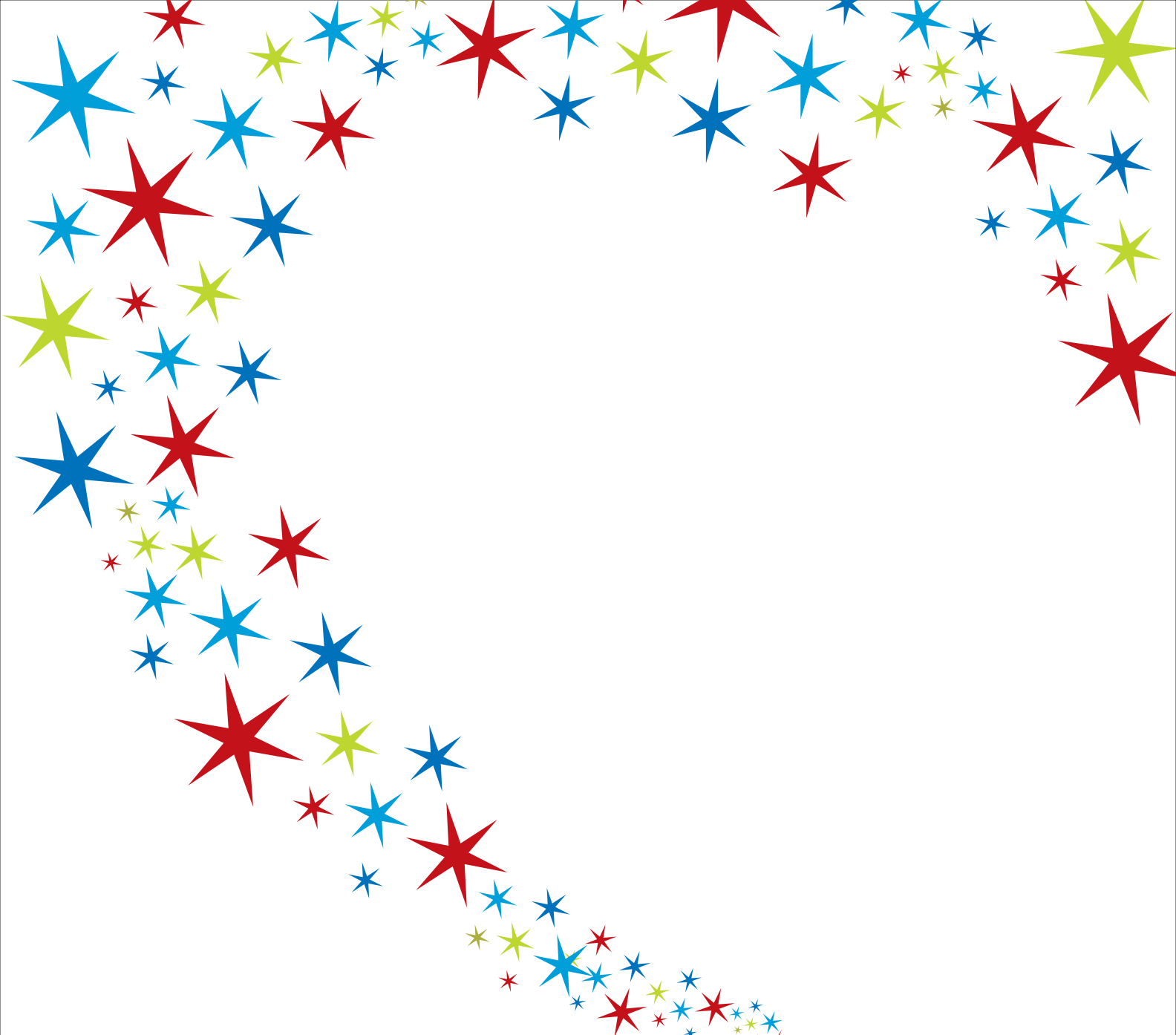


NIJI
Annual Report
2010



نیا سال نیا جذبہ
A New Era Of Passion

New Jubilee Insurance
Company Limited

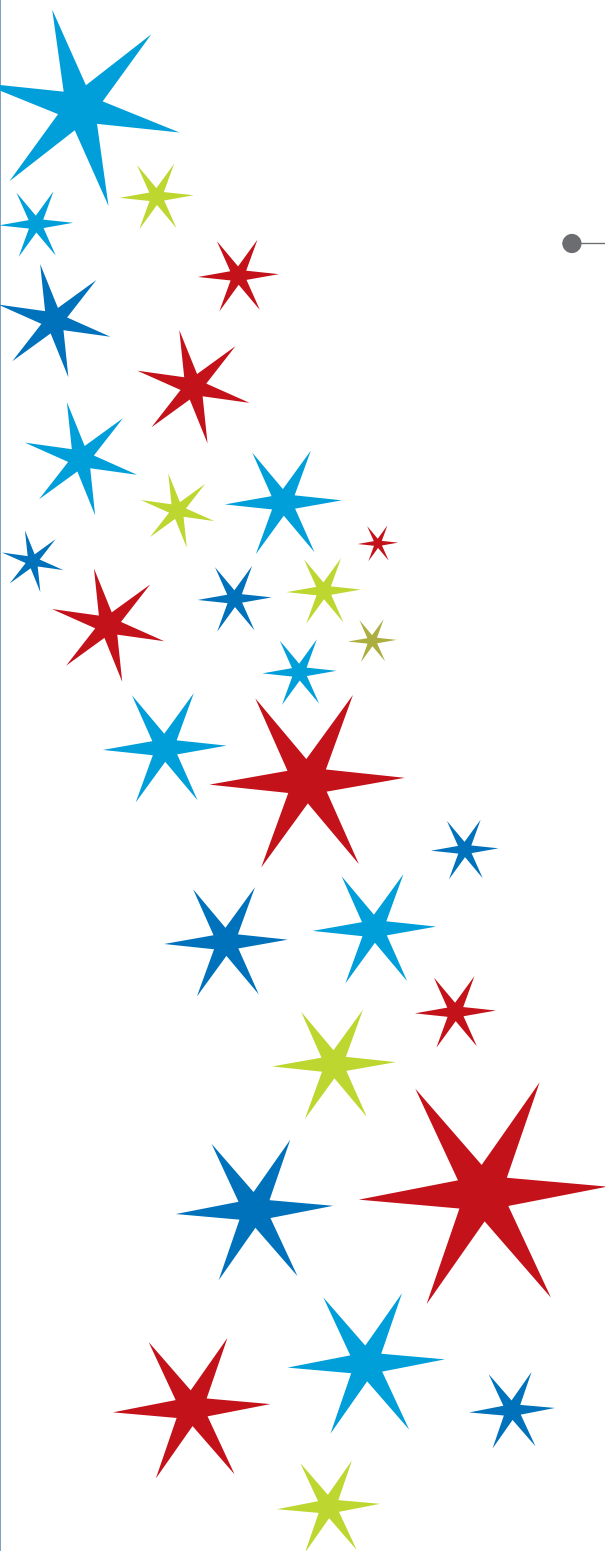


نیا سال نیا جذبہ
A New Era Of Passion



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Corporate Information

Chairman of the Board of Directors	Towfiq H. Chinoy	(Non-Executive Director)
Directors	Akbarali Hashwani Sadruddin Hashwani Masood Noorani Akbarali Pesnani John Joseph Metcalf R. Zakir Mahmood Aly Noormahomed Rattansey	(Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director)
President & Managing Director (Chief Executive)	Tahir Ahmed	(Executive Director)
Company Secretary	Atiq Anwar Mahmudi	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder	
Legal Advisor	Surr ridge & Beecheno	
Medical Advisor	Dr. Tajuddin Manji	
Actuarial Advisor	Nauman Associates	
Bankers	Habib Bank Limited Standard Chartered Bank (Pakistan) Ltd. United Bank Limited Soneri Bank Limited Faysal Bank Limited Bank Alfalah Limited	
Share Registrar	THK Associates (Pvt) Ltd Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi. Tel: 35689021, 35686658	
Head Office / Registered Office	2nd Floor, Jubilee Insurance House I. I. Chundrigar Road, Karachi, Pakistan UAN : (92-21) 111 - 654 - 111 Tel : (92-21) 32416022-26 Fax : (92-21) 32416728 , 32438738 E-Mail : nji@nji.com.pk Website : www.nji.com.pk	

Board of Directors



Towfiq H. Chinoy
Chairman

Director since: 27-08-1997

Other engagements:

Chairman

Pakistan Cables Limited
Packages Limited

**Managing Director /
Chief Executive**

International Industries Limited
International Steels Limited

Director / Trustee

BOC Pakistan Ltd
New Jubilee Life Insurance
Company Ltd
IGI Investment Bank Ltd
HBL Asset Management Ltd
Pakistan Centre for Philanthropy
Mohatta Palace Gallery Trust



Tahir Ahmed
Managing Director &
Chief Executive

Director since: 09-07-2005

Other engagements:

Director

NEC Consultants (Pvt) Ltd



Akbarali Hashwani
Director

Director since: 17-11-1979

Other engagements:

Chief Executive / Proprietor

Landmark Spinning Industries Ltd
Syndicate Trading Company

Director

Regent Textile Industries Ltd
Ittehad Cement Industries Ltd
Hassan Ali & Co. Cotton (Pvt) Ltd
Coronet Enterprises (Pvt) Ltd
Hashwani Construction
Company (Pvt) Ltd
Beaumont Enterprises (Pvt) Ltd
Marvel Enterprises (Pvt) Ltd
Stonyx (Pvt) Ltd



Board of Directors



Sadruddin Hashwani

Director

Director since: 17-11-1979

Other engagements:

Chairman & Chief Executive

Hashwani Hotels Ltd
Zaver Petroleum Corporation Ltd
Ocean Pakistan Ltd

Chairman

Gelcaps (Pakistan) Ltd
Hassan Ali & Co. (Pvt) Ltd
Hassan Ali (Grains) (Pvt) Ltd
Gulf Properties Limited
Hashoo Limited
Hashoo Holdings (Pvt) Ltd
Hashoo International (Pvt) Ltd
Noor Properties (Pvt) Ltd
Zaver Chemicals Ltd
Zaver Mining Company (Pvt) Ltd
Pakistan Services Ltd
Pearl Continental Hotels (Pvt) Ltd
Trans Air Travels (Pvt) Ltd
Pearl Tours & Travels (Pvt) Ltd
Zaver Power (Pvt) Ltd
O P I Gas (Pvt) Ltd
Zaver Oils Ltd
Pakistan Services (Azad Kashmir) Ltd



Masood Noorani

Director

Director since: 28-01-1982

Other engagements:

Chairman

New Jubilee Life Insurance
Company Ltd

Sole Proprietor

Noorani Associates



Akbarali Pesnani

Director

Director since: 15-08-2002

Other engagements:

Chairman

Aga Khan Cultural Services
Pakistan
Greentech Solution (Pakistan) Ltd
The First Micro Finance Bank Ltd

Director

Cherat Cement Co. Ltd
Cherat Papersack Ltd
Mirpurkhas Sugar Mills Ltd
Greaves Pakistan (Private) Ltd
Greaves CNG (Private) Ltd
Air Asia Ltd
Air Safira Ltd
Industrial Promotion Services
(Pakistan) Ltd
Clariant Pakistan Ltd



John Joseph Metcalf
Director

Director since: 28-02-2007

Other engagements:

Director

New Jubilee Life Insurance
Company Ltd
Jubilee Holding & Kenya
Jubilee Insurance Company,
Kenya
Jubilee Insurance, Tanzania
Jubilee Insurance, Uganda



R. Zakir Mahmood
Director

Director since: 25-06-2008

Other engagements:

President & Chief Executive
Habib Bank Limited

Chairman

Habib Bank Financial Services
(Pvt) Ltd
HBL Asset Management Limited
Habib Allied International Bank
Plc, UK
Habib Finance International Bank
Limited, Hong Kong

Director

Platinum Habib Bank Plc., Nigeria
First Women Bank Limited
Khushhali Bank



Aly Noormahomed Rattansey
Director

Director since: 25-06-2008

Other engagements:

Chairman

Aga Khan Rural Support
Programme

Director

Rural Support Programme
Network
Askari Bank Limited
NRSP Micro Finance Bank
Limited
New Jubilee Life Insurance
Company Ltd





Vision

To be acknowledged as the strongest and best insurance company of Pakistan and to enjoy the highest level of trust and confidence.



Mission

To provide our policyholders the highest degree of financial security, prompt and fair settlement of their insured losses, and professional and friendly service at all times.

To provide our employees a fair reward for their services, good working conditions, stable employment; and the opportunity for training, self development, long term professional growth and prosperity with the company.

To earn a steady and satisfactory return for the shareholders on the company's capital and to strive for the growth and prosperity of the company.

To be a good corporate citizen and contribute to the uplift and welfare of the community we live in.





Strategic Objectives

NJI is a growth-oriented leading insurance company of Pakistan. Our strategic objective is to increase our market share without compromising on level of service to our customers and profitability. We aim to achieve our objective by diversifying our portfolios, relying on niche areas by developing new products, sustaining profitable growth through employee training and continuously improving service to our customers.

● Core Values

Customer Satisfaction

We believe that we can achieve our strategic objective only by providing the best of service to our customers. This means providing product according to the requirement of our customers, assisting them in maintaining and improving their risks and finally settling their claims (if any) promptly and judiciously.

Employee Growth & Development

We believe in the sustainable growth of the Company through employee training, development and personal growth.

Innovation

We are committed to change the way of business through introduction of new products related to needs of our society and innovate e-based distribution channels.

Profitability

We believe in maximising the returns to our shareholders by application of best practices.



Company Profile



Established in 1953, New Jubilee is one of the most reputable and brightest names in the insurance sector. Sustained growth over half a century has secured NJI a place among the “Big Three” Pakistani insurers in terms of gross direct premium and financial base. NJI is listed on the Karachi and Lahore Stock Exchanges. Major shareholders include, Aga Khan Development Network and Hashoo Group. NJI, with its Head Office in

Karachi, has an extensive branch network in all major cities of Pakistan to provide prompt service to the clients.

NJI is the only company to secure and sustain an Insurer Financial Strength Rating of “AA” both by PACRA and JCR-VIS for the last ten years. During the last five years NJI has grown at double the industry average growth rate.

In 2003, NJI became the first Pakistani insurance company to acquire the non-life operations of Commercial General Union Insurance in Pakistan.

The company prides itself in its long-standing reinsurance arrangements and relationships with internationally renowned reinsurers such as Swiss Re, Munich Re, Lloyds, Hannover Re and Mitsui Sumitomo Re. The company is also supported by internationally acclaimed reinsurance brokers including AON Group, Willis, Marsh and UIB.

With a broad spectrum of services available, NJI's client-base comprises prominent national and multinational corporations operating in Pharmaceutical, Chemical, Textile, Cement, Services (Hospitals & Hotels), Oil & Energy, Manufacturing, FMCG, Engineering, Banking and Financial sectors.

At NJI, diversity is maintained through underwriting all classes of general insurance including fire, marine, motor, engineering, health and general accidents. NJI not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers. NJI has developed unique and innovative insurance solutions to meet the growing consumer financing trends of the economy. From auto financing to personal loans, mortgages to plastic cards, and trade finance to capital investment finance, NJI has the customized solutions to secure entire operations, product range and transactions of all financial institutions. With the stream of upcoming power, engineering and infrastructure development projects on the national level, our Engineering & Bonds Department, comprising of the most experienced engineers in the industry, is all geared up to provide technical and financial security to this vital sector. Furthermore, NJI has also introduced many consumer insurance products in the areas of SME's and Personal lines.

As pioneers in Group Health Insurance, NJI continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. NJI has recently modified its health insurance products with better coverage and scalable limits.

NJI continues to innovate in terms of product development and distribution channels and customer services which is the corner stone of our business philosophy. In this regard, during the last couple of years NJI has introduced numerous value added services, including:

- Comprehensive Free tracker package for Auto Insurance Customers
- SMSCare - Claims Alerts Service
- Online Claim Intimation Services
- Online Complaint Handling and Feedback Service
- Online Premium Calculators
- Online Proposal Forms

The true test of the soundness of insurance coverage is the duration of client relationships. This is proven by the fact that many valued clients have been with NJI for over 40 years. Clients are satisfied knowing that NJI is their best security.

NJI's business philosophy can be summed up as Customer Protection, Customer Satisfaction and Customer Trust. This is acquired largely by the ability to handle claims effectively. The customer focus and pro-active management approach in all areas of business, allows NJI to underwrite and handle claims in an expeditious and judicious manner.



Insurance Products



Property Insurance

- Fire & Allied Perils
- Burglary
- Business Interruption following Fire & Allied Perils
- Property All Risk
- Industrial All Risk

Motor Insurance

- Private Car Comprehensive
- Commercial Vehicle Comprehensive
- Motorcycle Comprehensive
- Motor Third Party Liability



Marine Insurance

- Marine Cargo Import
- Marine Cargo Export
- Marine Cargo Inland Transit
- Marine Umbrella Liability
- Marine Advance Loss of Profit
- Seller's Contingency
- Marine Hull
- Pleasure Craft Policy
- Sports Craft Policy



Engineering Insurance

- Contractor's All Risks
- Comprehensive Project Insurance
- Advance Loss of Profit following CAR/EAR
- Comprehensive Machinery Insurance
- Erection All Risks
- Machinery Breakdown (MBD)
- Boiler & Pressure Vessel
- Business interruption following MBD
- Computer & Electronic Equipment
- Contractor's Plant & Machinery



Bonds

- Bid Bond
- Mobilisation Advance Bond
- Performance Bond
- Maintenance Bond
- Customs Bond
- Excise Bond
- Supply Bond
- Retention Money Bond
- Utility Bond



Group Health Insurance

- Comprehensive Dread Disease Expense Benefit
- Comprehensive Hospitalisation Expense Benefit
- Maternity Expenses Benefit
- Out-Patient Expenses Benefit

Specialised Insurance Policies

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Banker's Blanket Bond • Computer Crime • Plastic Card • Safe Deposit Box • Foreign Currency Exchange • Comprehensive Security Guard Co. • Kidnap & Ransom • Terrorism Insurance | <ul style="list-style-type: none"> • Crop Insurance • Hotel Owner's All Risks • Professional Indemnity • Directors' & Officers' Liability • Residual Value Insurance • Energy Risk • Protection & Indemnity Insurance • Prize Money Insurance | <ul style="list-style-type: none"> • Event Cancellation Insurance • Network Operator's Policy • Submarine Cable Policy • Off Shore Construction Project • Control of Well Policy • Livestock Insurance |
|--|---|--|



Miscellaneous Insurance

- | | |
|---|---|
| <ul style="list-style-type: none"> • Cash in Safe • Cash in Transit • Cash on Counter • Neon Sign • Plate Glass • Workmen's Compensation • General Public Liability • Product Liability | <ul style="list-style-type: none"> • Employer's Residual Liability • Fidelity Guarantee • Golfer's Policy • Aviation Insurance • Travel Insurance • All Risks Insurance • Commercial General Liability |
|---|---|

Personal Lines Insurance

- | | |
|--|--|
| <ul style="list-style-type: none"> • Self Care • Self Care Plus • HomeCare • ShopCare • ShopCare Plus | <ul style="list-style-type: none"> • EduCare • AllCare • ViaCare • SehatCare • CellCare |
|--|--|



Mangement Team

Sitting left to right

Zahoor Ahmed Shaheen
Mahboob Parvez
Syed Sohail Ahmed
Azfar Arshad
Atiq Anwar Mahmudi
Tahir Ahmed
Mian Faisal Usman
Mohammed Safdar
Muhammad Afzaluddin
Syed Ather Abbas
Hashim M Shamim
Muhammad Uzair Mirza
Syed Imran Rabbani

Standing left to right (1st row)

Imran Mughal
Mohammed Abdul Basit
Akbar Habib Rajan
Munir ul Haq
Muhammad Amin Haroon
Khawaja Fraz Ahmed
Syed Rafiq Ali
Syed Wiqar Hyder Taqvi
Asif Ali
Muhammad Siddique Memon
Karim Merchant
Saeed Jan Awan
Haji Muhammad Ramzan
Bashir Ahmed Khan
Sanaullah Chaudhary

Standing left to right (2nd row)

Captain Shahid Ahmed
Syed Noman Kadri
Syed Zamin Zafar
Syed Hassan Nadeem
Chaudhary Sardar Ali
Rizwan Ehsan Puri
Ejaz Mahmood
Syed Hamid Hussain Zaidi
Ilyas Mohammed
Muhammad Razzak Chaudhary
Nawaid Jamal
Brendan Thomas D' Lima
Syed Muhammad Tariq Ziauddin
Syed Abid Waseem

Senior Vice President
Senior Vice President
Executive Vice President
Executive Vice President
Executive Director
Managing Director
Joint Executive Vice President
Executive Vice President
Executive Vice President
Joint Executive Vice President
Advisor
Executive Vice President
Senior Vice President

Senior Vice President
Vice President
Joint Senior Vice President
Senior Vice President
Joint Senior Vice President
Vice President
Vice President
Vice President
Joint Senior Vice President
Branch Head
Joint Executive Vice President
Advisor
Senior Vice President
Vice President
Vice President

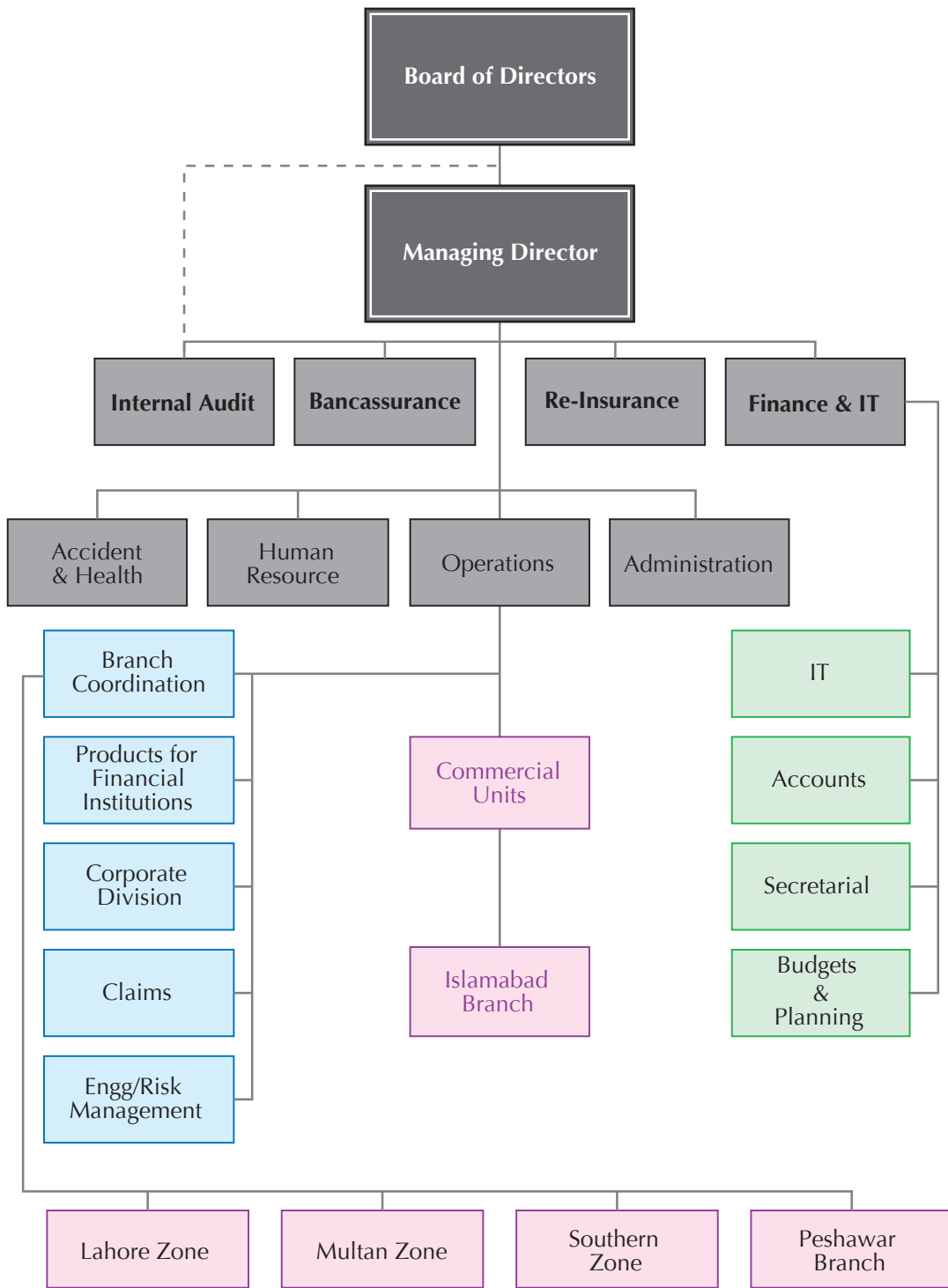
Joint Senior Vice President
Senior Vice President
Senior Vice President
Senior Vice President
Senior Vice President
Vice President
Senior Vice President
Joint Senior Vice President
Senior Vice President
Senior Vice President
Joint Executive Vice President
Executive Vice President
Vice President
Senior Vice President



Management Team



Organisation Structure



Statement of Ethics and Business Practices

- The Company's policy is to conduct its business with integrity and be ethical in all its dealings.
- The Company will conduct its business in accordance with all applicable laws and regulations. The Board and the Management should familiarise themselves with laws and regulations governing their areas of responsibility.
- The Company is committed to preservation of the environment.
- The Company recognizes its social responsibility and will contribute to community activities as a good corporate citizen.
- The Company is committed to the reliability of financial reporting.
- The Company will recruit and promote employees on merit and shall provide safe and healthy working conditions for its employees.
- The Directors, executives and all other employees shall observe and maintain the confidentiality of Company's information, and not misuse such information and the Company's assets. Conflicts of interest should be avoided and disclosed where they exist.
- The Board shall to the best of their ability ensure compliance with the above practice.

Notice of Annual General Meeting

Notice is hereby given that the 58th Annual General Meeting of New Jubilee Insurance Company Ltd will be held on Saturday, April 23, 2011 at 10:30 a.m. at the registered office of the company situated at Jubilee Insurance House, I.I.Chundrigar Road, Karachi to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2010 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 20% (that is Rs.2.00 per ordinary shares of Rs.10/- each) for the year ended December 31, 2010 as recommended by the Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2011 and fix their remuneration. The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

4. To consider and if thought fit to capitalize a sum of Rs.197,744,270 out of the unappropriated profits/reserves of the Company for the issuance of 19,774,427 bonus shares in the proportion of 1 (One) ordinary share for every 4 (Four) ordinary shares held by the Members of the Company as at the close of business on April 15, 2011.
5. To consider and if thought fit to pass the following resolution as a Special resolution with or without modification(s):

Resolved that the name of the Company be changed from "New Jubilee Insurance Company Limited" to "Jubilee General Insurance Company Limited" subject to the approval of Registrar.

Further Resolved that clause I of the Memorandum of Association be replaced with "I. The name of the Company is Jubilee General Insurance Company Limited".

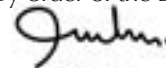
Further Resolved that wherever the existing name appears in the Memorandum and Articles of Association and in other documents be substituted with the new name.

Further Resolved that the Managing Director be authorized to take the necessary legal steps in this regard.

Attached to this notice of meeting being sent to the members is a statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth:

- (a) All material facts concerning the resolutions contained in item no. 4 and 5 of the notice which will be considered for adoption at the Meeting.
- (b) Status of previous approvals of investments in associated Companies.

By order of the Board



Atiq A. Mahmudi
Company Secretary

Karachi: February 24, 2011

NOTES:

1. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend and for the issuance of bonus shares from April 16, 2011 to April 23, 2011 (both days inclusive). Transfer received at THK Associates (Pvt) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on April 15, 2011 will be treated in time for the purpose of Cash Dividend and Bonus Shares entitlement to the transferees.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
3. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Members are requested to immediately inform the Company of any change in their addresses.



Statement U/S 160(1) (b) of the Companies Ordinance, 1984

(a) (i) Capitalization out of the company's unappropriated profit / reserves – Item # 4

This statement sets out the material facts concerning “Special Business” to be transacted at the 58th Annual General Meeting of the Company to be held on Saturday, April 23, 2011.

The Directors of the Company are of the view that the Company's financial position justifies the capitalization of a sum of Rs.197,744,270 out of the Company's unappropriated profits/reserves enabling the issuance of 19,774,427 fully paid bonus shares of Rs.10 each. These shares shall be issued to those Members whose names appear in the Register of Members at the close of business on April 15, 2011. The bonus shares shall be issued in the proportion of 1 (One) share for every 4 (Four) shares held by a Member. After the issuance of these bonus shares, the paid up capital of the Company would increase from Rs.790,977,070 to Rs.988,721,340. Accordingly, it is proposed to pass the following resolutions, namely:

RESOLVED THAT a sum of Rs.197,744,270 out of the unappropriated profits/reserves of the Company be capitalized and applied for the issue of 19,774,427 ordinary shares of Rs.10 each and that the said shares be allotted as fully paid bonus shares to those Members of the Company whose names appear in the Register of Members of the Company as at the close of business on April 15, 2011 in the proportion of 1 (One) bonus share for every 4 (Four) shares held by the entitled Members, and that such bonus shares shall rank pari passu as regards future dividends and in all other respects with the existing ordinary shares of the Company.

RESOLVED FURTHER THAT in the event of any Member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the net proceeds thereof to a charitable organization designated by the Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Managing Director be and is hereby authorized to take all necessary actions and do all acts, deeds and things and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said bonus shares as he thinks fit.

The Directors of the Company are not directly or indirectly, personally interested in this business except to the extent of their respective shareholdings in the Company.

(ii) Change of the Company's name and amendment in the Memorandum and Articles of Association of the Company – Item # 5

The Directors propose that the name of the Company be changed to “Jubilee General Insurance Company Limited”. The Company was established in the year 1953 and has been transacting general

insurance business for the last 57 years. The word “New” as appearing in the present name gives the misleading impression that it is a newly established company. It is considered that the proposed name will create a stronger brand identity of the Company.

The Securities and Exchange Commission of Pakistan has confirmed the availability of the proposed name vide letter No. E-1424760-1 dated March 16, 2011.

(b) Status of previous approvals for investments in associated companies

As required under the SRO No. 865(1)/2000 dated 6 December, 2000, the status of the following investments in associated companies against approvals obtained by the Company in Extraordinary General Meeting of January 04, 2008 is as under:

(i) International Industries Limited

Approval was given by the shareholders for investment of Rs.200 million in the ordinary shares against which a sum of Rs.17.04 million has been only invested due to the volatility in the Stock market. The company will consider further investment at a suitable time on availability of shares at a favourable price and after taking into consideration the latest financial position of the investee Company.

(ii) Habib Bank Limited

Approval was given by the shareholders in respect of investment of Rs.200 million in the ordinary shares against which a sum of Rs.180.86 million has been invested. The company will consider further investment at a suitable time on availability of shares at a favourable price and after taking into consideration the latest financial position of the investee Company.

Upto date financial position of the respective investee companies are as under:

Name of the Investee company	Average market price of the shares intended to be purchased during preceeding six months (Sept. 2010 to Feb 2011)	Break up value of shares intended to be purchased on the basis of last published financial statements	Basic earning per share of investee company in the last three years	
International Industries Limited	Rs. 51.02	Rs. 31.22	2007-2008	Rs. 8.50
			2008-2009	Rs. 3.80
			2009-2010	Rs. 10.27
			2011 (HY)	Rs. 2.75
Habib Bank Limited	Rs.110.60	Rs. 86.68	2008	Rs. 13.18
			2009	Rs. 13.50
			2010	Rs. 16.78



The Directors' Report

for the year ended December 31, 2010

The Directors are pleased to present the annual report and the audited accounts for the year ended December 31 2010.

Industry Review

The country's economy continues to remain under stress due to various factors including delay in implementing key economic reforms, and as a consequence will miss three key targets – GDP growth (2.5% against target of 4.5%), fiscal deficit (6.5% against 4.0%) and inflation (16% against 9.5%). The unprecedented floods too did not allow the economy to recover.

The above factors have resulted in growth of 4% to 5% (2.2% in 2009) of the non-life insurance industry. Low growth in premium Induced insurance companies to Slash Premium Rates below economic levels in most classes of Business. The Fire, Engineering and Crop portfolios have also been mauled by the losses Due to the catastrophic Floods which occurred in July and August 2010.

Performance Highlights

Despite the difficult economic and business conditions, the Company has posted a growth of 6.30% in written premium to achieve Rs.4.28 billion and the net premium revenue increased by 6.70% to Rs.2.45 billion. The unprecedented floods also impacted the Company's underwriting result (which but for this unfortunate Event would have shown a healthy profit of Rs.142 million i.e. 25% more than 2009) to produce an underwriting loss of Rs.64 million.

Investment income also declined Due to lower return on bank deposits and less capital gains realized on securities available for sale the key performance indicators of the year 2010 are summarized below:

	2010	2009
	(Rupees in 000)	
Gross Premium	4,285,248	4,030,643
Net premium Revenue	2,451,227	2,297,720
Underwriting Result	(64,085)	114,121
Investment Income including Capital gain and Rent	586,715	673,537
Profit before tax	546,682	771,898
Profit after tax	450,151	656,464
Earning per share of Rs.10 each	5.69	8.30

Fire & Property

The Fire & Property portfolio contributed gross premium of Rs.1,101 million which equals 26% of the total gross premium written by the Company and 7% more than the previous year DUE TO the flood this portfolio resulted in an underwriting loss of Rs.20 million, as compared to profit of Rs.18 million in the previous year.

Marine, Aviation & Transport

This portfolio contributed Rs.535 million to the gross premium of the Company which represents 12% of the total gross premium written. The premium increased by a robust 22% and the underwriting profit under this class is Rs.20 million (Rs.69 million in 2009).

Motor

Motor portfolio constituted 15% of our business with a written premium of Rs.642 million during 2010 which is almost the same as in the previous year. Although vehicle production has increased in the country but the Company has maintained its portfolio with selective underwriting, resulting in an underwriting profit of Rs.10 million (Rs.51 million in 2009) despite extra-ordinary increase in vehicle theft during 2010.

Liability

The liability portfolio constituted 7% of our business with a written premium of Rs.319 million (2009: Rs.358 million) and contributed Rs.29 million to the profit of the Company during 2010 (2009: 27 million). We continue to focus on this line of business to grow it profitably.

Accident & Health

The Accident & Health portfolio contributed 10% of our business. Due to consolidation undertaken in this class of business during 2010, the premium of Rs.410 million did not show any growth over previous year. The loss increased to Rs.59 million (2009: loss Rs.20 million). Despite the continuous increase in hospitalization costs, the Company is confident of turning around this portfolio profitable in 2011.

Other Classes

Miscellaneous class constituted 30% of Company's total portfolio and posted 10% growth in written premium to Rs.1,279 million (2009: Rs.1,159 million). Engineering and Crop insurance were badly effected by the unprecedented floods and consequently this portfolio posted a loss of Rs.41 million (2009: loss Rs.26 million).

Investment Income

The investment income of the Company from all sources including returns on bank deposits, realized capital gain and income from real estate holdings generated Rs.587 million in 2010 (2009 : Rs.674 million). The decrease is mainly due to lower income from bank deposits as substantial funds were invested in Government Treasury Bills and in money market funds and less capital gains realized from sale of securities due to imposition of capital gain tax.

However, our investment portfolio as on December 31, 2010 shows an unrealized gain of Rs.1,901 million inclusive of appreciation of Rs.1,262 million on our real estate holdings.



The Directors' Report

Dividend and Appropriations of profit:

The amount available for appropriation is:

Amount brought forward from previous years
Profit after tax for the year
Amount available for appropriation

(Rupees in 000)
56,953
450,151
507,104

The Directors recommend that this amount be appropriated in the following manner:

Appropriation

Transfer to General Reserve
Proposed final cash dividend @ 20% (2009: 30%)
Proposed issue of bonus shares @ 25% (2009:20%)
Carry forward to next year

100,000
158,195
197,744
51,165
507,104

Market Share

NJI's market share OF PREMIUM has increased from 7.6% in 2005 to 11.60% in 2009. It is expected to increase further in 2010, when the statistics for all the companies are compiled by the Insurance Association of Pakistan.

Reinsurance

Due to the adverse law and order situation, increasing number of catastrophes and small volume of premium. Pakistan market is not very attractive for international reinsurers. However, the Company was able to negotiate all treaty renewals successfully. In view of Company's expanding capital base and increasing premium volume business, it has been possible to increase reinsurance capacity which will further enhance the level of Company's security.

Insurer Financial Strength Rating

Both Pakistan Credit Rating Agency (PACRA) and JCR-VIS have reaffirmed the "AA" rating of NJI's financial strength with "Positive Outlook" which is an improvement over the "Stable Outlook" assigned in previous years. The AA rating denotes a very strong capacity to meet policy holder and contract obligations.

NJI continues to maintain its unique distinction of being the only Pakistan insurer with "AA" rating from both rating agencies of Pakistan.

Liquidity Management

During the year, an amount of Rs. 474 million (2009: Rs 217 million) was generated from operating activities which has been invested in short term T-bills and for payment of dividend to shareholders. The company manages its liquidity to ensure its ability to meet contractual obligations promptly.

Achievements

During the year, the company has secured 1st position in the Best Corporate Award, in the Non-Banking Financial Sector. The award was jointly organised by the Institute Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan to encourage and recognize excellence in annual corporate reporting as well as to promote corporate accountability and transparency through publication of timely information in a factual and reader friendly manner.

The South Asia Federation of Accountants (SAFA) has also awarded a Certificate of Merit to the Company for the best presented Accounts for the year 2009 in the category of non-banking sector.

During the year the Company also received ISO 9001:2008 Certification, which is an international recognition and approval of operating processes and systems. The certificate provides an additional tool and opportunity to concentrate on meeting customer expectations in all business areas.

Contribution to the National Exchequer

The company has contributed Rs.834 million (2009: Rs.596 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

Corporate Social Responsibility

NJI endeavors to play its role as a good corporate citizen by supporting worthy causes which aim to improve the lives of our people, and make our country a better place to live in.

In the year 2010, the company has donated Rs.2.92 million to welfare institutions working in the health, education and environment sectors.

The Board also approved a donation of Rs.2.50 million for rehabilitation of flood victims. The employees of the Company also contributed one or two days salary for flood relief efforts, reflecting CSR spirit at large in the Company.

Human Resource Development

NJI's growth over the years clearly speaks for the quality of its Human Resource. Our training and development activities ensure that employees at all levels are nurtured with required skills and knowledge, to enable to perform their jobs more productively. The company has its in-house training facility. Employees are also sent for external trainings both locally and overseas. In addition, NJI also facilitates its employees by providing financial assistance, to achieve the internationally recognized insurance professional qualification, known as ACII (Associate of the Chartered Insurance Institute, UK).

Business Risk and Business Process Re-Engineering (BRP)

Details of Business Risk and BRP are annexed to this report (Page 28).



The Directors' Report

Board Meetings

The Board of Directors held five (5) meetings in 2010. Attendance of Directors is indicated below:

Name of Director	Meetings attended
Towfiq H. Chinoy	04
Akbarali Hashwani	05
Masood Noorani	05
Akbarali Pesnani	03
John Joseph Metcalf	05
Aly Noormahomed Rattansey	05
M. Akhtar Bawany (Alternate Director to Sadruddin Hashwani)	04
R. Zakir Mahmood	03
Tahir Ahmed	05

Board Committees

During the year the Board Audit Committee, Human Resource & Remuneration Committee and Finance & Investment Committee held four, two and four meetings respectively. The names of the members of the Board Committees and terms of reference are given in the annexure to this report (Page 29). Except for the Managing Director and CFO, all others are non-executive Directors.

Management Committees

The Company has three management committees which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee and Re-insurance & Co-insurance Committee. During the year four meetings were held by each committee. The names of members and the terms of references of these committees are given in the annexure to this report (Page 31).

Statement of Directors Responsibilities

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

- the financial statements, prepared by the management of the Company, present fairly its state of affairs, the result 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 Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standard as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- the system of internal control is sound in design and has been effectively implemented and monitored.
- there are no significant doubts upon the Company's ability to continue as a going concern.
- there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Pattern of Shareholding and trading in the shares

The Pattern of Shareholding and the information regarding trading in the shares of the Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary are annexed to this report (Pages 32).

Key Financial Data

Key financial data for the last ten years is annexed to this report (Page 34).

Value of investments in Provident Fund and Gratuity Fund

The Values of investments in employees retirement funds based on audited accounts for the year ended December 31, 2009 are as follows:

	(Rupees in 000)
Staff Provident Fund	100,651
Employees' Gratuity Fund	49,098

Auditors

Messrs Ernst & Young Ford Rhodes Sidat Hyder have audited the accounts for the year 2010, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

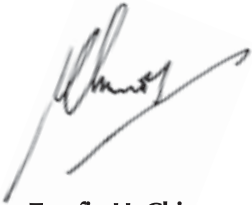
Future Outlook

While the global scenario for 2010 shows signs of a recovery, the domestic economy would remain under stress due to pressures of fiscal deficit and high inflation resulting in low GDP growth. The Company plans to face this challenging situation by focusing its efforts to grow ITS insurance business in a profitable manner.

Acknowledgement

We thank our valued clients and shareholders of the Company for their support which has enabled us to achieve healthy growth over the years. We also thank our brokers and reinsurers for their valuable services and would like to record our appreciation for the cooperation of Securities & Exchange Commission of Pakistan. We also acknowledge the hard work and dedication of our development officers, staff members and executives without whom we could not have achieved our goals.

On behalf of the Board.



Towfiq H. Chinoy
Chairman
Karachi: 24 February 2011



Business Risks and Business Process Re-engineering

Business Risk

The Board is committed to effectively manage its risk through the formulation of risk management policy and system. The Company is in a continuous process to monitor and control risk to the business. The following are the major risks faced by the Company:

- **Economic and Political Risk**

Volatile economic and financial market conditions resulting from economic and political instability may prove to be an impediment in the plans of the Company to achieve its business objectives. The Company has cautious approach to deal with such risks and develops niche products to maintain and increase its market share without compromising its profitability.

- **Market Risk**

The Company faces increased competition due to existing players and new entrants including Takaful companies in insurance market. The Company relies on its personalized service and customized products to retain its customer base and increase its market share.

- **Liquidity Risk**

The Company manages its liquidity by maintaining healthy cash and equivalent and other liquid assets balances. The maturity profile of financial liabilities are also closely monitored for this purpose.

- **Insurance Risk**

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events.

- **Reinsurance Risk**

Reinsurance ceded do not relieve the Company from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured. To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, representing first class security and spread over several geographical regions. The Company also ensures that 80% of all reinsurance treaties are backed by at least "A" rated reinsurers including Pakistan Reinsurance Company Limited and remaining by "BBB" rated.

- **Credit Risk**

The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

- **Investment Risk**

The Company is exposed to market risk with respect to its investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs) markets. In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

- **IT Risk**

The Company has state of the art ERP system which is managed by able officers and regulated by formal IT policy complete with disaster management system.

Business Process Re-engineering (BPR)

To meet the challenges of ever changing business environment, the Company is moving towards e-based products and distribution channels to improve productivity. The Company also invests in knowledge based products and continues training of its man-power which makes it more agile in implementing strategies in a competitive and fast moving environment.

Board Committees

Audit Committee

The Audit Committee comprises of four members, including the Chairman, all of them are non-executive directors.

The terms of reference of the Audit Committee includes 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:
 - major judgmental areas.
 - significant adjustments resulting from the audit.
 - any changes in accounting policies and practices.
 - compliance with applicable accounting standards
 - compliance with listing regulations and other statutory or regulatory requirements.
- 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 system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the company's statement of internal control system 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 any significant violations thereof and
- Consideration of any other issue or matter as may be assigned by the board of directors.

During the year 2010 four meetings of Audit Committee were held and the attendance of meeting is as follows:

Name of Members	Meetings attended
Akbarali Pesnani – Chairman	03
Akbarali Hashwani	04
John Joseph Metcalf	04
Aly Noormahomed Rattansey	04

Human resource & remuneration committee

The Human Resources & Remuneration Committee of the Board has five members including Chairman of the Committee which include four non-executive directors and one executive director. The names of the members are as follows:

Name of Members
Towfiq H. Chinoy – Chairman
Akbarali Hashwani
Masood Noorani
John Joseph Metcalf
Tahir Ahmed



The terms of reference of the Committee include the following:

- Review the HR policies and make appropriate amendments if needed.
- Review and approve manpower development plan and budget.
- Review and recommend annual appraisal and salary revision of senior executives of the Company.
- Review and approve any changes required in perquisites and benefits of senior executives and employees.
- Approve terminations and acceptance of resignations for senior executives.

The Human Resource & Remuneration Committee held 2 meetings during the year 2010 which are attended by all the members.

FINANCE & INVESTMENT COMMITTEE

The Finance & Investment Committee has six members, including the Chairman of the Committee; this Committee consists of four non-executive directors, one executive director and the Chief Financial Officer. The terms of reference of the Finance and Investment Committee broadly comprises:

Planning & Budgeting:

- Review the annual operating & capital expenditures budget and recommending the same to the Board.
- Review and approve the long term plan and recommend three years budget of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

Operating Review:

- Review and recommend the monthly, quarterly, half yearly and annual results of the Company for approval of the Board.
- Review and monitor the capital expenditures incurred in accordance with the budget.

Investments

- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in the different sectors and sub-sectors.
- Establish the basic parameters governing the investment in the various sectors.
- Review and approve the annual investment plan and budget.
- Review each quarter, the overall investment portfolio with particular reference to purchase and sale of investments made during the quarter, the income accruing from each sector vis-à-vis the budget, and to consider the reasons for variances.
- Review the economic, political and law & order outlook for the foreseeable future and to issue guidance for further investment / disinvestment activity, sectoral reallocation of investment portfolio etc.
- Establish the benchmarks against which the performance of the overall investment portfolio and its sectors are to be assessed.

Other Matters:

- Review and recommend the financial policies and controls of the Company, including the policies required under the Code of Corporate Governance to the board.
- Recommend to the Board the appropriation of the annual profits.

The Finance & Investment Committee held 4 meetings in the year 2010 and the attendance of the meetings is indicated below:

Name of Members	Meetings attended
Masood Noorani – Chairman	04
Towfiq H. Chinoy	02
John Joseph Metcalf	04
Aly Noormahomed Rattansey	04
Tahir Ahmed	04
Atiq A. Mahmudi	04

Management Committees

The following are management committees, which cover the core areas of business, and their terms of references are as follows:

Underwriting Committees

The underwriting committee's function is to formulate the underwriting policy of the company and to set out the criteria for assessing various types of insurance risks and determines the premium of different insurance covers. The committee shall regularly review the underwriting and premium policies with due regard to relevant factors such as business portfolio and the market development.

The Underwriting committee has following members:

Name of members

Tahir Ahmed - Chairman
Mian Faisal Usman
Mohammad Safdar
Azfar Arshad

Claims Committee

The function of this committee is to devise the claim settling policy of the Company and to oversee the claim position of the company and ensure that adequate claims reserves are made. The committee shall pay particular attention to significant claims cases or events, which will give rise to a series of claims. The Claim Settlement Committee shall determine the circumstances under which the claims dispute shall be brought to its attention and decide how to deal with such claims disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

The Claim Settlement Committee comprises of the following members:

Name of members

Tahir Ahmed - Chairman
Mohammad Safdar
Imran Rabbani

Re-insurance & Co-insurance Committee

This committee is to ensure that adequate reinsurance arrangements are made for the company. The committee to pursue the proposed reinsurance's arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers makes appropriate adjustments to those arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance program for the future reference.

The Re-insurance & Co-insurance Committee consists of the following members:

Name of members

Tahir Ahmed - Chairman
Mirza Ali Mahmood
Brendan Thomas D' Lima
Karim Merchant



Pattern of Shareholding

as at 31 December 2010

No. of Shareholders	Shareholdings		Shares Held
	From	To	
440	1	100	11,550
274	101	500	70,519
174	501	1000	132,904
297	1001	5000	690,151
79	5001	10000	585,112
22	10001	15000	251,021
18	15001	20000	326,164
10	20001	25000	224,784
9	25001	30000	244,715
2	30001	35000	65,815
7	35001	40000	268,424
4	40001	45000	173,062
5	45001	50000	236,280
1	50001	55000	50,164
5	60001	65000	304,296
4	65001	70000	270,154
2	75001	80000	150,413
2	80001	85000	165,637
1	85001	90000	86,400
1	90001	95000	94,135
5	95001	100000	488,716
1	100001	105000	100,080
2	105001	110000	218,463
1	115001	120000	120,000
1	120001	125000	123,900
1	125001	130000	126,540
1	130001	135000	133,333
1	140001	145000	144,385
1	145001	150000	148,910
1	155001	160000	159,074
1	170001	175000	173,142
1	180001	185000	181,370
2	185001	190000	374,598
1	205001	210000	207,000
1	210001	215000	211,838
2	215001	220000	432,396
1	245001	250000	246,668
2	250001	255000	503,288
2	290001	295000	584,859
1	335001	340000	335,708
1	340001	345000	343,486
1	375001	380000	375,997
1	420001	425000	422,280
1	470001	475000	474,268
1	535001	540000	539,026
2	595001	600000	1,199,331
1	635001	640000	636,170
1	640001	645000	642,232
1	650001	655000	653,444
1	680001	685000	680,408
2	735001	740000	1,471,275
1	790001	795000	790,851
1	825001	830000	827,347
1	890001	895000	894,970
1	910001	915000	911,881
1	915001	920000	918,022
1	985001	990000	988,320
1	995001	1000000	997,410
1	2905001	2910000	2,909,973
1	4345001	4350000	4,348,029
1	5995001	6000000	6,000,000
2	7625001	7630000	15,254,493
1	11110001	11115000	11,111,316
1	16290001	16295000	16,291,210
1,413			79,097,707

Pattern of Shareholding Additional Information

as at 31 December 2010

Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	13	51,199,123	64.73
Pakistan Cables Limited		600,000	
Hassanali & Company (Pvt) Ltd		246,668	
Hashoo Limited		84,955	
Hashoo Holdings (Pvt) Ltd		133,333	
Hashwani Hotels Limited		4,348,029	
Habib Bank Limited		7,628,063	
Aga Khan Fund for Economic Development		11,111,316	
Aga Khan Hospital and Medical College Foundation		16,291,210	
Trustee Pakistan Services - Employees Provident Fund		827,347	
Trustee Hashwani Hotels - Employees Provident Fund		642,232	
New Jubilee Life Insurance Co. Ltd.		375,997	
Aga Khan University Foundation		2,909,973	
Pakistan Services Limited		6,000,000	
NIT and ICP			
Investment Corporation of Pakistan	1	24	-
Directors, CEO & their Spouse and Minor Children	9	2,921,989	3.69
Mr. Tawfiq H. Chinoy		623,288	
Mr. Akbarali Hashwani		1,101,539	
Mr. Sadruddin Hashwani		343,486	
Mr. Masood Noorani		735,810	
Mr. Akbarali Pesnani		45,087	
Mr. R. Zakir Mahmood		120	
Mr. Aly Noormahomed Rattansey		120	
Mr. Tahir Ahmed		60,916	
Mrs. Sakina Pesnani w/o Akbarali Pesnani		11,623	
Executives	4	86,181	0.11
Atiq Anwar Mahmudi		37,959	
Syed Sohail Ahmed		39,600	
Nasim ul Haq		6,222	
Karim Merchant		2,400	
Public Sector Companies and Corporations	-	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	11	364,308	0.46
Shareholders holding 10 percent or more share in the Company (other than those reported above)			
Individuals	1,335	23,570,292	29.80
Others	40	955,790	1.21
Total	<u>1,413</u>	<u>79,097,707</u>	<u>100.00</u>

Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2010

Name	Designation	Transaction	No. of Shares
Mr. Tahir Ahmed	CEO / Managing Director	Acquired	26,000
Mrs. Sakina Pesnani	w/o Mr. Akbarali Pesnani	Acquired	9,223

Categories of Shareholders	No. of Shareholders	Shares held	Percentage of Total
Individual	1,336	18,806,297	23.78
Insurance Companies	4	689,417	0.87
Joint Stock Companies	42	11,951,762	15.11
Financial Institutions	7	7,673,032	9.70
Modarabas & Mutual Funds	3	5,919	0.01
Non Resident Shareholders	13	18,883,481	23.87
Others - see below	8	21,087,799	26.66
	<u>1,413</u>	<u>79,097,707</u>	<u>100.00</u>

- | | | |
|---|--|---|
| I. The Aga Khan Hospital & Medical College Foundation | IV. Trustees Pak Services Ltd, Employees Provident Fund | VII. The Aga Khan University - Employees Provident Fund |
| II. Aga Khan Foundation | V. Trustees Hashwani Hotels Ltd, Employees Provident Fund | VIII. The Aga Khan University - Employees Gratuity Fund |
| III. The Aga Khan University | VI. Trustees Pakistan Cables Ltd, Employees Provident Fund | |



- Associated Companies, Undertakings and Related Parties
- Directors, CEO & their Spouse and Minor Children
- Executives
- General Public
- Others



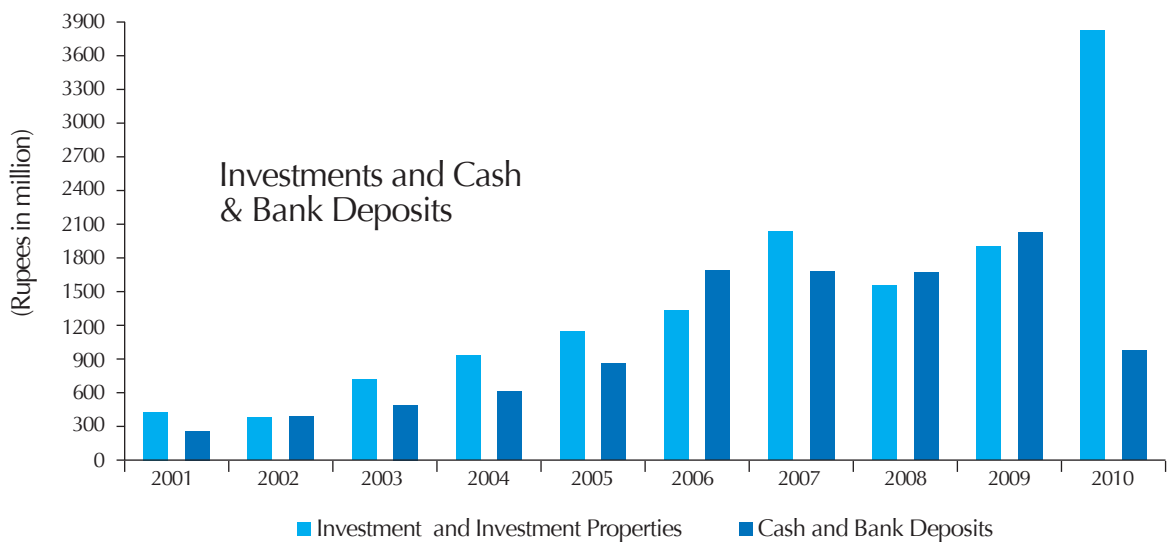
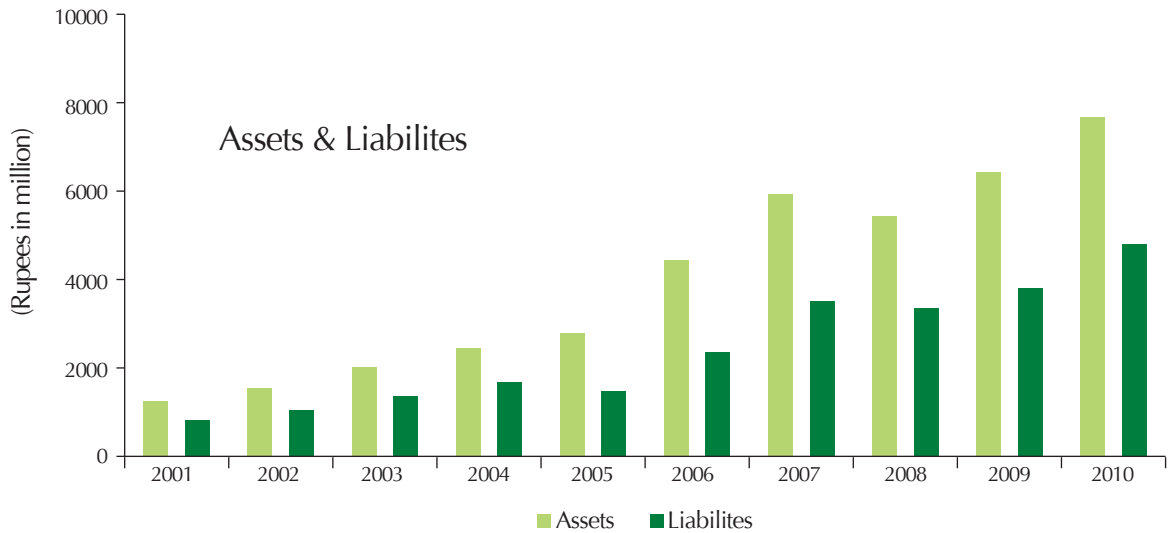
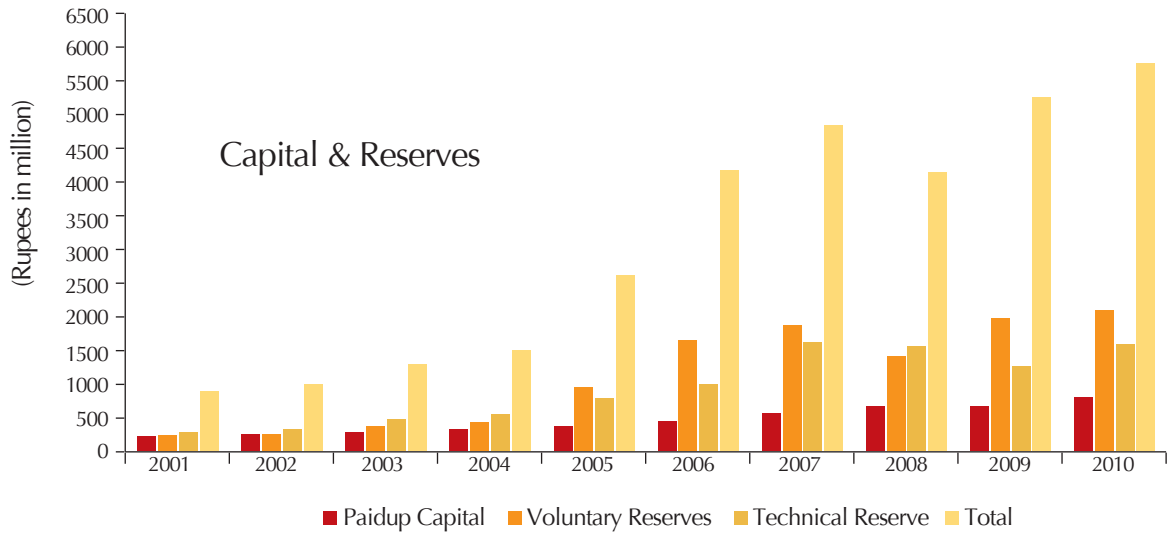
Key Financial Data

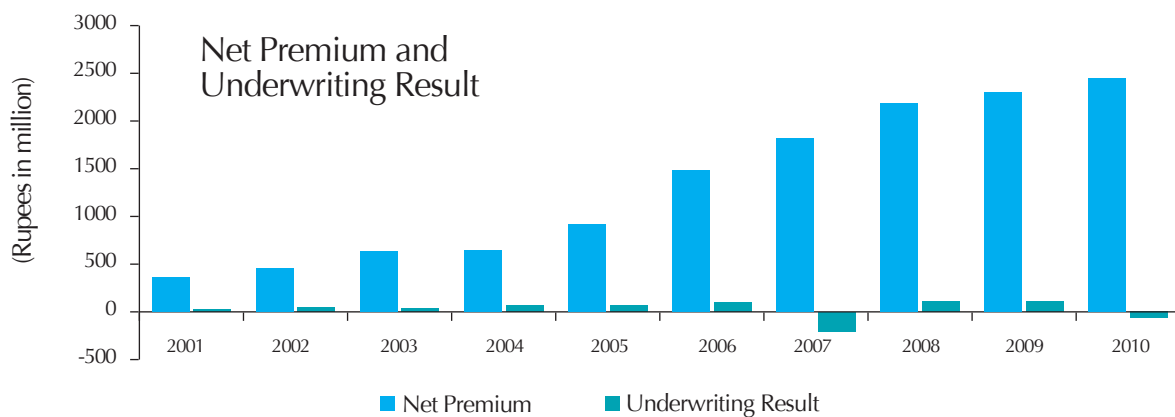
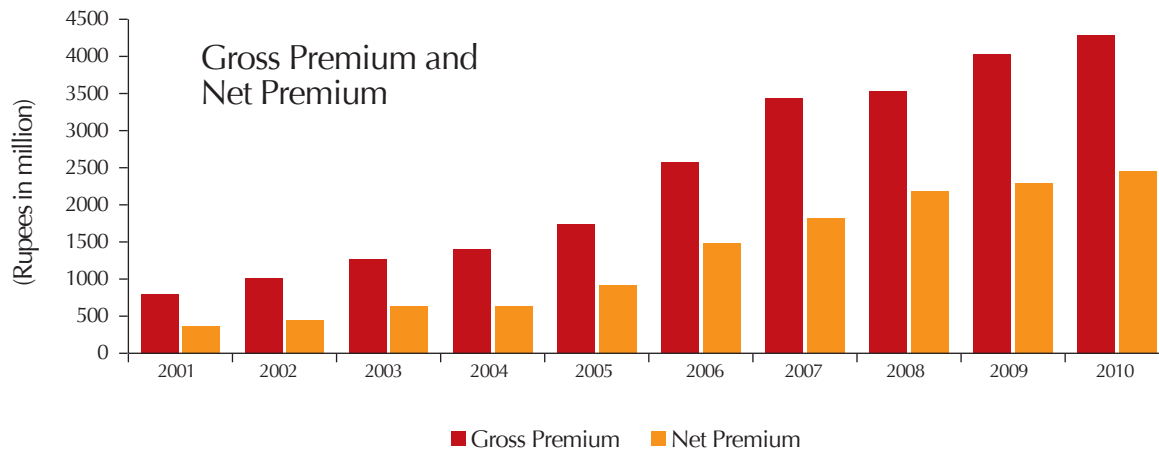
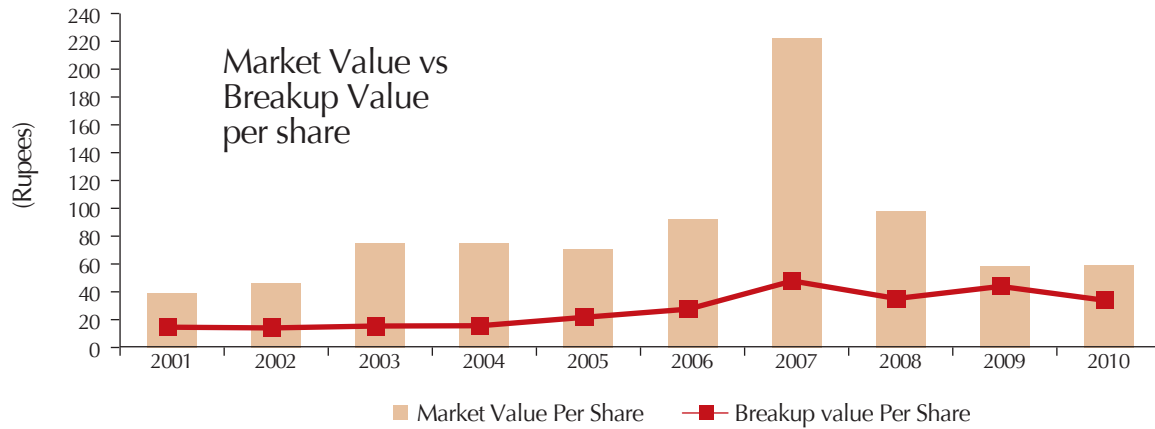
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	(Rupees in million)									
FINANCIAL DATA										
Paid-up Capital	791	659	659	549	439	366	318	277	241	209
General & Capital Reserves	2,082	1,962	1,402	1,862	1,640	937	429	362	249	234
Equity	2,873	2,621	2,061	2,411	2,079	1,350	893	721	490	443
Investment - at Cost	3,676	1,753	1,430	1,956	1,262	1,072	857	644	369	420
Investment Property- (at book value)	146	150	124	76	73	74	76	72	7	7
Cash and Bank Deposits	975	2,028	1,670	1,681	1,687	862	608	491	390	259
Total assets (book value)	7,672	6,433	5,425	5,933	4,447	2,858	2,512	2,011	1,537	1,254
OPERATING DATA										
Gross Premium Revenue	4,285	4,031	3,526	3,430	2,572	1,737	1,404	1,263	1,012	800
Net Premium Revenue	2,451	2,298	2,186	1,819	1,486	917	640	639	451	366
Underwriting Results	(64)	114	108	(207)	100	70	68	35	42	24
Investment Income	587	674	366	780	815	545	200	154	148	116
Profit / (Loss) before Taxation	547	772	(179)	575	934	614	272	329	162	131
Taxation - Net	(97)	(115)	(88)	13	(94)	(58)	(66)	(97)	(44)	(41)
Profit / (Loss) After Taxation	450	656	(267)	588	840	556	206	232	118	90
Cash flow Summary										
Operating Activities	474	217	(103)	58	427	106	214	228	8	(18)
Investing Activities	(1,308)	213	173	189	594	228	(28)	(61)	175	67
Financing Activities	(194)	(97)	(81)	(253)	(196)	(80)	(69)	(65)	(52)	(43)
Cash & Cash Equivalents at the year end	974	2,003	1,670	1,681	1,687	862	608	491	390	259

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
FINANCIAL RATIOS										
Profitability										
Profit / (Loss) Before Tax / Gross Premium%	12.77	19.15	(5.08)	16.76	36.31	35.38	19.38	26.05	16.06	16.39
Profit / (Loss) Before Tax/Net Premium %	22.32	33.59	(8.19)	31.62	62.83	66.99	42.51	51.53	36.04	35.83
Profit / (Loss) After Tax / Gross Premium %	10.50	16.27	(7.58)	17.15	32.66	32.03	14.69	18.36	11.62	11.21
Profit / (Loss) After Tax / Net Premium %	18.36	28.55	(12.22)	32.35	56.50	60.65	32.22	36.31	26.07	24.51
Underwriting Result / Gross Premium %	(1.49)	2.83	3.07	(6.04)	3.88	4.01	4.81	2.80	4.18	3.02
Underwriting Result / Net Premium %	(2.61)	4.96	4.94	(11.38)	6.71	7.59	10.56	5.53	9.38	6.61
Profit / (Loss) Before Tax / Total Income %	18.01	25.98	(7.02)	22.12	40.58	42.03	32.38	41.51	27.13	27.21
Profit / (Loss) After Tax / Total Income %	14.81	22.07	(10.47)	22.64	36.50	38.05	24.54	29.25	19.63	18.61
Net Claim / Net Premium %	68.00	62.00	60.94	77.73	59.71	60.44	61.38	64.06	63.47	68.61
Management Expense / Net Premium %	23.00	23.00	23.16	22.29	22.22	26.27	32.08	30.36	26.27	29.25
Return to Share Holders										
Return on Equity - PAT %	15.66	25.03	(12.96)	24.41	40.41	41.20	23.08	32.17	24.01	20.22
Earning / (Loss) Per Share (pre tax) Rs.	6.91	11.71	(2.72)	10.47	10.63	8.39	4.27	5.94	3.37	3.13
Earning / (Loss) Per Share (after tax) Rs.	5.69	9.96	(4.05)	10.71	9.56	7.59	3.24	4.19	2.46	2.14
Earning growth %	(31.44)	346.00	(137.85)	12.10	25.84	134.61	(22.71)	70.10	15.05	(25.91)
Price Earning Ratio - PAT Times	10.43	5.85	(24.24)	20.75	9.66	9.33	23.17	17.91	18.81	18.46
Breakup value per share Rs.	36.32	39.77	31.27	43.89	23.65	18.43	14.02	13.02	10.17	10.59
Return on Assets %	5.87	10.20	(4.93)	9.92	18.89	19.46	8.21	11.54	7.65	7.15
Market Data										
Face Value (Per share) Rs.	10.00	10.00	10.00	10.00	5.00	5.00	5.00	5.00	5.00	5.00
Market Price per share at the end of the year Rs.	59.33	58.24	98.16	222.25	92.30	70.85	75.00	75.00	46.30	39.50
Market Price per share - Highest during the year Rs.	87.75	114.00	234.90	239.90	99.75	91.00	105.00	79.00	46.60	40.00
Market Price per share - Lowest during the year Rs.	52.21	46.00	98.16	165.60	65.00	60.00	66.00	46.30	37.00	30.00
Karachi Stock Exchange Index Points	12,022.46	9,386.00	5,865.00	14,075.00	10,041.00	9,557.00	6,218.00	4,472.00	2,701.00	1,273.00
Market Capitalization (Rs. M)	4,692.87	3,839.00	6,470.20	12,207.97	8,111.91	5,188.95	4,776.44	4,153.43	2,229.60	1,654.04
Cash Dividend Per Share Rs.	2.00	3.00	1.50	3.00	2.00	1.50	1.50	1.50	1.50	1.50
Cash Dividend %	20.00	30.00	15.00	30.00	40.00	30.00	30.00	30.00	30.00	30.00
Stock Dividend Per Share Rs.	2.50	2.00	-	2.00	1.25	1.00	0.75	0.75	0.75	0.75
Stock Dividend %	25.00	20.00	-	20.00	25.00	20.00	15.00	15.00	15.00	15.00
Dividend Yield %	3.37	5.15	1.53	1.35	2.17	2.12	2.00	2.00	3.24	3.80
Dividend Pay out %	35.15	30.12	(37.04)	28.00	20.93	19.75	46.34	35.82	60.93	70.09
Dividend Cover Times	2.85	3.32	(2.70)	3.57	4.78	5.06	2.16	2.79	1.64	1.43
Performance / Liquidity										
Current Ratio Times	1.54	1.61	1.54	1.60	1.78	1.77	1.45	1.50	1.41	1.47
Total Assets Turnover Times	0.56	0.63	0.65	0.58	0.58	0.61	0.56	0.63	0.66	0.64
Fixed Assets Turnover Times	17.13	16.86	14.72	15.02	14.39	12.07	10.97	14.89	23.09	18.00
Total Liabilities / Equity Times	1.67	1.45	1.63	1.46	1.14	1.12	1.81	1.79	2.14	1.83
Return on capital employed %	19.04	29.45	(8.69)	23.85	44.93	45.51	30.46	45.65	33.18	29.55
Liquid Assets / Total Assets %	60.62	58.78	57.15	61.30	66.31	67.67	58.34	56.48	49.36	54.20
Paid-up Capital / Total Assets %	10.31	10.25	12.15	9.26	9.88	12.81	12.68	13.77	15.67	16.70
Earning assets / Total Assets %	62.53	61.11	59.43	62.58	67.95	70.24	61.36	60.08	49.84	54.78
Equity / Total Assets %	37.45	40.75	38.00	40.63	46.75	47.24	35.55	35.86	31.86	35.36

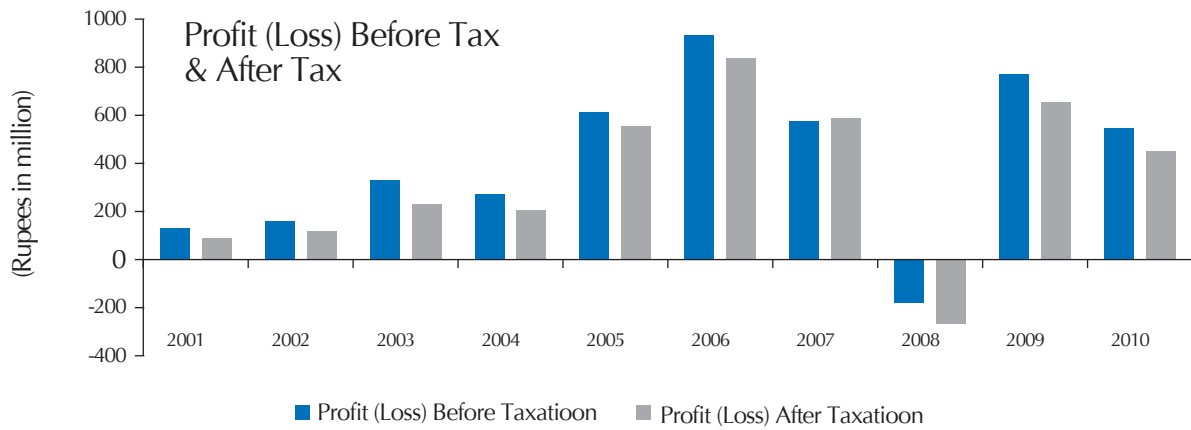
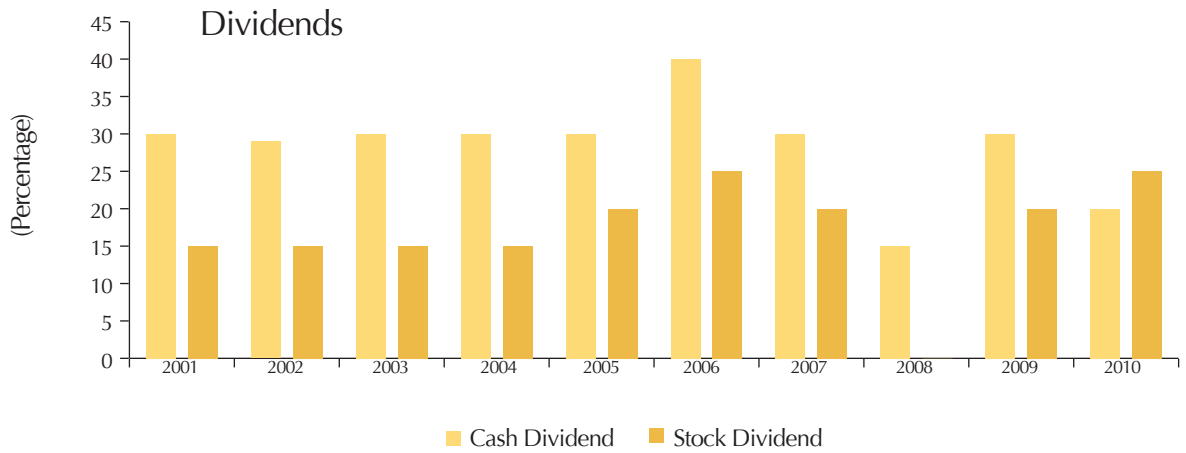
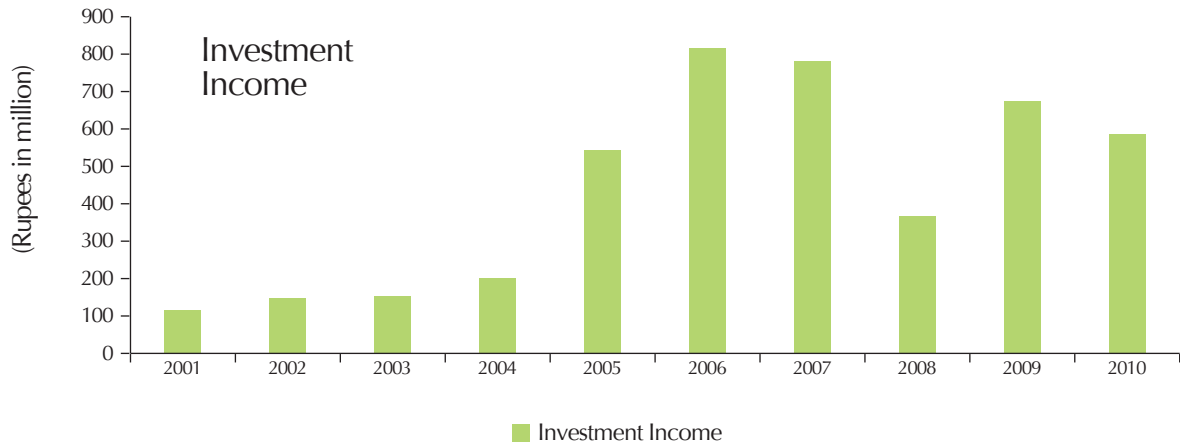


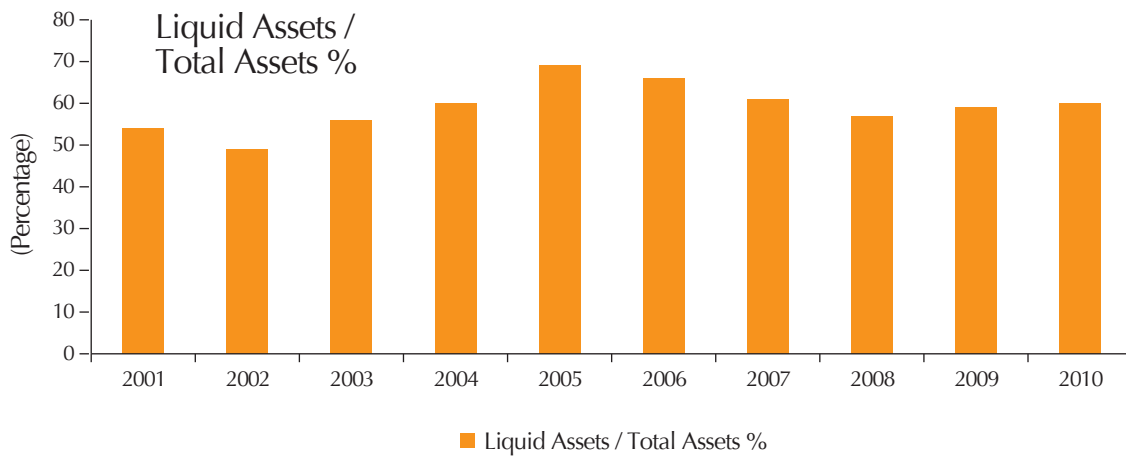
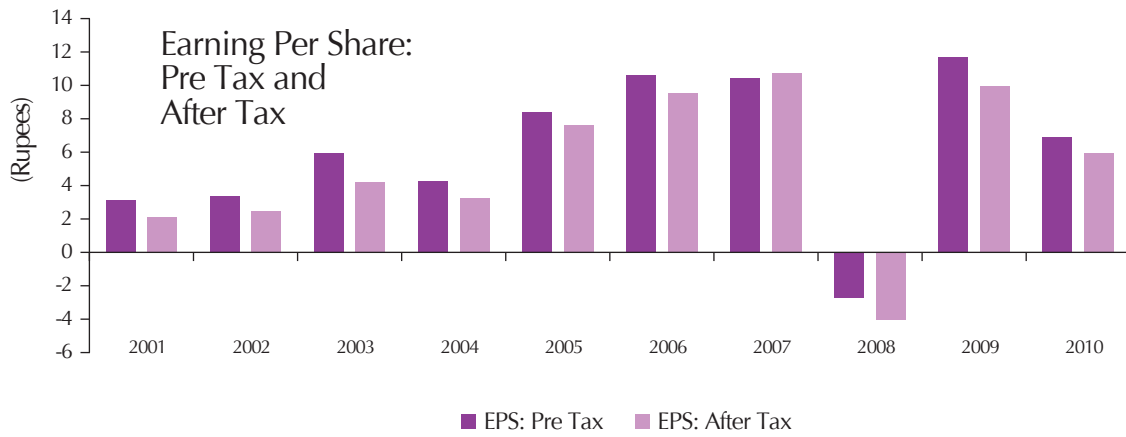
Performance at a Glance





Performance at a Glance





Financial Statements Analysis

Vertical

Balance Sheet

	2010		2009	
	Rupees in '000	%	Rupees in '000	%
Cash and bank deposits	974,783	12.71	2,028,132	31.53
Loans to employees	791	0.01	294	0.00
Investments	3,675,759	47.91	1,753,158	27.25
Investment properties	146,446	1.91	149,653	2.33
Deferred taxation	39,317	0.51	31,978	0.50
Other assets	2,736,988	35.68	2,362,790	36.73
Fixed assets - Tangible and Intangible	97,512	1.27	106,549	1.66
Total Assets	7,671,596	100.00	6,432,554	100.00

Total Equity	2,873,413	37.46	2,621,006	40.75
Underwriting provisions	3,455,752	45.05	2,830,414	44.00
Staff retirement benefits	1,371	0.02	1,936	0.03
Creditors and accruals	921,558	12.01	693,542	10.78
Other Liabilities	419,502	5.47	285,656	4.44
Total Shareholders' Equity & Liabilities	7,671,596	100.00	6,432,554	100.00

Profit & Loss Account

Net premium revenue	2,451,227	100.00	2,297,720	100.00
Net claims	1,677,614	68.44	1,420,977	61.84
Expenses	632,961	25.82	534,982	23.28
Net commission	204,737	8.35	227,640	9.91
Investment income including rental & bank deposits returns	586,715	23.94	673,537	29.31
Other income including share of profit of an associates	43,189	1.76	4,842	0.21
General and administration expenses	19,137	0.78	20,602	0.90
Impairment in value of available for sale securities	-	-	-	-
Profit / (Loss) before tax	546,682	22.30	771,898	33.59
Taxation - net	(96,531)	(3.94)	(115,434)	(5.02)
Profit / (Loss) after tax	450,151	18.36	656,464	28.57

Horizontal

Balance Sheet

	Rupees in '000				
	2010	2009	2008	2007	2006
Cash and bank deposits	974,783	2,028,132	1,670,155	1,680,625	1,686,561
Loans to employees	791	294	364	433	314
Investments	3,675,759	1,753,158	1,430,217	1,955,892	1,261,854
Investment properties	146,446	149,653	123,822	76,197	72,935
Deferred taxation	39,317	31,978	35,974	62,570	36,394
Other Assets	2,736,988	2,362,790	2,066,680	1,975,757	1,262,179
Fixed assets - Tangible and Intangible	97,512	106,549	97,960	181,232	126,274
Total Assets	7,671,596	6,432,554	5,425,172	5,932,706	4,446,511

Total Equity	2,873,413	2,621,006	2,061,314	2,411,663	2,079,573
Underwriting Provisions	3,455,752	2,830,414	2,583,876	2,672,194	1,760,772
Staff retirement benefits	1,371	1,936	2,501	3,066	3,631
Creditors and accruals	921,558	693,542	526,783	567,741	529,053
Other Liabilities	419,502	285,656	250,698	278,042	73,482
Total Shareholders' Equity & Liabilities	7,671,596	6,432,554	5,425,172	5,932,706	4,446,511

Profit & Loss Account

Net premium revenue	2,451,227	2,297,720	2,186,443	1,818,775	1,486,429
Net claims	1,677,614	1,420,977	1,332,461	1,413,733	887,587
Expenses	632,961	534,982	506,324	405,432	330,344
Net commission	204,737	227,640	239,543	206,643	168,822
Investment income including rental & bank deposits returns	586,715	673,537	366,030	780,314	814,868
Other income including share of profit of an associates	43,189	4,842	17,397	9,629	28,522
General and administration expenses	19,137	20,602	19,553	7,869	9,111
Impairment in value of available for sale securities	-	-	651,142	-	-
Profit / (Loss) before tax	546,682	771,898	(179,153)	575,041	933,955
Taxation - net	(96,531)	(115,434)	(88,096)	13,415	(94,067)
Profit / (Loss) after tax	450,151	656,464	(267,249)	588,456	839,888

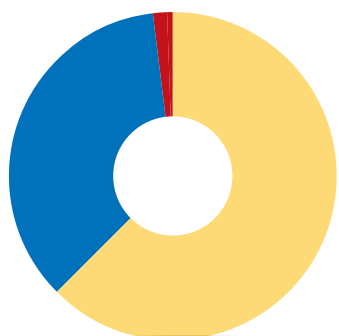
2008		2007		2006		2005	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
1,670,155	30.79	1,680,625	28.33	1,686,561	37.93	862,115	30.17
364	0.01	433	0.01	314	0.01	858	0.03
1,430,217	26.36	1,955,892	32.97	1,261,854	28.38	1,071,853	37.50
123,822	2.28	76,197	1.28	72,935	1.64	73,591	2.57
35,974	0.66	62,570	1.05	36,394	0.82	34,645	1.21
2,066,680	38.09	1,975,757	33.30	1,262,179	28.39	730,133	25.55
97,960	1.81	181,232	3.05	126,274	2.84	84,758	2.97
5,425,172	100.00	5,932,706	100.00	4,446,511	100.00	2,857,953	100.00
2,061,314	38.00	2,411,663	40.65	2,079,573	46.77	1,350,202	47.24
2,583,876	47.63	2,672,194	45.04	1,760,772	39.60	1,075,138	37.62
2,501	0.05	3,066	0.05	3,631	0.08	4,195	0.15
526,783	9.71	567,741	9.57	529,053	11.90	296,126	10.36
250,698	4.62	278,042	4.69	73,482	1.65	132,292	4.63
5,425,172	100.00	5,932,706	100.00	4,446,511	100.00	2,857,953	100.00
2,186,443	100.00	1,818,775	100.00	1,486,429	100.00	917,118	100.00
1,332,461	60.94	1,413,733	77.73	887,587	59.71	554,264	60.44
506,324	23.16	405,432	22.29	330,344	22.22	240,913	26.27
239,543	10.96	206,643	11.36	168,822	11.36	52,338	5.71
366,030	16.74	780,314	42.90	814,868	54.82	544,609	59.38
17,397	0.80	9,629	0.53	28,522	1.92	6,990	0.76
19,553	0.89	7,869	0.43	9,111	0.61	6,795	0.74
651,142	29.78	-	-	-	-	-	-
(179,153)	(8.19)	575,041	31.62	933,955	62.83	614,407	66.99
(88,096)	(4.03)	13,415	0.74	(94,067)	(6.33)	(58,206)	(6.35)
(267,249)	(12.22)	588,456	32.35	839,888	56.50	556,201	60.65

% increase / (decrease) over preceding year

2005	2010	2009	2008	2007	2006	2005
862,115	(51.94)	21.43	(0.62)	(0.35)	95.63	41.74
858	169.05	(19.23)	(15.94)	37.90	(63.40)	(22.14)
1,071,853	109.67	22.58	(26.88)	55.00	17.73	25.02
73,591	(2.14)	20.86	62.50	4.47	(0.89)	(2.94)
34,645	22.95	(11.11)	(42.51)	71.92	5.05	(16.04)
730,133	15.84	14.33	4.60	56.54	72.87	(16.53)
84,758	(8.48)	8.77	(45.95)	43.52	48.98	57.81
2,857,953	19.26	18.57	(8.55)	33.42	55.58	13.77
1,350,202	9.63	27.15	(14.53)	15.97	54.02	51.21
1,075,138	22.09	9.54	(3.31)	51.76	63.77	(1.79)
4,195	(29.18)	(22.59)	(18.43)	(15.56)	(13.44)	(11.89)
296,126	32.88	31.66	(7.21)	7.31	78.66	(29.25)
132,292	46.86	13.94	(9.83)	278.38	(44.45)	30.84
2,857,953	19.26	18.57	(8.55)	33.42	55.58	13.77
917,118	6.68	5.09	20.22	22.36	62.08	43.34
554,264	18.06	6.64	(5.75)	59.28	60.14	41.14
240,913	18.31	5.66	24.89	22.73	37.12	17.37
52,338	(10.06)	(4.97)	15.92	22.40	222.56	303.45
544,609	(12.89)	84.01	(53.09)	(4.24)	49.62	172.07
6,990	791.97	(72.17)	80.67	(66.24)	308.04	(37.67)
6,795	(7.11)	5.36	148.48	(13.63)	34.08	(2.61)
-	-	-	-	-	-	-
614,407	(29.18)	(530.86)	(131.15)	(38.43)	52.01	125.90
(58,206)	(16.38)	31.03	(756.70)	(114.26)	61.61	(11.59)
556,201	(31.43)	(345.64)	(145.42)	(29.94)	51.00	169.81



Graphical Composition of Balance Sheet

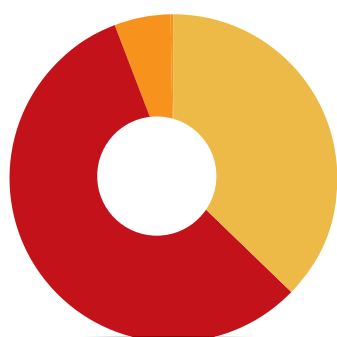
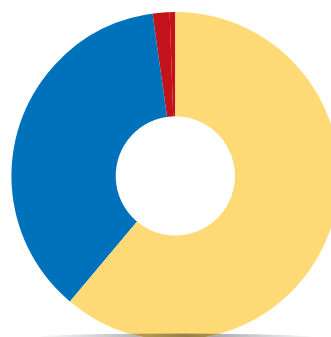


Assets - 2010

Earning Assets	62 %
Current Assets - others	36 %
Fixed & other Assets	2 %

Assets - 2009

Earning Assets	61 %
Current Assets - others	37 %
Fixed & other Assets	2 %

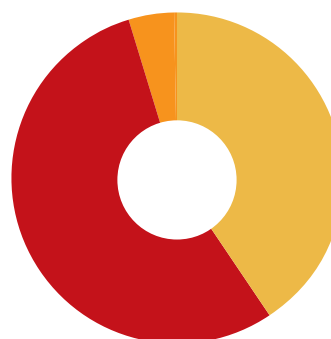


Shareholder's Equity and Liabilities 2010

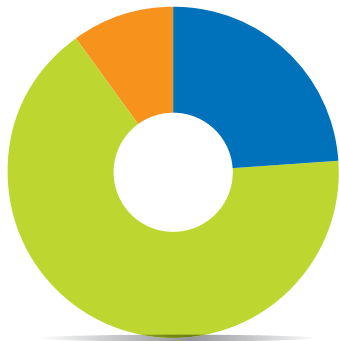
Share Capital & Reserves	37 %
Current Liabilities	57 %
Non Current & other Liabilities	6 %

Shareholder's Equity and Liabilities 2009

Share Capital & Reserves	41 %
Current Liabilities	55 %
Non Current & other Liabilities	4 %



Graphical Analysis of Cash Flows Statement

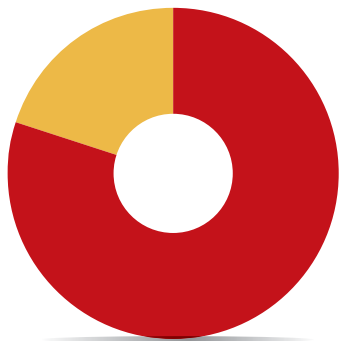
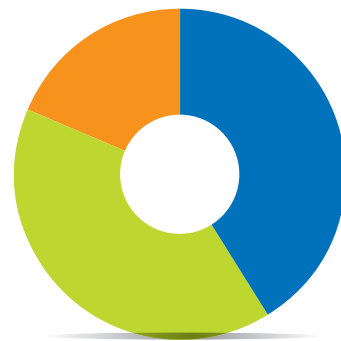


Cash generated / utilised - 2010

■ Operating Activities	66 %
■ Investing Activities	24 %
■ Financing Activities	10 %

Cash generated / utilised - 2009

■ Operating Activities	41 %
■ Investing Activities	40 %
■ Financing Activities	19 %

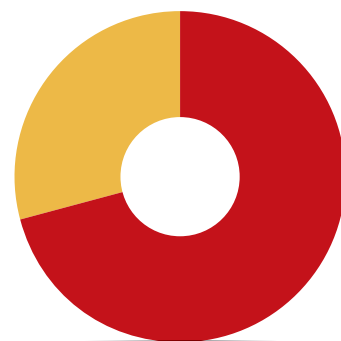


Operating Cash Flow - 2010

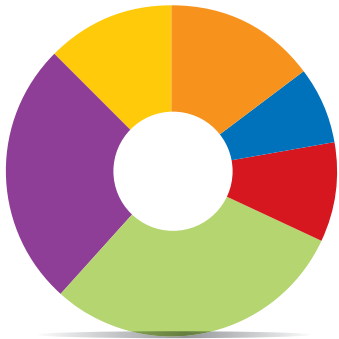
■ Underwriting Activities	80 %
■ Other operating Activities	20 %

Operating Cash Flow - 2009

■ Underwriting Activities	71 %
■ Other operating Activities	29 %



Graphical Analysis
of Profit and Loss Account

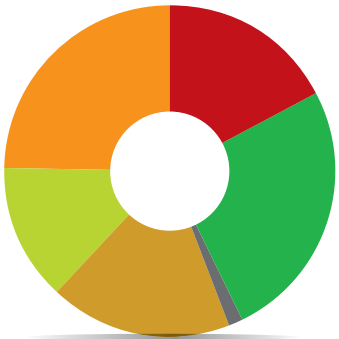
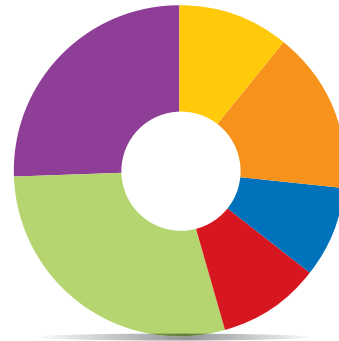


Gross Premium Business Wise (2010)

Fire	26 %
Marine	12 %
Motor	15 %
Liability	7 %
Accident & Health	10 %
Others	30 %

Gross Premium Business Wise (2009)

Fire	25 %
Marine	11 %
Motor	16 %
Liability	9 %
Accident & Health	10 %
Others	29 %



Net Premium Business Wise (2010)

Fire	25 %
Marine	17 %
Motor	25 %
Liability	2 %
Accident & Health	18 %
Others	13 %

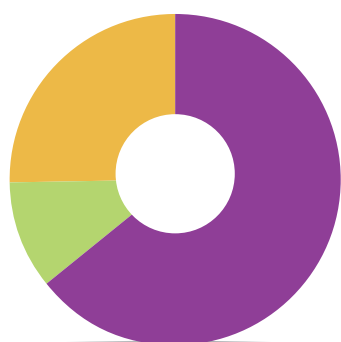
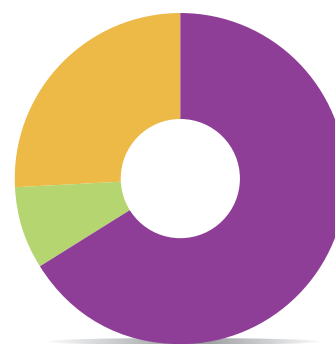
Net Premium Business Wise (2009)

Fire	25 %
Marine	16 %
Motor	28 %
Liability	1 %
Accident & Health	18 %
Others	12 %



Combined Expenses - 2010

Net Claims	66 %
Net Commission	9 %
Expenses	25 %

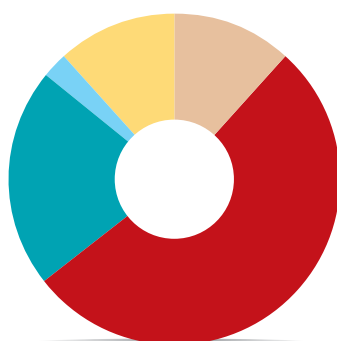


Combined Expenses - 2009

Net Claims	65 %
Net Commission	10 %
Expenses	25 %

Investment Income - 2010

Dividend Income	16 %
Capital Gains	48 %
Return on bank Deposits	16 %
Return on Govt. Securities	6 %
Rental Income	14 %



Investment Income - 2009

Dividend Income	12 %
Capital Gains	53 %
Return on bank Deposits	21 %
Return on Govt. Securities	3 %
Rental Income	11 %



Statement of Value Added

WEALTH GENERATED

Net premium revenue
Commission from reinsurers
Investment income
Rental income
Other income

Less :

Claims, Commission and expenses
(excluding employees remuneration ,
depreciation, and other taxes)

Net Wealth Generated

WEALTH DISTRIBUTION

Employees remuneration
Government taxes (includes income tax,
WWF , and others taxes)

Contribution to society

Dividend to shareholders

- Cash
- Stock

Retained in business

- Depreciation and Amortisation
- Earnings

	2010	2009
	(Rupees in 000)	
Net premium revenue	2,451,227	2,297,720
Commission from reinsurers	138,448	136,871
Investment income	517,537	601,199
Rental income	103,541	90,835
Other income	34,186	6,228
	3,244,939	3,132,853
Less :		
Claims, Commission and expenses (excluding employees remuneration , depreciation, and other taxes)	2,241,239	1,941,642
Net Wealth Generated	1,003,700	1,191,211
WEALTH DISTRIBUTION		
Employees remuneration	401,843	365,814
Government taxes (includes income tax, WWF , and others taxes)	119,037	141,003
Contribution to society	2,920	1,733
Dividend to shareholders		
- Cash	158,195	197,744
- Stock	197,744	131,830
	355,939	329,574
Retained in business		
- Depreciation and Amortisation	29,749	26,197
- Earnings	94,212	326,890
	123,961	353,087
	1,003,700	1,191,211

Distribution of Wealth - 2010



■ Employees remuneration ■ Dividend to shareholders
■ Government taxes ■ Retained in business
■ Contribution to society

Distribution of Wealth - 2009



■ Employees remuneration ■ Dividend to shareholders
■ Government taxes ■ Retained in business
■ Contribution to society

Financial Calendar

Results

First quarter ended 31 March 2010	Announced on	27 April 2010
Half year ended 30 June 2010	Announced on	19 August 2010
Third quarter ended 30 September 2010	Announced on	27 October 2010
Year ended 31 December 2010	Announced on	24 February 2011

Dividend

Final Cash (2010)	Announced on	24 February 2011
	Entitlement date	16 April 2011
	Statutory limit upto which payable	22 May 2011

Final Bonus Shares (2010)	Announced on	24 February 2011
	Entitlement date	16 April 2011
	Statutory limit upto which payable	22 May 2011

Final Cash (2009)	Announced on	01 March 2010
	Entitlement date	16 April 2010
	Statutory limit upto which payable	22 May 2010
	Paid on	21 May 2010

Final Bonus Shares (2009)	Announced on	01 March 2010
	Entitlement date	16 April 2010
	Statutory limit upto which payable	22 May 2010
	Issued on	21 May 2010

Issuance of Annual Report

28 March 2011

58th Annual General Meeting

23 April 2011



Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2010

This statement is being presented to comply with the Code of corporate governance contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange and SRO 68(I)/2003 dated January 21, 2003 issued by Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed insurance company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors on its board of directors including those representing minority interest. At present the board includes eight (8) non-executive directors.
2. The directors have confirmed that none of them is serving as a director in ten or more listed companies.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution and they are not a member of any stock exchange.
4. No casual vacancies occurred in the Board during the year 2010.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The board has developed a vision / mission statement and overall corporate strategy. Significant policies of the Company have been developed and approved by the Board.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company includes all the necessary aspects of internal control given in the code.
10. All the Directors have either attended the orientation course or have been provided appropriate materials / guidelines in this regard and as such they are fully aware of their duties and responsibilities. During the year six directors have attended the Directors' development program conducted by Institute of Directors, UK in Karachi.
11. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed.
17. The Board has formed an audit committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee.
18. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
19. The Board has set-up an effective internal audit function.
20. The statutory auditors of the Company 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 partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The actuary appointed by the company has confirmed that he or his spouse and minor children do not hold shares of the company.
23. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.
24. We confirm that all other material principles contained in the Code have been complied.

On behalf of the Board.



Towfiq H. Chinoy
Chairman
Karachi: 24 February 2011



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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2010 prepared by the Board of Directors of New Jubilee Insurance Company Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 Code.

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

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 31 December 2010.



Chartered Accountants
Date: 24 February 2011
Karachi



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of **New Jubilee Insurance Company Limited** (the Company) as at 31 December 2010 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion -

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2010 and of the profit, its comprehensive income its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.



Chartered Accountants
Audit Engagement Partner: **Shabbir Yunus**
Date: 24 February 2011
Karachi



Balance Sheet

as at December 31, 2010

Share capital and reserves

Authorised share capital
[100,000,000 Ordinary shares of Rs.10
each (December 31, 2009: 100,000,000
Ordinary shares of Rs.10 each)]

Paid-up share capital
Retained earnings
Reserves

Underwriting provisions

Provision for outstanding claims (including IBNR)
Provision for unearned premium
Commission income unearned
Total underwriting provisions

Deferred liabilities

Staff retirement benefits

Creditors and accruals

Premiums received in advance
Amounts due to other insurers / reinsurers
Accrued expenses
Taxation-provision less payments
Other creditors and accruals

Other liabilities

Deposits and other payables
Unclaimed dividend

TOTAL LIABILITIES

TOTAL EQUITY AND LIABILITIES

CONTINGENCIES

Note	2010	2009
(Rupees in '000)		
	1,000,000	1,000,000
6	790,977	659,148
	507,104	706,526
7	1,575,332	1,255,332
	2,873,413	2,621,006
	1,879,570	1,315,996
	1,521,536	1,459,923
	54,646	54,495
	3,455,752	2,830,414
	1,371	1,936
	65,859	41,548
	348,506	181,212
	22,865	17,591
8	113,679	65,888
9	370,649	387,303
	921,558	693,542
10	397,480	267,224
	22,022	18,432
	419,502	285,656
	4,798,183	3,811,548
	7,671,596	6,432,554

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The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Akbarali Hashwani
Director

	Note	2010	2009
		(Rupees in '000)	
Cash and bank deposits	12		
Cash and other equivalents		3,993	3,962
Current and other accounts		869,390	727,704
Deposits maturing within 12 months		101,400	1,296,466
		974,783	2,028,132
Loans to employees	13	791	294
Investments	14	3,675,759	1,753,158
Investment properties	15	146,446	149,653
Deferred taxation	16	39,317	31,978
Current assets - others			
Premiums due but unpaid	17	814,446	804,897
Amounts due from other insurers / reinsurers	18	144,218	96,860
Reinsurance recoveries due but unpaid		68,500	131,530
Salvage recoveries accrued		26,235	27,847
Accrued investment income		10,688	17,890
Reinsurance recoveries against outstanding claims	19	841,018	462,921
Deferred commission expense		136,160	140,213
Prepayments	20	643,036	613,666
Sundry receivables	21	52,687	66,966
		2,736,988	2,362,790
Fixed assets	22		
Tangible and intangible			
Buildings		6,625	5,293
Furniture and fixtures		26,234	31,501
Office equipment		48,937	52,687
Computer equipment		8,150	9,573
Vehicles		4,912	4,816
Computer softwares		2,654	2,679
		97,512	106,549
TOTAL ASSETS		7,671,596	6,432,554



Akbarali Pesnani
Director



Tahir Ahmed
Managing Director
(Chief Executive)




Profit and Loss Account

for the year ended December 31, 2010

								2010	2009	
	Fire and property	Marine, aviation and transport	Motor	Liability	Accident and health	Others	Treaty	Aggregate	Aggregate	
Note	(Rupees in '000)									
Revenue account										
Net premium revenue	605,134	427,594	623,802	33,207	435,552	325,939	(1)	2,451,227	2,297,720	
Less:										
Net claims	385,291	226,453	397,311	1,530	366,944	300,080	5	1,677,614	1,420,977	
Expenses	24 156,259	110,414	161,079	8,575	112,469	84,165	-	632,961	534,982	
Net commission	84,053	70,940	58,082	(5,847)	14,692	(17,182)	(1)	204,737	227,640	
Underwriting result	(20,469)	19,787	7,330	28,949	(58,553)	(41,124)	(5)	(64,085)	114,121	
Investment income								407,598	452,253	
Rental income	25							84,383	76,994	
Return on bank deposits								94,734	144,290	
Other income	26							34,186	6,228	
General and administration expenses	27							(19,137)	(20,602)	
Share in profit / (loss) of an associate	14.1.2							9,003	(1,386)	
Profit before tax								546,682	771,898	
Taxation - net	28							(96,531)	(115,434)	
Profit after tax								450,151	656,464	
Profit and loss appropriation account:										
Balance at commencement of the year								706,526	(151,066)	
Profit after tax for the year								450,151	656,464	
Transfer (to) / from general reserve								(320,000)	300,000	
Issuance of bonus shares at Rs.2 (20%) per share of Rs.10 each for the year 2009 [2009: Nil for the year 2008]								(131,829)	-	
Final cash dividend at Rs.3 (30%) per share of Rs.10 each for the year 2009 [2009: Rs.1.50 (15%) for the year 2008]								(197,744)	(98,872)	
								(199,422)	857,592	
Balance of unappropriated profit at end of the year								507,104	706,526	
Earnings per share of Rs.10 each - basic and diluted								5.69	8.30	

Rupees

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Akbarali Hashwani
Director


Akbarali Pesnani
Director


Tahir Ahmed
Managing Director
(Chief Executive)

Statement of Comprehensive Income

for the year ended December 31, 2010

	2010	2009
	(Rupees in '000)	
Net profit for the year	450,151	656,464
Other comprehensive income for the year	-	-
Total comprehensive income for the year	450,151	656,464

The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Akbarali Hashwani
Director



Akbarali Pesnani
Director



Tahir Ahmed
Managing Director
(Chief Executive)



Statement of Cash Flows

for the year ended December 31, 2010

	2010	2009
	(Rupees in '000)	
Operating cash flows		
(a) Underwriting activities		
Premiums received	4,232,323	3,956,746
Reinsurance premiums paid	(1,634,280)	(1,686,230)
Claims paid	(1,728,204)	(1,825,386)
Reinsurance and other recoveries received	253,351	405,867
Commissions paid	(346,163)	(323,040)
Commissions received	138,448	142,920
Other underwriting payments (management expenses)	(535,775)	(517,338)
Net cash inflow from underwriting activities	379,700	153,539
(b) Other operating activities		
Income tax paid	(56,079)	(30,999)
General expenses paid	(8,203)	(4,235)
Other operating payments	(664,166)	(471,422)
Other operating receipts	823,480	569,494
Loans advanced	(2,413)	(789)
Loan repayments received	1,718	963
Net cash inflow from other operating activities	94,337	63,012
Total cash inflow from all operating activities	474,037	216,551
Investment activities		
Profit / return received	134,827	175,466
Dividends received	95,837	76,849
Rentals received - net of expenses	75,761	36,631
Payments for purchase of investments / investment property	(5,715,365)	(2,898,670)
Proceeds from disposal of investments	4,116,827	2,853,427
Fixed capital expenditure	(19,191)	(35,532)
Proceeds from sale of fixed assets	3,072	5,256
Total cash (outflow) / inflow from investing activities	(1,308,232)	213,427
Financing activities		
Dividends paid	(194,154)	(97,001)
Total cash outflow from financing activities	(194,154)	(97,001)
Net cash (outflow) / inflow from all activities	(1,028,349)	332,977
Cash at beginning of the year	2,002,832	1,669,855
Cash at end of the year	974,483	2,002,832


Towfiq H. Chinoy
 Chairman


Akbarali Hashwani
 Director

Statement of Cash Flows

for the year ended December 31, 2010

Reconciliation to profit and loss account

Operating cash flows	474,037	216,551
Depreciation / amortisation expense	(24,429)	(22,044)
(Loss) / profit on sale of fixed assets	(607)	479
Profit on disposal of investments	281,972	355,794
Dividend income	92,314	79,205
Rental income	84,383	76,994
Other investment income	137,049	160,283
Provision against doubtful balances	(67,687)	(6,000)
Increase in assets other than cash	469,938	285,425
Increase in liabilities other than running finance	(996,819)	(490,223)

Profit after taxation

2010	2009
(Rupees in '000)	
474,037	216,551
(24,429)	(22,044)
(607)	479
281,972	355,794
92,314	79,205
84,383	76,994
137,049	160,283
(67,687)	(6,000)
469,938	285,425
(996,819)	(490,223)
450,151	656,464

Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, bank balances and other deposits 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 purposes of the Statement of Cash Flows consists of:

Cash and bank deposits

Cash and other equivalents

Cash	266	285
Policy stamps and bond papers in hand	3,727	3,677
	3,993	3,962

Current and other accounts

Current accounts	210,994	110,676
PLS savings accounts	658,396	617,028
	869,390	727,704

Deposits maturing within 3 months (encashable on demand)

Term deposits *	101,100	1,271,166
	974,483	2,002,832

* This does not include deposits placed under lien amounting to Rs.0.3 million (2009: Rs.0.3 million) and term deposits amounting to Rs.Nil (2009: Rs.25 million) having maturity exceeding three months (note 12.2).

The annexed notes from 1 to 42 form an integral part of these financial statements.


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)



Statement of Changes in Equity

for the year ended December 31, 2010

	Share capital	Reserves					Total reserves	Total
	Issued, subscribed and paid-up	Capital reserves	Revenue reserves			Company's share of capital contributed to statutory funds by an associate		
		Reserve for exceptional losses	General reserve	Retained earnings/ (accumulated loss)	Total			
(Rupees in '000)								
Balance as at January 01, 2009	659,148	9,384	1,550,000	(151,066)	1,398,934	(6,152)	1,402,166	2,061,314
Company's share of capital contributed to statutory funds by an associate	-	-	-	-	-	2,100	2,100	2,100
Profit for the year ended December 31, 2009	-	-	-	656,464	656,464	-	656,464	656,464
Appropriations:								
- Final cash dividend	-	-	-	(98,872)	(98,872)	-	(98,872)	(98,872)
- Transfer from general reserve	-	-	(300,000)	300,000	-	-	-	-
	-	-	(300,000)	201,128	(98,872)	-	(98,872)	(98,872)
Balance as at December 31, 2009	659,148	9,384	1,250,000	706,526	1,956,526	(4,052)	1,961,858	2,621,006
Company's share of capital contributed to statutory funds by an associate	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2010	-	-	-	450,151	450,151	-	450,151	450,151
Appropriations:								
- Final cash dividend	-	-	-	(197,744)	(197,744)	-	(197,744)	(197,744)
- Issuance of bonus shares	131,829	-	-	(131,829)	(131,829)	-	(131,829)	-
- Transfer to general reserve	-	-	320,000	(320,000)	-	-	-	-
	131,829	-	320,000	(649,573)	(329,573)	-	(329,573)	(197,744)
Balance as at December 31, 2010	790,977	9,384	1,570,000	507,104	2,077,104	(4,052)	2,082,436	2,873,413

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Akbarali Hashwani
Director


Akbarali Pesnani
Director


Tahir Ahmed
Managing Director
(Chief Executive)

Statement of Premiums

for the year ended December 31, 2010

Business underwritten inside Pakistan

Class	Premiums written (note 23)	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid reinsurance premium		Re-insurance expenses	2010 Net premium revenue	2009 Net premium revenue
		Opening	Closing			Opening	Closing			
(Rupees in '000)										
Direct and facultative										
1. Fire and property damage	1,101,030	404,508	446,433	1,059,105	471,229	180,404	197,662	453,971	605,134	583,995
2. Marine, aviation and transport	534,929	49,567	57,579	526,917	100,703	5,145	6,525	99,323	427,594	364,117
3. Motor	641,539	260,268	264,217	637,590	11,785	5,247	3,244	13,788	623,802	644,299
4. Liability	318,698	60,586	67,486	311,798	279,460	51,925	52,794	278,591	33,207	31,480
5. Accident and health	409,727	200,083	174,258	435,552	-	-	-	-	435,552	399,001
6. Miscellaneous	1,279,326	484,911	511,563	1,252,674	938,397	359,884	371,546	926,735	325,939	274,831
Total	4,285,249	1,459,923	1,521,536	4,223,636	1,801,574	602,605	631,771	1,772,408	2,451,228	2,297,723
Treaty										
7. Proportional / non-proportional	(1)	-	-	(1)	-	-	-	-	(1)	(3)
Grand total	4,285,248	1,459,923	1,521,536	4,223,635	1,801,574	602,605	631,771	1,772,408	2,451,227	2,297,720

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Akbarali Hashwani
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)



Statement of Claims

for the year ended December 31, 2010

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2010 Net claims expense	2009 Net claims expense
		Opening	Closing			Opening	Closing			
(Rupees in '000)										
Direct and facultative										
1. Fire and property damage	447,871	362,116	365,915	451,670	113,185	124,488	77,682	66,379	385,291	334,281
2. Marine, aviation and transport	185,277	158,533	280,495	307,239	6,405	27,207	101,588	80,786	226,453	148,360
3. Motor	396,258	248,154	247,868	395,972	(1,818)	28,900	29,379	(1,339)	397,311	386,156
4. Liability	2,477	5,034	11,635	9,078	2,059	3,479	8,968	7,548	1,530	855
5. Accident and health	363,061	56,729	60,612	366,944	-	-	-	-	366,944	314,558
6. Miscellaneous	333,255	485,430	913,045	760,870	117,848	306,694	649,636	460,790	300,080	233,345
Total	1,728,199	1,315,996	1,879,570	2,291,773	237,679	490,768	867,253	614,164	1,677,609	1,417,555
Treaty										
7. Proportional / non-proportional	5	-	-	5	-	-	-	-	5	3,422
Grand Total	1,728,204	1,315,996	1,879,570	2,291,778	237,679	490,768	867,253	614,164	1,677,614	1,420,977

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Akbarali Hashwani
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

Statement of Expenses

for the year ended December 31, 2010

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses (note 24)	Under-writing expenses	Commission from reinsurers*	2010 Net under-writing expense	2009 Net under-writing expense
		Opening	Closing						
(Rupees in '000)									
Direct and facultative									
1. Fire and property damage	131,410	58,283	60,907	128,786	156,259	285,045	44,733	240,312	232,097
2. Marine, aviation and transport	73,502	7,768	9,001	72,269	110,414	182,683	1,329	181,354	147,071
3. Motor	56,107	26,577	24,581	58,103	161,079	219,182	21	219,161	207,052
4. Liability	9,753	4,112	4,301	9,564	8,575	18,139	15,411	2,728	3,757
5. Accident and health	13,683	6,709	5,700	14,692	112,469	127,161	-	127,161	104,920
6. Miscellaneous	54,527	36,764	31,670	59,621	84,165	143,786	76,803	66,983	67,726
Total	338,982	140,213	136,160	343,035	632,961	975,996	138,297	837,699	762,623
Treaty									
7. Proportional / non-proportional	(1)	-	-	(1)	-	(1)	-	(1)	(1)
Grand total	338,981	140,213	136,160	343,034	632,961	975,995	138,297	837,698	762,622

* Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission.

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Akbarali Hashwani
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)



Statement of Investment Income

for the year ended December 31, 2010

	2010	2009
	(Rupees in '000)	
Income from non-trading investments		
Held to maturity		
Return on Government Securities	31,870	14,150
Return on other fixed income securities and Term finance certificates	10,746	11,976
Amortisation of premium	(3,102)	(2,830)
	39,514	23,296
Available for sale		
Dividend income		
Related parties	9,127	5,760
Others	83,187	73,445
	92,314	79,205
	131,828	102,501
Gain on sale of non-trading investments	281,972	355,794
Investment related expenses	(6,202)	(6,042)
Net investment income	407,598	452,253

The annexed notes from 1 to 42 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Akbarali Hashwani
Director


Akbarali Pesnani
Director


Tahir Ahmed
Managing Director
(Chief Executive)

Notes to the Financial Statements

for the year ended December 31, 2010

1. STATUS AND NATURE OF BUSINESS

New Jubilee Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on May 16, 1953. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in general insurance business. The registered office of the Company is situated at 2nd Floor, Jubilee Insurance House, I. I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION AND MEASUREMENT

- 2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002.
- 2.2 These financial statements have been prepared under the historical cost convention.

3. STATEMENT OF COMPLIANCE

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

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "available-for-sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

3.2 Accounting standards not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)	February 01, 2010
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IAS 12 - Income Taxes: Deferred Tax Amendment – Recognition of Underlying Assets	January 01, 2012
IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010



The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trend and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) classification of insurance contracts (note 5.2);
- (b) provision for premium due but unpaid (note 5.5 (iii));
- (c) provision for outstanding claims (including IBNR) (note 5.6);
- (d) premium deficiency reserve (note 5.7);
- (e) accounting for staff retirement benefits (note 5.8);
- (f) classification of investments (note 5.9);
- (g) determining the residual values and useful lives of fixed assets and investment properties (note 5.10 and 5.11);
- (h) allocation of management expenses (note 5.17);
- (i) recognition of taxation and deferred tax (note 5.18);
- (j) segment reporting (note 5.19);
- (k) impairment (note 5.22); and
- (l) provision for obligations (note 5.23).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Adoption of new and amended International Financial Reporting Standards (IFRSs)

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

The Company has adopted the following new and amended IFRS and related interpretations which became effective during the year:

IFRS 2 – Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions

IFRS 3 – Business Combinations (Revised)



IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 39 – Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendment)

IFRIC 17 - Distributions of Non-cash Assets to owners

In May 2008 and April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. The improvements which became effective during the year are listed below:

IFRS 2 – Share-based Payments

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash Flows

IAS 17– Leases

IAS 36– Impairment of Assets

IAS 38– Intangible Assets

IAS 39– Financial Instruments: Recognition and measurement

IFRIC 9– Reassessment of Embedded Derivatives

IFRIC 16– Hedges of a Net Investment in a Foreign Operation

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

With effect from the current year, the Company has elected to present a separate Statement of Comprehensive Income, as required by IAS-1 (Revised).

5.2 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 expire.

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
- Marine, aviation and transport
- Motor
- Liability
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except Marine and some contracts of Fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property 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 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.

Liability insurance contracts protects 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 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. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

5.3 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets.

5.4 Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method as prescribed by SEC (Insurance) Rules, 2002. The unearned portion of premium income is recognized as liability.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

5.5 Receivables and payables related to insurance contracts

- (i) Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.



- (ii) If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.
- (iii) Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

5.6 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

Provision for IBNR is made for the cost of settling claims incurred but not reported at the balance sheet date, on the basis of management's judgment and the Company's prior experience.

The Company takes advice from actuary for the determination of IBNR claims at the year end. The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic claim lag triangle method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

5.7 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve 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 the profit and loss account.

No provision has been made as the unearned premium reserve for each class 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 force at balance sheet date.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

5.8 Staff retirement benefits

5.8.1 Defined benefit plan

The Company operates an approved defined gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are



made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation was carried out for the year ended 31 December 2010 using the Projected Unit Credit Method. Actuarial gains/losses in excess of corridor limit (10% of the higher of fair value of assets and present value of obligations) are recognized over the average remaining service life of the employees.

5.8.2 **Defined contribution plan**

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33 percent of basic salary.

5.8.3 **Employees' compensated absences**

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

5.9 **Investments**

5.9.1 **Recognition**

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

5.9.2 **Measurement**

5.9.2.1 **Investment at fair value through profit or loss**

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account

5.9.2.2 **Held to maturity**

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.



5.9.2.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value.

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into equity, the investments of the Company would have been higher by Rs.513.22 million and the net equity would have increased by the same amount.

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

5.9.2.4 Investment in associates - equity method

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

5.9.2.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

5.10 Investment property

Investment properties are accounted for under the 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.

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life, which is estimated to be 40 - 80 years.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated at the rate of 10 percent under the straight line method.



Depreciation policy, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

5.11 Fixed assets

5.11.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 22 to the financial statements. The assets' residual values, useful lives and method are reviewed and adjusted if appropriate at each financial year end.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

5.11.2 Intangibles

These are stated at cost less accumulated amortisation and impairment loss. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 22 to the financial statements.

Amortisation is calculated from the month the assets are available for use. While on disposal, amortisation is charged up to the month in which the assets are disposed off.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

5.12 Premium income

Premiums including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths method. The deferred portion of premium expense is recognised as a prepayment.

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



5.13 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised 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 recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

5.14 Rental income

Rental income from investment properties is recognised on accrual basis.

5.15 Investment income

- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income is recognised when the company's right to receive the payment is established.
- Gain / loss on sale of available-for-sale investments is included in income currently.
- Return on fixed income securities classified as available-for-sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

5.16 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognized when approved.

5.17 Expenses of management

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

5.18 Taxation

5.18.1 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 includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.



5.18.2 **Deferred**

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

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

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

5.19 **Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous. The nature and business activities of these segments are disclosed in note 5.2.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

5.20 **Currency transactions**

5.20.1 **Functional and presentational currency**

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

5.20.2 **Foreign currency translations**

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.21 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.22 Impairment

The carrying amount of assets are reviewed at each balance sheet 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 the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. In addition impairment on available-for-sale investments, associates and reinsurance assets are recognised as follows:

Available-for-sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Associates

The Company determines that a significant or prolonged decline in the fair value of its investments in associates below their cost is an objective evidence of impairment. The impairment loss is recognized when the carrying value exceeds higher of fair value less cost to sell or value in use.

Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition the Company also monitors the financial ratings of its reinsurers on each reporting date.

5.23 Provision for obligation

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation

5.24 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.



6. SHARE CAPITAL

Issued, subscribed and paid-up

2010	2009		2010	2009
(Number of shares in '000)			(Rupees in '000)	
210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	2,100	2,100
78,887	65,705	Ordinary shares of Rs.10 each issued as fully paid bonus shares	788,877	657,048
79,097	65,915		790,977	659,148

Shares of the Company held by associates amounted to Rs.511.991 million (51,199,123 shares of Rs.10 each) [2009: Rs.425.247 million (42,524,657 shares of Rs.10 each)].

7. RESERVES

	Note	2010	2009
(Rupees in '000)			
Capital reserves			
Reserve for exceptional losses	7.1	9,384	9,384
Revenue reserves			
General reserve	7.2	1,570,000	1,250,000
Company's share of capital contributed to statutory funds by an associate		(4,052)	(4,052)
		1,575,332	1,255,332

7.1 Under the Income Tax Act, 1922 applicable to insurance companies, the Company set aside in prior years amounts upto 10 percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect upto the accounting year ended December 31, 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created upto December 31, 1978.

7.2 General reserve

Balance at beginning of the year	1,250,000	1,550,000
Transfer from / (to) retained earnings	320,000	(300,000)
Balance at end of the year	1,570,000	1,250,000

8. TAXATION

8.1 The Company has filed returns upto tax year 2010. The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 and tax year 2004, 2008 and 2010. The returns filed for tax years 2005, 2006 and 2007 are deemed to be orders under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities. Return filed for the tax year 2009 has been selected for tax audit and proceedings are currently underway.

8.2 In the assessment order for the assessment year 2002-2003, made in prior years, certain items have been disallowed and further additional tax has been levied. The appeal against the order filed before

the Commissioner of Inland Revenue (Appeals) has been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs.31.7 million. The ATIR has set aside disallowances and referred to Taxation officer for reassessment proceedings. The tax provision amounting to Rs.11.11 million (December 31, 2009: Rs.11.11 million) in this respect has not been made in these financial statements as the management and tax advisor of the Company are confident of favourable outcome against the appeal.

- 8.3 During prior years, the Taxation Officer had passed an assessment order in respect of tax year 2004 consequent to finalisation of tax audit proceedings where disallowances have been made on account of bad debts written off, amortisation of negative goodwill and allocation of expenses against dividend income. Further, the claim of tax credits has also not been allowed in full. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) who maintained the order passed by the Taxation Officer except allocation of expenses against dividend income. The ATIR also maintained the order of Commissioner of Income Tax. Subsequent to year end, the Company has filed petition with the High Court of Sindh against the said disallowances. Income tax charge amounting to Rs.54.4 million in this respect has been recorded by the Company in prior years.
- 8.4 During the current year, the Taxation Officer has passed an assessment order in respect of tax year 2008 consequent to finalisation of tax audit proceedings in which disallowances have been made mainly on account of reserve for unexpired risks and allocation of expenses. This resulted in an aggregate tax liability of Rs.174.3 million out of which Rs.12.8 million has been provided in prior years. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) who had maintained the order passed by the Taxation Officer. The Company filed an appeal before the ATIR and subsequent to the year end the ATIR has issued an order in which the main disallowances of unexpired risks and allocation of expenses made by Taxation Officer are deleted. No provision is made in these financial statements as resulting tax liability on appeal effect of the ATIR's order is expected to be less than the amount already provided in prior years.
- 8.5 Subsequent to the year end, the Taxation Officer has passed assessment order for the tax year 2010 in which additions / disallowances were made on account of management expenses, rental income, provision for IBNR, etc. This has resulted in aggregate tax liability of Rs.165.73 million. The Company has filed an appeal before the Commissioner of Inland Revenue (Appeals) against additions / disallowances. The company had made provision amounting to Rs.111.44 million against the same in prior years. The remaining provision of Rs.54.29 million in this respect has not been made in these financial statements as management and tax advisor of the Company are confident of favourable outcome in the appeal filed with the Commissioner of Inland Revenue (Appeals).

9. OTHER CREDITORS AND ACCRUALS

	Note	2010	2009
(Rupees in '000)			
Federal excise duty		18,954	21,085
Federal insurance fee		841	920
Workers welfare fund		32,173	21,239
Tax deducted at source		2,218	647
Premiums and commissions payable		292,720	323,513
Payable to Commercial General Union Insurance International (CGUII)	9.1	7,428	-
Miscellaneous		16,315	19,899
		<u>370,649</u>	<u>387,303</u>



- 9.1 This represents CGUII share under the acquisition agreement (note 26.1) of the amount recovered against pre acquisition claims recoverable, after adjustment of certain receivables.

10. DEPOSITS AND OTHER PAYABLES

	Note	2010	2009
(Rupees in '000)			
Advance rent		28,656	42,430
Security deposits against bond insurance		368,732	224,702
Other deposits		92	92
		<u>397,480</u>	<u>267,224</u>

11. CONTINGENCIES

Contingencies in respect of income tax are disclosed in notes 8.2 and 8.5.

12. CASH AND BANK DEPOSITS

Cash and other equivalents			
Cash		266	285
Policy stamps and bond papers in hand		3,727	3,677
		<u>3,993</u>	<u>3,962</u>
Current and other accounts			
Current accounts		210,994	110,676
PLS savings accounts		658,396	617,028
		<u>869,390</u>	<u>727,704</u>
Deposits maturing within 12 months			
Term deposit certificates	12.1 & 12.2	101,400	1,296,466
		<u>974,783</u>	<u>2,028,132</u>

- 12.1 The rate of return on term deposit certificates issued by various banks range from 9.5% to 12.75% (2009: 5% to 12.75%) per annum due on maturity. These term deposit certificates have maturities upto July 15, 2011.

- 12.2 Included herein is a sum of Rs.0.30 million (2009: Rs.0.30 million) placed under lien with a commercial bank.

13. LOANS TO EMPLOYEES

Considered good			
Secured	13.1	1,249	558
Unsecured	13.2	260	256
		<u>1,509</u>	<u>814</u>
Less: Current portion	21	718	520
		<u>791</u>	<u>294</u>

- 13.1 These represent loans provided to employees for the purchase of motor vehicles at the mark-up rate of 6% (2009: 6%) per annum and are recoverable in four to five years. These are secured against motor vehicles.

- 13.2 These represents interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within one year.
- 13.3 The maximum amount due from executives calculated with reference to month-end balances was Nil (2009: Nil).

14. INVESTMENTS

	Note	2010	2009
In related parties			
(Rupees in '000)			
Investment in an associate - equity method accounting	14.1	35,645	30,675
Available for sale - quoted	14.4.1	423,425	56,591
		459,070	87,266
Others			
Held to maturity			
Government securities	14.2	375,654	135,868
Term finance certificates - quoted	14.3	73,233	72,987
Available-for-sale			
Quoted	14.4.2	2,765,302	1,454,537
Unquoted		2,500	2,500
		3,216,689	1,665,892
		3,675,759	1,753,158

14.1 Investment in an associate under equity method

14.1.1 Particulars of investment in associate - listed

Number of shares		Face value per share	Name of associate		
2010	2009	(Rupees)			
4,032,766	4,032,766	10	New Jubilee Life Insurance Company Limited Incorporated in Pakistan (Chief Executive: Mr. Javed Ahmed)	35,645	30,675

Market value of investment and percentage of holding in associate is Rs.185.87 million and 6.43% respectively (2009: Rs.178.29 million and 6.43%).

14.1.2 Movement of investment in associate

Beginning of the year	30,675	29,961
Share in profit / (loss) upto September 30	9,003	(1,386)
Less: Dividend received	(4,033)	-
	4,970	(1,386)
Share in net equity as at September 30	-	2,100
Closing balance	35,645	30,675



14.1.3 Following information has been summarised based on financial statements as at September 30, 2010 (2009: September 30, 2009) of the associate:

	2010	2009
	(Rupees in '000)	
Total assets	9,986,776	7,612,867
Total liabilities	9,432,444	7,135,824
Net assets	554,332	477,043
Share of net assets	35,645	30,675
Revenue	4,101,728	3,139,023
Profit after tax	70,539	60,481

14.2 Government securities

Face value (Rupees)	Profit Rate %	Profit Payment	Particular	Maturity Date	2010 (Rupees in '000)	2009 (Rupees in '000)
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	57,824	58,153
50,000,000	12.00	Semi annually	Pakistan Investment Bond - 10 years	24-12-2011	51,728	53,355
22,500,000	14.00	Semi annually	Pakistan Investment Bond - 10 years	18-04-2011	22,938	24,360
150,000,000	12.81	Maturity	Treasury Bills	10-02-2011	145,605	-
35,000,000	13.21	Maturity	Treasury Bills	24-03-2011	33,968	-
35,000,000	13.42	Maturity	Treasury Bills	30-06-2011	32,805	-
35,000,000	13.73	Maturity	Treasury Bills	30-12-2011	30,786	-
					375,654	135,868

Market value of Pakistan Investment Bonds is Rs.109.29 million (2009: Rs.113.34 million) and of Treasury Bills is Rs.243.91 million (2009: Rs.Nil).

Pakistan Investment Bonds amounting to Rs.80.00 million (2009: Rs.66.00 million) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

14.3 Term Finance Certificates - quoted

Number of certificates		Face value per certificate (Rupees)	Type of security	2010	2009
2010	2009	(Rupees)		(Rupees in '000)	
10,000	10,000	5,000	Bank Al Habib Limited	49,930	49,950
5,056	5,056	5,000	United Bank Limited	23,303	23,037
				73,233	72,987

Market value of quoted term finance certificates is Rs.73.81 million (2009: Rs.72.29 million). The market values are determined as per rates quoted by Mutual Funds Association of Pakistan on December 31, 2010.

Details of term finance certificates are as follows:

Particulars	Profit rate per annum	Profit payment	Maturity date
Bank Al Habib Limited	6 months KIBOR plus 1.95% per annum	Semi-annually	06-02-2015
United Bank Limited	6 months KIBOR plus 0.85% per annum	Semi-annually	14-02-2018

14.4 Available-for-sale securities - quoted

14.4.1 In related parties

Number of shares / certificates / units		Face value per share / certificate / unit	Name of entity	2010	2009
2010	2009	(Rupees)		(Rupees in '000)	
Open-End Mutual Funds					
3,453,843	-	100	HBL Money Market Fund	350,000	-
Banks					
953,568	866,880	10	Habib Bank Limited	54,079	54,079
Industrial Metal and Mining					
1,312,706	793,922	10	International Industries Limited	19,346	2,512
				423,425	56,591

14.4.2 Others

Number of shares / certificates / units		Face value per share / certificate / unit	Name of entity	2010	2009
2010	2009	(Rupees)		(Rupees in '000)	
Open-End Mutual Funds					
100,000	100,000	100	JS Large Capital Fund	2,300	2,300
25,435,053	-	10	ABL Cash Fund	250,000	-
587,839	10,011,494	10	ABL Income Fund	5,419	100,000
238,603	-	500	Atlas Money Market Fund	119,446	-
-	2,059	500	Atlas Income Fund	-	942
2,039,798	-	100	Askari Sovereign Cash Fund	207,138	-
1,936,896	2,059,224	10	BMA Empress Cash Fund	20,000	20,000
49,480	970,874	100	First Habib Income Fund	4,717	100,000
451,062	-	100	Faysal Saving Growth Fund	44,748	-
2,832,326	-	100	IGI Money Market Fund	275,566	-
521,343	-	100	Lakson Money Market Fund	50,000	-
3,537,670	-	100	MCB Cash Management Optimizer	360,824	-
-	1,936,002	100	MCB Dynamic Cash Fund	-	200,000
185,069	1,908,761	50	Meezan Cash Fund	8,476	100,000
1,492,650	-	50	Meezan Sovereign Fund	75,000	-
15,216,303	19,518,860	10	NAFA Government Securities Liquid Fund	155,009	200,000
2,866,287	2,506,190	10	NAFA Islamic Multi-Asset Fund	25,000	25,000
9,168,957	8,606,692	10	NAFA Multi-Asset Fund	100,000	100,000
624,825	-	10	NIT Government Bond Fund	6,104	-
5,100,708	-	50	Pakistan Cash Management Fund	253,955	-
1,000,000	1,000,000	10	Pakistan Strategic Allocation Fund	2,280	2,280
3,189,828	1,951,753	100	UBL Liquidity Plus Fund	307,036	200,000
Equity Investment Instruments					
500,000	500,000	10	PICIC Growth Fund	2,797	2,797
1,881,379	1,881,379	10	PICIC Investment Fund	3,825	3,825
1,297,972	1,297,972	10	Standard Chartered Modaraba	8,839	8,839
3,969,000	3,969,000	5	First Habib Modaraba	22,515	22,515
Financial Services					
362,323	362,323	10	Orix Leasing Pakistan Limited	6,219	6,219



Number of shares / certificates / units		Face value per share / certificate / unit	Name of entity	2010	2009
2010	2009	(Rupees)		(Rupees in '000)	
Banks					
196,350	178,500	10	Allied Bank Limited	5,083	5,083
224,630	224,630	10	The Bank of Punjab Limited	2,964	2,964
548,033	894,448	10	Faysal Bank Limited	4,570	8,950
553,750	443,000	10	National Bank of Pakistan Limited	20,223	20,223
2,290,486	2,290,486	10	NIB Bank Limited	10,680	10,680
292,800	292,800	10	Soneri Bank Limited	2,618	2,641
181,441	330,000	10	United Bank Limited	6,038	12,081
Personal Goods					
31,566	31,566	10	Dewan Khalid Textile Mills Limited	124	124
168,889	176,270	10	Nishat Mills Limited	5,187	4,677
199,420	199,420	10	Service Industries Textiles Limited.	180	180
62,106	62,106	10	Crescent Jute Products Limited	34	34
General Industrials					
242,909	301,392	5	Thal Limited	16,458	24,504
Tobacco					
234,909	234,909	10	Pakistan Tobacco Company Limited	24,081	24,081
Electricity					
2,261,210	1,808,000	10	The Hub Power Company Limited	57,579	28,949
933,893	867,700	10	Kot Addu Power Company Limited	33,454	30,611
Oil and Gas					
180,000	-	10	Pakistan State Oil Company Limited	53,774	-
-	622,892	10	Oil & Gas Development Company	-	37,257
137,000	149,000	10	Pakistan Oil Fields Limited	20,465	16,680
255,093	195,865	10	Pakistan Petroleum Limited	31,444	26,283
Industrial Engineering					
42,160	42,160	10	Hinopak Motors Limited	9,568	9,568
300,000	300,000	10	Millat Tractors Limited	15,452	19,315
Automobile and Parts					
49,519	71,140	10	Indus Motor Company Limited	6,764	9,717
Fixed Line Telecommunication					
1,332,400	772,400	10	Pakistan Telecommunication Company Limited (A)	24,028	13,172
Chemicals					
1,026,125	624,958	10	Fauji Fertilizer Company Limited	88,525	43,250
Forestry and Paper					
304,900	304,900	10	Century Paper & Board Mills Limited	8,796	8,796
				2,765,302	1,454,537

14.4.3 Market value of quoted available for sale investments is Rs.3,701.95 million (2009: Rs.1,860.00 million).

15. INVESTMENT PROPERTIES

	2010							Useful life
	Cost			Depreciation			Written down value as at December 31, 2010	
	As at January 01, 2010	Additions	As at December 31, 2010	As at January 01, 2010	For the year	As at December 31, 2010		
(Rupees in '000)								
Leasehold land	34,164	-	34,164	-	-	-	34,164	-
Building on leasehold land	105,433	1,769	107,202	7,530	2,815	10,345	96,857	40-80 years
Lifts and other installations	25,486	344	25,830	7,900	2,505	10,405	15,425	10 years
	<u>165,083</u>	<u>2,113</u>	<u>167,196</u>	<u>15,430</u>	<u>5,320</u>	<u>20,750</u>	<u>146,446</u>	

	2009							Useful life
	Cost			Depreciation			Written down value as at December 31, 2009	
	As at January 01, 2009	Additions	As at December 31, 2009	As at January 01, 2009	For the year	As at December 31, 2009		
(Rupees in '000)								
Leasehold land	34,164	-	34,164	-	-	-	34,164	-
Building on leasehold land	81,340	24,093	105,433	5,409	2,121	7,530	97,903	40-80 years
Lifts and other installations	19,595	5,891	25,486	5,868	2,032	7,900	17,586	10 years
	<u>135,099</u>	<u>29,984</u>	<u>165,083</u>	<u>11,277</u>	<u>4,153</u>	<u>15,430</u>	<u>149,653</u>	

15.1 The market value of the investment properties as per valuations carried out by professional valuers in 2009 is Rs.1,408.14 million. The management of the Company has ascertain that there is no material change in the valuation of the investment properties as at December 31, 2010.

16. DEFERRED TAXATION

	Note	2010	2009
		(Rupees in '000)	
Deferred tax debits / (credits) arising in respect of:			
Accelerated depreciation		(9,771)	(11,357)
Provision for doubtful debts		49,907	43,657
Share of profit from associate		(819)	(322)
		<u>39,317</u>	<u>31,978</u>

17. PREMIUMS DUE BUT UNPAID

Unsecured		2010	2009
Considered good		814,446	804,897
Considered doubtful		137,961	70,274
		<u>952,407</u>	<u>875,171</u>
Less: Provision for doubtful balances	17.1	137,961	70,274
		<u>814,446</u>	<u>804,897</u>



17.1 Provision for doubtful balances

	Note	2010	2009
(Rupees in '000)			
Opening balance		70,274	64,274
Provision made during the year	24	67,687	6,000
		<u>137,961</u>	<u>70,274</u>

18. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS**Unsecured**

Considered good		144,218	96,860
Considered doubtful		4,631	54,459
		<u>148,849</u>	<u>151,319</u>
Less: Provision for doubtful balances	18.1	4,631	54,459
		<u>144,218</u>	<u>96,860</u>

18.1 Provision for doubtful balances

Opening balance		54,459	54,459
Less: Transferred to other income on receipt of cash	26.1(ii)	(8,545)	-
Less: Amount written off		(41,283)	-
		<u>4,631</u>	<u>54,459</u>

19. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

20. PREPAYMENTS

Prepaid reinsurance premium ceded		631,771	602,605
Rent		9,331	7,817
Miscellaneous expenses		1,934	3,244
		<u>643,036</u>	<u>613,666</u>

21. SUNDRY RECEIVABLES

Current portion of long term loans	13	718	520
Advances to suppliers and contractors		1,874	3,075
Rent receivable		1,605	1,437
Security deposits		6,168	6,187
Sales tax recoverable		1,651	1,444
Other advances - considered good		7,735	8,182
Receivable against sale of shares		32,936	46,121
		<u>52,687</u>	<u>66,966</u>

22. FIXED ASSETS - Tangible and intangible

	Furniture, fixtures and office equipment				Building	Motor vehicles	Computer software	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total				
	(Rupees in '000)							
As at January 01, 2010								
Cost	54,877	90,164	34,148	179,189	5,308	9,097	8,896	202,490
Accumulated depreciation	(23,376)	(37,477)	(24,575)	(85,428)	(15)	(4,281)	(6,217)	(95,941)
Net book value as at January 01, 2010	31,501	52,687	9,573	93,761	5,293	4,816	2,679	106,549
For the year ended December 31, 2010								
Opening net book value	31,501	52,687	9,573	93,761	5,293	4,816	2,679	106,549
Addition	2,415	10,697	1,835	14,947	1,567	1,721	956	19,191
Disposals								
- Cost	(1,613)	(4,104)	(75)	(5,792)	-	(2,285)	-	(8,077)
- Accumulated depreciation	639	2,348	46	3,033	-	1,365	-	4,398
	(974)	(1,756)	(29)	(2,759)	-	(920)	-	(3,679)
Adjustment								
- Cost	(1)	(130)	60	(71)	-	(79)	-	(150)
- Accumulated depreciation	1	(4)	-	(3)	-	33	-	30
	-	(134)	60	(74)	-	(46)	-	(120)
Depreciation charge	(6,708)	(12,557)	(3,289)	(22,554)	(235)	(659)	(981)	(24,429)
Net book value as at December 31, 2010	26,234	48,937	8,150	83,321	6,625	4,912	2,654	97,512
As at December 31, 2010								
Cost	55,678	96,627	35,968	188,273	6,875	8,454	9,852	213,454
Accumulated depreciation	(29,444)	(47,690)	(27,818)	(104,952)	(250)	(3,542)	(7,198)	(115,942)
Net book value as at December 31, 2010	26,234	48,937	8,150	83,321	6,625	4,912	2,654	97,512
Annual rate of depreciation	17%	17% -25%	25%		3%	20%	5 years	



	Furniture, fixtures and office equipment				Building	Motor vehicles	Computer software	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total				
	(Rupees in '000)							
As at January 01, 2009								
Cost	52,703	72,461	31,552	156,716	-	13,230	8,576	178,522
Accumulated depreciation	(21,159)	(28,318)	(20,741)	(70,218)	-	(4,991)	(5,353)	(80,562)
Net book value as at January 01, 2009	<u>31,544</u>	<u>44,143</u>	<u>10,811</u>	<u>86,498</u>	<u>-</u>	<u>8,239</u>	<u>3,223</u>	<u>97,960</u>
For the year ended December 31, 2009								
Opening net book value	31,544	44,143	10,811	86,498	-	8,239	3,223	97,960
Addition	7,306	19,928	2,624	29,858	5,308	47	320	35,533
Disposals								
- Cost	(5,055)	(1,904)	(28)	(6,987)	-	(4,180)	-	(11,167)
- Accumulated depreciation	4,030	927	20	4,977	-	1,413	-	6,390
	(1,025)	(977)	(8)	(2,010)	-	(2,767)	-	(4,777)
Adjustment								
- Cost	(77)	(321)	-	(398)	-	-	-	(398)
- Accumulated depreciation	9	266	-	275	-	-	-	275
	(68)	(55)	-	(123)	-	-	-	(123)
Depreciation charge	(6,256)	(10,352)	(3,854)	(20,462)	(15)	(703)	(864)	(22,044)
Net book value as at December 31, 2009	<u>31,501</u>	<u>52,687</u>	<u>9,573</u>	<u>93,761</u>	<u>5,293</u>	<u>4,816</u>	<u>2,679</u>	<u>106,549</u>
As at December 31, 2009								
Cost	54,877	90,164	34,148	179,189	5,308	9,097	8,896	202,490
Accumulated depreciation	(23,376)	(37,477)	(24,575)	(85,428)	(15)	(4,281)	(6,217)	(95,941)
Net book value as at December 31, 2009	<u>31,501</u>	<u>52,687</u>	<u>9,573</u>	<u>93,761</u>	<u>5,293</u>	<u>4,816</u>	<u>2,679</u>	<u>106,549</u>
Annual rate of depreciation	<u>17%</u>	<u>17% -25%</u>	<u>25%</u>		<u>3%</u>	<u>20%</u>	<u>5 years</u>	

22.1 Disposal of tangible assets

Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)						

Disposal of tangible assets during the year having book value exceeding Rs.50,000

Motor vehicles	727	436	291	531	240	Offered Price	Syed Riaz Ahmed	Other
	568	341	227	314	87	Offered Price	Syed Adil Ali	Other
	910	555	355	768	413	Offered Price	Moinuddin	Other
Furniture and fixtures	1,290	406	884	45	(839)	Offered Price	M. Ibrahim Osman Soomro	Other
Office equipment, electrical installations, Trakker and computers	194	122	72	72	-	Company Policy	Atiq A. Mahmudi	Employee
	810	466	344	415	71	Offered Price	M/s. Super Techno Power	Other
	427	139	288	11	(277)	Offered Price	M. Ibrahim Osman Soomro	Other
	2,079	1,197	882	631	(251)	Negotiation	Winson (Private) Limited	Other

23. ADMINISTRATIVE SURCHARGE

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

	2010	2009
	(Rupees in '000)	
Fire and property damage	10,139	10,487
Marine, aviation and transport	11,681	10,523
Motor	18,850	19,501
Miscellaneous	14,220	13,582
	<u>54,890</u>	<u>54,093</u>



24. MANAGEMENT EXPENSES

	Note	2010	2009
(Rupees in '000)			
Salaries, wages and benefits	24.1	401,843	365,814
Rent, taxes and electricity		39,900	37,589
Communications		13,693	13,776
Directors' fee and expenses		1,260	1,240
Printing and stationery		11,795	12,277
Travelling and entertainment		19,164	16,211
Auditors' remuneration	27.2	200	-
Legal and professional charges		4,462	2,945
Statutory levies		6,681	4,920
Annual monitoring fee for tracking devices		7,483	4,167
Inspection fee		3,686	3,658
Repairs and maintenance		5,446	5,540
Advertisement and sales promotion		5,810	14,289
Depreciation	22	23,448	21,180
Amortisation	22	981	864
Bad debts written off		538	4,621
Provision against doubtful balances	17.1	67,687	6,000
Insurance expense		4,409	6,063
Expenses on combined policies		4,340	5,904
Motor vehicle running expenses		2,157	2,262
Other expenses		7,978	5,662
		<u>632,961</u>	<u>534,982</u>

24.1 These include Rs.10.05 million (2009: Rs.9.15 million) being contribution for employees' provident fund and Rs.12.72 million (2009: Rs.12.98 million) in respect of defined benefit plan.

25. RENTAL INCOME

Rental revenue	103,541	90,835
Investment property related expenditure	(19,158)	(13,841)
	<u>84,383</u>	<u>76,994</u>

26. OTHER INCOME

Income from financial assets / liabilities			
Exchange gain		490	1,367
Return on loans to employees		63	38
Creditors no longer considered payable written back		9,232	3,731
Receipt on account of acquisition	26.1	24,545	-
Others		463	613
Income from non-financial assets			
(Loss) / gain on sale of fixed assets		(607)	479
		<u>34,186</u>	<u>6,228</u>

26.1 The Company acquired the insurance business and specified assets and liabilities of the Pakistan branches of Commercial General Union Insurance International (CGUII) with effect from January 01, 2003 under "Asset Purchase Agreement".

- (i) During the current year, CGUII has received a pre acquisition tax refund, amounting to Rs.16 million, which as per the acquisition agreement, has been transferred to the Company and, accordingly, income has been recognised in these financial statements and included in this head of account.
- (ii) During the current year, the Company has recovered Rs.20 million from Pakistan Reinsurance Company Limited in full settlement of pre-acquisition claim recoverable, out of which Rs.8.545 million is the share of the Company which has been recognized as income in these financial statements.

27. GENERAL AND ADMINISTRATION

	Note	2010	2009
(Rupees in '000)			
Legal and professional		1,928	1,449
Subscription		560	445
Registration fee		173	135
Insurance ombudsman		335	454
Workers welfare fund		10,934	15,438
Charity and donations	27.1	2,920	1,733
Auditors' remuneration	27.2	1,323	888
Others		964	60
		<u>19,137</u>	<u>20,602</u>

27.1 Donations made during the current year do not include any amount in which a Director or his spouse is interested.

Name & address of donee	Interested Director	Interest in donee		
Pakistan Centre of Philanthropy ST-14, F8/3, Islamabad, Pakistan	Towfiq H. Chinoy	Director	-	833

27.2 Auditors' remuneration

Audit fee		250	250
Interim review		75	75
Income tax advisory services		435	-
Special reports and certificates for various government agencies and sundry advisory services		450	450
Out of pocket expenses		113	113
	27	<u>1,323</u>	<u>888</u>
Federal Excise duty /Sales Tax advisory services	24	200	-
		<u>1,523</u>	<u>888</u>

28. TAXATION - NET

Current	103,870	111,438
Deferred	(7,339)	3,996
	<u>96,531</u>	<u>115,434</u>



28.1 Relationship between tax expense and accounting profit

Profit before taxation	546,682	771,898
Tax at the applicable rate of 35% (2009: 35%)	191,339	270,164
Tax effect of (income) / expenses that are not allowable in determining taxable income	15,808	12,343
Tax effect of capital gains subject to lower rates / exempt from tax	(70,493)	(124,528)
Tax effect of income subject to lower rates	(40,123)	(42,545)
	96,531	115,434

2010	2009
(Rupees in '000)	
546,682	771,898
191,339	270,164
15,808	12,343
(70,493)	(124,528)
(40,123)	(42,545)
96,531	115,434

29. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies having common directorship, associates, directors, key management personnel and retirement benefit funds. Investment in related parties have been disclosed in the relevant notes. Directors fees and remuneration to the key management personnel are included in note 31 to these financial statements and are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Companies having common directorship

Insurance premium:

- Balance at beginning of the year
- Insurance premium written (including government levies administrative surcharge and policy stamps)
- Received / adjusted during the year
- Balance at end of the year

Insurance commission expense

Insurance claims expense

Outstanding claims

Purchases of goods and services

Dividend income

Dividend received from an associate

Rent income

Others

Insurance premium:

- Balance at beginning of the year
- Insurance premium written (including government levies administrative surcharge and policy stamps)
- Received / adjusted during the year
- Balance at end of the year

Insurance claims expense

Contributions / provision for staff retirement benefit plans

2010	2009
(Rupees in '000)	
244,680	237,405
315,070	259,888
(315,665)	(252,613)
244,085	244,680
692	632
113,813	246,466
157,470	170,004
5,333	4,413
9,127	5,759
4,033	-
23,190	16,966
361	238
1,531	1,202
(918)	(1,079)
974	361
(70)	494
22,767	22,129

30. EMPLOYEE BENEFITS

Defined benefit plan

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

- Discount rate 13% (2009: 12%) per annum.
- Expected rate of increase in the salaries of the employees 13% (2009: 12%) per annum.
- Expected interest rate on plan assets 12% (2009: 15%) per annum.
- Expected service length of the employees 15 years (2009: 15 years).

30.1 Asset / (liability) in balance sheet	Note	2010	2009
		(Rupees in '000)	
Present value of defined benefit obligation	30.3	71,169	60,817
Fair value of plan assets	30.4	(70,258)	(55,445)
Net actuarial losses not recognised		(911)	(5,372)
		-	-
30.2 Movement in asset / (liability) during the year			
Opening balance		-	-
Charge to profit and loss account		12,714	12,977
Contributions to the fund during the year		(12,714)	(12,977)
Closing balance		-	-
30.3 Reconciliation of the present value of the defined benefit obligations			
Present value of obligation as at January 01		60,817	52,504
Current service cost		12,069	11,377
Interest cost		7,298	7,875
Benefits paid		(4,108)	(1,649)
Actuarial (gain)		(4,907)	(9,290)
Present value of obligation as at December 31		71,169	60,817
30.4 Changes in fair value of plan assets			
Fair value of plan assets as at January 01		55,445	43,503
Expected return on plan assets		6,653	6,525
Contribution to the fund		12,714	12,977
Benefits paid		(4,108)	(1,649)
Actuarial loss		(446)	(5,911)
Fair value of plan assets as at December 31		70,258	55,445
30.5 Charge for the defined benefit plan			
Current service cost		12,069	11,377
Interest cost		7,298	7,876
Expected return on plan assets		(6,653)	(6,525)
Actuarial loss recognised		-	249
		12,714	12,977
30.6 Actual return on plan assets			
Expected return on assets		6,653	6,525
Actuarial loss		(446)	(5,911)
		6,207	614



30.7 Composition of fair value of plan assets

	2010		2009	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Debt instruments	55,473	79%	12,778	23%
Equity instruments	17	0%	16	0%
Others	14,768	21%	42,651	77%
Fair value of plan net assets	70,258		55,445	

30.8 Historical data

	2010	2009	2008	2007	2006
	(Rupees in '000)				
Present value of defined benefit obligations	71,169	60,817	52,504	38,922	36,842
Fair value of plan assets	(70,258)	(55,445)	(43,503)	(35,427)	(33,699)
Deficit	911	5,372	9,001	3,495	3,143
Experience adjustments					
- Actuarial (gain) / loss on obligation	(4,908)	(9,290)	4,783	1,102	1,260
- Actuarial (loss) / gain on assets	(446)	5,910	(723)	748	(1,991)

30.9 The estimated contribution to the Fund for the year ending December 31, 2011 is Rs.12.7 million.

31. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Rupees in '000)							
Director fees	-	-	1,260	1,240	-	-	1,260	1,240
Managerial remuneration								
- including bonus	8,760	7,500	-	-	64,666	56,080	73,426	63,580
Staff retirement benefits	590	500	-	-	3,034	2,670	3,624	3,170
House rent	2,124	1,800	-	-	20,943	17,919	23,067	19,719
Utilities	708	600	-	-	5,327	4,603	6,035	5,203
Medical expenses	56	4	-	-	2,185	2,052	2,241	2,056
Leave passage / assistance	500	1,041	-	-	242	4,815	742	5,856
Vehicle allowance	1,591	1,591	-	-	25,669	24,558	27,260	26,149
Others	667	449	-	-	9,967	9,345	10,634	9,794
	15,052	13,485	1,260	1,240	132,033	122,042	148,289	136,767
Number of persons	1	1	8	8	53	50	62	59

In addition, the managing director and some of the executives are provided with certain items of household furniture, fixtures and equipment in accordance with their entitlements.

32. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2010 and December 31, 2009, unallocated capital expenditure and non-cash expenses during the year:

	Fire		Marine		Motor		Liability		Accident and health		Miscellaneous		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
(Rupees in '000)														
SEGMENT ASSETS														
Segment assets	593,819	640,554	245,257	152,542	212,262	234,423	141,890	145,078	111,624	111,988	1,357,496	982,289	2,662,348	2,266,874
Unallocated corporate assets													5,009,248	4,165,680
Consolidated total assets													7,671,596	6,432,554
SEGMENT LIABILITIES														
Segment liabilities	1,031,596	952,209	438,921	276,423	634,049	613,940	142,636	122,091	318,181	320,762	1,698,247	1,172,643	4,263,630	3,458,068
Unallocated corporate liabilities													534,553	353,480
Consolidated total liabilities													4,798,183	3,811,548
Depreciation / amortisation	6,031	5,603	4,261	3,493	6,217	6,181	331	302	4,341	3,828	3,248	2,637	24,429	22,044
Non-cash expenses other than depreciation / amortisation	132	1,174	94	732	137	1,296	7	63	96	802	72	554	538	4,621
Unallocated capital expenditure													21,304	65,517



33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

33.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies.

33.1.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate 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 information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	2010						Total
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest/mark-up bearing financial instruments	
Maturity upto one year		Maturity over one year to five years	Maturity more than five years				
(Rupees in '000)							
Financial assets							
Cash and bank deposits	4.88 - 11.50	759,796	-	-	759,796	214,987	974,783
Loans to employees	6	-	791	-	791	-	791
Investments	10 - 14.34	317,830	49,930	81,127	448,887	3,226,872	3,675,759
Premiums due but unpaid		-	-	-	-	814,446	814,446
Amounts due from other insurers/reinsurers		-	-	-	-	144,218	144,218
Reinsurance recoveries due but unpaid		-	-	-	-	68,500	68,500
Accrued investment income		3,176	2,864	3,530	9,570	1,118	10,688
Reinsurance recoveries against outstanding claims		-	-	-	-	841,018	841,018
Sundry receivables	6	458	-	-	458	50,355	50,813
		1,081,260	53,585	84,657	1,219,502	5,361,514	6,581,016
Financial liabilities							
Provision for outstanding claims		-	-	-	-	1,879,570	1,879,570
Amounts due to other insurers / reinsurers		-	-	-	-	348,506	348,506
Accrued expenses		-	-	-	-	18,347	18,347
Other creditors and accruals		-	-	-	-	316,463	316,463
Deposits and other payables		-	-	-	-	368,824	368,824
Unclaimed dividend		-	-	-	-	22,022	22,022
		-	-	-	-	2,953,732	2,953,732
Interest risk sensitivity gap		1,081,260	53,585	84,657	1,219,502	2,407,782	3,627,284
Cumulative interest risk sensitivity gap		1,081,260	1,134,845	1,219,502			

	2009						
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest/ mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
(Rupees in '000)							
Financial assets							
Cash and bank deposits	0.25 to 12.75	1,913,494	-	-	1,913,494	114,638	2,028,132
Loans to employees	6	-	294	-	294	-	294
Investments	10 to 15.18	-	77,715	131,140	208,855	1,544,303	1,753,158
Premiums due but unpaid		-	-	-	-	804,897	804,897
Amounts due from other insurers / reinsurers		-	-	-	-	96,860	96,860
Reinsurance recoveries due but unpaid		-	-	-	-	131,530	131,530
Accrued investment income		-	-	-	-	17,890	17,890
Reinsurance recoveries against outstanding claims		-	-	-	-	462,921	462,921
Sundry receivables	6	263	-	-	263	63,628	63,891
		1,913,757	78,009	131,140	2,122,906	3,236,667	5,359,573
Financial liabilities							
Provision for outstanding claims		-	-	-	-	1,315,996	1,315,996
Amounts due to other insurers / reinsurers		-	-	-	-	181,212	181,212
Accrued expenses		-	-	-	-	13,185	13,185
Other creditors and accruals		-	-	-	-	343,412	343,412
Deposits and other payables		-	-	-	-	224,702	224,702
Unclaimed dividend		-	-	-	-	18,432	18,432
		-	-	-	-	2,096,939	2,096,939
Interest risk sensitivity gap		1,913,757	78,009	131,140	2,122,906	1,139,728	3,262,634
Cumulative interest risk sensitivity gap		1,913,757	1,991,766	2,122,906			

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	(Rupees in '000)		
December 31, 2010	100 (100)	16,530 (16,530)	10,745 (10,745)
December 31, 2009	100 (100)	19,163 (19,163)	12,456 (12,456)

33.1.1.2 Foreign currency risk

Foreign currency risk is the risk that the 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.

33.1.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.



The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

The following table summarizes the Company's other price risk as of December 31, 2010 and 2009. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
December 31, 2010	3,775,760	+5%	188,788
		-5%	(188,788)
December 31, 2009	1,932,508	+5%	96,625
		-5%	(96,625)

33.1.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the 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 maturity profile is monitored to ensure adequate liquidity is maintained.

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.

	2010			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities	-	-	-	-
Provision for outstanding claims	1,879,570	-	-	1,879,570
Amounts due to other insurers / reinsurers	348,506	-	-	348,506
Accrued expenses	18,347	-	-	18,347
Other creditors and accruals	316,463	-	-	316,463
Deposits and other payables	368,824	-	-	368,824
Unclaimed dividend	22,022	-	-	22,022
	<u>2,953,732</u>	<u>-</u>	<u>-</u>	<u>2,953,732</u>

	2009			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities	-	-	-	-
Provision for outstanding claims	1,315,996	-	-	1,315,996
Amounts due to other insurers / reinsurers	181,212	-	-	181,212
Accrued expenses	13,185	-	-	13,185
Other creditors and accruals	343,412	-	-	343,412
Deposits and other payables	224,702	-	-	224,702
Unclaimed dividend	18,432	-	-	18,432
	<u>2,096,939</u>	<u>-</u>	<u>-</u>	<u>2,096,939</u>

33.1.3 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 Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

33.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arises when a number of counter parties 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 a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The Company is exposed to major credit risk on bank balances and deposits, Term Finance Certificates, premiums receivable from customers and co-insurers; and on commission and claim recoveries from re-insurers.

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

Bank	Rating	Rating Agency	2010	2009
			(Rupees in '000)	
Habib Bank Ltd.	AA+	JCR-VIS	250,737	410,388
Soneri Bank Ltd.	AA-	PACRA	229,325	387,718
Faysal Bank Ltd.	AA	PACRA	13,483	312,534
Standard Chartered Bank (Pak) Ltd.	AAA	PACRA	336,972	295,237
Allied Bank Ltd.	AA	PACRA	-	200,000
Bank Al-Falah Ltd.	AA	PACRA	723	121,166
NIB Bank Ltd.	AA-	PACRA	102,307	100,506
Habib Metropolitan Bank Ltd.	AA+	PACRA	71	100,068
Silk Bank Ltd.	A-	JCR-VIS	-	50,000
The First Micro Finance Bank Ltd.	A+	JCR-VIS	-	25,000
United Bank Ltd.	AA+	JCR-VIS	28,620	18,222
MCB Bank Ltd.	AA+	PACRA	3,858	1,775
Dubai Islamic Bank Ltd.	A	JCR-VIS	3,594	1,556
Pak Oman MicroFinance Bank Ltd.	BBB+	JCR-VIS	1,100	-
			970,790	2,024,170

The credit quality of Company's exposure in TFCs can be assessed as follows:

Bank Al-Habib Ltd.	AA+	PACRA	49,930	49,950
United Bank Ltd.	AA+	JCR-VIS	23,303	23,037
			73,233	72,987

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provision for doubtful receivables as disclosed in note 17.

The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 35.



34. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

Class	Maximum Gross Risk Exposure	Maximum Gross Risk Exposure
	2010	2009
	(Rupees in '000)	
Fire and Property	14,569,893	14,110,403
Marine, Aviation and Transport	1,735,493	1,708,822
Motor	45,000	45,000
Liability	4,441,900	4,000,000
Accident and Health	6,726,328	13,513,680
Miscellaneous	3,672,150	3,644,450

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim lag triangle method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of claims incurred but not reported.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

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 judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net of reinsurance loss ratios for each class of business is as follows:

Class	Assumed Net Loss Ratio	Assumed Net Loss Ratio
	2010	2009
Fire and property	51%	57%
Marine, aviation and transport	43%	38%
Motor	63%	65%
Liability	35%	37%
Accident and health	77%	72%
Miscellaneous	70%	78%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity/size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average Claim Cost	Change in assumption	Impact on Gross Liabilities	Impact on Net Liabilities	Impact on profit before Tax	Impact on equity
(Rupees in '000)					
2010	+ 10%	229,177	167,447	164,164	106,707
2009	+ 10%	194,789	141,959	139,175	90,464

Claim development

The development of claims against insurance contracts issued is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year.

35. REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.



An analysis of all reinsurance assets recognised by the rating of the entity from which it is due are as follows:

Rating	Amount due from other insurers / reinsurer	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2010	2009
(Rupees in '000)					
A or above including Pakistan Reinsurance Company Limited	143,735	818,549	64,885	1,027,169	634,890
BBB	286	18,210	1,915	20,411	41,797
Others	197	4,259	1,700	6,156	14,624
	<u>144,218</u>	<u>841,018</u>	<u>68,500</u>	<u>1,053,736</u>	<u>691,311</u>

36. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to Ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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, difference may arise between the carrying values and the fair values estimates.

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for quoted investments in associate, held to maturity and available for sale securities having fair value of Rs.4,314.83 million (December 31, 2009: Rs.2,223.92 million). The fair value of quoted investments is based on quoted market prices.

38. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2010	2009
(Rupees in '000)		
Profit after tax for the year	450,151	656,464
(Number of shares in '000)		
Weighted average number of shares of Rs.10 each	79,097	79,097
(Rupees in '000)		
Earnings per share of Rs.10 each - basic and diluted	5.69	8.30

38.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

39. RECLASSIFICATIONS

Following corresponding figures have been reclassified for the purpose of better presentation:

Statement	Component	Reclassification from	Reclassification to	(Rupees in '000)
Balance sheet	Current assets	Premium due but unpaid	Amounts due from other insurers / reinsurers	68,764
Balance sheet	Creditors and accruals	Premium due but unpaid	Amounts due to other insurers / reinsurers	12,665
Cash flow	Operating cash flows	Management Expenses	Premium received	6,000

40. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on February 24, 2011 has announced a final cash dividend in respect of the year ended December 31, 2010 of Rs. 2.0 per share of Rs.10 each (20%) [December 31, 2009: Rs.3.0 per share of Rs.10 each (30%)] and bonus shares @ 25% (December 31, 2009: 20%). In addition, the Board of Directors has approved the transfer of Rs.100 million to general reserve from unappropriated profit [December 31, 2009: Rs.320 million). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

41. AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 24 February , 2011.

42. GENERAL

All figures have been rounded off to the nearest thousand of rupees.


Towfiq H. Chinoy
Chairman


Akbarali Hashwani
Director


Akbarali Pesnani
Director


Tahir Ahmed
Managing Director
(Chief Executive)



Shareholders' and Investors' Information

Annual General Meeting

The annual shareholders' meeting will be held at 10:30 am on Saturday April 23, 2011 at the registered Office of the Company. Shareholders as of 16 April, 2011 are encouraged to participate.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or share registrars at the following address:

THK Associates (Pvt) Limited
Ground Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road, Karachi.

UAN: 111-000-322 Tel: 35686658 / 35689021

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2010 can be accessed at NJI's website: www.nji.com.pk or printed copies can be obtained by writing to the Company Secretary.

Annual Report

Annual report 2010 may be downloaded from the Company's website:

www.nji.com.pk or

Printed copies obtained by writing to:

The Company Secretary
New Jubilee Insurance Company Limited
2nd Floor, Jubilee Insurance House
I.I. Chundrigar Road
Karachi 74000
Pakistan

Stock Exchange Listing

New Jubilee Insurance Company Limited shares are listed on Karachi and Lahore stock exchanges. The symbol code for dealing in shares of the company is NJICL.

Executives

President & Managing Director

Tahir Ahmed, BE, MBA, ACII, Chartered Insurer

Executive Director

Atiq A Mahmudi, B Com, LLB, FCA

Executive Vice Presidents

Azfar Arshad, BE (Mech), MBA
Brendan Thomas D' Lima, B Com
Mohammad Afzaluddin, B Com
Mohammed Safdar, MBA, ACII
M Uzair Mirza, BE (Elec), MBA
Syed Sohail Ahmed, MBA

Joint Executive Vice Presidents

Karim Merchant, BE (Mech), ACII
Mian Faisal Usman, MBA, ACII
Nawaid Jamal, FCA
Syed Ather Abbas, MBA

Senior Vice Presidents

Abdul Alim, MA, FCII, Chartered Insurer
Abdul Aziz, B Com
Akbar Sultan, MBA
Chaudhary Sardar Ali, BA
Dr Syed Tanveer Rauf, MBBS
Ejaz Mehmood, BA
Haji Muhammad Ramzan, BA
Ilyas Mohammed
Imran Mughal, B Com
Kamran Arif, B Com
Mahboob Pervez, BA
M Razzak Chaudhary
Munir ul Haq, M Sc
Shehnaz Kassim, MA, ACII
Syed Abid Waseem, MBA
Syed Hasan Nadeem, MBA

Syed Imran Rabbani, MA
Syed M Haroon A Bokhari, MBA
Syed Noman Kadri, M Sc
Syed Zamin Zafar, MBA
Zahoor A Shaheen, MBA
Zulfiqar Ali Abdullah, MBA

Advisors

Mirza Ali Mahmood, BE (Elec & Mech)
Hashim M Shamim
Saeed Jan Awan, M Com

Joint Senior Vice Presidents

Akbar Habib Rajan
Ali Aasim Khan, BA
Amar Mumtaz Piracha, BA
Asif Ali, BA
Aziz Surani, B Com
Captain Shahid Ahmed, B Sc
Dr M Siddique Hossain, MBBS
Ishtiaque Ahmed, B Com
Muhammad Afzal Qureshi, MA
Muhammad Adnan Junaid, MBA
Muhammad Amin Haroon, B Com
Muhammad Ashraf Tahir, BA
Muhammad Iqbal, B Com
Nasimul Haq, B Com, LLB
Qamar Saleem, B Com
Sunnu Golwalla, BA
Syed Abdul Rahim, B Com
Syed Hamid Hussain Zaidi, B Com
Syed Muhammad Mazhar Shah, BA
Syed Kamran Ali, ACMA
Tariq Zia, B Sc
Zubair Dada, B Com



Branch Network

HEAD OFFICE

2nd Floor, Jubilee Insurance House,
I. I. Chundrigar Road, P.O. Box 4795, Karachi-74000.
UAN: 111 654 111, Tel: (9221) 32416022-26,
Fax: (9221) 32416728, 32438738
E-mail: nji@nji.com.pk
Website: <http://www.nji.com.pk>

SOUTHERN ZONE

KARACHI (Main Office)

2nd Floor, Jubilee Insurance House,
I. I. Chundrigar Road, P. O. Box 4795,
Karachi- 74000.
Tel: (9221) 32416022-26
Fax: (9221) 32416728, 32438738

COMMERCIAL UNIT - I

3rd Floor, Jubilee Insurance House,
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Karachi- 74000.
Tel: (9221) 32420393, 32422012
Fax: (9221) 32420940, 32426654

NEW UNIT

1st Floor, Jubilee Insurance House,
I. I. Chundrigar Road, P. O. Box 4795,
Karachi- 74000.
Tel: (9221) 32463006-15
Fax: (9221) 32463010

BUSINESS & FINANCE CENTRE

3rd Floor, Jubilee Insurance House,
I. I. Chundrigar Road, P. O. Box 4795,
Karachi- 74000.
Tel: (9221) 32472004-06, 32461714
Fax: (9221) 32471716

JODIA BAZAR

Room Nos. 105-107,
1st Floor Ismail Trade Centre,
Rambharti Street, Jodia Bazar,
Karachi
Tel: (9221) 32422215-16
Fax: (9221) 32420451

SHAHRAH-E-FAISAL

302-303, 3rd Floor, Park Avenue,
Block 6, PECHS, Shahrah-e-Faisal,
Karachi-75400.
Tel: (9221) 34524147, 34391172
Fax: (9221) 34541548

PLAZA

SF-3, 2nd Floor, APWA Complex,
Opp. Anklesaria Hospital,
Garden Road, Karachi.
Tel: (9221) 32241703, 32241719
Fax: (9221) 32241731

SADDAR

1st Floor, POF Complex,
252-A, Sarwar Shaheed Road,
Near Press Club, Karachi.
Tel: (9221) 35650428-30
Fax: (9221) 35650426

TARIQ ROAD

Plot No. 106-K/2, Block 2,
Khalid Bin Waleed Road, PECHS,
Karachi.
Tel: (9221) 34302094-7
Fax: (9221) 34302099

CLIFTON

Suit No. 201-202, 2nd Floor,
Shaheen Centre, Schon Circle,
Kehkashan, Clifton
Karachi.
Tel: (9221) 35862451-3
Fax: (9221) 35862454

KEPZ BRANCH

Plot 9, Sector B-II,
Karachi Export Processing Zone,
Landhi Industrial Area,
Extension Mehran Highway,
Karachi-75150.
Tel: (9221) 32066869
Fax: (9221) 35080117

HYDERABAD

Mezzanine Floor,
Sakhi Wahab Medical Centre,
Doctor Line, Saddar,
Hyderabad.
Tel: (9222) 2787362 - 2781982
Fax: (9222) 2729624

SUKKUR

C-470/ A-3, Queens Road,
P.O. Box: 118,
Sukkur-65200.
Tel: (9271) 5623851
Fax: (9271) 5626294

MULTAN ZONE

MULTAN (Main Branch)

Office No. B.F 2/2, ChenOne Tower,
74 - Abdali Road,
Multan.
Tel: (9261) 4549594, 4549874
Fax: (9261) 4588965

BAHAWALPUR

1st Floor, Shah Din Plaza,
P. O. Box 113, Stadium Road,
Farid Gate, Bahawalpur.
Tel: (9262) 2877568
Fax: (9262) 2877868

BAHAWALNAGAR

Khan Baba Road,
Bahawalnagar.
Tel: (9263) 2272762

RAHIMYAR KHAN

Upper Story, First Women Bank Ltd,
Shahi Road, P. O. Box 243,
Rahimyar Khan-64200.
Tel: (9268) 5874442
Fax: (9268) 5872243

LAHORE ZONE

Main Branch, (Sales Unit-I)

2nd Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283661-2
Fax: (9242) 36283660

Sales Unit - II

1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283664-8
Fax: (9242) 36283660

Sales Unit - III

1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283664-8
Fax: (9242) 36283669

MALL MANSIONS (Sales Unit-IV)

6-Mall Mansions,
Shahrah-e-Quaid-e-Azam,
Lahore.
Tel: (9242) 37211301-3
Fax: (9242) 37211305

Sales Unit - V

1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283664-8
Fax: (9242) 36283669

COMMERCIAL UNIT - II

1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283664-8
Fax: (9242) 36283669

ENGG / INFRASTRUCTURE INSURANCES DIVISION

1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Tel: (9242) 36283291
Fax: (9242) 36283292

BANK SQUARE

3rd Floor, H. M. House,
7 Bank Square, Lahore.
Tel: (9242) 37312325, 37312369
Fax: (9242) 37312369

FAISALABAD

P-68, Allama Iqbal Road,
Faisalabad.
Tel: (9241) 2643020, 2640782
Fax: (9241) 2638782

ISLAMABAD

MAIN BRANCH

1st Floor, Kashmir Plaza, Jinnah
Avenue, Blue Area, Islamabad.
Tel: (9251) 2270365-7
Fax: (9251) 2275317, 2270277

MARGALLA

42, Aga Khan Road, Super Market
Sector F-6/4, Islamabad.
Email: njimrgl@nji.com.pk
Tel: (9251) 2828512
Fax: (9251) 2828600

PESHAWAR

Office No. 7, 2nd Floor, Block A,
Cantt. Plaza, Super Market,
Fakhar-e-Alam Road,
Peshawar Cantt.
Tel: (9291) 5273459
Fax: (9291) 5274698



Once again

NJI receives “AA”
Insurer Financial Strength
Rating by PACRA & JCR-VIS

Alhamdulillah

NJI is the only top Pakistani insurer with the distinction of being assigned an “AA” insurer Financial Strength Rating by both PACRA and JCR-VIS

The fact that two independent rating companies have once again rated us as “AA” with “Positive Outlook” reaffirms NJI’s financial strength which has been steadily built over half a century.

We thank our clients for the confidence they have placed in us and shall endeavour to always provide them the highest level of security and service.

NJI
**New Jubilee Insurance
Company Limited**

Proxy Form

NEW JUBILEE INSURANCE COMPANY LIMITED
JUBILEE INSURANCE HOUSE
I. I. CHUNDRIGAR ROAD,
KARACHI

I / We _____ of _____
being a member of **New Jubilee Insurance Company Limited** and a holder of _____
ordinary shares, as per Share Register Folio No. _____ and / or CDC
Participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____ of _____
(Name)

failing him _____ of _____
(Name)

who are also members of New Jubilee Insurance Company Limited, as my/our proxy to vote for
me/us and on my/our behalf at the Annual General Meeting of the Company to be held on
April 23, 2011 at 10:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

WITNESS:

1. Signature: _____

Name: _____

Address: _____

CNIC No. _____

Signature

Revenue
Stamp

2. Signature: _____

Name: _____

Address: _____

CNIC No. _____

- Note:
1. Signature should agree with the specimen signature registered with the company.
 2. The Proxy Form must be deposited at the Registered Office of the Company not later 48 hours before the time of holding the Meeting.
 3. No person shall act as proxy unless he/she is a member of the Company.
 4. CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.



NJI

**New Jubilee Insurance
Company Limited**

Head Office:
2nd Floor, Jubilee Insurance House,
11, Chundrigar Road,
P.O. Box 4795, Karachi-74000
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Email: nji@nji.com.pk
Website: www.nji.com.pk