,397	16,078
Salvage recoveries accrued		-	1	1	3,632
Wakala fees receivable	11	42,962	-	42,962	33,113
Deferred Commission expense/Acquisition cost	22	15,193	-	15,193	10,730
Mudarib's fees receivable		3,240	-	3,240	201
Tax deducted at source		4,306	1,742	6,048	2,414
Prepayments	12	21	58,623	58,644	29,469
Cash & Bank	13	24,966	67,328	92,294	74,712
Total Assets		280,428	350,428	630,856	457,275

The annexed notes 1 to 35 form an integral part of these financial statements.

FUNDS AND LIABILITIES	Note	2019			2018
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Rupees in thousand					
Operator's Fund					
Statutory Fund		50,000	-	50,000	50,000
Accumulated profit		138,728	-	138,728	84,253
		188,728	-	188,728	134,253
Waqf/Participants' Takaful Fund					
Cede money		-	1,000	1,000	1,000
Reserves		-	-	-	101
Accumulated surplus		-	22,978	22,978	12,356
		-	23,978	23,978	13,457
Underwriting Provisions					
Outstanding claims including IBNR	20	-	71,686	71,686	68,644
Unearned contribution reserves	17	-	109,469	109,469	89,757
Unearned retakaful rebate	21	-	10,790	10,790	5,352
Contribution received in advance		-	2,165	2,165	2,733
Takaful / retakaful payables	14	3,228	77,606	80,834	34,916
Unearned wakala fees	19	72,162	-	72,162	61,788
Wakala fees payable		-	42,962	42,962	33,113
Mudarib's fees payable		-	3,240	3,240	201
Other creditors and accruals	15	16,310	8,532	24,842	13,061
Total Liabilities		91,700	326,450	418,150	309,565
Total funds and liabilities		280,428	350,428	630,856	457,275
Contingencies and Commitments	16				



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	Rupees in thousand	
PTF Revenue Account			
Net contribution revenue	17	112,320	99,104
Net takaful benefits	20	(122,046)	(108,860)
Direct expenses	18	(2,704)	(4,596)
Retakaful rebate	21	16,801	8,616
Takaful claims and acquisition costs		(107,949)	(104,840)
Underwriting Results		4,371	(5,736)
Investment income	24	4,684	1,512
Other income	25	5,713	2,751
Mudarib's share	26	(4,146)	(1,699)
Results of operating activities		6,251	2,564
Surplus/(deficit) for the year		10,622	(3,172)
Other comprehensive income			
Items that will be subsequently reclassified to the profit and loss account:			
Unrealized gain on available-for-sale investments		-	101
Reclassification adjustment relating to available for sale investments disposed off in the year		(101)	-
Other comprehensive income for the year		(101)	101
Total comprehensive income for the year		10,521	(3,071)
OPF Revenue Account			
Wakala fee	19	139,363	95,850
Commission expense	22	(28,722)	(20,421)
Management expenses	23	(67,465)	(24,553)
		43,176	50,876
Investment income	24	18,137	1,947
Other income	25	2,159	2,829
Mudarib's share of PTF investment income	26	4,146	1,699
Other expenses		(461)	(444)
Results of operating activities		23,981	6,031
Profit for the year		67,157	56,907
Other comprehensive income			
Items that will be subsequently reclassified to the profit and loss account:			
Unrealized gains on available-for-sale investments		-	999
Reclassification adjustment relating to available for sale investments disposed off in the year		-	(44)
Other comprehensive income for the year		-	955
Total comprehensive income for the year		67,157	57,862

The annexed notes 1 to 35 form an integral part of these financial statements.


Razi Haider
Chief Financial Officer


Abdul Waheed
President & Chief Executive


Maj Gen Akhtar Iqbal (Retd)
Director


Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Rupees in thousand				
Operating Cash Flows				
a) Takaful activities				
Contribution received	-	370,571	370,571	272,826
Re-takaful Contribution paid	-	(48,628)	(48,628)	(37,189)
Claims paid	-	(128,923)	(128,923)	(119,562)
Re-takaful and other recoveries received	-	(1,389)	(1,389)	46,030
Commission paid	(25,748)	-	(25,748)	(24,291)
Re-takaful rebate received	-	8,859	8,859	6,940
Wakala fee received/ (paid)	139,886	(139,886)	-	-
Management/Direct expenses	(64,563)	(3,385)	(67,948)	(25,720)
Net cash flow generated from underwriting activities	49,575	57,219	106,794	119,034
b) Other operating activities:				
Income tax paid	(2,449)	(1,200)	(3,649)	(1,188)
Other expenses paid	(439)	-	(439)	(484)
Other operating payments	-	(1,647)	(1,647)	(31,925)
Other operating receipts	6,945	33,980	40,925	3,218
Loan Advanced	(881)	-	(881)	(688)
Loan repayments received	881	-	881	888
Net cash flow generated from / (used in) other operating activities	4,057	31,133	35,190	(30,179)
Total cash flow generated from all operating activities	53,632	88,352	141,984	88,855
Investment activities:				
Profit / return received	3,802	6,286	10,088	5,081
Modarib's fee received/(paid)	1,107	(1,107)	-	-
Dividends received	9,030	1,207	10,237	1,915
Payment for investments	(67,500)	(272,582)	(340,082)	(228,923)
Proceeds from disposals of investments	36,180	174,375	210,555	124,784
Fixed capital expenditure	(439)	-	(439)	(281)
Total cash flow used in investing activities	(17,820)	(91,821)	(109,641)	(97,424)
Financing activities:				
Payment against Ijarah	(2,079)	-	(2,079)	(2,234)
Pay-out in respect of Dividend	(12,682)	-	(12,682)	-
Total cash flow used in financing activities	(14,761)	-	(14,761)	(2,234)
Net cash flow generated from/(used in) all activities	21,051	(3,469)	17,582	(10,803)
Cash and cash equivalents at beginning of the year	3,915	70,797	74,712	85,515
Cash and cash equivalents at end of the year	24,966	67,328	92,294	74,712

The annexed notes 1 to 35 form an integral part of these financial statements.


Razi Haider
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Abdul Waheed
President & Chief Executive

Maj Gen Akhtar Iqbal (Retd)
Director

Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Rupees in thousand				
Reconciliation to Profit and Loss Account:				
Operating cash flows	53,632	88,352	141,984	88,855
Depreciation expense	(363)	-	(363)	(212)
Dividend income	9,030	1,207	10,237	1,915
Gain/(loss) on disposal of investments	602	(11,161)	(10,559)	1,635
Increase in assets other than cash	15,316	33,660	48,976	90,738
Increase in liabilities other than running finance	(23,201)	(121,846)	(145,047)	(133,140)
Unrealized gain on investments held for trading	2,209	-	2,209	690
Investment income	4,833	7,736	12,569	426
Other income	2,159	5,679	7,838	5,081
Mudarib's share received/(paid)	1,107	(1,107)	-	
Tax paid	2,449	1,200	3,649	1,188
Decrease in deposit against vehicle ljarah	(2,079)	-	(2,079)	(2,234)
(Provision) for / reversal of diminution in value of AFS investments	1,463	6,902	8,365	(1,207)
Profit / surplus for the year	67,157	10,622	77,779	53,735
Attributed to				
Operator's Fund	67,157	-	67,157	56,907
Participants' Takaful Fund	-	10,622	10,622	(3,172)
	67,157	10,622	77,779	53,735

Definition of cash :

Cash comprises of cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flows consist of:

	2019	2018
Rupees' in thousand		
Cash and other equivalents	221	158
Current and other accounts	92,073	74,554
	92,294	74,712

The annexed notes 1 to 35 form an integral part of these financial statements.



Razi Haider
Chief Financial Officer



Abdul Waheed
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Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2019

	Operator's Fund				Total
	Statutory	Fund	Available for sale investments revaluation reserve	Accumulated Profit	
	Rupees in thousand				
Balance as at 01 January 2018 as previously reported		50,000	-	27,346	77,346
Restatement due to change in accounting policy		-	(955)	-	(955)
Balance as at 01 January 2018 (restated)		50,000	(955)	27,346	76,391
Total comprehensive income for the year					
Profit for the year		-		56,907	56,907
Other comprehensive income for the year		-	955	-	955
		-	955	56,907	57,862
Balance as at 31 December 2018		50,000	-	84,253	134,253
Balance as at 01 January 2019		50,000	-	84,253	134,253
Total comprehensive income for the year					
Profit for the year		-		67,157	67,157
		-	-	67,157	67,157
Changes in Operator's Fund					
Pay-out in respect of final cash dividend 2018		-	-	(12,682)	(12,682)
Balance as at 31 December 2019		50,000	-	138,728	188,728
	Participants' Takaful Fund				Total
	Statutory	Fund	Available for sale investments revaluation reserve	Accumulated Profit	
	Rupees in thousand				
Balance as at 01 January 2018		1,000		15,528	16,528
Total comprehensive income for the year					
Surplus for the year		-	-	(3,172)	(3,172)
Other comprehensive income for the year (Restated)		-	101	-	101
		-	101	(3,172)	(3,071)
Balance as at 31 December 2018		1,000	101	12,356	13,457
Balance as at 01 January 2019		1,000	101	12,356	13,457
Total comprehensive income for the year					
Surplus for the year		-		10,622	10,622
Other comprehensive income for the year		-	(101)	-	(101)
		-	(101)	10,622	10,521
Balance as at 31 December 2019		1,000	-	22,978	23,978

The annexed notes 1 to 35 form an integral part of these financial statements.


Razi Haider
Chief Financial Officer


Abdul Waheed
President & Chief Executive


Maj Gen Akhtar Iqbal (Retd)
Director


Lt Gen Najib Ullah Khan (Retd)
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Operator") was incorporated under the Companies Ordinance, 1984 on 12 April, 1995. The Operator is registered in Pakistan Stock Exchange and is engaged in general insurance business. The registered office and principal place of the Operator is located at AWT Plaza, Rawalpindi.

The Operator has been allowed to undertake Window Takaful Operations (WTO) on 10 August 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf/ Participants' Takaful Fund (PTF) under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIENCE

These financial statements of the WTO 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 Act, 2017, provisions of and directive issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 shall prevail.

- These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

Total assets, total liabilities and profit/ (loss) of the Window Takaful Operations of the Company referred to as the Operator's fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at their fair values.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Operator's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand.

Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not stated in these financial statements.

"IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1 Identify the contract(s) with a customer.

Step 2 Identify the performance obligations in the contract.

Step 3 Determine the transaction price.

Step 4 Allocate the transaction price to the performance obligations in the contract.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

“Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit as of 01 January 2019 and comparatives are not restated. The adoption of IFRS 15 did not have any material impact on the WTO financial statements.

IFRS 9 Financial Instruments: Classification and Measurement, addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an ‘expected credit losses’ (ECL) approach rather than the ‘incurred credit losses’ approach as currently followed. The Company has used an optional temporary exemption from applying IFRS 9 financial instruments as given in IFRS 4 before adoption of IFRS 17 Insurance Contracts. Accordingly IFRS 9 financial instruments is not incorporated in these financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 ‘Determining Whether an Arrangement contains a Lease’. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Adoption of IFRS 16 did not result in material impact on the financial statements of the WTO.

2.3 Standards, interpretations and amendments not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:-

3.1 Property and Equipments

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life.

Depreciation is charged on monthly basis where full depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised 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 profit and loss account in the year in which they are incurred. 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 recognised as an income or expense.

3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participants if a specified uncertain future event adversely affects the policyholders.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Operator underwrites non-life takaful contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, health and accident and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and Property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

3.3 Deferred Commission expense/Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of contribution revenue by applying 1/24th method.

3.4 Unearned contribution reserve

The unearned Contribution reserve is the unexpired portion of the Contribution which relates to business in force at the balance sheet date. Unearned Contribution have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

3.5 Contribution deficiency reserves

The Operations is required as per repealed SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful recoveries from claims, and supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired period of contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is based on actuary recommendation.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after retakaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.6 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.7 Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgment which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

3.8 Retakaful contracts

Retakaful Contribution is recognised as an expense at the time the retakaful is ceded. Rebate from retakaful is recognised in accordance with the policy of recognising contribution revenue.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contribution payable for retakaful contracts and are recognised at the same time when retakaful Contribution are recognised as an expense.

3.9 Receivables and payables related to insurance contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. Claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution receive in advance is recognized as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

3.10 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator present segment reporting of operation results using the classes of business as specified under the Insurance Ordinance, 2000. Takaful Rules 2012 and the SEC (Insurance) Rules 2002 as the primary reporting format.

The Operator has five business segments for reporting purposes namely, fire and property, marine, motor, health and accident and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.2.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.12 Revenue recognition

3.12.1 Participants' Takaful Fund (PTF)

a) Contribution

Contribution receivable under a policy/ cover note issued is recognized as written from date of attachment of risk to the policy/cover note and over the period of takaful from inception to expiry. Contribution is recognized as revenue evenly over the period of the policy.

The unearned portion of Contribution income is recognized as a liability. Such liability is calculated by applying the twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the insurer's financial year, 3/24 of the Contribution relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing Contribution and determining the unearned Contribution reserves is the same as for direct policies.

b) Rebate from retakaful operators

Re-takaful rebate from retakaful is recognized at the date from attachment of risk to the policy/ cover note and over the period of Takaful from inception to expiry. Re-takaful rebate is recognized as revenue evenly over the period of the policy of issuance of the underlying takaful.

The unearned portion of Re-takaful rebate is recognized as a liability. Such liability is calculated by applying the twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the insurer's financial year, 3/24 of the Contribution relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing Commission and determining the unearned Commission reserves is the same as for direct policies.

3.12.2 Operator's Fund (OPF)

a) Wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee against these services. Percentage of wakala fee charged, during the year on gross contribution written, against each class of business was as follows:

Fire and property damage;	35%
Marine, aviation and transport;	35%
Motor;	45%
Accident and health	25%
Miscellaneous	40%

Wakala fee is recognised on the same basis on which the related revenue is recognised. Unexpired portion of wakala fee is recognised as an asset of OPF and a liability of PTF.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.12.3 Operator's Fund (OPF)/Participants' Fund (PTF)

a) Investment Income

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

b) Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.13 Investments

3.13.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

c) In term deposit

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

d) Loans and receivables

Loans and receivables comprise cash and bank deposits, contribution due but unpaid, amounts due from other Takaful & Retakaful operators and sundry receivables.

3.14 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, WTO has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Provisions

Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provision are reviewed at balance sheet date and adjusted to reflect current best estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3.16 Ijarah

Ijarah rentals are recognized as an expense on accrual basis as and when the rentals become due.

3.17 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

3.18 Management expenses

Management expenses have been allocated to various revenue accounts on equitable basis.

3.19 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's fund to PTF in case of deficit or to fulfil cash flow requirements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to reasonable under the circumstances, the results 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 recognised in the period in which the estimate revised if the revision effects only that period or in the revision and future periods if the revision affects both current and future periods.

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:

		Note	
	- Provision for unearned contribution		3.4
	- Contribution deficiency reserve		3.5
	- Provision for outstanding claims (including IBNR)		3.7
	- Useful lives of fixed assets		5.1

		2019	2018
		Rupees in thousand	
		Note	
5	PROPERTY AND EQUIPMENT		
	Operating assets	5.1	451
	Capital work-in-progress		
			451
		527	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

6 INVESTMENTS IN EQUITY SECURITIES

	Note	2019		2018		
		Cost	Impairment/ provision	Carrying value	Cost/ Carrying value	Impairment/ provision
Rupees in thousand						
(a) Operator's Fund						
(i) Available for sale						
Others						
Mutual funds	6.1	-	-	6,000	(1,463)	4,537
Unrealized loss on revaluation		-	-	-	-	-
(ii) At fair value through profit and loss				6,000	(1,463)	4,537
Others						
Mutual funds	6.2	120,443	3,617	124,060	138,209	662
		120,443	3,617	124,060	144,209	(801)
(b) Participants' takaful fund						
(i) Available for sale						
Others						
Listed shares	6.3	-	-	-	16,980	(6,901)
Unrealized surplus on revaluation		-	-	-	-	101
(ii) At fair value through profit and loss				-	16,980	(6,901)
Others						
Mutual funds	6.4	115,779	-	115,779	25,000	28
		115,779	-	115,779	41,980	(6,873)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Number of shares / units		2019		2018		
	2019	2018	Cost	Carrying value	Cost	Carrying value	
Rupees in thousand							
6.1	Available for sale investments - OPF						
	Others						
	Open-end mutual funds						
	JS Islamic Fund	-	47,808	-	-	6,000	4,537
						6,000	4,537
	Unrealized loss on revaluation			-	-	-	-
				-	-	6,000	4,537
6.2	Fair value through profit and loss - held for trading - OPF						
	Others						
	Open-end mutual funds						
	Alfalah GHP Islamic income Fund	-	167,605	-	-	17,197	17,464
	JS Islamic Hybrid Fund of Funds - Mustand	-	70,900	-	-	7,388	7,538
	Al-Ameen Islamic Aggressive Income Fund	-	119,867	-	-	12,164	12,253
	NAFA Islamic Income Fund	-	3,211,621	-	-	31,460	31,601
	ABL Islamic Income Fund	2,555,750	2,375,658	26,025	27,723	25,000	25,000
	Alhamra Islamic Income Fund	-	191,306	-	-	20,000	20,000
	JS Islamic Income Fund	387,860	238,459	39,237	39,748	25,000	25,015
	Alhamra Daily Dividend Fund	220,640	-	22,064	22,064	-	-
	NBP Islamic Mahana Amadani Fund	3,270,709	-	34,524	34,524	-	-
				121,851	124,060	138,209	138,871
6.3	Available for sale investments - PTF						
	Others						
	Listed Shares						
	Pharmaceutical						
	The Searle Company Limited	-	15,180	-	-	8,098	3,728
	Cement						
	Bestway Cement Ltd	-	5,000	-	-	1,335	573
	Fertilizer						
	Fauji Fertilizer Bin Qasim	-	50,000	-	-	2,409	1,864
	Food & Product						
	Fauji Foods Ltd	-	60,000	-	-	1,716	1,716
	Automobile Assembler						
	Gandhara Industries Ltd	-	8,000	-	-	3,422	2,198
				-	-	16,980	10,079
	Unrealized surplus on revaluation			-	-	-	101
				-	-	16,980	10,180

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Number of shares / units		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
Rupees in thousand						
6.4	Fair value through profit and loss - held for trading - PTF					
	Others					
	Open-end mutual funds					
	AKD Islamic Income Fund	483,216	27,623	27,623	25,000	25,028
	Atlas Islamic Income Fund	-	25,755	25,755	-	-
	HBL Islamic Money Market Fund	-	25,817	25,817	-	-
	AWT (PIML) Islamic Income Fund	-	36,583	36,583	-	-
			115,778	115,778	25,000	25,028
7	INVESTMENTS IN DEBT SECURITIES					
	2019			2018		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
(a)	Operator's Fund					
	(i) Available for sale					
	Sukuks	-	35,000	5,000	-	5,000
(b)	Participants' takaful fund					
	(i) Available for sale					
	Sukuks	-	25,000	5,000	-	5,000
8	INVESTMENTS IN DEBT SECURITIES					
	Operator's Fund					
	Loans and receivables					
	Deposits maturing within 12 months	-	27,500	-	-	-
9	LOANS AND OTHER RECEIVABLE - CONSIDERED GOOD					
	2019			2018		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate		
Rupees in thousand						
	Receivable against sale of asset	76	-	76		137
	Deposit against Ijarah - vehicles	929	-	929		1,384
	Accrued investment income	580	405	985		-
	Other receivable	302	1,498	1,800		31,584
		1,887	1,903	3,790		33,105

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018	
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate	
Note		Rupees in thousand				
10	TAKAFUL/RETAKAFUL RECEIVABLES					
	Due from takaful contract holders					
	Considered good	10.1	-	48,911	48,911	53,119
	Considered doubtful		-	222	222	222
			-	49,133	49,133	53,341
	Provision against doubtful balances		-	(222)	(222)	(222)
			-	48,911	48,911	53,119
	Due from other Takaful/Retakaful Operators					
	Considered good		766	14,744	15,510	11,635
	Considered doubtful		-	1,171	1,171	1,171
			766	15,915	16,681	12,806
	Provision against doubtful balances		-	(1,171)	(1,171)	(1,171)
			766	14,744	15,510	11,635
			766	63,655	64,421	64,754
10.1	This includes contribution amounting to Rs.1.63 million (2018: 2.53 million) receivable from the associated undertakings as follows:					
			2019	2018		
		Note	Rupees in thousand			
	Askari Guards (Private) Limited		1,633	2,192		
	Mobil Askari Lubricants Pakistan Ltd		-	312		
	Petrosel Lubricants (Pvt) Ltd		-	27		
			1,633	2,531		
11	WAKALA FEE RECEIVABLE					
	Wakala fee Receivable		43,370	33,520		
	Less: Provision for refund of wakala fee against doubtful balances		(408)	(408)		
			42,962	33,112		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		Rupees in thousand			
12	PREPAYMENTS				
	Prepaid Retakaful Contribution ceded - PTF	-	58,623	58,623	29,421
	Others - OPF	21	-	21	48
		21	58,623	58,644	29,469
13	CASH AND BANK				
	Cash and Cash Equivalent				
	Stamps in hand	-	221	221	158
	Cash at bank				
	- Savings account	24,966	67,107	92,073	74,554
		24,966	67,328	92,294	74,712

The rate of profit on profit and loss sharing accounts from various banks ranges from 4.35% to 8.50% (2018: 2.41% to 5.28%) per annum depending on the size of average deposits.

		2019			2018
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		Rupees in thousand			
14	TAKAFUL/RETAKAFUL PAYABLES				
	Due to Foreign retakaful operators	-	-	-	10,280
	Due to Local takaful/retakaful operators	3,228	77,606	80,834	24,636
		3,228	77,606	80,834	34,916
15	OTHER CREDITORS AND ACCRUALS				
	Agents' commission payable	9,380	-	9,380	2,756
	Federal Takaful fee payable	-	482	482	412
	Federal excise duty payable	122	6,381	6,503	4,076
	Tax deducted at source	404	393	797	543
	Accrued expenses	462	-	462	464
	Others	5,941	1,276	7,217	4,810
		16,310	8,532	24,842	13,061

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

16 CONTINGENCIES AND COMMITMENTS

Contingency

There is no contingency as at 31 December, 2019 (31 December 2018:Nil)

Commitments

The Operator's commitment under Ijarah arrangement with Meezan Bank Limited is Rs.3.03 million (31 December 2018: Rs.6.59 million). The contracts have a term of five years.

Future Minimum Ijarah (lease) payments are as under:

	2019	2018
	Rupees in thousand	
Not later than 1 year	1,720	1,975
Later than 1 year but not later than 5 years	1,314	4,612
	3,034	6,587

17 NET TAKAFUL CONTRIBUTION

Written Gross Contribution	371,450	294,719
Wakala fee	(149,737)	(121,231)
Written Net Contribution	221,713	173,488
Add: Unearned contribution reserve opening - net	89,757	57,789
Less: Unearned contribution reserve closing - net	(109,469)	(89,757)
Premium earned	202,001	141,520
Less: Retakaful Contribution ceded	118,883	57,819
Add: Prepaid retakaful contribution opening	29,421	14,018
Less: Prepaid retakaful contribution closing	(58,623)	(29,421)
Retakaful expense	89,681	42,416
Net takaful contribution	112,320	99,104

18 DIRECT EXPNESES	2,582	3,545
Tracker installation and monitoring charges	75	66
Inspection charges	-	985
Provision for doubtful balances net-off wakala fee refund	48	-
Bank Charges	2,705	4,596

NET WAKALA INCOME

Gross wakala fee	149,737	121,231
Add: Unearned wakala fee opening	61,788	36,407
Less: Unearned wakala fee closing	(72,162)	(61,788)
Net wakala fee income	139,363	95,850

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
20	Rupees in thousand	
NETTAKAFUL CLAIMS EXPENSE		
Claim paid	128,923	119,562
Add : Outstanding claims including IBNR closing	71,686	68,644
Less: Outstanding claims including IBNR opening	(68,644)	(41,065)
Claim expense	131,965	147,141
Less: Retakaful and other recoveries received	9,600	39,904
Add: Retakaful and other recoveries in respect of outstanding claims - closing	16,397	16,078
Less: Retakaful and other recoveries in respect of outstanding claims - opening	(16,078)	(17,701)
Retakaful and other recoveries revenue	9,919	38,281
Net takaful claim expense	122,046	108,860
21	REBATE FROM RETAKAFUL OPERATORS	
Retakaful Rebate income	22,239	11,495
Add: Unearned retakaful rebate opening	5,352	2,473
Less: Unearned retakaful rebate closing	(10,790)	(5,352)
Rebate from retakaful operators	16,801	8,616
22	COMMISSION EXPENSE/ACQUISITION COST	
Commission paid or payable	33,185	24,114
Add: Deferred commission expense opening	10,730	7,037
Less Deferred commission expense closing	(15,193)	(10,730)
Commission expense	28,722	20,421

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
23	Rupees in thousand	
MANAGEMENT EXPENSES		
Employee benefit cost - Note 21.1	36,981	12,128
Rent	10,582	5,165
Communication	2,057	1,120
Printing and stationery	1,773	-
Travelling and entertainment	1,389	13
Depreciation	363	212
Repairs and maintenance	2,404	755
Utilities	3,180	1,412
Legal and professional charges - business related	698	282
Bank charges	21	82
Vehicle ljarah expenses	2,534	2,173
Provision for refund of wakala fee on doubtful balances	-	408
Tracker management expense	3,467	-
Miscellaneous	2,016	803
	67,465	24,553

23.1	Employee benefit cost		
	Salaries, allowances and other benefits	35,758	11,699
	Charge for post employment benefit	1,223	429
		36,981	12,128

	Operator's Fund		Participants' Takaful Fund	
	2019	2018	2019	2018
	Rupees in thousand			
24	INVESTMENT INCOME			
	Income from equity securities - Available for sale			
- Dividend income	-	-	80	176
- Gain on sale of investments	(2,152)	250	(11,161)	-
	(2,152)	250	(11,081)	176
	Income from equity securities - Held for trading			
- Dividend income	9,030	1,739	1,127	-
- Gain on trading	2,754	546	4,793	839
	11,784	2,285	5,920	839

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

		Operator's Fund		Participants' Takaful Fund	
		2019	2018	2019	2018
Rupees in thousand					
Income from debt securities - Held to maturity					
	- Return on fixed income securities	2,276	-	1,011	-
Income from debt securities - Available for sale					
	- Return on fixed income securities	2,557	213	1,932	213
		14,465	2,748	(2,218)	1,228
Net unrealized gains on investment					
	- Net unrealized gains on investments at fair value through profit or loss - held for trading	2,209	662	-	28
Reversal of impairment in value of AFS securities					
	- Equity securities	1,463	(1,463)	6,902	256
Total investment income		18,137	1,947	4,684	1,512
25	OTHER INCOME				
	Return on bank balances	2,107	2,345	5,679	2,736
	Others	52	484	34	15
		2,159	2,829	5,713	2,751
Rupees in thousand					
26	Modarib's fee			2019	2018
	Investment income - PTF			1,874	605
	Return on bank balances - PTF			2,272	1,094
				4,146	1,699
27	OTHER EXPENSES				
	Auditors' remuneration			289	276
	Shariah Compliance Auditors' remuneration			172	168
				461	444

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28 RELATED PARTY TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Balance due from associated undertakings are disclosed in note 9 to the financial statements. Transaction with related parties during the year are as follows:

	2019	2018
	Rupees in thousand	
Askari Guards (Private) Limited		
Contribution written (including government levies and stamp duties)	2,633	5,774
Contribution received during the year	3,192	6,124
Takaful benefits paid	120	135
Mobil Askari Lubricants Pakistan Ltd		
Contribution written (including government levies and stamp duties)	2,226	1,690
Contribution received during the year	2,538	1,153
Takaful benefits paid	1,690	1,112
Petroseel Lubricants (Pvt) Ltd		
Contribution written (including government levies and stamp duties)	53	232
Contribution received during the year	80	236
Takaful benefits paid	128	257
Army Welfare Sugar Mills		
Contribution written (including government levies and stamp duties)	1,635	-
Contribution received during the year	1,635	-
Askari Life Assurance Co. Limited		
Contribution written (including government levies and stamp duties)	547	-
Contribution received during the year	547	-
Takaful benefits paid	20	-
Others		
Employees' retirement benefits	2,219	759

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

29.1	Participants' Takaful Fund	Year ended 31 December 2019					TOTAL
		Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
		Rupees in thousand					
	Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	64,350	37,101	244,651	33,077	47,920	427,099
	Less: Federal Excise Duty	(7,863)	(4,028)	(32,493)	-	(6,129)	(50,513)
	Federal Takaful Fee	(626)	(309)	(2,139)	(327)	(400)	(3,701)
	Stamp duty	(13)	(1,369)	(50)	-	(3)	(1,435)
	Gross written contribution	55,948	31,395	209,969	32,750	41,388	371,450
	Gross direct contribution	50,999	31,048	209,969	32,750	39,909	364,675
	Facultative inward contribution	4,949	347	-	-	1,479	6,775
	Takaful contribution earned	35,453	23,874	213,190	23,437	31,313	327,267
	Wakala expense	(7,432)	(5,315)	(96,731)	(5,587)	(10,201)	(125,266)
	Retakaful contribution ceded to retakaful operators	(33,751)	(18,945)	(11,614)	-	(25,371)	(89,681)
	Net takaful contribution	(5,730)	(386)	104,845	17,850	(4,259)	112,320
	Retakaful Rebate income	7,496	4,498	955	-	3,852	16,801
	Net underwriting income	1,766	4,112	105,800	17,850	(407)	129,121
	Takaful claims	(12,052)	(5,465)	(95,517)	(19,311)	380	(131,965)
	Takaful claims recovered from retakaful operators	8,474	2,503	(2,128)	-	1,070	9,919
	Net takaful claims	(3,578)	(2,962)	(97,645)	(19,311)	1,450	(122,046)
	PIF Direct expense	(10)	(4)	(2,658)	(28)	(4)	(2,704)
	Net takaful claims and expenses	(3,588)	(2,966)	(100,303)	(19,339)	1,446	(124,750)
	Underwriting result	(1,822)	1,146	5,497	(1,489)	1,039	4,371
	Net investment income						4,684
	Other Income						5,713
	Modarib's share						(4,146)
	Surplus for the year						10,622
		As at 31 December 2019					
	Segment assets	45,620	13,119	107,839	13,631	30,629	210,838
	Unallocated assets						139,590
	Total assets						350,428
	Segment liabilities	38,020	18,438	198,840	39,156	20,224	314,678
	Unallocated liabilities						11,772
	Total liabilities						326,450

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	TOTAL
	Rupees in thousand					
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	39,323	19,805	232,308	18,871	28,445	338,752
Less: Federal Excise Duty	(4,690)	(1,945)	(30,350)	-	(3,403)	(40,388)
Federal Takaful Fee	(325)	(161)	(1,998)	(183)	(243)	(2,910)
Stamp duty	(9)	(678)	(46)	-	(2)	(736)
Gross written contribution	34,299	17,021	199,914	18,688	24,797	294,719
Gross direct contribution	32,704	16,959	199,914	18,688	24,495	292,760
Facultative inward contribution	1,595	62	-	-	302	1,959
Takaful contribution earned	26,062	13,268	168,765	17,173	8,082	233,350
Wakala expense	(5,699)	(3,065)	(75,802)	(4,551)	(2,713)	(91,830)
Takaful contribution ceded to retakaful operators	(21,499)	(10,379)	(5,281)	-	(5,257)	(42,416)
Net takaful contribution	(1,136)	(176)	87,682	12,622	112	99,104
Retakaful Rebate income	4,875	2,450	476	-	815	8,616
Net underwriting income	3,739	2,274	88,158	12,622	927	107,720
Takaful claims	(43,773)	(5,931)	(71,710)	(20,887)	(4,840)	(147,141)
Takaful claims recovered from retakaful operators	40,396	3,471	(5,671)	-	85	38,281
Net takaful claims	(3,377)	(2,460)	(77,381)	(20,887)	(4,755)	(108,860)
PIF Direct expense	(522)	(94)	(3,966)	-	(14)	(4,596)
Net takaful claims and expenses	(3,899)	(2,554)	(81,347)	(20,887)	(4,769)	(113,456)
Underwriting result	(160)	(280)	6,811	(8,265)	(3,842)	(5,736)
Net investment income						1,512
Other income						2,751
Modarib's share						(1,699)
Deficit for the year						(3,172)
	As at 31 December 2018					
Segment assets	29,213	8,244	103,490	10,516	23,241	174,704
Unallocated assets						79,108
Total assets						253,812
Segment liabilities	26,697	11,289	151,433	23,157	19,932	232,508
Unallocated liabilities						7,847
Total liabilities						240,355

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

29.2 Operator's Fund	Year ended 31 December 2019					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Wakala Fee	14,918	9,809	95,028	5,559	14,049	139,363
Commission expense	(7,349)	(5,621)	(14,590)	(547)	(615)	(28,722)
Management expenses	3,442	232	(62,975)	(10,721)	2,558	(67,464)
Segment Result	11,011	4,420	17,463	(5,709)	15,992	43,177
Modarib's share of PTF investment income						4,146
Investment Income						18,137
Other income						2,159
Other expenses						(461)
Profit for the year						67,158
	As at 31 December 2019					
Segment assets	10,033	4,161	36,929	2,338	4,695	58,156
Unallocated assets						222,272
						280,428
Segment liabilities	11,571	2,599	50,746	5,205	11,421	81,542
Unallocated liabilities						10,158
Total liabilities						91,700

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2018						TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous		
29.2 Operator's Fund							
	Rupees in thousand						
Wakala Fee	10,062	5,421	72,312	4,551	3,514	96,860	
Commission expense	(6,161)	(3,101)	(11,377)	(666)	(416)	(20,421)	
Management expenses	281	44	(21,723)	(3,127)	(28)	(24,553)	
Segment Result	5,172	2,364	39,212	1,058	3,070	50,876	
Modarib's share of PIF investment income						1,699	
Investment income						1,947	
Other Income						2,829	
Other expenses						(444)	
Profit for the year						56,907	
	As at 31 December 2018						
Segment assets	6,248	2,402	31,841	1,788	1,564	43,843	
Unallocated assets						159,620	
						203,463	
Segment liabilities	5,903	1,015	46,899	2,749	7,978	64,544	
Unallocated liabilities						4,666	
Total liabilities						69,210	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

	2019						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
Financial assets measured at fair value - OPF							
Investment at fair value through profit and loss							
- Mutual funds	124,060	-	-	-	-	124,060	124,060
Financial assets not measured at fair value - OPF							
Cash and bank deposits - OPF	-	-	-	24,966	-	24,966	
Investments							
- Sukuks	-	35,000	-	-	-	35,000	
Wakala fees receivable*	-	-	-	42,962	-	42,962	
Mudarib's fees receivable*	-	-	-	3,240	-	3,240	
Loans and other receivables*	-	-	-	1,887	-	1,887	
Financial assets measured at fair value - PTF							
Investment at fair value through profit and loss							
- Mutual funds	115,779	-	-	-	-	115,779	115,779
Financial assets not measured at fair value - PTF							
Cash and bank deposits - PTF	-	-	-	67,328	-	67,328	
Investments							
- Sukuks	-	25,000	-	-	-	25,000	25,000
Takaful/Retakaful receivable*	-	-	-	63,655	-	63,655	
Retakaful recoveries against outstanding claims*	-	-	-	16,397	-	16,397	
Financial liabilities not measured at fair value - OPF							
Other creditors and accruals*	-	-	-	-	16,309	16,309	
Financial liabilities not measured at fair value - PTF							
Provision for outstanding claims (including IBNR)*	-	-	-	-	71,686	71,686	
Takaful / retakaful payables*	-	-	-	-	77,606	77,606	
Wakala fees payable*	-	-	-	-	42,962	42,962	
Mudarib's fees payable*	-	-	-	-	3,240	3,240	
Other creditors and accruals*	-	-	-	-	8,552	8,552	
	239,839	60,000	-	220,435	220,335	740,609	264,839

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2018					
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total
	Rupees in thousand					
Financial assets not measured at fair value - OPF						
Investment at fair value through profit and loss						
- Mutual funds	138,871	-	-	-	-	138,871
Investment at fair value through other comprehensive income						
- Mutual funds	-	4,537	-	-	-	4,537
Financial assets not measured at fair value - OPF						
Cash and bank deposits - OPF				3,915	-	3,915
Investments						
- Sukus	-	5,000	-	-	-	5,000
Wakala fees receivable*	-	-	-	33,113	-	33,113
Mudarib's fees receivable*	-	-	-	201	-	201
Loans and other receivables*	-	-	-	3,772	-	3,772
Financial assets measured at fair value - PTF						
Investment at fair value through profit and loss						
- Mutual funds	25,028	-	-	-	-	25,028
Investment at fair value through other comprehensive income						
- Shares	-	10,079	-	-	-	10,079
Financial assets not measured at fair value - PTF						
Cash and bank deposits - PTF				70,797	-	70,797
Investments						
- Sukus	-	5,000	-	-	-	5,000
Takaful/Retakaful receivable*	-	-	-	63,786	-	63,786
Retakaful recoveries against outstanding claims*	-	-	-	16,078	-	16,078
Loans and other receivables*	-	-	-	29,333	-	29,333
Financial liabilities not measured at fair value - OPF						
Other creditors and accruals*	-	-	-	-	5,416	5,416
Financial liabilities not measured at fair value - PTF						
Provision for outstanding claims (including IBNR)*	-	-	-	-	68,644	68,644
Takaful / retakaful payables*	-	-	-	-	32,910	32,910
Wakala fees payable*	-	-	-	-	33,113	33,113
Mudarib's fees payable*	-	-	-	-	201	201
Other creditors and accruals*	-	-	-	-	7,645	7,645
	163,899	24,616	-	220,995	147,929	557,439
						173,436

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

* The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

31	STATEMENT OF SOLVENCY	Participants' Takaful Fund
		Rupees in thousand
	Assets	
	Investment	
	Equity Securities	115,779
	Debt Securities	25,000
	Loans and other receivables	1,903
	Takaful/Retakaful receivables	63,655
	Retakaful recoveries against outstanding claims	16,397
	Salvage recoveries accrued	1
	Tax deducted at source	1,742
	Prepayments	58,623
	Cash & Bank	67,328
	Total Assets (A)	350,428
	In-admissible assets as per following clauses of section 32 (2) of the Insurance Ordinance, 2000	
	Takaful / retakaful receivable for more than three months	20,669
	Receivable from related parties	1,633
	Total In-admissible Assets (B)	22,302
	Total Admissible Assets (C=A-B)	328,126
	Total Liabilities	
	Underwriting Provisions	
	Outstanding benefits including IBNR	71,686
	Unearned contribution reserves	109,469
	Unearned retakaful rebate	10,790
	Contribution received in advance	2,165
	Takaful/ Retakaful payable	77,606
	Wakala fees payable	42,962
	Mudarib's fees payable	3,240
	Other creditors and accruals	8,532
	Total Liabilities (D)	326,450
	Total Net Admissible Assets (E=C-D)	1,676

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand					
32	MOVEMENT IN INVESTMENTS - OPF				
	At beginning of previous year (Restated)				
	-	10,045	41,559	-	51,604
	Additions				
	5,000	-	143,650	-	148,650
	Disposals (sales and redemptions)				
	-	(5,000)	(47,000)	-	(52,000)
	Fair value net (loss)/gain				
	(excluding et realised gains)				
	-	-	662	-	662
	Impairment losses				
	-	(508)	-	-	(508)
	5,000	4,537	138,871	-	148,408
	At beginning of current year				
	30,000	-	-	27,500	57,500
	Additions				
	-	(6,000)	(17,020)	-	(23,020)
	Disposals (sales and redemptions)				
	-	-	2,209	-	2,209
	Fair value net (loss)/gain				
	(excluding et realised gains)				
	-	1,463	-	-	1,463
	Impairment gains				
	35,000	-	124,060	27,500	186,560
	At end of current year				
33	MOVEMENT IN INVESTMENTS - PTF				
	At beginning of previous year (Restated)				
	-	9,822	20,451	-	30,273
	Additions				
	5,000	-	80,000	-	85,000
	Disposals (sales and redemptions)				
	-	-	(75,000)	-	(75,000)
	Fair value net (loss)/gain				
	(excluding et realised gains)				
	-	-	(423)	-	(423)
	Impairment losses				
	-	358	-	-	358
	5,000	10,180	25,028	-	40,208
	At beginning of current year				
	20,000	-	252,582	-	272,582
	Additions				
	-	(10,180)	(161,803)	-	(171,983)
	Disposals (sales and redemptions)				
	-	-	(28)	-	(28)
	Fair value net (loss)/gain				
	(excluding unrealized gains)				
	25,000	-	115,779	-	140,779
	At end of current year				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

34.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator. The concentration of risk by type of contracts is summarized below by reference of liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2019	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	56,800,111	51,554,086	5,246,025
Marine, aviation and transport	78,846,105	58,130,992	20,715,113
Motor	11,555,046	695,955	10,859,091
Miscellaneous	14,070,516	10,729,677	3,340,839
	161,271,778	121,110,710	40,161,068

2018	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	30,929,000	25,496,821	5,432,179
Marine, aviation and transport	45,088,623	36,848,087	8,240,536
Motor	10,639,797	110,000	10,529,797
Miscellaneous	1,699,123	1,147,724	551,399
	88,356,543	63,602,632	24,753,911

The Operator's class wise major gross risk exposure is as follows:

	2019	2018
Rupees in thousand		
Class of business		
Fire and property damage	3,775,848	765,300
Marine, aviation and transport	5,129,652	319,521
Motor	59,500	33,000
Miscellaneous	5,348,650	315,150

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

b) Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.7.

c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

e) Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Participants' Takaful Fund Revenue		Participants' Takaful Fund Equity	
	2019	2018	2019	2018
10% increase in loss	Rupees in thousand			
Fire and property damage	223	117	158	83
Marine aviation and transport	448	317	318	225
Motor	4,046	3,732	2,873	2,650
Health	721	-	512	-
Miscellaneous	91	366	65	260
	5,529	4,532	3,926	3,218

A 10% decrease would have had equal but opposite effect on the profit and loss account and Participants' Takaful Fund Equity.

f) Age-wise breakup of unclaimed Takaful benefits

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
		Rupees in thousand				
Claims not encashed	9,564	8,407	830	301	26	-

34.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

34.3 Credit risk

Credit risk is the risk, which 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

The Carrying amount of the following financial assets presents the operator's maximum exposure to credit risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			2018		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand					
Bank deposits	24,966	67,107	92,073	3,915	70,639	74,554
Investments	159,060	140,779	299,839	148,408	40,208	188,616
Loans and Other Receivables	1,887	1,903	3,790	3,772	29,333	33,105
Takaful/Retakaful receivable	766	63,655	64,421	968	63,786	64,754
Retakaful recoveries						-
against outstanding claims	-	16,397	16,397	-	16,078	16,078
Salvage recoveries accrued	-	1	1	-	3,632	3,632
Wakala fees receivable	42,962		42,962	33,113	-	33,113
Mudarib's fees receivable	3,240	-	3,240	201	-	201
	232,881	289,842	522,723	190,377	223,676	414,053

The Operator does not hold any collateral against the above balances. Past due policies were not impaired as they relate to the number of policy holders and other Takaful/ retakaful operators for whom there is no recent history of default. The age analysis of gross receivables is as follows:

a) Operator's Fund

	2019			2018		
	Due from other takaful/retakaful operators	Loans and other receivables	Aggregate	Due from other takaful/retakaful operators	Loans and other receivables	Aggregate
	Rupees in thousand					
Upto 1 year	340	1,887	2,227	365	3,772	4,137
1-2 years	245	-	245	528	-	528
2-3 years	181	-	181	75	-	75
	766	1,887	2,653	968	3,772	4,740

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

b) Participants' takaful fund	2019				
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
	Rupees in thousand				
Upto 1 year	45,857	12,430	14,912	1,903	75,102
1-2 years	3,277	2,612	1,485	-	7,374
2-3 years	-	873	-	-	873
	49,134	15,915	16,397	1,903	83,349

	2019				
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
	Rupees in thousand				
Upto 1 year	48,639	8,426	14,390	33,105	104,560
1-2 years	4,511	1,675	1,687	-	7,873
2-3 years	191	1,757	-	-	1,948
	53,341	11,858	16,077	33,105	114,381

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

Financial institution	Rating		Rating agency	2019		2018	
	Short term	Long term		Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
	Rupees in thousand						
Askari Islamic Bank	A1+	AA+	JCR-VIS	21,192	11,236	2,721	9,562
Meezan Bank	A-1+	AA+	JCR-VIS	2,426	48,864	393	59,363
The Bank of Khyber	A1	A	PACRA	-	6,497	-	803
Al Barka Bank Ltd	A1	A	PACRA	1,348	510	801	911
				24,966	67,107	3,915	70,639

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of amount due from other takaful & retakaful operators and retakaful recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

a)	Operator's Fund	2019		2018		
		Due from other Takaful & Retakaful Operators	Retakaful recoveries against Outstanding claims	Aggregate	Due from other Takaful & Retakaful Operators	Retakaful recoveries against Outstanding claims
Rupees in thousand						
	A or above	766		34,934	968	
		766		34,934	968	

b)	Participants' takaful fund	2019			2018		
		Due from other Takaful & Retakaful Operators	Retakaful recoveries against Outstanding claims	Aggregate	Due from other Takaful & Retakaful Operators	Retakaful recoveries against Outstanding claims	Aggregate
Rupees in thousand							
	A or above	15,915	19,019	34,934	11,589	21,672	33,261
	Others	-	-	-	269	1,731	2,000
		15,915	19,019	34,934	11,858	23,403	35,261

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Sector wise analysis of gross contribution due from takaful contract holders is as follows:

	2019	2018
	Rupees in thousand	
Financial Services	18,813	24,050
Textile and composites	3,129	1,062
Pharmaceuticals	1,594	395
Telecommunication	53	-
Engineering	1,422	330
Other manufacturing	1,843	2,737
Education	714	11
Construction companies	4,068	445
Development	370	708
Logistics	2,584	2,252
Agriculture	670	1,885
Other services	2,288	2,547
Sugar Industry	33	198
Poultry Industry	184	46
Miscellaneous	11,369	16,675
	49,134	53,341

34.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Financial Liabilities - OPF				
Other creditors and accruals	16,309	16,309	16,309	-
Takaful/retakaful payable	3,228	3,228	3,228	-
	19,537	19,537	19,537	-
Financial Liabilities - PTF				
Provision for Outstanding Claims (including IBNR)	71,686	71,686	71,686	-
Takaful/retakaful payable	77,606	77,606	77,606	-
Wakala fees payable	42,962	42,962	42,962	-
Other creditors and accruals	8,532	8,532	8,532	-
	200,786	200,786	200,786	-
2018				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Financial Liabilities - OPF				
Takaful/Retakaful payable	2,006	2,006	2,006	-
Other creditors and accruals	5,416	5,416	5,416	-
	7,422	7,422	7,422	-
Financial Liabilities - PTF				
Provision for Outstanding Claims (including IBNR)	68,644	68,644	68,644	-
Takaful/retakaful payable	32,910	32,910	32,910	-
Wakala fees payable	33,113	33,113	33,113	-
Other creditors and accruals	7,645	7,645	7,645	-
	142,312	142,312	142,312	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The Operator's financial liabilities are not exposed to profit rate risk. The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2019	2018	2019		2018	
	Profit rate / mark-up bearing (%)		Carrying amounts		Carrying amounts	
			Operator's Fund	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund
			Rupees in thousand			
Financial assets						
Deposit accounts	4.35% to 8.50%	2.5% to 5.95%	24,966	67,107	3,915	70,639
			24,966	67,107	3,915	70,639

Sensitivity analysis

A 10% increase/(decrease) in market price of held for trading investments at the year end, would have increased/(decreased) profit by Rs.12.40 million (2018: Rs 13.88 million)

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

34.6 Price risk

Price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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 similar financial instruments traded in the market.

34.7 Fair value

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on its meeting held on 12 March 2020.



Razi Haider
Chief Financial Officer



Abdul Waheed
President & Chief Executive



Maj Gen Akhtar Iqbal (Retd)
Director



Lt Gen Najib Ullah Khan (Retd)
Chairman

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2019

No. of Shareholders	From	To	Shares Held	Percentage
292	1	100	11704	0.0163
638	101	500	229076	0.3186
190	501	1000	136355	0.1896
380	1001	5000	925887	1.2877
94	5001	10000	652041	0.9068
48	10001	15000	567592	0.7894
14	15001	20000	245266	0.3411
9	20001	25000	209499	0.2914
14	25001	30000	384634	0.5349
9	30001	35000	302818	0.4212
7	35001	40000	268025	0.3728
6	40001	45000	257811	0.3586
4	45001	50000	187555	0.2608
4	50001	55000	209330	0.2911
1	55001	60000	57500	0.0800
3	60001	65000	192223	0.2673
2	65001	70000	139649	0.1942
2	75001	80000	155350	0.2161
1	80001	85000	82787	0.1151
2	85001	90000	172382	0.2397
4	95001	100000	397225	0.5525
3	100001	105000	305452	0.4248
1	105001	110000	108000	0.1502
2	110001	115000	230000	0.3199
2	115001	120000	237530	0.3304
1	120001	125000	120750	0.1679
2	125001	130000	254650	0.3542
2	130001	135000	261203	0.3633
3	150001	155000	452275	0.6290
1	170001	175000	174000	0.2420
1	175001	180000	175791	0.2445
3	180001	185000	550812	0.7661
1	185001	190000	188025	0.2615

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2019

No. of Shareholders	From	To	Shares Held	Percentage
1	200001	205000	201613	0.2804
1	225001	230000	227733	0.3167
1	230001	235000	230763	0.3209
1	270001	275000	274358	0.3816
1	395001	400000	399546	0.5557
1	505001	510000	506810	0.7049
1	530001	535000	532305	0.7403
1	595001	600000	599390	0.8336
1	660001	665000	661250	0.9197
1	775001	780000	779533	1.0842
1	800001	805000	805000	1.1196
1	805001	810000	808162	1.1240
1	855001	860000	858962	1.1946
1	1490001	1495000	1494508	2.0785
1	1980001	1985000	1980976	2.7551
1	2035001	2040000	2037500	2.8337
1	2415001	2420000	2417266	3.3619
1	5700001	5705000	5701303	7.9293
1	42540001	42545000	42541720	59.1663
1765		Company Total	71901895	100.0000

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2019

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,736	23,196,455	32.64%
Financial Institutions	1	4,562	0.01%
Mutual Funds	-	-	0.00%
Charitable Trust	4	42,597,713	59.94%
Others	22	5,266,132	7.41%
Total	1,763	71,064,862	98.84%

Held By			
Particulars	No. of Shareholders	Shares Held	Percentage
Associated companies, undertakings & related parties			
Army Welfare Trust	4	42,597,713	59.24%
Directors, CEO, their spouse & minor children			
Lt Gen Najib Ullah Khan (Retd)	1	3,521	0.00%
Maj Gen Imtiaz Hussain Sherazi (Retd)	1	923	0.00%
Maj Gen Akhtar Iqbal (Retd)	1	3,521	0.00%
Brig Kamran Asad (Retd)	1	3,521	0.00%
Malik Riffat Mehmood	1	923	0.00%
Abdul Hai Mahmood Bhaimia	1	4,534	0.01%
M. Munir Malik	1	725	0.00%
Imran Iqbal	1	532,305	0.74%
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas & pension funds (other than specified above)			
Escorts Investment Bank Limited	1	4,562	0.01%
Mutual Funds			
AKD Opportunity Fund	1	779,533	1.08%
AGP (Pvt) Limited Staff Provident Fund	1	57,500	0.08%
Shareholders holding five percent or more voting rights in the Company			
Muhammad Iqbal	1	5,701,303	7.93%
Individuals - local			
- foreign	34	1,355,453	1.89%
Others			
	22	5,266,132	7.32%
Total	1,765	71,901,895	100.00%

NOTICE OF 25TH ANNUAL GENERAL MEETING

The management is pleased to announce holding of 25th Annual General Meeting of askari general insurance company limited (the Company) as follows:

Date & Time: Thursday, May 21, 2020 at 11:00 a.m.

Venue: Conference Room, 3rd Floor, AWT Plaza, The Mall, Rawalpindi (note 1)

Agenda of the Meeting

Ordinary Business:

1. To confirm minutes of the 24th Annual General Meeting held on April 24, 2019.
2. To elect eight (8) Directors of the Company as fixed by the Board in their meeting held on 12 March 2020 in accordance with provision of section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from May 21, 2020.

Retiring directors are as follows:*

- Lt Gen Najib Ullah Khan (Retd)
- Maj Gen Imtiaz Hussain Sherazi (Retd)
- Maj Gen Akhtar Iqbal (Retd)
- Brig Kamran Asad (Retd)
- Mr. Malik Riffat Mehmood
- Mr. Abdul Hai Mahmood Bhaimia
- Mr. M. Munir Malik
- Mr. Imran Iqbal

* Eligible for re-election, however, Mr. Abdul Hai Mahmood Bhaimia has not offered himself for re-election.

3. To receive, consider, approve and adopt the annual, audited financial statements of the Company for the year ended 31st December, 2019 together with Directors' and Auditors' Reports thereon.
4. To consider and approve payment of final cash dividend of 25% (Rs. 2.50 per share of Rs. 10 each) for the year ended 31st December, 2019 as recommended by the Directors of the Company.
5. To appoint auditors for the year 2020 and to fix their remuneration.
6. To transact any other business with permission of the Chair.

By order of the Board

Rawalpindi
April 30, 2020

Company Secretary

NOTICE OF 25TH ANNUAL GENERAL MEETING

IMPORTANT NOTES:

1. Participation by Shareholders

In view of the threat posed by the Corona Virus situation, The Securities & Exchange Commission of Pakistan (SECP), via Circular no. 5 of 2020 issued on 17 March 2020, had advised the companies to modify their usual planning for annual general meetings in order to protect the well-being of shareholders.

Accordingly, the shareholders are requested to consolidate their attendance and voting at annual general meeting (AGM) into as few people as possible through proxies. Further, the shareholders can login through video-link, i.e., <https://zoom.us/download> to participate in the AGM proceedings. To avail this facility, the shareholders are requested to register their particulars with the Company Secretary Office of the Company at cs@agico.com.pk before close of business hours on May 10, 2020.

The shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on email: cs@agico.com.pk.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from May 13, 2020 to May 21, 2020 (both days inclusive). Transfers received at our Registrars, Messrs. THK Associates (Pvt.) Limited (Share Registrar), 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on May 10, 2020 will be treated in time.

3. Change of Address

Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to the Share Registrar.

4. E-Voting / Voting by Postal Ballot:

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the Share Registrar.

5. Deduction of Withholding Tax on the Amount of Dividend

Under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2019, withholding tax on dividend income will be deducted as follows:

For filers of Income Tax returns	15%
For non-filers of Income Tax returns	30%

NOTICE OF 25TH ANNUAL GENERAL MEETING

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders, including joint shareholders, whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they, or their joint holders, are filers, are advised to make sure that their names are entered into ATL by the close of business on May 10, 2020.

6. Exemption from Tax and Deduction of Zakat:

Shareholders, who intend to claim exemption from tax and/or zakat (where applicable), are advised to ensure that they have provided valid tax exemption certificates and zakat declaration to their respective broker/company's shares registrar before May 10, 2020.

7. Taxation for Joint Shareholders

In order to ensure that holders of shares held in joint names or joint accounts are treated individually as filers or non-filers, all such shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, on the address mentioned at end of notice, in writing before close of business on May 10, 2020 as per format given below.

Name of Principal Shareholder/ Joint Holders	Shareholding proportions (%)	CNIC No. (copy to be attached)	Folio / CDS Account No.	Total Shares	Signature

NOTE: In the event of non-receipt of the information by May 10, 2020, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

8. ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders. In order to receive dividend directly into their respective bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend produced below and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Ltd., 40-C, Block 6, P.E.C.H.S, Karachi, Pakistan, in case of physical shares. In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders till provision of prescribed details.

NOTICE OF 25TH ANNUAL GENERAL MEETING

Shareholder's Detail	
Name of Company	
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No/NTN	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Detail	
Title of Bank Account (Mandatory)	
International Bank Account Number (IBAN) Mandatory (24 Digits)	
Folio No./CDC Participants ID A/c No.	
P K	
Bank's Name	
Branch Name and Address	

Please also note that in compliance with section 244 of the Companies Act, 2017, after completion of required procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

9. Circulation of annual reports and notices of meetings:

The Company obtained approval of shareholders in the 22nd Annual General Meeting, held on 26 April 2017, for circulation of future annual reports through CD/DVD/USB. Consequently, annual reports for the year ended 31 December 2019 have been circulated to all the shareholders in the form of CD. Any member requiring printed copy of Annual Report 2019 may send a request using a Standard Request Form placed on Company website.

Additionally, those members, who desire to receive annual financial statements and notices through email in future, are hereby requested to convey their consent via email, at cs@agico.com.pk, on a standard request form which is available at the Company's website. Please ensure that your email account has sufficient rights and space available to receive such email attachments that may be greater than 1 MB in size. It shall be the responsibility of member(s) to timely communicate to the share registrar any change in his/her registered email address at the address of Company's Shares Registrar mentioned at end of this notice.

10. Conversion of Physical Shares into Book-Entry Form:

The Shareholders having physical shares may open CDC sub-account with any of the brokers or Investor Account directly with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate them in many ways including safe custody and timely sale of shares. Additionally, Section 72 of the Companies Act, 2017 (Act) requires that after the commencement of the Act from a date notified by the Securities and Exchange Commission of Pakistan (SECP), a company having share capital, shall have shares in electronic form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

NOTICE OF 25TH ANNUAL GENERAL MEETING

ELECTION OF DIRECTORS

Statement of material facts under Section 166(3) of the Companies Act, 2017 with respect to Agenda Item No. 2

Section 166 of the Companies Act, 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least three independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The persons to be elected as independent directors shall meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by Securities & Exchange Commission of Pakistan. Further, their selection shall be made based on their respective competencies, requisite skills, knowledge and experience and will be elected as per section 159 of the Companies Act, 2017.

Documents/information required to contest Election of Directors

Any person who seeks to contest the election of Directors shall, whether he/she is a retiring director or otherwise, file with the Company the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

- His/her Folio Number/CDC Investors Account Number/CDC Sub-Account Number;
- Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017;
- Consent to act as Director under:
 - a. Companies Act, 2017; and
 - b. Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Profile along with his/her address to be placed on the website of the Company;
- An attested copy of CNIC or Passport (in case of foreigner);
- A declaration that he/she is not ineligible to become a director under:
 - a. Companies Act, 2017;
 - b. Listed Companies (Code of Corporate Governance) Regulations, 2019; and
 - c. Insurance Companies (Sound and Prudent Management) Regulations, 2012(Note).
 - d. Code of Corporate Governance for Insurers-2016
 - e. PSX Regulations
- He/she is aware of the duties and powers of a director under:
 - a. Companies Act, 2017;
 - b. Securities Act, 2015;
 - c. Listed Companies (Code of Corporate Governance) Regulations, 2019;

NOTICE OF 25TH ANNUAL GENERAL MEETING

- d. Listing of Companies and Securities Regulations of Pakistan Stock Exchange;
- e. Memorandum and Articles of Association of the Company; and
- f. Any other applicable laws/rules/regulations/codes etc.
- Any other document/information he/she may think necessary.

Note: Annexures A, B & C can be downloaded from the Company's website under the tab "Election of Directors"

Approval from SECP is needed to become director of the Company.

SPECIAL NOTES

A. For Attending the meeting:

- i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting.
- ii. The shareholders registered on CDC are also requested to bring their particulars, I.D numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For appointment of proxies:

- i. A Member entitled to attend and vote at the Annual General Meeting may appoint another person as his proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
- ii. A member shall not be entitled to appoint more than one proxy to attend any one meeting. If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited with the Company Secretary, Askari General Insurance Company Limited, 3rd Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.
- iii. In case of individuals, the account holder or sub-account holder and / or the persons whose registration details are uploaded as per the Regulations shall submit the proxy form as per requirement notified by the Company.
- iv. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- v. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

NOTICE OF 25TH ANNUAL GENERAL MEETING

- vi. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- vii. In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Contact Information:

For any query/problem/information, the shareholders may contact the Company and/or the Share Registrar at the following:

Company Representative

Company Secretary
051-9028119, 051-9270080
cs@agico.com.pk

Shares Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
+92 (021) 111-000-322

پچیسویں (25) سالانہ جنرل میٹنگ کی اطلاع

• وہ درج ذیل کے تحت ایک ڈائریکٹرز کے فرائض اور اختیارات سے واقف ہے:

اے	کمپنیز ایکٹ، 2017ء؛
بی	سیکیورٹیز ایکٹ، 2015ء؛
سی	فہرست شدہ کمپنیز (کارپوریٹ گورننس کے ضابطہ) ریگولیشنز، 2019ء؛
ڈی	پاکستان اسٹاک ایکسچینج کی کمپنیز اینڈ سیکیورٹیز ریگولیشنز کی فہرست سازی؛
ای	کمپنی کی ایسوسی ایشن کے ممبرانڈم اور آرٹیکلز؛ اور
ایف	کوئی دوسرا قابل اطلاق قانون/قواعد و ضوابط/کوڈ وغیرہ۔

• کوئی اور دستاویز/معلومات جو وہ ضروری سمجھے۔

کرنے کے لیے کاغذات مکمل طور پر مناسب طریقے سے پورے ہونے چاہیے، جس کے ساتھ پاور آف اٹارنی یا بورڈ کی قرارداد بھی ہونی چاہیے، اور یہ چیزیں میٹنگ شروع ہونے کے وقت سے کم از کم 48 گھنٹے پہلے اس پتہ (سیکرٹری، عسکری جنرل انشورنس کمپنی لمیٹڈ، قھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی) میں جمع ہو جانی چاہیے۔

iii..... انفرادی ہونے کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ اشخاص جن کے رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں، کمپنی کی طرف سے مطلع کی جانے والی معلومات کے مطابق وہ اشخاص پر کسی فارم جمع کرائیں گے۔

iv..... پراکسی فارم پر دو افراد کی گواہی لی جائے گی اور گواہوں کے نام، پتے اور قومی شناختی کارڈ نمبر فارم پر درج کیے جائیں گے۔

v..... فائدہ اٹھانے والے مالکان اور پراکسی کے پاسپورٹ یا قومی شناختی کارڈ کی مصدقہ کاپیاں پراکسی فارم کے ساتھ لگائی جائیں گی۔

vi..... پراکسی میٹنگ کے وقت اپنا اصلی قومی شناختی کارڈ یا اصلی پاسپورٹ دکھائے گا۔

vii..... کارپوریٹ ادارے کے ایک ممبر ہونے کی حیثیت سے، نمائندے/اٹارنی کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کمپنی کو پراکسی فارم کے ساتھ جمع کرائی جائے گی (الایہ کہ یہ چیزیں پہلے ہی جمع کرا دی گئی ہوں)۔

رابطے کی معلومات:

کسی بھی سوال/دشواری/معلومات کے لئے، شیئر ہولڈرز کمپنی اور/یا حصص رجسٹرار سے مندرجہ ذیل پتہ پر رابطہ کر سکتے ہیں:

کمپنی کے نمائندے

جناب فیضان ظفر

کمپنی سیکرٹری

051-9028119, 051-9270080

cs@agica.com.pk

شیئرز رجسٹرار

THK ایسوسی ایشن (پرائیویٹ) لمیٹڈ

فرسٹ فلور، 40-سی، بلاک-6، پی. ای. سی. ایچ. ایس. کراچی 75400، پاکستان.

+92 (021) 111 000 322

اے) میٹنگ میں شرکت کرنے کے لیے:

i..... انفرادی معاملہ میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کے رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں وہ میٹنگ میں حصہ لینے کے وقت اپنے اصلی درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کی تصدیق کرے گا۔

ii..... سی ڈی سی پر رجسٹرڈ حصص کنندگان سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفصیل، شناختی نمبر اور اکاؤنٹ نمبر لائیں۔

iii..... کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت، نامزد شخص مثالی دستخط کے ساتھ پاور آف اٹارنی/ڈائریکٹرز کی قرارداد فراہم کرے گا (اگر یہ چیزیں پہلے فراہم نہیں کی گئیں)۔

بی) پراکسی (نائب حضرات) متعین کرنے کے لیے:

i..... کوئی ممبر جسے جنرل میٹنگ میں شرکت اور ووٹ دینے کا حق ہے اسے حق ہے کہ وہ شرکت اور ووٹ دینے کے لیے اپنی طرف سے کسی پراکسی کو متعین کرے۔ جو شخص کمپنی کا ممبر نہیں ہے وہ پراکسی کے طور پر کام نہیں کرے گا، سوائے حکومت پاکستان/کارپوریٹ ادارے کے جو کمپنی کے ممبر کے علاوہ کسی اور شخص کو مقرر کر سکتے ہیں۔ اگر ممبر (حکومت پاکستان کے علاوہ کوئی اور) ایک کارپوریٹ ادارہ ہے تو اس کی مشترکہ ممبروں پر لگی ہوئی چاہیے۔

ii..... کسی بھی ممبر کو کسی بھی ایک میٹنگ میں شرکت کرنے کے لئے ایک سے زیادہ پراکسی مقرر کرنے کا حق نہیں ہوگا۔ اگر کوئی بھی ممبر کسی ایک میٹنگ کے لئے ایک سے زیادہ پراکسی مقرر کرتا ہے اور پراکسی کے ایک سے زیادہ اشیاء

کمپنی کو جمع کرائی جاتی ہیں تو، پراکسی کی اس طرح کی اشیاء کو درست نہیں سمجھا جائے گا۔ کسی پراکسی کو متعین

حصص کنندہ کی بنک تفصیل

بنک اکاؤنٹ نمائندگی (لازمی)	
بین الاقوامی بنک اکاؤنٹ نمبر (آئی بی اے این) - (لازمی 24 ہندسوں پر مشتمل)	
بنک کا نام	PK
برانچ کا نام اور ایڈریس	

طرف سے مطلع ہے۔

ڈائریکٹرز کا انتخاب

ایجنڈا آئٹم نمبر 2 کے سلسلے میں کمپنیز ایکٹ 2017ء کے سیکشن 166(3) کے تحت مادی حقائق کا بیان کمپنیز ایکٹ، 2017ء کا سیکشن 166 یہ بیان کرتا ہے کہ مادی حقائق کا بیان ایسے اجلاس کے نوٹس سے منسلک کیا گیا ہے جسے ڈائریکٹرز کے انتخاب کے مقصد کے لئے طلب کیا گیا ہو، یہ آزاد ڈائریکٹر کے طور پر تقرری کے لئے انتخاب کرنے کے جواز کی نشاندہی کرے گا۔ لیکچر کمپنیز (کارپوریٹ گورننس کے ضابطے) ریگولیشنز، 2019ء کے مطابق کمپنی کو کم از کم تین آزاد ڈائریکٹر رکھنے کی ضرورت ہے۔ آزاد ڈائریکٹر کے طور پر منتخب ہونے والے افراد کمپنیز ایکٹ، 2017ء کے سیکشن 166 کے تحت آزاد ڈائریکٹر کے لئے طے شدہ معیار پر پورا اترتا ہوگا نیز یہ افراد "سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" کے ذریعہ مستند "پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس" کے زیر انتظام آزاد ڈائریکٹرز کے ڈیٹا بینک پر درج ہوں۔ مزید یہ کہ ان کا انتخاب ان کی متعلقہ قابلیتوں، مطلوبہ صلاحیتوں، علم اور تجربے کی بنیاد پر کیا جائے گا اور وہ کمپنی ایکٹ، 2017ء کے سیکشن 159 کے طور پر منتخب ہوں گے۔

ڈائریکٹرز کے انتخاب کی رضامندی کے لیے مطلوب کاغذات/معلومات

کوئی بھی فرد جو ڈائریکٹرز کا انتخاب لڑنا چاہتا ہے، خواہ وہ ریٹائر ہونے والا ڈائریکٹر ہو یا کوئی اور مندرجہ بالا مینڈگ کے دن سے پہلے پہلے چودہ دن کے اندر اندر کمپنی کے رجسٹرڈ آفس میں درج ذیل دستاویزات اور معلومات درج کروائے:

- اپنا فوٹو نمبر/سی ڈی سی انویسٹرز کا ڈائریکٹسری ڈی سی سب اکاؤنٹ نمبر؛
- کمپنیز ایکٹ 2017ء کے سیکشن 159(3) کے تحت خود کو ڈائریکٹرز کے انتخاب کے پیش کرنے کے ارادے کا نوٹس؛
- درج ذیل کے تحت ڈائریکٹر کی حیثیت سے کام کرنے کے لئے رضامندی:

اےکمپنیز ایکٹ، 2017ء؛ اور
بی	فہرست شدہ کمپنیز (کارپوریٹ گورننس کے ضابطے) ریگولیشنز، 2019ء۔

- کمپنی کی ویب سائٹ پر اپنی پروفائل رکھنا جس میں اس کا ایڈریس بھی شامل ہو؛
- شناختی کارڈ یا (غیر ملکی ہونے کی صورت میں) پاسپورٹ کی تصدیق شدہ کاپی؛
- ایک اقرار نامہ (declaration) کہ وہ درج ذیل کے تحت ڈائریکٹر بننے کے لئے نااہل نہیں ہے:

اے	کمپنیز ایکٹ، 2017ء؛ اور
بی	فہرست شدہ کمپنیز (کارپوریٹ گورننس کے ضابطے) ریگولیشنز، 2019ء۔ اور
سی	انشورنس کمپنیز (مستحکم اور محتاط مینجمنٹ) ریگولیشنز، 2012ء (ملاحظہ)
ڈی	کارپوریٹ گورننس برائے انشورنس - 2016ء کا ضابطہ
ای	پی ایس ایکس (PSX) ریگولیشنز

براہ کرم نوٹ کریں کمپنیز ایکٹ، 2017ء کے سیکشن 244 کے مطابق، مطلوبہ طریقہ کار مکمل ہونے کے بعد، ایسے تمام ڈیویڈنڈ جن کا مقررہ تاریخ سے تین سال تک کسی نے دعویٰ نہیں کیا اور وہ ابھی قابل ادائے تو اسے وفاقی حکومت کو جمع کر دیا جائے گا۔

9) سالانہ رپورٹوں اور اجلاسوں کے نوٹس کی سرکولیشن:

کمپنی نے سی ڈی ڈی وی ڈی/یو ایس بی کے ذریعے مستقبل کی سالانہ رپورٹوں کی سرکولیشن کے لئے، 26 اپریل 2017ء کو منعقد ہونے والی 22 ویں سالانہ جنرل مینٹگ میں شیئرز ہولڈرز کی منظوری حاصل کی تھی۔ لہذا، 31 دسمبر 2019ء کو ختم ہونے والے سال کی سالانہ رپورٹیں سی ڈی کی شکل میں تمام شیئرز ہولڈرز کو تقسیم کی گئی ہیں۔ اگر کسی ممبر کو سالانہ رپورٹ 2019ء کی پرنٹ شدہ کاپی کی ضرورت ہے تو وہ کمپنی کی ویب سائٹ پر دیئے گئے معیاری درخواست فارم کا استعمال کرتے ہوئے درخواست بھیج سکتا ہے۔

مزید برآں، ایسے ممبران جو مستقبل میں ای میل کے ذریعہ سالانہ مالی بیانات اور نوٹس وصول کرنا چاہتے ہیں، ان سے یہ درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر موجود معیاری درخواست فارم کے ذریعے اپنی رضامندی اس ای میل (cs@agicacom.pk) پر بھیج دیں۔ براہ کرم اس بات کو یقینی بنائیں کہ آپ کے ای میل اکاؤنٹ میں اس طرح کے ای میل منسلکات وصول کرنے کے لئے مناسب حقوق اور کافی جگہ دستیاب ہے جس میں 1MB سے زیادہ سائز والی فائلز موصول ہو سکتی ہیں۔ یہ ممبران کی ذمہ داری ہے کہ وہ اپنے ای میل ایڈریس میں کسی قسم کی تبدیلی کے بارے میں، کمپنی کے شیئرز رجسٹرار کو اس نوٹس کے اختتام پر ذکر کردہ پتہ پر بروقت مطلع کرے۔

10) بک - انٹری فارم میں مادی حصص کی تبدیلی:

مادی حصص رکھنے والے شیئرز ہولڈرز اپنے مادی حصص کو الیکٹرونک شکل میں رکھنے کے لیے "سنٹرل ڈیپازٹری کمپنی" سی ڈی سی (آف پاکستان لمیٹڈ) کے ساتھ براہ راست کسی بروکر یا انوسٹرا اکاؤنٹ کے ساتھ اپنا سی ڈی سی ذیلی اکاؤنٹ کھول سکتے ہیں۔ یہ ان کو کئی طریقوں سے سہولت فراہم کرے گا جن میں محفوظ احاطہ اور حصص کے بروقت فروخت شامل ہیں۔ اس کے علاوہ کمپنیز ایکٹ، 2017ء (ایکٹ) کا سیکشن 72 یہ مطالبہ کرتا ہے کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مطلع کردہ تاریخ سے ایکٹ کے آغاز کے بعد، ایک کمپنی جس کا شیئرز کیپٹل ہے، وہ صرف الیکٹرونک شکل میں حصص حاصل کرے گی۔ ہر موجودہ کمپنی کو اس کے مادی حصص کو بک - انٹری فارم کے ساتھ، ایکٹ کے آغاز سے چار سال کی مدت کے دوران، اس طریقے سے تبدیل کرنے کی ضرورت ہوگی جو طریقہ مخصوص ہے اور اس تاریخ سے جو (SECP) کی

پچیسویں (25) سالانہ جنرل میٹنگ کی اطلاع

(3) ایڈریس میں تبدیلی

طور پر فائزر یا غیر فائزر والا معاملہ کیا جا رہا ہے، اس طرح کے تمام حصص یافتگان سے درخواست کی جاتی ہے کہ ان کے پاس جو شیئرز ہیں اس حوالے سے پرنسپل شیئر ہولڈرز اور مشترکہ ہولڈرز کے شیئر ہولڈنگ تناسب، تحریری شکل میں 10 مئی 2020ء کے دفتری وقت ختم ہونے سے پہلے پہلے ہمارے شیئر رجسٹرار کو نوٹس کے آخر میں درج کیے گئے پتہ پر بھیجیں، جیسا کہ درج ذیل فارمیٹ میں بیان ہوا ہے۔

کمپنی کے ممبران سے درخواست کی جاتی ہے کہ اگر ان کے ایڈریس میں کوئی تبدیلی ہوتی ہے تو اس کے بارے میں فوری طور پر مطلع کریں، اور ڈیویڈنڈ کے بیکجا کرنے کے بارے میں مطالبہ کریں، اگر کسی ممبر کے ایک سے زیادہ ڈیویڈنڈ ہوں۔

پرینسپل شیئر ہولڈرز/مشترکہ ہولڈرز کا نام	شیئر ہولڈنگ تناسب (%)	قومی شناختی کارڈ نمبر (کوئی نسلک کی جائے)	فولیو/سی ڈی ایس اکاؤنٹ نمبر	مجموعی حصص	دستخط
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(4) ای وونگ/پوسٹل بیٹل کے ذریعہ ووٹنگ

اگر اپنے آپ کو منتخب ہونے کی پیش کش کرنے والے افراد کی تعداد، کمپنی ایکٹ 2017ء کے سیکشن 159 کے ذیلی سیکشن (1) کے تحت طے شدہ ڈائریکٹرز کی تعداد سے زیادہ ہے، تو کمپنیز (پوسٹل بیٹل) ریگولیشنز 2018ء کی دفعات کے مطابق، کمپنی اپنے ممبرز کو ای وونگ یا پوسٹل بیٹل کے ذریعہ ووٹنگ کرنے کی اختیارات فراہم کرے گی۔

نوٹ: 10 مئی، 2020ء تک معلومات موصول نہ ہونے کی صورت میں، ہر شیئر ہولڈر کے بارے میں یہ فرض کر لیا جائے گا کہ اس کے شیئرز کا تناسب برابر ہے اور اس کے مطابق ٹیکس کی کوٹنی کی جائے گی۔

وہ شیئر ہولڈرز جو ای وونگ کے ذریعے حصہ لینا چاہتے ہیں، براہ کرم اپنا نام، فولیو/سی ڈی ای اکاؤنٹ نمبر، ای میل ایڈریس اور رابطہ نمبر اپنے دستخط شدہ خط کے ذریعے شیئر رجسٹرار کو فوری طور پر فراہم کریں۔

(8) الیکٹرانک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ، 2017ء کے سیکشن 242 کے تحت، تمام فہرست کردہ کمپنیوں کے لئے لازمی ہے کہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے شیئر ہولڈرز کی طرف سے نامزد بینک اکاؤنٹ میں ادا کریں۔ ڈیویڈنڈ کو براہ راست ان کے متعلقہ بینک اکاؤنٹ میں حاصل کرنے کے لئے، شیئر ہولڈرز سے بھی یہ درخواست کی گئی ہے کہ، مادی شیئرز ہونے کی صورت میں، نقد ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لئے درج ذیل یا کمپنی کی ویب سائٹ پر فراہم کردہ بینک مینڈیٹ فارم بھرنے کے بعد (اگر انہوں نے اسے پہلے سے جمع نہیں کروایا تو) کمپنی کے اس پتہ (شیئر رجسٹرار، THK الیوسی ایٹس (پرائیویٹ) لمیٹڈ، 40-سی، بلاک 6، پی. ای. سی. ایچ. ایس، کراچی، پاکستان) پر اپنے قومی شناختی کارڈ کی ایک مصدقہ کاپی کے ساتھ بھیجیں۔ اگر سی ڈی ای (CDC) میں حصص منعقد ہوتے ہیں تو، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم کو براہ راست شیئر ہولڈرز برادرز شراکت دار/سی ڈی ای اکاؤنٹ سروسز میں لازمی طور پر جمع کرایا جائے۔ معلومات نہ ہونے کی صورت میں، کمپنی کو اس طرح کے حصص یافتگان کے ڈیویڈنڈ رقم برقرار رکھنے کے لئے پابند رکھا جائے گا۔

حصص کنندہ کی تفصیل

کمپنی کا نام	حصص کنندہ کا نام	فولیو نمبر/سی ڈی ای شراکت داروں کا شناختی کارڈ نمبر	قومی شناختی کارڈ/این ٹی این نمبر	پاسپورٹ نمبر (غیر ملکی حصص کنندہ ہونے کی صورت میں)	موبائل نمبر اور لینڈ لائن نمبر	ای میل ایڈریس (لازمی)
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(5) ڈیویڈنڈ کی رقم پر withholding ٹیکس کی کوٹنی

انکم ٹیکس آرڈیننس، 2001ء کے سیکشن 150 اور فنانس ایکٹ، 2019ء کے تحت، ڈیویڈنڈ آمدنی پر withholding ٹیکس کی کوٹنی مندرجہ ذیل طریقے سے ہوگی:

انکم ٹیکس ریٹرز کے فائلر حضرات کے لئے	15 فیصد
انکم ٹیکس ریٹرز کے نان-فائلر حضرات کے لئے	30 فیصد

کمپنی کو ڈیویڈنڈ نقد رقم پر 30 فیصد کی بجائے 15 فیصد کی نسبت سے ٹیکس کوٹنی کے قابل بنانے کے لیے، تمام شیئر ہولڈرز بشمول جو انٹ شیئر ہولڈرز کے جن کے نام ابھی تک ایف بی آر (FBR) کی ویب سائٹ پر فراہم کردہ فائلنگ ٹیکس دہندگان کی فہرست (ATL) میں شامل نہیں ہیں حالانکہ درحقیقت وہ یا ان کے جو انٹ ہولڈرز فائلر بھی ہیں، ان سب کو اس بات کو یقینی بنانے کا مشورہ دیا جاتا ہے کہ وہ 10 مئی، 2020ء کے کاروباری وقت ختم ہونے سے پہلے پہلے اپنے نام (ATL) میں درج کروائیں، ورنہ ان کی نقد ڈیویڈنڈ پر 15 فیصد کی بجائے 30 فیصد کی نسبت سے ٹیکس کوٹنی ہو جائے گی۔

(6) زکوٰۃ کی کوٹنی اور ٹیکس سے معافی:

ایسے شیئر ہولڈرز جو ٹیکس اور/یا زکوٰۃ (جہاں اس کا اطلاق ہو) سے معافی کا دعویٰ کرنا چاہتے ہیں، ان کو اس بات کے یقینی بنانے کا مشورہ دیا جاتا ہے کہ انہوں نے 10 مئی 2020ء سے پہلے پہلے اپنے متعلقہ برادر/کمپنی کے شیئر رجسٹرار کو ٹیکس معافی کا صحیح سرٹیفکیٹ اور زکوٰۃ کا بیان ملٹی فراہم کر دیا ہے۔

(7) مشترکہ حصص یافتگان کے لئے ٹیکس

اس بات کو یقینی بنانے کے لیے کہ مشترکہ نام یا مشترکہ اکاؤنٹس رکھنے والے حصص کے ہولڈرز کے ساتھ انفرادی

پچیسویں (25) سالانہ جنرل میٹنگ کی اطلاع

5 سال 2020ء کے لئے آڈیٹر مقرر کرنا اور ان کا معاوضہ طے کرنا۔

6) چیئرمین کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔

بورڈ کے حکم سے

راولپنڈی

کمپنی سیکرٹری

130 اپریل 2020ء

”عسکری جنرل انشورنس کمپنی لمیٹڈ (کمپنی)“ کی 25 ویں سالانہ جنرل میٹنگ کے انعقاد کا درج ذیل اعلان

ہمارے لیے خوشی کا باعث ہے:

کی تعداد مقرر کی گئی ہے

تاریخ اور وقت: جمعرات، 21 مئی، 2020ء دن 11:00 بجے

ہوگا

مقام: کانفرنس روم، قہر ڈ فلور، AWT بلازہ، دی مال، راولپنڈی (نوٹ-1)۔ بھائی میا

میٹنگ کا ایجنڈا

عمومی معاملات:

1) 24 اپریل، 2019ء کو منعقد ہونے والی 24 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

2) 12 مارچ 2020ء کو منعقد ہونے والی بورڈ کی میٹنگ میں بورڈ کی جانب سے کمپنیز ایکٹ 2017ء کے سیکشن 159(1) کی دفعات کے مطابق، تین سال کی مدت کے لیے آٹھ (8) ڈائریکٹرز کی تعداد مقرر کی گئی ہے جن کی مدت کا آغاز 21 مئی 2020ء سے ہوگا۔

اہم ملاحظیات:

1) شیئر ہولڈرز کی شرکت

کورونا وائرس کی صورتحال سے لاحق خطرے کے پیش نظر، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے 17 مارچ 2020ء کو ایک سرکلر نمبر 5 آف 2020ء جاری کیا، جس میں انہوں نے کمپنیز کو یہ مشورہ دیا کہ وہ شیئر ہولڈرز کی فلاح و بہبود کے تحفظ کی خاطر سالانہ عام اجلاسوں کے لئے کی جانے والی اپنی معمول کی منصوبہ بندی میں ترمیم کریں۔

اسی مناسبت سے، شیئر ہولڈرز سے یہ گزارش کی جاتی ہے کہ وہ کم از کم لوگوں/بااختیار ایجنٹوں کی شرکت سے سالانہ عام اجلاسوں (AGM) میں اپنی شرکت اور ووٹنگ کو مستحکم کریں۔ مزید یہ کہ شیئر ہولڈرز سالانہ عام اجلاسوں (AGM) کی کارروائی میں حصہ لینے کے لئے اس ویڈیو لنک (<https://zoomus/download>) کے ذریعے لاگ ان (login) کر سکتے ہیں۔ اس سہولت سے فائدہ اٹھانے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 10 مئی 2020ء کے کاروباری اوقات کے اختتام سے پہلے پہلے کمپنی کے سیکرٹری آفس کو اس ای میل ایڈریس (cs@agicacom.pk) پر اپنی تفصیل کا اندراج کروائیں۔

شیئر ہولڈرز ای ای میل ایڈریس (cs@agicacom.pk) پر سالانہ عام اجلاسوں (AGM) کے مجوزہ ایجنڈا آن لائن کے لئے اپنے تاثرات/تجاویز بھی پیش کر سکتے ہیں۔

2) شیئر ٹرانسفر بکس کی بندش

کمپنی کی شیئر ٹرانسفر بکس 13 مئی، 2020ء سے 21 مئی، 2020ء (بشمول دونوں دنوں کے) تک بند رہیں گی۔ 10 مئی، 2020ء کو دفتری اوقات ختم ہونے سے پہلے تک ہمارے اس پتہ (رجسٹرارز، میسرز T H K ایسوسی ایٹ (پرائیویٹ) لمیٹڈ (شیئر رجسٹرار)، فرسٹ فلور، 0-4 سی، بلاک - 6، پی. ای. سی. ایچ. ایس. کراچی) پر موصول ہونے والی ٹرانسفر کو بھی بروقت موصول تصور کیا جائے گا۔

ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں: x	
•	لیفٹیننٹ جنرل نجیب اللہ خان (ریٹائرڈ)
•	میجر جنرل امتیاز حسین شیرازی (ریٹائرڈ)
•	میجر جنرل اختر اقبال (ریٹائرڈ)
•	بریگیڈ کمانر ان اسد (ریٹائرڈ)
•	محترم/ملک رفعت محمود
•	محترم/محمد ایمن محمود بھائی میا
•	محترم/محمد منیر ملک
•	محترم/عمران اقبال

x اگرچہ یہ سب ڈائریکٹرز دوبارہ منتخب کیے جانے کی اہلیت رکھتے ہیں تاہم محترم/محمد ایمن محمود بھائی نے خود کو دوبارہ منتخب کیے جانے کے لئے پیش نہیں کیا۔

3) 31 دسمبر، 2019ء کو ختم ہونے والے سال کے لیے، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ ساتھ کمپنی کے محاسبہ شدہ مالی بیانات کو موصول کرنا، اس پر غور کرنا، اس کو منظور کرنا اور اسے اختیار کرنا۔

4) 31 دسمبر، 2019ء کو ختم ہونے والے سال کے لئے 25 فیصد (یعنی ہر 10 روپے کا 2.50.....50 روپے فی حصہ) کی حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور کرنا اور اسے منظور کرنا جیسا کہ کمپنی کے ڈائریکٹرز نے اس کی سفارش کی ہے۔

askari general insurance company limited

Proxy Form

I/We _____ of _____ being Member(s) of askari general insurance co. ltd, holding _____ ordinary shares, hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Thursday 21st May 2020 at 11 am and at any adjournment thereof.

Folio No.	CDC Account No.		Signature on Rs. 50 Revenue Stamp (Signature should agree with the specimen signature registered with the Company)
	Participant ID	Account No.	

As we witness my/our hand this _____ day of _____ 2020

Witness:

1

2

Signature _____

Name _____

Address _____

CNIC No./ Passport No. _____

Notes:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary, askarigeneral insurance company limited 3rd Floor AWT Plaza, The Mall Rawalpindi, not later than 48 hours before the time of holding the meeting.
3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.
4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

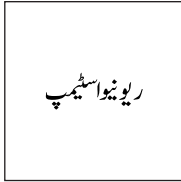
عسکری جنرل انشورنس کمپنی لمیٹڈ

پراسی فارم

میں/ہم _____ ساکن _____
بجائیت ممبر عسکری جنرل انشورنس لمیٹڈ بذریعہ ہذا مسمی _____ ساکن _____
کو یا ان کی عدم دستیابی کی صورت میں مسمی _____ ساکن _____
کو اپنی/ہماری جانب سے پراسی مقرر کر رہا/رہی ہوں تاکہ وہ جمعرات، 21 مئی، 2020 یوقت 11:00 بجے صبح منعقد ہونے والے 25 ویں سالانہ اجلاس عام
یا اس کے کسی بھی التواء میں میری/ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2020

گواہان:



ممبر (ممبران) کے دستخط

۱- دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر _____

۲- دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر _____
شیر ہولڈر کا فوئیو نمبر اور/یا سی ڈی سی _____
پارٹنیشنٹ کا آئی ڈی نمبر _____
اور ڈبلی اکاؤنٹ نمبر _____

اہم نوٹ:

پراسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع پی او بکس نمبر 843، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی میں اجلاس کے
طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کر دیا جائے۔
سی ڈی سی شیر ہولڈرز اور ان کے پراسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراسی
فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔
سی ڈی سی شیر ہولڈرز یا ان کے پراسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹنیشنٹ کا آئی ڈی نمبر اور ان کے
اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔



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