





# KEY INFORMATION 2018

We are making  
things better  
together

# AA-

Rated by: PACRA

Rupees in Millions

**5,239**

Gross  
Premium

**3,269**

Gross  
Claims

**6,895**

Total  
Assets

**563**

Profit  
Before Tax

**389**

Profit  
After Tax

**323**

Underwriting  
Results

**1,762**

Total  
Investment

**18%**

Return on  
Total Equity

**15%**

Bonus  
Shares

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اراکین کو  
ڈائریکٹرز رپورٹ

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Proxy Form

# UNITED INTERNATIONAL GROUP

We're leading our sector and working with our clients to advance the cause of sustainability — even in places where you might not expect us.





The United Insurance Company of Pakistan Limited, a leading insurance provider in Pakistan, was established in the year 1959 on the 20th day of October. It was operational in Pakistan including East Pakistan (now Bangladesh). UIC has established a large network of branches throughout Pakistan currently operating 110 branches all over Pakistan. UIC doing General business including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

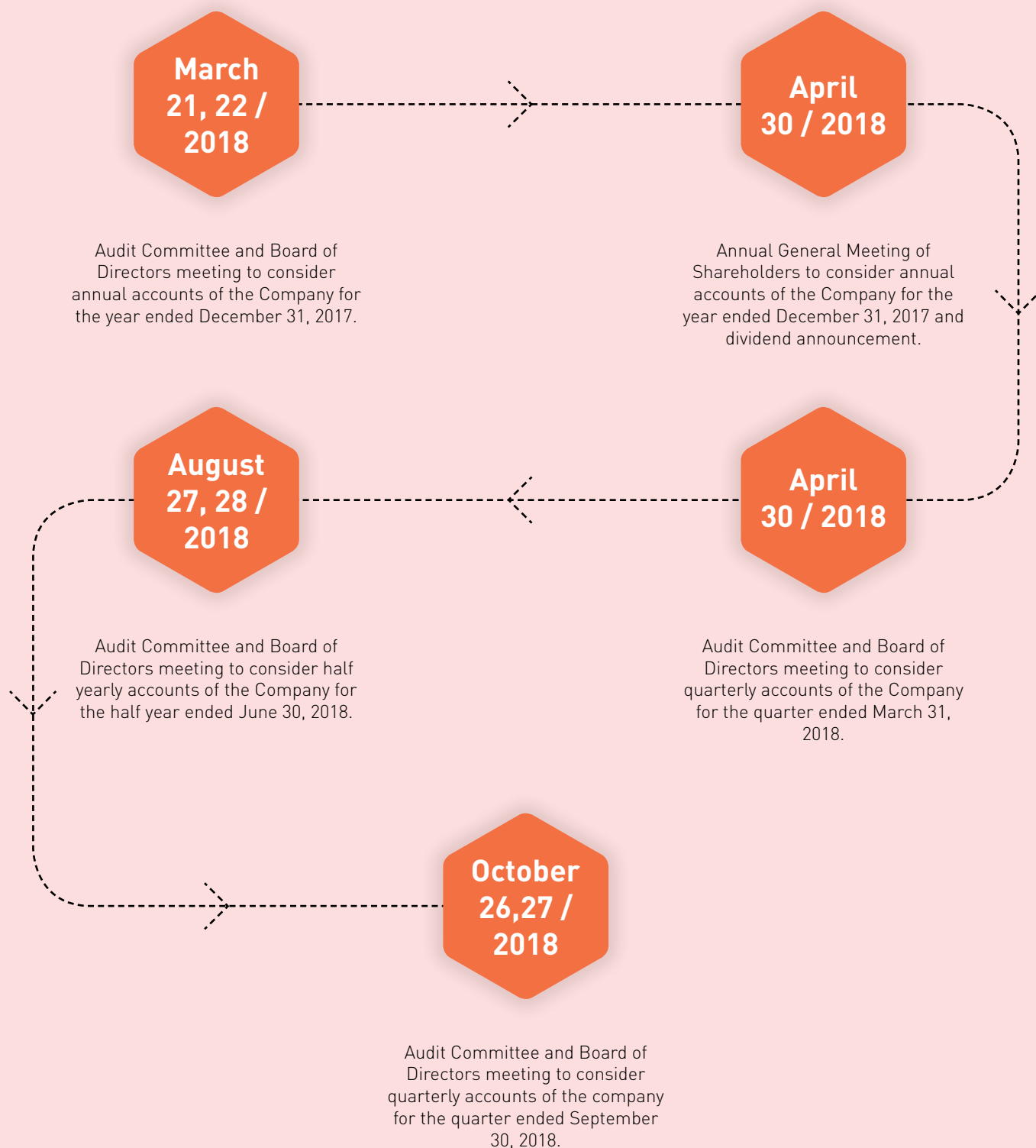
UIC is a part of the United international Group (UIG) as well as the company is a public limited company listed in Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

Our traditional business model is based on cost effective risk management solutions to our policyholders through highest level of quality. We are dedicated to our customer as well as our shareholders to maximize their profits depending on the variables that are factored in with the investments. We are leading the insurance sector and working with our clients to advance the cause of sustainability even in the rural areas.

With our experience, global resources and vision we aim to provide financial certainties and eliminate financial risk from this uncertain world. Hence our motto "Your risk is secure with us" serves this purpose.



# CORPORATE CALENDAR 2018





# CORE BELIEFS

**UIC believes in providing high quality solutions to risk exposures to the fulfillment of its customers through:**



- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
  - Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
  - Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
  - Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.
  - Our commitment to integrity, customer centricity, sustainable value creation, excellence and teamwork fosters trust with our shareholders and our customers. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community. It nurtures talent and mitigates internal risks through candor and transparency. It helps us secure the support of regulators and the investment community.
- » **Integrity**  
To treat everyone fairly and honestly.  
To comply with all applicable laws, regulations and internal policies.
  - » **Customer centricity**  
To put our customers at the heart of all we do. We utilize of our global scale experience to convert insights and observations into useful ideas that we put to work for our customers.
  - » **Sustainable value creation**  
To create and sustain value for our customers, our shareholders, our people and society. To maintain a culture of precision, stability and reliability that instills confidence and trust in our commitment to deliver when it matters now and in the future. A key component of sustainable value creation, and indeed of all our values, is our commitment to a high standard of corporate responsibility.
  - » **Excellence**  
To aim for the highest quality and strive for continuous improvement in all that we do. Find new ways of solving problems. To test what we do and how we do it for fairness, diversity, trust, and mutual respect.
  - » **Teamwork**  
To work together as one team...one Company. Collaborating and applying our global insights to deliver the best for our stakeholders. Value our diverse, talented workforce; and support them so that they can contribute to their full potential.

# VISION & MISSION STATEMENTS

## VISION

A first class Insurance Company / Window Takaful operator to provide cost effective risk management solutions to its policy-holders / participants through highest level of quality.

## MISSION

### For our customers

- To provide superior services through high quality business solutions and health protection, based on expert advice and financial management and adding value to the all corporate and non corporate customers.

### For our Members

- To maximize the members' value by optimum utilization of resources.

### For our Employees

- To provide opportunities for self-development in a highly challenging performance oriented work environment.

### For the Society

- To ensure good governance by maintaining high ethical standards and risk coverage.

### For the Government

- Prompt and timely liquidation of liabilities and adherence to the policies established.



# INVESTOR INFORMATION

## INVESTOR'S AWARENESS

With reference to SRO 924(1) / 2016 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:

www.jamapunji.pk

**Jama Punji**  
سرمایہ کاری سمجھداری کے ساتھ

**Be aware, Be alert,  
Be safe**  
Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk) [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices.

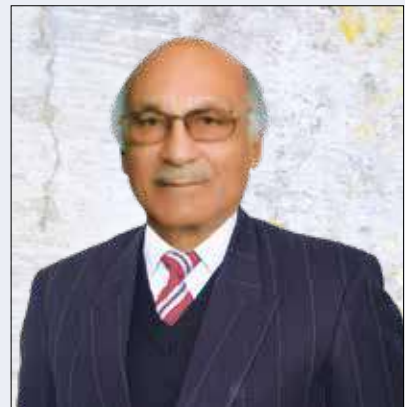


## BOARD OF DIRECTORS



**Mian M.A. Shahid**

ADVISOR TO BOARD / (CHAIRMAN UIG)



**Javed Sadiq**

CHAIRMAN



**Mohammed Rahat Sadiq**

CHIEF EXECUTIVE OFFICER

# BOARD OF DIRECTORS



Huma Waheed

DIRECTOR



Khawas Khan Niazi

DIRECTOR/PRESIDENT



Syed Rahat Ali Shah

DIRECTOR



Agha Ali Imam

DIRECTOR



Jamil A. Khan

DIRECTOR

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Javaid Sadiq

### DIRECTOR /PRESIDENT

Khawas Khan Niazi

### CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

### DIRECTORS

Huma Waheed

Agha Ali Imam

Jamil A. Khan

Syed Rahat Ali Shah

### ADVISOR TO BOARD

Mian M.A.Shahid  
(Chairman UIG)

### ADVISORS

Sardar Khan

(Former Managing Director  
Universal Insurance Company  
Limited)

Major General (R) Asif Duraiz  
Akhtar

### COMPANY SECRETARY

Athar A. Khan

### CHIEF FINANCIAL OFFICER

Maqbool Ahmed

## CHIEF INTERNAL AUDITOR

Abdul Mannan Munir

## AUDITORS

M/S. Ilyas Saeed & Co.  
Chartered Accountants

## LEGAL ADVISORS

Mohammed Farooq Sheikh  
(Advocate)

Mian Asghar Ali  
(Advocate)

## TAX ADVISOR

M/S. Sarwars Chartered  
Accountants

## CREDIT RATING AGENCY (PACRA)

## INSURER FINANCIAL STRENGTH

AA-(Double A Minus) The  
Rating Denotes a very strong  
capacity to meet policyholder  
and contract obligations. Risk  
factors are modest, and the  
impact of any adverse business  
and economic factors is  
expected to be very small.

## COMPANY'S SHARE REGISTRAR

M/S. F.D.Registrar  
Services(SMC-Pvt) Ltd.  
1705,17th Floor, Saima Trade  
Center, I.I.Chundrigar Road,  
Karachi.

## WEB PRESENCE

[www.theunitedinsurance.com](http://www.theunitedinsurance.com)



## REGISTERED OFFICE

204, 2nd Floor, Madina City  
Mall, Abdullah Haroon Road,  
Saddar Karachi.

TEL: 021-35621460-2,

021-35221803-4

FAX: 021-35621459

Email:

[info@theunitedinsurance.com](mailto:info@theunitedinsurance.com)

## HEAD OFFICE

UIG House, 6-D, Upper Mall,  
Lahore

TEL: 042-35776475-85

UAN: 92-42-111-000-014

FAX: 92-42-35776486, 35776487

Email:

[uicp@theunitedinsurance.com](mailto:uicp@theunitedinsurance.com)



# KEY MANAGEMENT PERSONNEL

## CONVENTIONAL BUSINESS

### HEAD OF CONVENTIONAL BUSINESS

Tajammal Iqbal

### SR. EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

### SR. EXECUTIVE DIRECTOR

Dr. Murtaza Mughal

### CHIEF COMPLIANCE OFFICER

Ali Hassan Bhatti

### SR. GENERAL MANAGER RE-INSURANCE

Abrar Ahmed Minhas

### JOINT DIRECTOR OPERATION

Tayyab Bashir

### GENERAL MANAGER HR & R

Wakeel Ahmed Mirza

### JOINT DIRECTOR (I.T)

Munir Ahmed

### GENERAL MANAGER HEALTH/ TRAVEL

Kashif Shafique

### GENERAL MANAGER ADMINISTRATION

Maj.(R) Nadeem Iqbal Naz

## DEPUTY GENERAL MANAGER CLAIMS

Kamran Zaman

### A.G.M UNDERWRITING

Manzoor Hussain Mirza

### A.G.M REINSURANCE

Naeem Ahmed Babar

### CHIEF MANAGER (WEB)

Mohammed Arshad

### CHIEF MANAGER (AGRI)

Zulfiqar Ahmed

### SR. MANAGER COORDINATION

Tahira Ashar

### WINDOW TAKAFUL OPERATIONS

### HEAD OF TAKAFUL OPERATIONS

Shakeel Ahmed

### SHARIAH ADVISOR

Mufti Farhan Farooq

### JOINT DIRECTOR OPERATIONS & TECHNICAL

Amir Hameed

### SHARIAH COMPLIANCE OFFICER

Saad Munir Malik

## EXECUTIVE DIRECTORS (MARKETING)

Mohammad Rafique Khan

Zarar Ahmed Butt

Mian Kashif Rasheed

Ch. Aslam Feroze

Mohammed Siddique Sheikh

Rizwan-Ul-Haq

Shafaqat Ali Goraya

Hassan Nadeem

Ch. Shamas-ul-haq

Kh. Adnan Hassan

Mohammed Mazhar Shah

Malik Khurram Mansoor

Nauman-ul-Haq

## JOINT DIRECTORS (MARKETING)

Aslam Rajpoot

Malik Zafar Yousaf

Mian Mohammed Rafi

Tanveer Ahmad Bhatti

Faisal Javaid

Mohammed Mohsin ullah

Chaudhary Iqbal Tahir

Zafar Mahmood

Syed Ahmad Ali

Hassan Bin Daud

Malik Azhar Ahmed

Mujeeb-ur-Rehman Khokhar

Zahid Mukhtar Paracha

Mian Muhammad Asif

Raheel Zia

# BANKS & LEASING COMPANIES

## BANKS

State Bank of Pakistan  
National Bank of Pakistan  
Bank Al-Habib Limited  
Soneri Bank Limited  
Bank Alfalah Limited  
Meezan Bank Limited  
SME Bank Limited  
The Bank of Khyber  
Summit Bank Limited  
Silk Bank Limited  
Samba Bank Limited  
Zarai Taraqati Bank Limited  
Sindh Bank Limited  
The Bank of Punjab  
First Women Bank Limited  
The Punjab Provincial Cooperative Bank Limited  
Allied Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Barclays Bank PLC, Pakistan  
Habib Metropolitan Bank Limited  
Karakoram Cooperative Bank Limited  
Industrial Development Bank of Pakistan  
JS Bank Limited  
Bank Islami Pakistan Limited  
Bank of Azad Jammu and Kashmir  
MCB Islamic Bank Limited

## LEASING COMPANIES

Orix Leasing Company Limited  
Crescent Standard Modaraba

## MICRO FINANCE BANKS

APNA Microfinance Bank Limited  
Khushhali Microfinance Bank Limited  
Pak-Oman Microfinance Bank Limited  
The First Microfinance Bank Limited  
Waseela Microfinance Bank Limited  
U Microfinance Bank Limited  
Tameer Microfinance Bank Limited  
NRSP Microfinance Bank Limited  
Telenor Microfinance Bank Limited

The image shows a large, white, stylized 'AA-' rating symbol on a dark blue background. The 'A's are bold and blocky, with a horizontal line following the second 'A'.

Rated by: PACRA

# THE UNITED INSURANCE AT A GLANCE

- United Insurance is a member Company of "United International Group".
- Operating Since 1959, dealing in all areas of General Insurance business.
- One of the premier general insurance companies of Pakistan.
- First insurance company to obtain Window Takaful Operator License from SECP
- Rated "AA-" which signifies very High Financial Capacity to meet Policy holders and contract obligations.
- Very strong Reinsurance arrangements with world renowned reinsurers.
- Focused on prompt settlement of claims.
- Extending success into new challenges.



# SIX YEARS AT A GLANCE

SIX YEARS AT A GLANCE	(RUPEES IN MILLION)					
	2018	2017	2016	2015	2014	2013
<b>FINANCIAL DATA - CONVENTIONAL</b>						
Ordinary share capital	2,261.754	2001.552	1,803.200	1,288.000	920.000	701.943
Reserves	58.204	46.491	105.234	75.000	765.121	519.509
Total Equity	3,043.496	2641.767	2,588.325	2,245.010	1,645.023	1,180.459
Underwriting provisions	3,419.505	3087.593	2,366.383	2,298.038	2,489.671	1,516.492
Investments including associates	1,762.342	1301.523	1,200.590	1,078.066	881.465	507.262
Total Assets	6,895.465	6211.319	5,499.512	5,059.424	4,917.120	3,008.203
Property and equipment	774.641	810.596	841.897	706.754	628.212	580.294
Cash & bank	542.589	490.059	365.488	324.822	395.427	146.361
Loans and other receivables	158.735	175.714	238.938	177.013	121.640	167.292
<b>OPERATING DATA - CONVENTIONAL</b>						
Gross written premium	4,227.348	4163.546	3,781.741	3,062.158	2,474.744	1,723.743
Net insurance premium	2,574.381	2678.708	2,473.432	2,151.784	1,536.703	1,108.541
Net insurance claims	2,730.465	1287.193	934.519	742.329	419.432	323.083
Management expenses	832.410	921.226	797.738	628.696	592.085	471.529
Premium deficiency (charge) / reverse	0.000	17.032	3.565	5.261	-	-
Underwriting profit / (loss)	323.246	221.312	509.741	150.961	36.988	436.881
Investment income	8.365	67.205	73.106	60.729	63.404	34.689
Profit before tax	562.701	487.345	357.960	679.588	507.936	290.554
Income tax expense	173.478	195.061	79.513	59.563	47.049	33.175
Profit after tax	389.223	292.284	278.448	620.026	460.887	257.380
<b>FINANCIAL RATIOS - CONVENTIONAL</b>						
Profit before tax / Gross written premium (%)	13.311	11.705	9.465	22.193	20.525	16.856
Profit before tax / Net insurance premium (%)	21.858	18.193	14.472	31.583	33.054	26.210
Profit after tax / Gross written premium (%)	9.207	7.020	7.363	20.248	18.624	14.931
Profit after tax / Net insurance premium (%)	15.119	10.911	11.258	28.814	29.992	23.218
Management expenses / Gross written premium (%)	19.691	22.126	21.094	20.531	23.925	27.355
Management expenses / Net insurance premium (%)	32.334	34.391	32.252	29.217	38.530	42.536
Underwriting results / Net insurance premium (%)	12.556	8.262	20.609	7.016	2.407	39.410
Net insurance claims / Net insurance premium (%)	106.063	48.053	37.782	34.498	27.294	29.145
Return on Assets (%)	5.645	4.706	5.063	12.255	9.373	8.556
<b>RETURN TO MEMBERS - CONVENTIONAL</b>						
Return on Total equity - PBT (%)	18.489	18.448	13.830	30.271	30.877	24.614
Return on Total equity - PAT (%)	12.789	11.064	10.758	27.618	28.017	21.803
Earning Per Share (Rs.)	1.720	1.290	1.390	3.440	5.010	2.800
Price earning ratio (times)	6.878	12.000	16.029	6.294	5.579	5.071
Market value at end of year (Rs.)	11.830	15.480	22.280	21.650	27.950	14.200
Highest value during the year (Rs.)	12.700	26.610	28.990	42.550	30.450	17.830
Lowest value during the year (Rs.)	10.460	13.750	14.340	19.340	12.710	8.070
Stock dividend per share (Rs.)	1.150	1.300	1.100	4.000	4.000	3.100
Cash dividend per share (Rs.)	-	-	1.000	-	-	-
Total assets per share (times)	30.487	31.033	30.499	39.281	53.447	42.858
<b>LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL</b>						
Current ratio (times)	1.0150	1.0613	1.0800	1.055	0.962	1.029
Total assets turnover (times)	1.6312	1.4918	1.4542	1.652	1.987	1.745
Property and equipment turnover (times)	0.1832	0.1947	0.2226	0.231	0.254	0.337
Total liability / Total equity (times)	1.2393	1.3205	1.0931	1.236	1.965	1.514
Return on capital employed (%)	18.4886	18.4477	13.8298	30.271	30.877	24.614
Ordinary share capital / Total assets (%)	32.8006	32.2243	32.7884	25.457	18.710	23.334
Total equity / Total assets (%)	44.1377	42.5315	47.0646	44.373	33.455	39.241
<b>DISTRIBUTION - CONVENTIONAL</b>						
Bonus share (Rs.)	1.150	1.300	1.100	4.000	3.100	2.300
Bonus share (%)	15%	13%	11%	40%	31%	23%
Cash dividend share (Rs.)	-	1.000	-	-	-	-
Cash dividend share (%)	0%	10%	-	-	-	-
Total distributions (%)	15%	23%	11%	40%	31%	23%

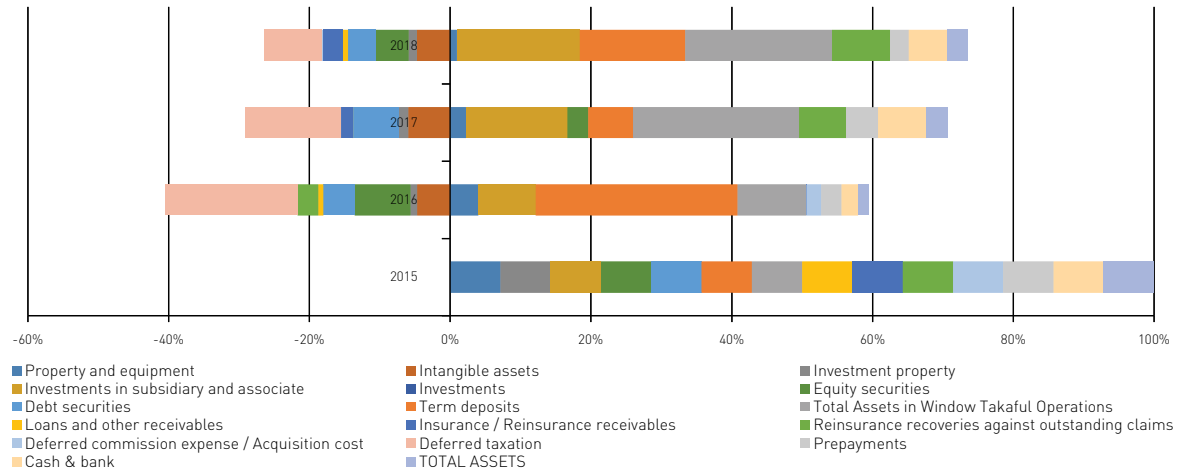
# VERTICAL ANALYSIS

	YEARS			
	2018	2017	2016	2015
<b>STATEMENT OF FINANCIAL POSITION</b>				
Property and equipment	11.23%	13.05%	15.31%	13.75%
Intangible assets	0.05%	0.08%	0.11%	0.16%
Investment property	0.04%	0.04%	0.05%	0.06%
Investments in subsidiary and associate	19.35%	14.10%	11.11%	8.42%
Investments				-
Equity securities	0.42%	1.33%	3.68%	1.35%
Debt securities	4.11%	4.55%	5.16%	10.72%
Term deposits	1.68%	0.96%	1.87%	0.81%
Total Assets in Window Takaful Operations	8.78%	7.52%	4.71%	3.38%
Loans and other receivables	2.30%	2.87%	4.34%	3.50%
Insurance / Reinsurance receivables	11.71%	17.22%	22.00%	23.93%
Reinsurance recoveries against outstanding claims	20.00%	16.46%	10.57%	13.57%
Deferred commission expense / Acquisition cost	2.53%	2.83%	3.58%	3.50%
Deferred taxation	0.00%	0.00%	0.00%	0.19%
Prepayments	9.92%	11.11%	10.84%	10.22%
Cash & bank	7.87%	7.89%	6.65%	6.42%
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Ordinary share capital	32.80%	32.21%	32.79%	25.46%
Reserves	0.84%	0.75%	1.91%	1.35%
Unappropriated profit	10.49%	9.56%	12.36%	17.58%
Surplus on revaluation of fixed assets	1.16%	1.31%	1.49%	0.78%
Total liabilities in window takaful operations	0.43%	1.17%	1.10%	0.83%
Outstanding claims including IBNR	24.93%	22.30%	14.39%	15.81%
Unearned premium reserves	22.27%	25.45%	27.09%	27.46%
Premium deficiency reserves	0.52%	0.30%	0.03%	0.10%
Unearned Reinsurance Commission	1.87%	1.64%	1.52%	2.05%
Retirement benefit obligations	0.00%	0.00%	1.07%	1.24%
Deferred taxation	0.54%	0.21%	0.26%	0.00%
Borrowings	0.76%	1.12%	1.47%	2.19%
Insurance / Reinsurance Payables	0.77%	1.74%	2.66%	2.25%
Other Creditors and Accruals	1.01%	1.15%	1.55%	1.74%
Taxation - provision less payment	1.60%	1.09%	0.32%	1.18%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>PROFIT AND LOSS ACCOUNT</b>				
Net insurance premium	100%	100%	100%	100%
Net insurance claims	-50.70%	-48.05%	-37.78%	-34.50%
Premium deficiency	-0.67%	-0.64%	0.14%	-0.20%
Net Commission and other acquisition costs	-3.74%	-8.66%	-9.50%	-9.30%
Management expenses	-32.33%	-34.39%	-32.25%	-29.22%
Investment income	0.32%	2.51%	2.96%	2.80%
Rental income	0.09%	0.09%	0.09%	0.10%
Other income	1.08%	1.75%	1.23%	0.99%
Other expenses	-0.31%	-0.33%	-0.79%	-1.20%
Finance cost	-0.12%	-0.20%	-0.42%	-0.60%
Share of loss from associate	0.92%	-1.32%	-11.19%	-0.51%
Profit from Window Takaful Operations	7.32%	7.43%	1.99%	3.24%
Income tax expense	-6.74%	-7.28%	-3.21%	-2.80%
(Profit)/ loss after Tax	-15.12%	-10.91%	-11.26%	-28.80%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

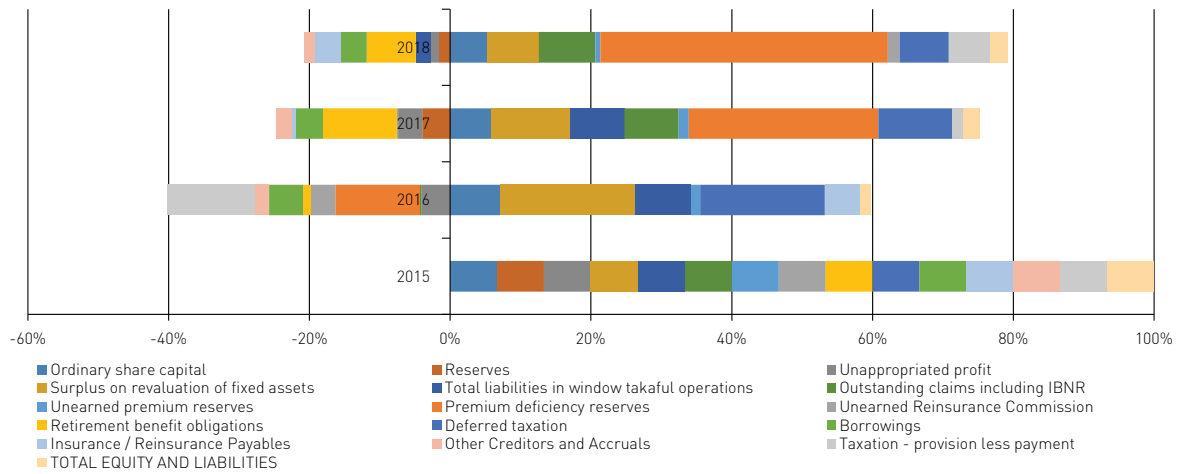
Figures are re-stated, re-arranged and nomenclatured according to the annexed notes to the financial statements No. 3.29, 43.1 and 43.2 respectively.



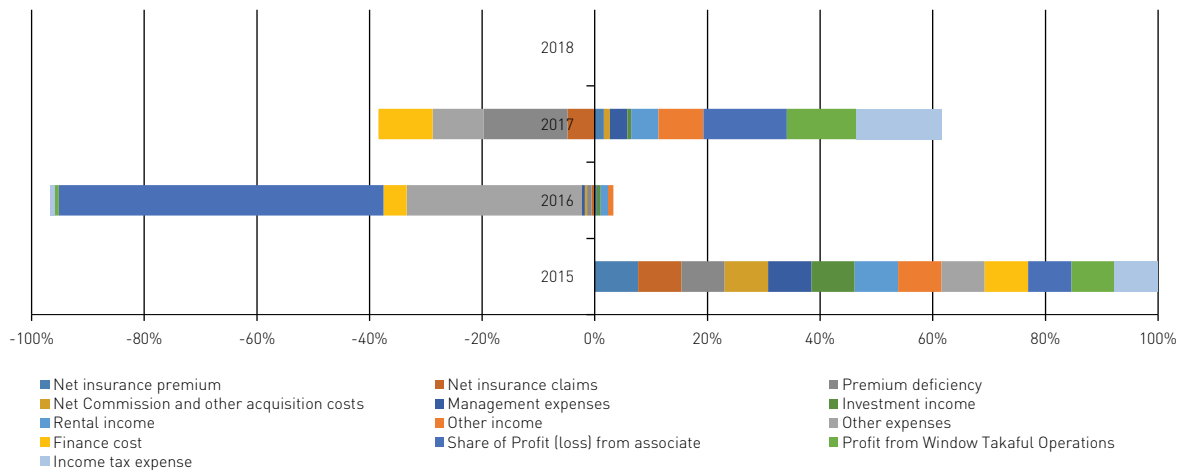
### Horizontal Analysis-Assets



### Horizontal Analysis-Equity and Liabilities

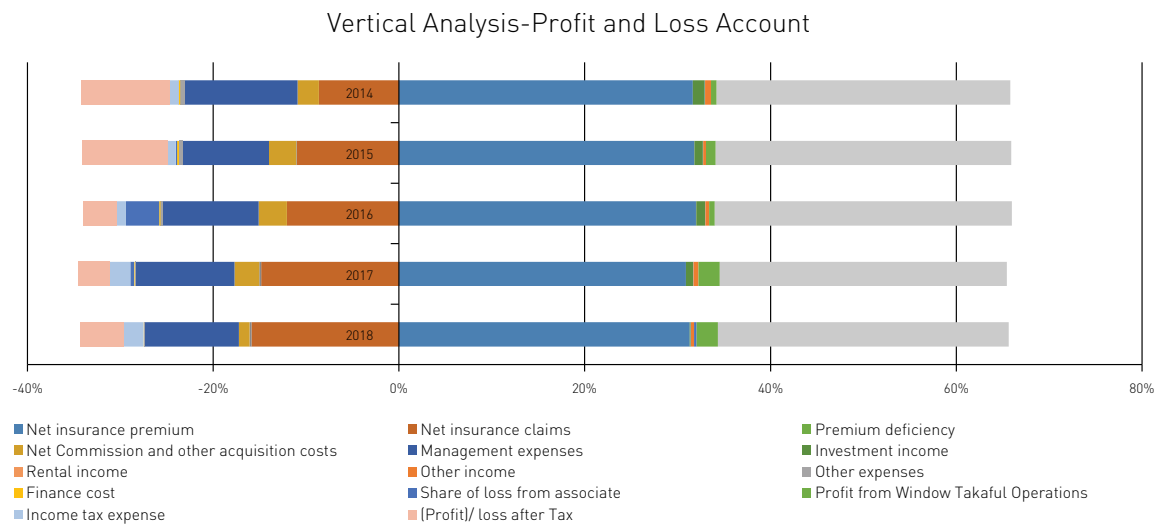
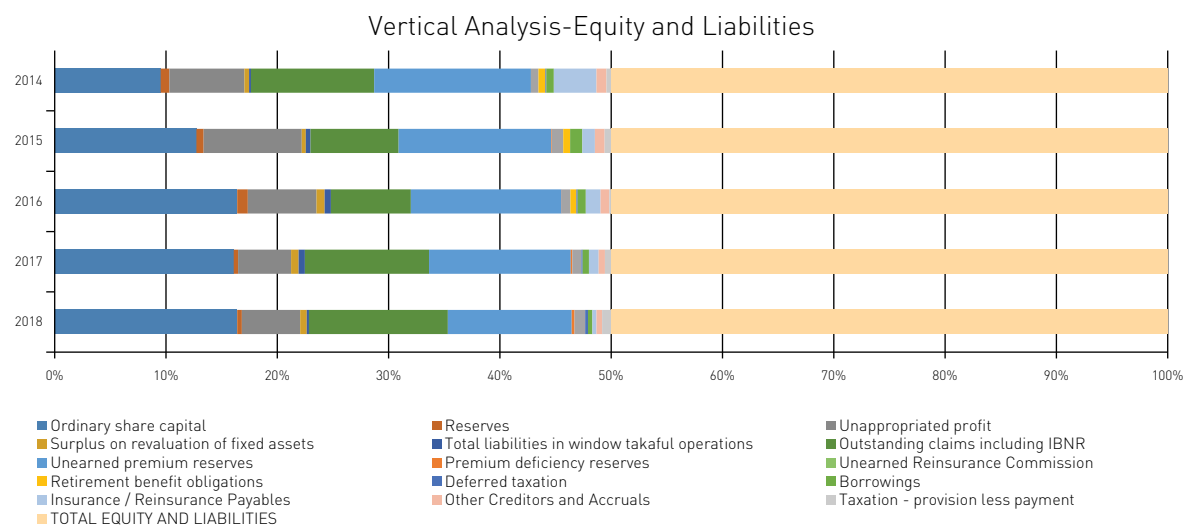
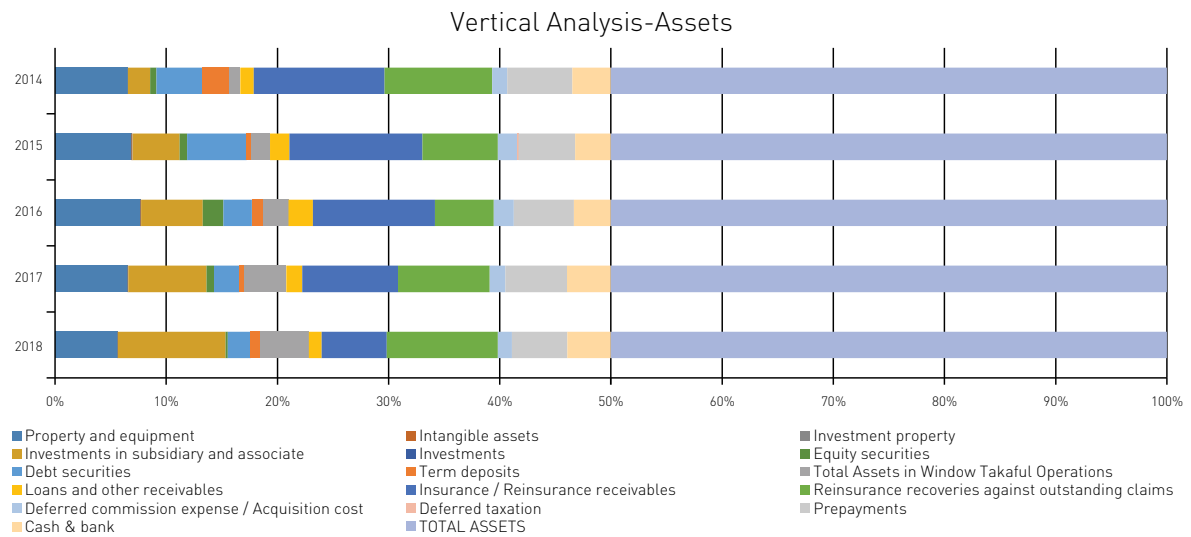


### Horizontal Analysis-Profit and Loss Account



# HORIZONTAL ANALYSIS

	YEARS			
	2015	2016	2017	2018
<b>STATEMENT OF FINANCIAL POSITION</b>				
Property and equipment	100	21.04	16.54	<b>11.37</b>
Intangible assets	-	(25.00)	(43.75)	<b>(57.81)</b>
Investment property	100	(5.00)	(9.75)	<b>(14.26)</b>
Investments in subsidiary and associate	100	43.36	105.62	<b>213.12</b>
Investments				<b>-</b>
Equity securities	100	(41.85)	21.90	<b>(57.07)</b>
Debt securities	100	(23.63)	(47.88)	<b>(47.79)</b>
Term deposits	100	151.95	46.57	<b>182.76</b>
Total Assets in Window Takaful Operations	100	51.65	173.21	<b>254.42</b>
Loans and other receivables	100	(3.86)	(0.73)	<b>(10.33)</b>
Insurance / Reinsurance receivables	100	0.03	(11.61)	<b>(33.31)</b>
Reinsurance recoveries against outstanding claims	100	(15.36)	48.90	<b>100.84</b>
Deferred commission expense / Acquisition cost	100	11.15	(0.75)	<b>(1.47)</b>
Deferred taxation	-	(100.00)	(100.00)	<b>(100.00)</b>
Prepayments	100	15.21	33.39	<b>32.24</b>
Cash & bank	100	12.52	50.87	<b>67.04</b>
<b>TOTAL ASSETS</b>	<b>100</b>	<b>8.06</b>	<b>22.78</b>	<b>36.31</b>
Ordinary share capital	100	40.00	55.40	<b>75.60</b>
Reserves	100	-	(37.95)	<b>(22.51)</b>
Unappropriated profit	100	(23.22)	(32.68)	<b>(17.96)</b>
Surplus on revaluation of fixed assets	100	108.84	106.72	<b>104.70</b>
Total liabilities in window takaful operations	100	44.11	73.51	<b>(29.11)</b>
Outstanding claims including IBNR	100	(1.11)	73.14	<b>114.85</b>
Unearned premium reserves	100	7.26	13.85	<b>10.55</b>
Premium deficiency reserves	-	(67.77)	255.96	<b>584.17</b>
Unearned Reinsurance Commission	100	(19.42)	(1.49)	<b>24.39</b>
Retirement benefit obligations	100	(6.36)	(100.00)	<b>(100.00)</b>
Deferred taxation	100	100	100	<b>100</b>
Borrowings	100	(27.15)	(36.97)	<b>(52.82)</b>
Insurance / Reinsurance Payables	100	28.60	(5.17)	<b>(53.32)</b>
Other Creditors and Accruals	100	(11.80)	(21.73)	<b>(20.78)</b>
Taxation - provision less payment	100	(70.28)	14.10	<b>84.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100</b>	<b>8.06</b>	<b>22.78</b>	<b>36.31</b>
<b>PROFIT AND LOSS ACCOUNT</b>				
Net insurance premium	100	14.95	24.49	<b>19.64</b>
Net insurance claims	100	(25.89)	(73.40)	<b>75.84</b>
Premium deficiency reserves	100	(32.23)	(223.72)	<b>228.21</b>
Net Commission and other acquisition costs	100	(16.90)	15.38	<b>(52.15)</b>
Management expenses	100	(19.89)	46.52	<b>32.40</b>
Investment income	100	28.43	10.66	<b>(86.22)</b>
Rental income	100	53.88	72.71	<b>64.66</b>
Other income	100	42.07	119.66	<b>29.62</b>
Other expenses	100	(1,306)	(135.30)	<b>(68.35)</b>
Finance cost	100	(174.08)	(144.58)	<b>(74.26)</b>
Share of loss from associate	100	(2,417.56)	221.89	<b>115.62</b>
Profit from Window Takaful Operations	100	(29.50)	185.22	<b>170.12</b>
Income tax expense	100	(33.49)	227.49	<b>191.25</b>



# SEGMENTWISE OUTLINE

## Fire and Property Damage

### Riot and Strike Damage

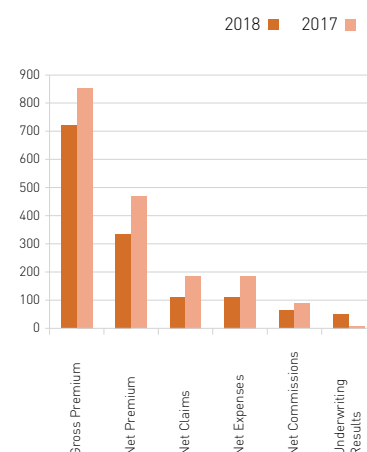
This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any person who is member of an organization which aim is to overthrow any legal or de facto Government by terrorism or violence.

### Allied Perils

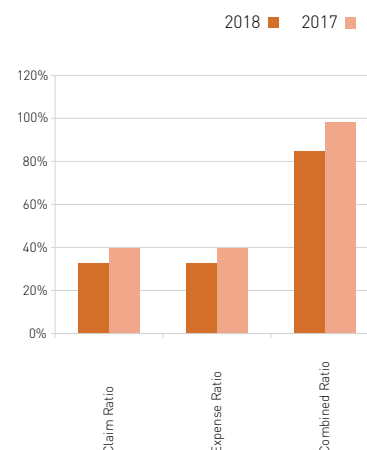
This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

	2018 Rupees	2017 Rupees	Change %
Gross Premium	721,259,489	853,006,459	(15.45)
Net Premium	335,511,688	468,240,437	(28.35)
Net Claims	110,176,963	185,412,007	(40.58)
Management Expenses	110,655,518	186,617,496	(40.70)
Net Commissions	64,064,776	87,959,498	(27.17)
Underwriting Results	50,614,431	8,251,463	513.40
Claim Ratio	33%	40%	
Expense Ratio	33%	40%	
Combined Ratio	85%	98%	

### FIRE



### FIRE - RATIOS



# SEGMENTWISE OUTLINE

## Marine, Aviation and Transport

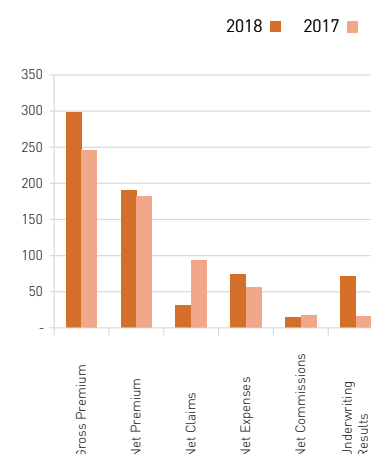
### Marine Cargo

Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses "A", "B" & "C". The cover takes care of risks associated with different modes of transportation.

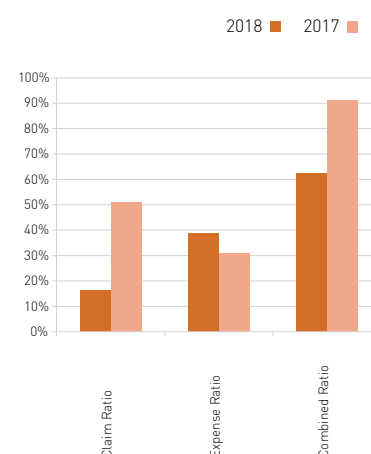
### Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

### MARINE



### MARINE - RATIOS



	2018 Rupees	2017 Rupees	Change %
Gross Premium	298,294,425	244,844,487	21.83
Net Premium	190,930,597	182,064,884	4.87
Net Claims	31,352,307	92,897,047	(66.25)
Management Expenses	73,770,345	56,541,573	30.47
Net Commissions	14,053,634	16,795,303	(16.32)
Underwriting Results	71,754,311	15,830,961	353.25
Claim Ratio	16%	51%	
Expense Ratio	39%	31%	
Combined Ratio	62%	91%	



# SEGMENTWISE OUTLINE

## Motor

### Auto Sure Plan - Auto Insurance with free Tracker Risks Covered

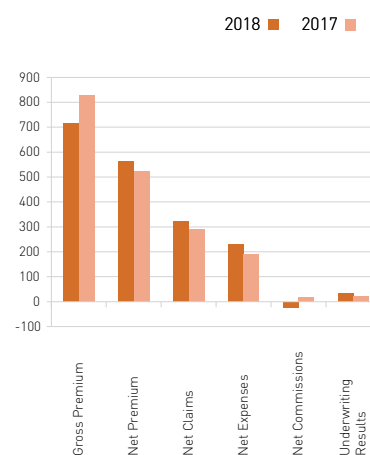
Accidental External means.  
Riots, Strikes & Malicious Damages  
Theft.  
Fire, External explosion, self-ignition or lightning or frost.  
Third Party Liability.

#### Value Added Features:

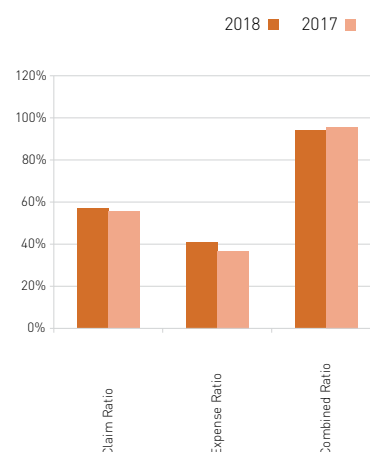
- Free towing to the nearest workshop.
- Get your car repaired from the workshop of your own choice.
- UIC claim experts will help in getting the Final Police Investigation Report.
- Free death repatriation of the driver within Pakistan.
- Funeral expenses & arrangements for the said person will be borne by UIC.
- No hidden taxes & charges.
- We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

	2018 Rupees	2017 Rupees	Change %
Gross Premium	715,148,402	826,864,620	(13.51)
Net Premium	564,822,913	521,750,415	8.26
Net Claims	321,412,389	289,737,699	10.93
Management Expenses	232,380,582	191,670,121	21.24
Net Commissions	22,725,231	(18,144,732)	(225.24)
Underwriting Results	33,755,173	22,197,863	(52.06)
Claim Ratio	57%	56%	
Expense Ratio	41%	37%	
Combined Ratio	94%	96%	

### MOTOR



### MOTOR - RATIOS





# SEGMENTWISE OUTLINE

## Crop

### Crop Insurance

Financial protection against natural disasters, fire & lightning and insect / pets attack on standing crop.

#### Farmer

- Project his source of credit and debit carrying capacity.
- Low premium rates.

#### Lender (Bank)

Protected against default when crops fail.

#### Insurer

Selling and administration cost is greatly reduced due to larger business volume / turnover.

#### Farmer

Mandatory for all borrower farmers.

### Crops Covered

All field Crops.

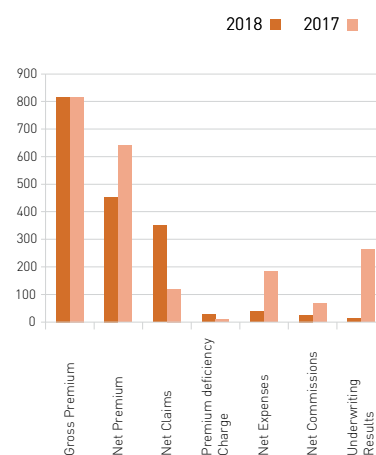
### Types of Cover

The consortium provides two types of cover:

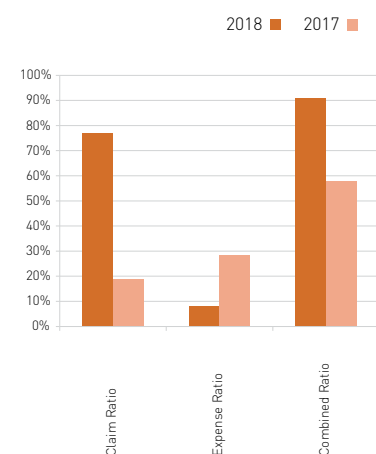
1. Catastrophe Area Loss Cover (CALC)
2. Catastrophe Individual Loss Cover (CILC)

	2018	2017	Change %
	Rupees	Rupees	
Gross Premium	816,590,903	816,547,669	0.01
Net Premium	453,448,009	641,201,456	(29.28)
Net Claims	350,034,752	120,154,804	191.32
Premium deficiency Charge	27,598,977	8,398,084	228.63
Management Expenses	36,885,173	182,526,817	(79.79)
Net Commissions	24,804,116	67,469,330	(63.24)
Underwriting Results	14,124,991	262,652,421	(94.62)
Claim Ratio	77%	19%	
Expense Ratio	8%	28%	
Combined Ratio	91%	58%	

### CROP



### CROP - RATIOS



# SEGMENTWISE OUTLINE

## Miscellaneous

### Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation /Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or as per Common Law.

### Cash in Transit Insurance

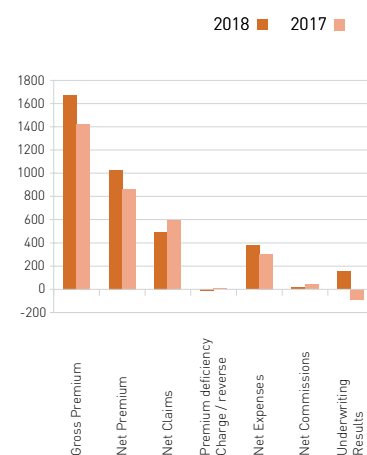
This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

### Accident Coverage

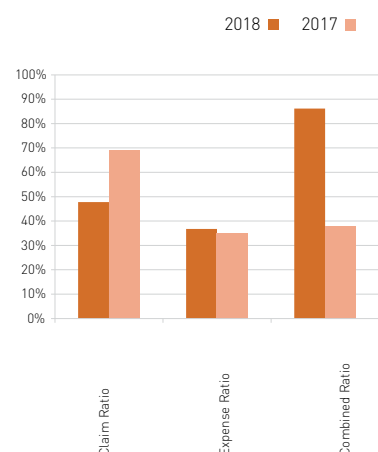
This cover operates 24 hours and on worldwide basis. It provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial disablement, temporary total and temporary partial disablement caused by an accident. In addition the cover also provides reimbursement of emergency transportation to the nearest hospital and expense incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

	2018 Rupees	2017 Rupees	Change %
Gross Premium	1,676,054,776	1,422,282,732	17.84
Net Premium	1,029,668,164	865,450,656	18.97
Net Claims	492,297,255	598,991,762	(17.81)
Premium deficiency Charge / reverse	(10,330,278)	8,634,278	(219.64)
Management Expenses	378,718,410	303,870,376	24.63
Net Commissions	15,985,866	41,574,844	(61.55)
Underwriting Results	152,996,911	(87,620,604)	(274.61)
Claim Ratio	48%	69%	
Expense Ratio	37%	35%	
Combined Ratio	86%	38%	

### MISCELLANEOUS



### MISCELLANEOUS - RATIOS





# SEGMENTWISE OUTLINE

## Overall



### Fire & Property Damage Insurance:

- Fire & allied perils
- Property all risk
- Industrial all risk
- Burglary
- Contractors all risk
- Machinery breakdown

### Marine Aviation & Transport Insurance

- Marine Cargo Export
- Marine Cargo Import
- Marine Cargo inland transit
- Marine hull

### Motor Insurance

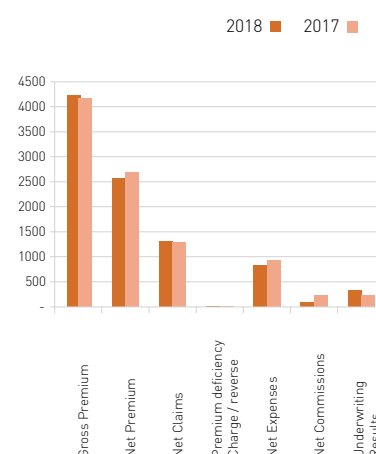
- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor cycle comprehensive
- Motor third party liability

### Miscellaneous Insurance

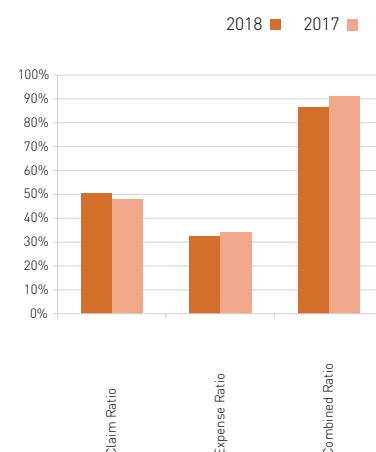
- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock
- Crop

	2018 Rupees	2017 Rupees	Change %
Gross Premium	4,227,347,995	4,163,545,967	1.53
Net Premium	2,574,381,371	2,678,707,848	(3.89)
Net Claims	1,305,273,666	1,287,193,319	1.40
Premium deficiency Charge / reverse	17,268,699	17,032,362	98.63
Management Expenses	832,410,027	921,226,382	(9.64)
Net Commissions	96,183,161	231,943,707	(58.53)
Underwriting Results	323,245,817	221,312,077	46.06
Claim Ratio	51%	48%	
Expense Ratio	32%	34%	
Combined Ratio	87%	91%	

### OVERALL



### OVERALL - RATIOS



# GROUP CHAIRMAN'S MESSAGE



## Fresh Perspectives

The issues before us require fresh perspectives, open minds and courageous solutions.

I am pleased to report that, The United Insurance Company (UIC) has delivered solid financial performance in 2018 and has proven its commitment to continuous improvement, not only in business operations but also in its corporate social responsibility efforts. Societal and economic circumstances is ever changing rapidly and geopolitical developments such as the China-Pakistan Economic Corridor (CPEC) is bringing a significant shift across the insurance industry.

In response to such shifts, we will take full advantage of UIC's unique collective capabilities to optimize and adapt its portfolio to the changing times. We do not know when the next economic downturn will come, but we firmly believe that at UIC, we are well-equipped to weather any storm.

UIC is constantly engaged in strengthening its presence in various sectors by applying our expertise to develop future Core Business. We have delivered and we are further committed to create the optimum business portfolio for our valued customers.

During the past year, we had a strategic and

coordinated approach to corporate social responsibility function, to develop an integrated strategy that aligns with our priorities and position us as leaders in the insurance sector of Pakistan.

In order to make the coming year equally as fruitful as 2018, we aim to do our best to continue meeting expectations of our stakeholders, grow our businesses in such a way as to simultaneously generate economic, returns for our shareholders and safety of policy holder.

We thank you for your support and look forward to working together for an even brighter future.

Sincerely,



**Mian M.A. Shahid**  
Chairman – UIG Group  
Date: March 05, 2019

# CHIEF EXECUTIVE'S MESSAGE



## Fresh Perspectives Now in even stronger position to reach our 2018–2020 financial targets.

United Insurance Company (UIC) has continually strived to endorse the changes in the insurance industry by injecting vitality and increased professionalism in our business culture. We value our existing and potential customer relationships put devoted emphasis on customer satisfaction across all business segments. We wish to establish a new paradigm of quality, positive change and integrity in the provision of security for the future of our clients and their loved ones.

We perform detailed analysis of the regulatory environment and economic market in which we operate and try to achieve our targeted results over the course of each year. I believe that at UIC, by directing capital to business along with the company's philosophy of encapsulating differentiation strategy through offering more value added insurance solution to our customers, we will keep on increasing our business.

At UIC, we are driven by our purpose and that starts with bringing the skills and experiences of our people to help our clients with the challenges they face.

As we come to the end of another year, I believe it has been a good year for UIC and its affiliated companies and stakeholders across all line of business. I am particularly positive about the new prospects and areas we wish to explore over the years to come, which will be to our mutual benefit of UIC and its clientage/shareholders.

Thanking You!

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohammed Rahat Sadiq'.

Mohammed Rahat Sadiq  
CEO

Date: March 05, 2019

# DIRECTORS' REPORT TO THE MEMBERS



**On behalf of The United Insurance Company of Pakistan Limited the directors are pleased to present the 59th Annual Report along with the combined audited financial statements of UIC and its Window Takaful Operations for the year ended December 31, 2018. The principal activity of the company is general insurance business.**

## ECONOMIC OVERVIEW

Recently, economy of Pakistan was affected due to speculations, negativity of short term debts and declining investments, but timely actions of the government put things on the right path.

First priority of the government was payment of 9 billion USD debt in 2019 and that to reduce current the account deficit of 11 to 13 billion USD.

Fortunately, government has begun implementation of its plans and instructed the state bank of Pakistan to adjust exchange rates from

26% to negative values. Further, Government has increased the import duty on luxury items to reduce import bill. This move has drastically reduced the import bill of Pakistan but some critics are of the view that this decline is normal routine procedure and has nothing to do with policy of the government. However, a decline was essential for the economy of Pakistan as artificial adjustments has been made in last five years. This decline has fueled remittances to 12.5% and exports have been improved. The government is also making plans to encourage overseas Pakistanis to increase remittances through formal channel by reducing the speed, security and administrative problems.

Further, refurbishment of foreign policy has attracted the investment from Saudi and UAE government, relaxation is being provided by both the governments by deferring oil payment. Government has taken steps to foster foreign investments by opening up KPK areas for tourists and taking important steps to slow exports and local productivity. This

could help in reducing financing and help in gaining self-sufficiency.

Moreover, government is trying to reduce energy prices for local industry in order to boost up exports, for instance, LNG cost is reduced to regional average rate of 6.5USD per MMBTU and electricity rates are reduced to 7.5 cents/KWH for export sector. Despite of these positive economic indications, the challenge is not over for the government yet. As mentioned earlier, the government has increased interest rate which is generally followed by a decrease in investment since the cost of borrowing increases. This effect will contradict the current government's agenda to boost investments. However, the action was a necessary evil, since inflationary pressures from the rupee devaluation made it inevitable to control prices.

With the beginning of 2019, Pakistan would be entering into the second phase of China Pakistan Economic Corridor (CPEC). This means that the government would focus on trade policies and industrial development,



# DIRECTORS' REPORT TO THE MEMBERS

moving on from infrastructure. Large multinational companies are already interested in setting up industries in the automobiles, telecommunications, energy and electronics industry, in order to tap the undiscovered potential of the people of Pakistan.

These are positive signs for insurance industry as well. With rise of local industry and beginning of second phase of CPEC demand of the insurance will also increase which will result in overall growth of insurance industry.

## PERFORMANCE REVIEW OF CONVENTIONAL BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2018

During the year 2018 in the face of immense competitive pricing, the company was able to attain the premium growth. Company's Gross Written Premium increased by 1.53%, from Rs 4,163.546 million in 2017 to Rs 4,227.348 million in 2018. Premium growth was recorded mainly in Marine and Miscellaneous businesses. The Company's net premium income stands at 60.90% of GWP. Overall the underwriting result, increased by 46.06% during the year from Rs. 221.312 million in 2017 to Rs. 323.246 million in 2018. The Company's investment income decreased from Rs. 67.205 million in 2017 to Rs. 8.365 million in 2018. Company's management expenses

stand at 19.69% of GWP. Profit on investment in associates increased from loss Rs. 35.382 million in 2017 to profit of Rs. 23.701 million in 2018 due to better control over management operations. However, it is noticed that revenue of the investee entity has been increased from Rs. 1,577.980 million in 2017 to Rs. 2,157.836 million in 2018. Company's profit before tax increased from Rs. 487.345 in 2017 compared to Rs. 562.701 million in 2018. Similarly, profit after tax increased from Rs. 292.284 million in 2017 as compared to Rs. 389.223 million in 2018.

## PERFORMANCE REVIEW OF WINDOW TAKAFUL OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

Company's Gross Written Contribution increased by 5.06% from Rs.962.597 million in 2017 to Rs. 1,011.258 million in 2018. Contribution growth was recorded mainly in Fire and Marine business which resulted in increase of 50.95% in Fire and 77.14% in Marine businesses respectively as compare to 2017 figure. The Company's net Contribution income stood at 66.97% of the Gross written contribution which is decreased by 4.40% in comparison to year 2017. Management expenses slightly increased by Rs.5.043 million in 2018. Direct expenses of Participants takaful fund decreased from Rs.91.687 million in 2017 to Rs.51.626

million in 2018. Investment income of PTF stood at Rs.5.803 million in 2018.

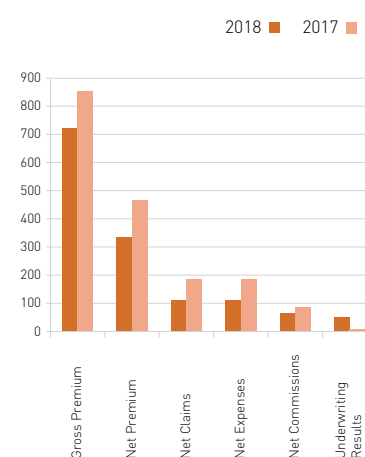
## EARNINGS PER SHARE

Your Company has reported earnings per share of Rs. 1.72 in 2018 as compared to Rs. 1.29 in 2017

## SEGMENTS AT A GLANCE CONVENTIONAL FIRE AND PROPERTY DAMAGE

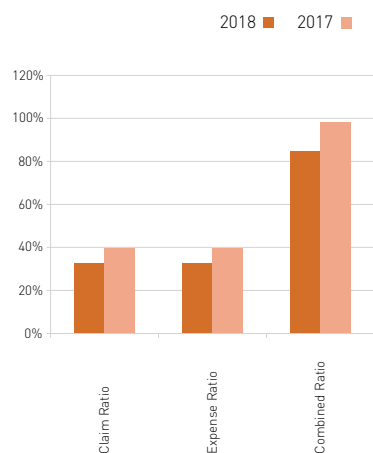
The gross written premium for the year ended 2018 was Rs. 721.259 as compared to Rs. 853.006 million in 2017 and constituted 17.06 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue were 32.84 % in 2018 as against 39.60 % in 2017. The underwriting profit for the year increased to Rs. 50.614 million as compared to Rs. 8.251 million in 2017.

### FIRE

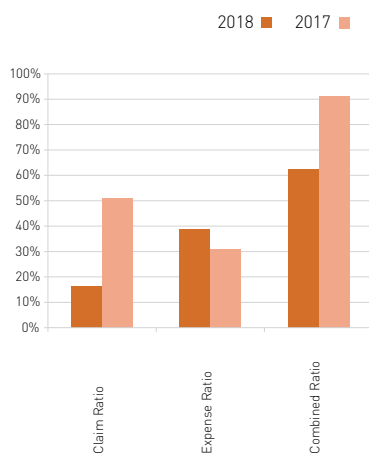


# DIRECTORS' REPORT TO THE MEMBERS

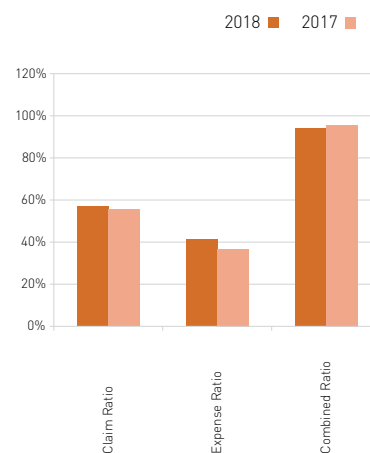
## FIRE - RATIOS



## MARINE - RATIOS



## MOTOR - RATIOS



## MARINE, AVIATION AND TRANSPORT

The gross written premium increased to Rs. 298.294 million in 2018 as compared to Rs. 244.844 million in 2017 and constituted 7.06 % of the total gross written premium of the Company. Net claims as a percentage of net premium revenue were 16.42% in 2018 as against 51.02 % in 2017. The underwriting profit for the year was Rs. 71.754 million in 2018 as compared to Rs. 15.830

million in 2017.

## MOTOR

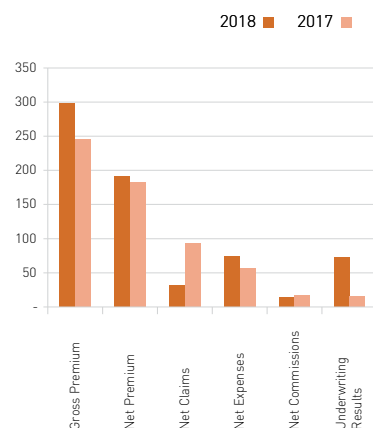
The gross written premium decreased to Rs. 715.148 million in 2018 as compared to Rs. 826.865 million in 2017. The gross written premium of this segment constitutes 16.92% of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 56.90% in 2018 as against 55.53% in 2017. The underwriting profit increased to Rs. 33.755 million in 2018 as compared to

Rs. 22.198 million in 2017.

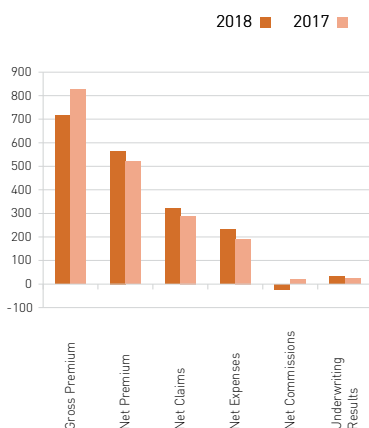
## CROP

The gross written premium increased to Rs. 816.591 million in 2018 as compared to Rs. 816.548 million in 2017. The gross written premium of this segment constitutes 19.32% of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 77.19% in 2018 as against 18.74 % in 2017. The underwriting profit decreased to Rs. 14.125 million in 2018 as compared to Rs. 262.652 million in 2017 due

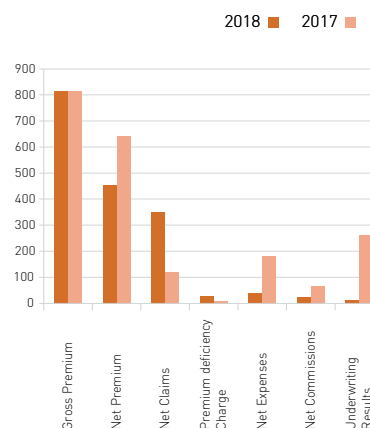
## MARINE



## MOTOR

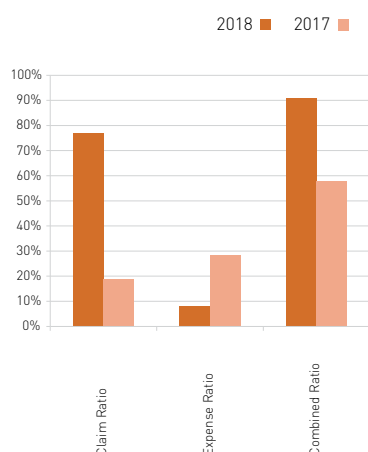


## CROP



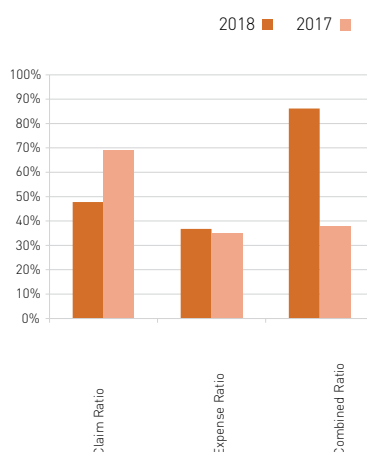
# DIRECTORS' REPORT TO THE MEMBERS

## CROP - RATIOS



increased net claims expense.

## MISCELLANEOUS - RATIOS



Rs. 87.621 million in 2017.

## MISCELLANEOUS

The gross written premium increased to Rs. 1,676.055 million in 2018 as compared to Rs. 1,422.283 million in 2017. The gross written premium of this segment constitutes 39.65% of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 47.81% in 2018 as compared to 69.21% in 2017. The underwriting profit for the year to Rs. 152.997 million in 2017 compared to negative

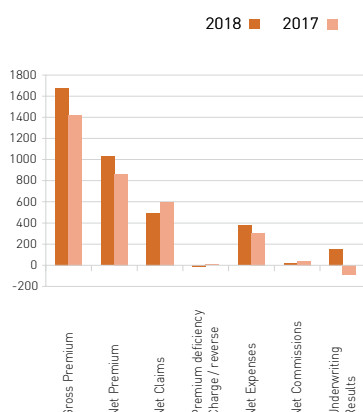
## CLAIMS

Prompt settlement of claims is our vital function of which we are proud of. Natural Catastrophic claims are unavoidable and are complex in nature; these are either total or partial loss. Fire, Motor "own damage", Crop and Health claims accounted for majority of the claims which were promptly settled.

## RE-INSURANCE

Your Company follows a policy of optimizing risk retention through a carefully designed program of re-insurance. We have structured our reinsurance program to protect the value at risk at all times during the policy period. Our reinsurance coverage and strategic disaster planning is based on Company's exposure, accumulation and concentration of risk at the location.

## MISCELLANEOUS



UIC's reinsurance arrangements predominantly comprise of excess of loss treaties, our panel consists of Swiss Re (Rated 'AA-' by S&P), Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST), PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Assistance, (A1 by Moody's), Kuwait Re (A- AM Best) and XL Catlin Singapore PteLtd (Rated 'A-' by S&P) and Emirates International Dubai (Rated 'A-' by AM BEST) our enhanced capacity allows us to underwrite large risks.

## INVESTMENT INCOME

Our investment objective is to attain maximum return from our investment portfolio for the company/ shareholders, the investment committee implements and monitors our investment strategies, guidelines, policies of the Board and the group's investment guideline. The Company will continue to place special emphasis on generating revenues by safe and sound investments generating good returns. During the year, income from investment decreased to Rs. 8.365 million in 2018 as compare to Rs. 67.205 million in 2017.

## COMPANY'S ASSETS

The total assets of the Company as on 31 December, 2018 stood at Rs. 6,895.465 million against Rs.

# DIRECTORS' REPORT TO THE MEMBERS

6,211.319 million last year showing as increase of 11.01% mainly due to investment and Re-Insurance recoveries in assets.

## INTERNAL CONTROLS

The system of internal controls is sound and is being implemented and monitored by the Internal Audit Department. This is a continuing process and any weaknesses are identified and removed. Further, same is regularly reviewed by the board.

## RISK MANAGEMENT POLICY

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. Our Company's Risk Management approach is made for qualitative evaluation of risk and minimizing its hazards. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been formulated and clearly spelled out in the said guidelines.

## ISO 9001 CERTIFICATION

All Department of UIC Insurance are ISO 9001:2015 certified. By complying with this standard we have not only continuously improved our processes with the ultimate aim of Customer

satisfaction but this also helped us in effective monitoring. At UIC, we are fully aware of how beneficial this standard is for us which includes but not limited to more organized operating environment, better working conditions, increased job satisfaction and enhanced customer satisfaction. Quality awareness has increased because all employees have been trained to take the "ownership" of processes that they are involved in developing and improving. This has helped to develop a strong quality culture, where the employees identify problems such as systems or process issues and work on fixing them.

We have successfully achieved second Certification of ISO 9001: 2015 in November 2018.

## INFORMATION TECHNOLOGY

Your Directors recognize the importance of Technology in today's business environment by ensuring that we are up to date with the new technology in time with increasing numbers of policies and claims. The Communication infrastructure has been strengthened by upgrading the Reinsurance Management System fully integrated with our existing MIS. The Company is also developing "Business Intelligence Module (BIM)" through a software developer which would lead to further better quality services of chain of documents from branches to head office and vice versa.

## HUMAN RESOURCE

At UIC, a greater emphasis is being placed on enhancing the quality of our HR, which will further enhance our marketing & administration capabilities of our employees, resulting in improved efficiency and qualitative services. At UIC we provide continuous & challenging opportunities for the intellectual and professional growth of our employees. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of processes which builds overall trust resulting in improvement and reward recognition for its employees.

## CORPORATE SOCIAL RESPONSIBILITIES – CSR

UIC is voluntarily contributing for a better society and a cleaner environment for the citizens of Pakistan especially for the youth and special children. The Company has an aim and its business strategy is contributing in society through its business activities and its social investment. The Company has conducted various CSR activities in the areas of sports, environment, occupational safety & health and also arranged seminars, medical camps, and motivation speeches.

# DIRECTORS' REPORT TO THE MEMBERS

## RELATED PARTY TRANSACTIONS

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies/Related Parties, all the transactions executed with related parties are at arm's length basis.

## TRADING IN COMPANY'S SHARES

During the year 2018, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, Secretary, Head of Internal Audit and Executive and their spouses and minor children.

The information about the trading in Company's shares is presented at the meeting of the board subsequent to such transaction.

## INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer's Financial Strength (IFS) rating of your Company as "AA-" (Double A minus). The rating denotes a "very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small"

## CODE OF CONDUCT

Your Company has designed a

Code of Conduct to ensure ethical practices and integrity signed by all the employees. All our operational activities are carried out in a transparent manner strictly following the code of ethics, to which there is no compromise.

## APPROPRIATIONS

Your Directors' are pleased to present the following figures with recommendations for the year ended December 31, 2018.

	2018 Rupees	2017 Rupees
<b>Particulars</b>		
<b>Profit before tax</b>	<b>389,222,610</b>	292,284,179
Other Comprehensive Income /(Loss) for the year:		
Items to be re-classified to profit and loss account in subsequent period:	<b>16,572,139</b>	(56,180,251)
Items not to be re-classified to profit and loss account in subsequent year:	<b>(4,065,254)</b>	(1,728,302)
Share of other comprehensive income / (loss) from associate	-	(613,431)
Sub total	<b>12,506,885</b>	(58,521,984)
Total comprehensive income for the year	<b>401,729,495</b>	233,762,195
Last year unappropriated profit	<b>311,889,530</b>	338,329,095
Profit Available for appropriation	<b>713,619,025</b>	572,091,290
Appropriated/appropriations:		
15% Final Stock dividend (2017:13%)	<b>339,263,060</b>	260,201,760
Unappropriated profit	<b>374,355,965</b>	311,889,530

Report on corporate and financial reporting frame work is part of Directors' report which is available at page no 38.

## FUTURE OUTLOOK

In spite of general decline, Pakistan's economy continues to experience upward trend. Agriculture, industry and services supported GDP growth from the supply side. Consumption

continues to drive growth, while investment demand remains sluggish. Accumulating macro imbalances point to vulnerabilities on the external front as well as on the fiscal front with implications on debt levels. Inflation remained within target, with the State Bank of Pakistan (SBP) tightening monetary policy in Second half of financial year of 2018. GDP growth is expected to decelerate in financial year 2019. Structural reforms are needed for long term growth. A

sustainable fiscal policy over the medium term requires a credible fiscal consolidation plan today. Allowing exchange rate flexibility will help create a buffer and reduce vulnerability to external shocks. Structural reforms conducive to better integration in the global economy are needed for increased productivity and resilience.

Global growth is expected to

# DIRECTORS' REPORT TO THE MEMBERS

decelerate over the next two years, after reaching 3.1 percent in 2018. As the global sluggishness has dissipated and commodity prices have stabilized, major central banks have conducted contractionary monetary policies. Increase in interest rates leading to a rising US dollar is likely to dry up the liquidity that had been flowing to emerging markets in recent years, thus increasing rollover risks on foreign-currency denominated debt. Furthermore, trade tensions between the United States and China could add stress to emerging markets. By increasing uncertainty, these tensions could lead to a reduction in global investment demand and a re-shuffling of existing global value chains, with implications not only for trade flows but also for foreign direct investment (FDI).

Economic performance in Pakistan remains robust, with GDP growth in FY18 at 5.8 percent—its highest level in 11 years. While inflation remained below target, imbalances on the fiscal and external fronts mounted, increasing vulnerabilities that could compromise future growth. The fiscal deficit continued to expand on the back of weak revenue growth and large increases in recurrent spending. This, coupled with a large current account deficit (CAD), on the back of the largest trade deficit registered in Pakistan's history, has accentuated the country's vulnerabilities. Energy sector arrears have also been accumulating, as well as fiscal contingencies, due

to investment guarantees mainly associated with projects for the China-Pakistan Economic Corridor (CPEC). Taken together, these imbalances imply increased risk and liabilities.

Growing macroeconomic imbalances have dampened the growth outlook. GDP growth is projected to decelerate in FY19 due to contractions in private and public consumption, as the authorities tighten fiscal policy and adjust other policy levers to correct the imbalances. Services, the main driver of growth in recent years, will lead this deceleration, albeit continuing to grow, but more in line with growth rates seen in the industry and agriculture sectors.

Immediate policy adjustments, entailing fiscal consolidation and increased exchange rate flexibility, are needed to restore and maintain macroeconomic stability. Renewed efforts are essential to advance medium-term structural reforms to shift the growth model away from being consumption-led to one led by investment and productivity.

The context of increasing external financing requirements, rising interest rates and tighter global liquidity poses challenges, given that diminished reserves and elevated debt ratios have reduced Pakistan's ability to withstand external shocks. The recent depreciation of the Pakistani rupee that resulted in an acceleration of exports and a

deceleration of imports toward the second half of FY18 showed the importance of exchange-rate flexibility to rebalance the external accounts. The depreciation of the Pakistani rupee has helped to switch expenditure away from foreign goods and toward domestic goods, and could partially offset the dampening effect of fiscal consolidation on domestic demand. At the same time, the depreciation of the Pakistani rupee has increased the value of Pakistan's portion of debt liabilities denominated in foreign currencies, and put upward pressure on inflation, mainly through increases in the prices of tradable goods.

Integration into the global economy provides opportunities for Pakistani firms to increase productivity—the fundamental driver of growth. However, on the export front, Pakistan has still to tap into the potential of greater integration. Despite the most recent export growth, the past decade's export performance reflects the worsening competitiveness of Pakistan's economy, particularly compared with the export performance of peer countries. However, continuity of same policies will result in future export growth and prosperity for Pakistan industry.

## ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the SECP, Bankers, Government



# DIRECTORS' REPORT TO THE MEMBERS

Authorities and Business associates at all levels. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and behalf of directors of The United Insurance Company of Pakistan Limited



**Javaid Sadiq**  
Chairman



**Mohammed Rahat Sadiq**  
Chief Executive Officer

Date: March 05, 2019

# REPORT ON CORPORATE

and Financial Reporting Framework

1. The financial statements prepared by the Company, depicts fairly its state of affairs, i.e. results of its operations, cash flows and change in equity;
2. The Company has maintained proper books of accounts as required under the Companies Act, 2017;
3. The Company has followed consistently appropriate accounting policies in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standard and any other regulation or law (including but not limited to the Shariah guidelines/ principles) as applicable in Pakistan. The departure therefrom (if any) has been adequately disclosed and explained;
5. The system of internal control is sound and is being implemented and monitored by the internal audit department. This is a continuing process and any weaknesses are removed and its effective implementation shall be ensured.
6. The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Key operating and financial data for the last six years in summarized form is included in this annual report on page17;
9. Outstanding taxes and duties amounting to Rs. 142,726,834/- which will be paid partially in the month of January, 2019 and partially in with income tax return of tax year - 2019;
10. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2018, except as those disclosed in the financial statements;
11. All significant plans, major decisions such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospect;
12. The value of investment in assets of gratuity fund and Employees provident fund amounts to Rs. Nil (Nil:2017/- and Rs:103,197,134/-(2017: Rs. 38,454,824/-) respectively as at December 31, 2018;
13. The number of meetings attended by each Director is given hereunder;

Sr. no	Name of Directors	Meetings Attended
1.	Mr. Javaid Sadiq	4 out of 4
2.	Mr. Khawas Khan Niazi	4 out of 4
3.	Mr. Muhammad Rahat Sadiq	4 out of 4
4.	Ms. Huma Waheed	4 out of 4
5.	Mr. Agha Ali Imam	3 out of 4
6.	Mr. Jamil Ahmed Khan	3 out of 4
7.	Mr. Syed Rahat Ali Shah	3 out of 4

Leave of absence was granted to the Director who could not attend the board meetings.

## BOARD COMMITTEES

Your Company maintains following three board committees.

## AUDIT COMMITTEE

The Board is responsible for effective implementation of a sound internal control system, including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective

# REPORT ON CORPORATE

and Financial Reporting Framework

assurance. The Audit Committee comprises of three (3) members, one director is independent and two of them are non-executive directors. The term of reference of the Audit Committee is aligned with the Code of Corporate Governance. During the year, the Audit Committee held four (4) meetings, each before the Board of Directors meeting to review the financial statement, internal audit reports, compliance with the best practices of the Corporate Governance requirement and other associated matters.

## INVESTMENT COMMITTEE

The Company has a board level investment committee that meets on a quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company. The Investment Committee comprises of three (3) members including Chairman of the Committee is an independent director. During the year, the Investment Committee held four (4) meetings.

## ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

The Ethics, Human Resource & Remuneration Committee is responsible for formulating Human Resource policies of the Company. It also makes recommendations

to the Board regarding selection, evaluation, compensation (including retirement benefits) of key officers of the Company. The Committee regularly reviews the Human Resource policies and sets criteria for recruitment and selection, training & development, succession planning and health & safety of the employees. The Committee meets at least once in a year.

## MANAGEMENT COMMITTEES

As part of the Code of Corporate Governance, your Company maintains following four (4) management committees which meet at least once every quarter:

## UNDERWRITING COMMITTEE

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

## CLAIMS SETTLEMENT COMMITTEE

Besides formulating and updating

claim settlement policy, the Claim Committee monitors progress of settlement of claims. It ensures that the claims are settled efficiently and expeditiously. The Claims Settlement Committee determines the circumstances under which the claim disputes are to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combatting fraudulent claim cases.

## REINSURANCE & CO-INSURANCE COMMITTEE

This committee ensures that adequate reinsurance arrangements are made for the company's businesses. It evaluates the proposed reinsurance agreements prior to execution, review the agreement time to time and subject to the consent of the participation reinsurers, make appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program.

## RISK MANAGEMENT & COMPLIANCE COMMITTEE

Risk Management Committee identifies, assesses and prioritizes risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the

# REPORT ON CORPORATE

and Financial Reporting Framework

realization of opportunities. The Company has laid down a comprehensive Risk Assessment and Minimization procedure, which is reviewed by the Board from time-to-time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework. The major risks have been identified by the Company and its mitigation process/ measures have been formulated in the areas such as business, project execution, event, financial, human, environment and statutory compliance.

## PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as at December 31, 2018 is reported at page no 47. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Executives and their spouses and minor children during the year 2018, except the following

Name of Director	Shares Purchased
Mr. Syed Rahat Ali Shah	1,500

shares which were purchased by the new Directors as qualification shares:

## DIRECTORS & COMPANY SECRETARY

Mr. Taseer Yousef Makhdoom

resigned from the Board. The casual vacancies on the Board were filled by co-option of Mr. Syed Rahat Ali Shah for the remainder of the term. The Board also acknowledged their contributions toward the Company's growth over the last 1 year.

## AUDITORS

The Company's Auditors M/s. Ilyas Saeed & Co, Chartered Accountants retire and offer themselves for re-appointment as Company's statutory auditors. The Audit Committee reviewed and recommended to the Board of Directors for re-appointment of M/s. Ilyas Saeed & Co, Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2019.

## MATERIAL CHANGES

During the reporting year, the company further invested in Apna Microfinance Bank Limited by resulted in increase from Rs. 397,487,931/- in 2017 to Rs. 421,189,277/- in 2018 and percentage of holding in associate came to 44.50% in 2018.

## INSURANCE ORDINANCE, 2000

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in

accordance with the Insurance Ordinance and any rules made there under;

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

For and on behalf of the Board



**Mohammed Rahat Sadiq**  
Chief Executive Officer

Date: March 05, 2019

# CODE OF CONDUCT

The directors and employees at all levels of “The United Insurance Company of Pakistan Limited” hereinafter called UICL shall adopt this code of conduct.

## RELATIONSHIP WITH EMPLOYEES

The entity is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit, and excellence oriented. It believes in providing its employees safe and healthy working conditions, and maintaining good channels of communications. The UICL expects its employees to abide by certain personal ethics, whereby UICL information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

## RELATIONSHIP WITH THE COMPANY

The UICL's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship. The advancement in the business procedures and practices and upgrading of electronic technology shall be adopted for the wellbeing of the company. The UICL does not support any political party nor contributes to the funds of groups whose activities promote party interests.

## RELATIONSHIP WITH THE CLIENTS

The UICL is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the UICL recognizes its social responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.

## RELATIONSHIP WITH MEMBERS

We are fully supported by our members to serve in the best interest of the company by achieving consistent growth and reputation of the company.

## COMPLIANCE OF APPLICABLE LAWS AND REGULATIONS

The UIC complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The UICL believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency

of business transactions. The rules and regulations formulated and practiced shall not supersede any

Government or legislative body laws and regulations applicable to the company. The Board ensures that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.



# INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of The United Insurance Company of Pakistan Limited  
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Code of Corporate Governance for Insurers, 2016**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Code of Corporate Governance for Insurers, 2016 (the Regulations), prepared by the Board of Directors of The United Insurance Company of Pakistan Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the (Code of Corporate Governance) Regulations, 2017 and provision (lxxvii) of the Code of Corporate Governance for Insurers, 2016.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2018.



**ILYAS SAEED & CO.**

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 05, 2019

Place: Lahore

# STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended December 31, 2018

**This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016, (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2017, (the Regulations) for the purpose of establishing a framework of good governance, whereby the company is managed in compliance with the best practices of corporate governance.**

The company has applied principles in the Code and has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:

- a) Male : Six (6)
- b) Female : One (1)

2. The company encourages representation of independent non-executive directors and directors representing minority

Category	Names
Independent Director	Agha Ali Imam Jamil Ahmed Khan
Non-Executive Directors	Khawas Khan Niazi Javaid Sadiq Syed Rahat Ali Shah
Executive Directors	Mohammad Rahat Sadiq Huma Waheed

on its Board of Directors (the Board). At present the composition of the Board is as follows:

The independent directors meet the criteria of independence as laid down under the Code.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies).

4. 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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

5. No casual vacancy occurring on the Board during the year.

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

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All 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 Chief Executive Officer, other executive directors and the key officers have been taken by the Board of the relevant provisions of the Companies Act, 2017, (the Act) and the Regulations.

9. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the Board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

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

11. The Board arranged Directors' Training Program for the following directors:

- Mr. Jamil Ahmed Khan
- Mr. Syed Rahat Ali Shah

12. The Board has established a system of sound internal control,

# STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2017 & Code of Corporate Governance, 2012 for the year ended December 31, 2018

which is effectively implemented at all levels with the company. The company has adopted and complied with all the necessary aspects of internal controls given in the Code.

13. There was no new appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year.

- The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

14. 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.

15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

16. The Directors, Chief Executive Officer and other Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

17. The company has complied with all the corporate and financial reporting requirements of the Code.

18. The Board has formed the following Management Committees:

## Underwriting Committee:

Name of Member	Category
Mr. Khawas Khan Niazi	Chairman
Mr. Mohammed Rahat Sadiq	Member
Mr. Syed Muhammad Qaisar Imam	Member
Mr. Fahad Butt	Secretary

## Claims Settlement Committee:

Name of Member	Category
Ms. Huma Waheed	Chairperson
Mr. Mohammad Rahat Sadiq	Member
Mr. Tajammal Iqbal	Member
Mr. Kamran Zaman	Secretary

## Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Khawas Khan Niazi	Chairman
Mr. Mohammad Rahat Sadiq	Member
Mr. Abrar Ahmed Minhas	Secretary

## Risk Management & Compliance Committee:

Name of Member	Category
Mr. Javaid Sadiq	Member
Ms. Huma Waheed	Member
Syed Rahat Ali Shah	Member
Mr. Ali Hassan Bhatti	Secretary

19. The Board has formed the following Board Committees:

## Ethics, Human Resource & Remuneration Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Javaid Sadiq	Member
Mr. Mohammad Rahat Sadiq	Member
Syed Rahat Ali Shah	Member
Mr. Wakeel Ahmed Mirza	Secretary

## Investment Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Agha Ali Imam	Member
Mr. Mohammad Rahat Sadiq	Member
Mr. Tajammal Iqbal	Member
Mr. Maqbool Ahmed	Secretary

20. The Board has formed an Audit Committee. It comprises of five (5) members, of whom two (2) is independent director and two (2) are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

# STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2017 & Code of Corporate Governance, 2012 for the year ended December 31, 2018

## Audit Committee:

Name of Member	Category
Mr. Agha Ali Imam	Chairman
Mr. Khawas Khan Niazi	Member
Syed Rahat Ali Shah	Member
Mr. Maqbool Ahmed	Member
Mr. Abdul Mannan Munir	Secretary

21. The meetings of the Underwriting, Claims, Re-insurance & Co-insurance, Risk Management, Investment and Audit Committees were held at every quarter prior to approval of interim and final results of the company and as required by the Code.

22. The terms of references of the aforesaid Committees have been formed and advised to the Committees for compliance.

23. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- Audit Committee: Four (04) meetings
- Ethics, Human Resource & Remuneration Committee: Four (04) meetings
- Risk Management & Compliance Committee: Four (04) meetings

effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a regular basis.

25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit are competent and qualified as per the Code. Moreover, the persons who are handling the underwriting, claims, reinsurance, risk management and grievance functions/ department are competent, experience and qualified, as required under section 12 of the Insurance Ordinance, 2000.

from the panel of auditors approved by the Commission in terms of sections 48 of the Insurance Ordinance, 2002. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

27. The statutory auditors or the persons associated with them

## List of Person is hereunder

List of Person is hereunder	Designation
Mohammed Rahat Sadiq	Chief Executive Officer
Maqbool Ahmed	Chief Financial Officer
Athar Ali Khan	Company Secretary
Ali Hassan Bhatti	Chief Compliance Officer
Abdul Mannan Munir	Head of Internal Audit
S.M. Qaiser Imam	Head of Underwriting
Kamran Zaman	Head of Claims
Abrar Ahmed Minhas	Head of Reinsurance
Tayyab Bashir	Head of Operation – Conventional
Shakeel Ahmed	Head of Window Takaful
Amir Hameed	Head of Operation – Window Takaful

24. The Board has set up an

26. The statutory auditors of the company have been appointed

have not been appointed to provide other services except

# STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2017 & Code of Corporate Governance, 2012 for the year ended December 31, 2018

in accordance with the Act, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

28. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.

29. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code.

30. The Board ensures that the risk management system of the company is in place as per the requirements of the Code.

31. The company has set up a risk management department, which carries out its tasks as covered under the Code.

32. The Board ensures that as part of the risk management system, the company gets itself rated from Pakistan Credit Rating Agency (the PACRA), which is being used by its risk management department and the respective Committee as a risk monitoring tool. The rating assigned by the PACRA on 24-12-2018 is AA- with Stable Outlook.

33. The Board has set up a grievance department, which fully complies with the

requirements of the Code.

34. The company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.

35. We confirm that all other material principles contained in the Code and all other requirements of the Regulations have been complied with.



**Javaid Sadiq**  
Chairman



**Mohammed Rahat Sadiq**  
Chief Executive Officer

Date: March 05, 2019



# PATTERN OF SHAREHOLDING

As At December 31, 2018

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
332	1	100	6,710
211	101	500	57,322
128	501	1000	90,582
357	1001	5000	856,709
144	5001	10000	1,026,472
65	10001	15000	785,652
37	15001	20000	641,477
26	20001	25000	599,768
15	25001	30000	402,242
15	30001	35000	494,475
14	35001	40000	519,746
8	40001	45000	337,947
5	45001	50000	242,247
5	50001	55000	267,437
2	55001	60000	118,971
7	60001	65000	437,206
3	65001	70000	202,239
1	70001	75000	73,582
1	75001	80000	75,416
3	85001	90000	263,211
4	90001	95000	368,634
1	95001	100000	97,395
2	100001	105000	202,402
1	105001	110000	108,545
2	110001	115000	227,855
1	120001	125000	121,388
4	125001	130000	510,365
1	135001	140000	135,464
1	155001	160000	155,112
1	170001	175000	172,370
1	185001	190000	185,908
2	200001	205000	404,571
2	205001	210000	415,020
1	215001	220000	217,166
1	235001	240000	238,297
1	280001	285000	280,181
1	285001	290000	288,535
1	295001	300000	298,308
1	305001	310000	309,862
1	350001	355000	353,292

# PATTERN OF SHAREHOLDING

As At December 31, 2018

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1	380001	385000	380,909
1	445001	450000	449,400
1	450001	455000	453,032
1	490001	495000	494,296
1	500001	505000	501,623
1	535001	540000	537,500
1	540001	545000	542,809
1	695001	700000	699,000
1	825001	830000	826,574
1	955001	960000	958,091
1	1320001	1325000	1,324,042
1	1525001	1530000	1,525,563
1	1650001	1655000	1,650,709
1	2700001	2705000	2,704,838
1	3570001	3575000	3,573,899
1	5715001	5720000	5,719,227
1	5950001	5955000	5,950,430
1	6420001	6425000	6,423,553
1	6535001	6540000	6,538,146
1	6575001	6580000	6,579,349
1	7440001	7445000	7,442,267
1	12000001	12005000	12,000,872
1	13830001	13835000	13,833,947
1	16285001	16290000	16,288,214
1	18805001	18810000	18,805,828
1	21500001	21505000	21,500,281
1	32975001	32980000	32,976,467
1	42900001	42905000	42,904,429
<b>1,437</b>			<b>226,175,376</b>

# CATEGORIES OF SHAREHOLDING

As per Code of Corporate Governance as at December 31, 2018

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Companies, Undertaking & Related Parties (List "A" attached)	2	58,515,447	25.87
2	NIT, ICP & Government entity (List "B" attached)	3	16,162	0.01
3	Directors , CEO & Their Spouse and minor children (List "C" attached)	7	55,079	0.02
4	Executives	NIL	NIL	NIL
5	Public Sector companies & Corporations (List "D" attached)	1	958,091	0.42
6	Banks, DFIs, NBFI & Insurance Companies (List "E" attached)	4	16,522	0.01
7	Shareholders holding 5% or more (List "F" attached)	5	104,728,779	46.30
8	Others/Individual	1,415	61,885,296	27.36
	<b>Total</b>	<b>1437</b>	<b>226,175,376</b>	<b>100.00</b>

# CATEGORIES OF SHAREHOLDING

As per Code of Corporate Governance as at December 31, 2018

## List A Associated Companies, Undertaking & Related Parties

Sr. No.	Name	No. of Shares
1	United Track System (Private) Ltd	46,478,328
2	Tawasul Healthcare TPA (Private) Ltd	12,037,119
		58,515,447

## List B Mutual Funds, NIT, ICP & Government entity

Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	14,660
2	Trustees First Capital Mutual Fund	1,443
3	IDBL (ICP Unit)	59
		16,162

## List C Directors , CEO & Their Spouse and Minor Children

Sr. No.	Name	No. of Shares
1	Muhammad Rahat Sadiq	8,757
2	Khawas Khan Niazi	22,255
3	Miss. Huma Waheed	16,927
4	Javaid Sadiq	1,474
5	Agha Ali Imam	2,481
6	Syed Rahat Ali Shah	1,500
7	Jamil Ahmed Khan	1,685
		55,079

## List D Public Sector Companies & Corporations

Sr. No.	Name	No. of Shares
1	Pakistan Re-insurance Company Limited	958,091

## List E Banks, DFIs, NBFI, Insurance Companies

Sr. No.	Name	No. of Shares
1	Eastern Federal Union Insurance Co., Ltd.	8,913
2	Habib Bank Limited	229
3	Habib Bank AG Zurich, Deira Dubai	6,240
4	Al-Zamin Management (Private) Limited	1,140
		16,522

## List F Shareholders' Holding 5% or above

Sr. No.	Name	No. of Shares
1	MARGALLA NEWS INTERNATIONAL	32,976,467
2	UIG GLOBAL SERVICES LTD	13,833,947
3	UNITED INTERNATIONAL FARMS (PVT.) LTD.	18,805,828
4	UNITED SOFTWARE AND TECHNOLOGIES INT. (PVT.) LTD.	22,824,323
5	TAWASUL RISK MANAGEMENT SERVICES (PVT) LTD.	16,288,214
		104,728,779

## اراکین کو ڈائریکٹرز رپورٹ

پاکستانی روپے کی قدر میں ہونے والی کمی نے غیر ملکی کرنسی میں بے گئے قرضوں کی قدر میں اضافہ کر دیا ہے اور افراط زر میں بھی اضافہ ہوا ہے، اور یہ تجارتی اشیاء کی قیمتوں میں اضافے کا باعث بنا ہے۔ پاکستانی کمپنیوں کا عالمی معیشت میں انضمام نے انہیں پیداوار کو بڑھانے کا موقع فراہم کیا ہے، یہی نمو کا بنیادی عنصر ہے۔ البتہ برآمدات کے لحاظ سے پاکستان ابھی بھی مزید انضمام کی ضرورت ہے۔ حالیہ برآمداتی ترقی کے باوجود، گزشتہ دہائی کی برآمداتی کارکردگی پاکستان کی معیشت کی بدترین مقابلہ کی عکاسی کرتی ہے ، خاص طور پر ساتھی ممالک کی برآمد کی کارکردگی کے مقابلے میں۔ تاہم انہی پالیسیوں کے تسلسل کے نتیجے میں آئندہ برآمداتی ترقی اور پاکستان کی صنعت کے لئے خوشحالی پیغام ہے۔

: اعتراف

آپ کے ڈائریکٹرز مختلف اداروں جیسا کہ ایس ای سی پی، بینکاروں، کاروباری معاونین اور حکومت کی ہر درجہ میں کی گئی مسلسل حمایت کے بے حد مشکور ہیں۔ آپ کے ڈائریکٹرز کمپنی کے افسرانِ اعلیٰ اور ملازمین کی پر عزم کوششوں کی قدر کرتے ہیں، جن کی انتھک محنت سے کمپنی اپنے مقاصد حاصل کرنے میں کامیاب ہوتی ہے۔

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے  
ڈائریکٹرز کی طرف سے



جاوید صادق  
چیئرمین



محمد راحت صادق  
چیئف ایگزیکٹو آفیسر

۵ مارچ ۲۰۱۹

اور موجودہ عالمی اقدار کو دوبارہ سے زیرِ غور لایا گیا ہے، نہ صرف تجارتی بہاؤ کے نفاذ سے بلکہ براہ راست غیر ملکی سرمایہ کاری کے لحاظ سے۔

الی سال 2018 میں پاکستان کی معاشی کارکردگی خام ملکی پیداوار کی 5.8 فی صد نمو کی وجہ سے مضبوط رہی، یہ گیارہ سالوں کی بلند ترین سطح ہے۔ جبکہ افراط زر ہدف کے اندر رہے پھر بھی مستقبل کی نمو پر بیرونی اور مالی عدم توازن کا خطرہ منڈلا رہا ہے۔ مالی خسارے کے بڑھنے کی وجوہات میں سے کمزور آمدنی کی نمو ہے اور بڑھتے ہوئے اخراجات ہیں۔ یہ دونوں وسیع کرنٹ اکاؤنٹ خسارے کے ساتھ، پاکستان کی تاریخ کے سب سے وسیع تجارتی خسارے کی وجوہات میں سے ہیں۔ سرمایہ کاری کی مضامین چین پاکستان اقتصادی راہداری کے منصوبوں سے منسلک ہیں جو کہ توانائی کے شعبے اور مالیاتی املاک پر منحصر ہے۔ ان دونوں وجوہات نے خطرات اور واجبات کو مزید بڑھا دیا ہے۔

بڑھتے ہوئے وسیع معاشی عدم توازن نے ترقی کے مواقعوں کو محدود کر دیا ہے۔ مالی سال 2019 میں خام ملکی پیداوار کی نمو کا اندازہ نجی اور پبلک اداروں کی کھیت سے لگایا گیا ہے کیونکہ حکام مالیاتی پالیسی کو مضبوط بنانے اور عدم توازن کو درست رکھنے کے لئے دیگر پالیسی کے لیور کو ایڈجسٹ کرتے ہیں۔ خدمات بطور شعبے کے حالیہ برسوں میں ترقی کا ایک اہم عنصر ثابت ہوئیں ہیں، کچھ کمزوریوں کے باوجود، بہر حال یہ شعبہ مسلسل نمو حاصل کر رہا ہے، لیکن اس کی نمو صنعت اور زراعت کے شعبوں سے زیادہ ہی دیکھی گئی ہے۔

فوری پالیسی ایڈجسٹمنٹ، مالی استحکام میں اضافہ اور تبادلے کی شرح میں اضافہ لچکدار اقتصادی استحکام کو بحال اور برقرار رکھنے کے لئے ضروری ہے۔ کھیت کے تناظر میں سرمایہ کاری اور پیداوار کو وسط مدتی ساختی اصلاحات کے ذریعے حاصل کیا گیا ہے۔

بڑھتی ہوئی بیرونی مالی ضروریات کے پس منظر میں، بڑھتے ہوئے شرح سود اور سخت عالمی سیالیت کو مشکلات کا سامنا ہے، کم ہوتے مالی ذخائر اور قرضوں میں اضافے نے پاکستان کی بیرونی عناصر سے نمٹنے کی صلاحیت کو کمزور کر دیا ہے۔ مالی سال 2018 کے دوسرے نصف دورانیہ میں روپے کی قدر میں حالیہ کمی نے برآمدات میں تیزی اور درآمدات میں سستی پیدا کی ہے جو کہ بیرونی ادائیگیوں کی لچکدار شرح تبادلہ کی اہمیت کا مظہر ہے۔ پاکستانی روپے کی قدر میں کمی نے غیر ملکی اشیاء سے اخراجات کو کم کر کے اس کا رخ ملکی پیداوار کی طرف کر دیا ہے اور ملکی طلب پر مالی استحکام کے جزوی اثرات مرتب ہوئے ہیں۔ اسی وقت ،



# اراکین کو ڈائریکٹرز رپورٹ

## انسانی وسائل

یو آئی سی میں، اس بات پر پورا زور دیا جاتا ہے کہ ہمارے ایچ آر کے معیار کو مزید بہتر بنایا جائے، جس سے ہمارے ملازمین کی مارکیٹنگ اور ایڈمن صلاحیتوں میں نکھار آئے، جس کے نتیجے میں ہماری خدمات کا معیار اور کارکردگی مزید بہتر ہوتی ہے۔

یو آئی سی میں، ہم اپنے ملازمین کی نشوونما کے لئے مسلسل چیلنجنگ مواقع فراہم کرتے رہتے ہیں۔ کمپنی ایسا ماحول قائم کرتی ہے جہاں ٹیم ورک، تعاون، کشادگی اور کام کی شفافیت ہو جس سے ایک مجموعی بھروسہ جنم لیتا ہے اس کے نتیجے میں ملازمین کو ترقی اور انعامات سے نوازہ جاتا ہے۔

## کارپوریٹ سماجی ذمہ داری

یو آئی سی مستقل طور پر پاکستان کے شہریوں خاص طور پر معذوروں اور نوجوانوں کیلئے بہتر اور صاف معاشرے کیلئے رضاکارانہ طور پر کوشش کر رہا ہے۔ کمپنی میں مختلف شعبوں جیسا کہ کھیل، ماحولیات اور صحت کیلئے بے شمار سماجی سرگرمیاں سرانجام دی ہیں۔ اس علاوہ کمپنی میڈیکل کیمپ، سہینار اور ترقیاتی تقاریر کا انتظام کرتی ہیں۔

## منسلک پارٹی لین دین

ہر ایک بورڈ میننگ میں ڈائریکٹرز منسلک کمپنیوں اور متعلقہ پارٹیز کے لین دین کی منظوری دیتے ہیں۔ متعلقہ پارٹیز سے تمام لین دین مناسب قیمتوں پر کیا جاتا ہے۔

## کمپنی کے حصص کی تجارت

سال 2018 میں کمپنی کے شیئر کی کسی قسم کی تجارت کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور کمپنی کے اعلیٰ افسران یا ان کے بیوی بچوں کی جانب سے نہیں کی گئی ہے۔ ایسے کسی بھی لین دین کی معلومات آنے والی بورڈ آف ڈائریکٹرز کی میننگ میں زیر بحث لائی جاتی ہیں۔

## انشورنس کی مالی مضبوطی کی درجہ بندی

نے آئی (PACRA) پاکستان کریڈٹ ریٹنگ ایجنسی بحال رکھی۔ AA- کمپنی کی انشورنس مالی درجہ بندی ہے۔ یہ درجہ بندی ظاہر کرتی ہے کہ کمپنی میں پالیسی ہولڈرز سے متعلق کنٹریکٹ ذمہ داریوں کو پورا کرنے کی بہترین صلاحیت ہے۔ ریکی عوامل سے خطرات معمولی ہوتے ہیں، مخفی کاروباری و معاشی عوامل کا اثرات بہت کم متوقع ہیں۔

## ضابطہ اخلاق

آپ کی کمپنی نے ایک ضابطہ اخلاق تیار کیا ہے جو اخلاقی اور ایماندارانہ طرز عمل کو یقینی بنانے کیلئے ملازمین سے دستخط شدہ ہے۔ ہماری تمام آپریشنل سرگرمیاں سخت شفاف انداز میں چلائی جاتی ہیں جس میں اخلاقیات پر کوئی سمجھوتا نہیں ہو۔

## اپر ویپریشن

دسمبر، 2018 کے اختتام پر آپ کے ڈائریکٹرز 31 مندرجہ ذیل اعداد و شمار کی سفارشات کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں

کے اندر ہے، جو کہ 2018 کے دوسرے نصف مالی سال میں سٹیٹ بینک آف پاکستان کی سخت مالیاتی پالیسی کی بدولت حاصل ہوئی ہے۔ مالی سال 2019 میں خام ملکی پیداوار میں نمو کی امید روشن ہے۔ وسیع تر نمو کے لئے ساختی اصلاحات کی ضرورت ہے۔ آج ایک اوسط مدتی پائیدار مالی پالیسی ہی قابل اعتماد مالی استحکام کی ضامن ہے۔ شرح تبادلہ میں چلک ایک غیر جانبدار ماحول بنانے میں مدد کرے گا اور بیرونی خطرات میں کمی کا باعث بنے گا۔ ساختی اصلاحات عالمی معیشت میں انضمام کے لئے مددگار ہوں گی تاکہ ہماری پیداوار اور نمو میں اضافہ ہو سکے۔

جزئیات	2017 روپے	2018 روپے
بعد از ٹیکس منافع	292,284,179	389,222,610
دیگر جامع آمدنی / (نقصان) سال کے دوران		
بعد میں آنے والے عرصہ میں مرتب کیا گیا نفع و نقصان کا کھاتہ	(56,180,251)	16,572,139
بعد میں آنے والے عرصہ میں نہ مرتب کیا گیا نفع و نقصان کا کھاتہ	[1,728,302]	[4,065,254]
منسلک کمپنیز سے دیگر نقصان کا حصہ	[613,431]	-
ذیلی کل	[58,521,984]	12,506,885
کل جامع آمدنی رواں سال کے دوران	233,762,195	401,729,495
گزشتہ سال کا غیر مختص شدہ منافع	338,329,095	311,889,530
منافع مختص کرنے کے لئے دستیاب	572,091,290	713,619,02
غیر مختص شدہ منافع	260,201,760	339,263,060
کل	311,889,530	374,355,965

میں 3.1 فی صد پر پہنچنے کے بعد، عالمی نمو آئندہ دو سالوں میں تیزی سے ابھرتی ہوئی نظر آئی ہے۔ جیسا کہ عالمی سطح پر سستی ختم ہو گئی ہے اور اشیاء کی قیمتوں میں استحکام دیکھنے میں آیا ہے، اہم مرکزی بینکوں نے متضاد مالی پالیسی بنا لی ہے۔ موجودہ چند سالوں میں شرح سود میں اضافہ نے امریکی ڈالر کے بہاؤ کو ابھرتی ہوئی منڈیوں میں روکنے کا کام کیا ہے، اس طرح غیر ملکی کرنسی پر منحصر شدہ قرضوں میں عدم ادائیگیوں کے خطرات لاحق ہیں۔ امریکہ اور چین کے مابین بڑھتی ہوئی تجارتی جھڑپوں نے ابھرتی ہوئی منڈیوں میں مزید تناؤ پیدا کر دیا ہے۔ غیر یقینی بڑھنے سے، اس کشیدگی کی وجہ سے عالمی سرمایہ کاری کی طلب میں کمی آئی ہے

کارپوریٹ اور فنانس رپورٹنگ، فریم ورک، ڈائریکٹرز رپورٹ کا حصہ ہے اور صفحہ نمبر 38 پر موجود ہے۔

## مستقبل کے نقطہ نظر

کاروباری مندی کے باوجود، پاکستان کی معیشت میں اضافے کا رجحان پایا جاتا ہے۔ زراعت، صنعت اور خدمات نے خام ملکی پیداوار میں نمو کو رسد کی فراہمی کے ذریعے سہارا دیا ہے۔ کھیت پیداوار کو بڑھتی ہے جبکہ سرمایہ کاری کی رفتار سست ہے۔ ادائیگیوں میں مجموعی وسیع عدم توازن بیرونی اور مالیاتی لحاظ سے قرضوں پر خطرناک اثرات ڈالتی ہیں۔ افراط زر ہدف

# اراکین کو ڈائریکٹرز رپورٹ

خام شعبہ آبی، فضائی اور ذرائع نقل و حمل  
2018 میں 298.294 ملین روپے رہا

جو کہ 2017 میں 244.844 ملین روپے تھا اس طرح یہ  
مجموعی اضافہ خام بیمہ 7.06 فیصد رہا۔ 2018 میں  
خالص کلیئر خالص بیمہ 16.42 فیصد رہے  
جو کہ 2017 میں 51.02 فیصد تھے۔ 2018 کا ذمیرہ  
نوبی منافع 71.754 ملین روپے رہا جو کہ 2017 میں  
15.830 ملین ریکارڈ کیا گیا تھا۔

## شعبہ موٹر

خام بیمہ 2018 میں 715.148 ملین روپے رہا جس  
میں 2017 کی نسبت کمی دیکھنے میں آئی۔ 2017 میں  
خام بیمہ 826.865 ملین روپے تھا۔ اس طرح یہ  
مجموعی خام بیمہ 16.92 فیصد رہا۔ 2018 میں  
خام کلیئر خام بیمہ 56.90 فیصد رہے جو کہ  
2017 میں 55.53 فیصد تھے۔ 2018 کا ذمیرہ نوبی  
منافع اضافے کے ساتھ 33.755 ملین روپے رہا جو کہ  
2017 میں 22.198 ملین ریکارڈ کیا گیا۔

## شعبہ فصل

خام بیمہ 2018 میں اضافے کے ساتھ 816.591 ملین  
روپے رہا جو کہ 2017 میں 816.548 ملین  
روپے تھا۔ اس طرح فصل کا خام بیمہ مجموعی بیمہ  
19.32 فی صد ریکارڈ کیا گیا۔ 2018 میں  
خام کلیئر خام بیمہ 77.19 فیصد رہے جو کہ  
2017 میں 18.74 فیصد تھے۔ 2018 کا ذمیرہ نوبی  
منافع کمی کے ساتھ 14.125 ملین روپے رہا جو کہ  
2017 میں 262.652 ملین ریکارڈ کیا گیا تھا یہ اضافہ  
خالص کلیئر میں اضافے کے باعث ہوا۔

## متفرق شعبہ جات

خام بیمہ 2018 میں اضافے کے ساتھ 675.055 ملین  
روپے رہا جو کہ 2017 میں 1,422.283 ملین روپے  
تھا۔ اس طرح یہ مجموعی خام بیمہ 39.65 فیصد  
رہا۔ 2018 میں خالص کلیئر خالص بیمہ 47.81 فیصد  
رہے جو کہ 2017 میں 69.21 فیصد تھے۔ 2018 کا  
ذمیرہ نوبی منافع 152.997 ملین روپے رہا جو کہ  
2017 میں نقصان کی صورت میں 87.621 ملین  
روپے تھا۔

## شعبہ کلیئر

کلیئر کی وقت پر ادائیگی کمپنی کا بنیادی اصول رہا ہے۔  
قدرتی آفات کی وجہ سے ہونے والے کلیئر مشکل  
نوعیت کے ہوتے ہیں جس میں مکمل یا جزوی نقصان

ہوتا ہے۔ فائر، موٹر، فصل اور صحت کے کلیئر کی  
بروقت ادائیگی کی گئی ہے۔

## ری - انشورنس شعبہ جات

آپ کی کمپنی انشورنس پروگرام کو احتیاط سے مرتب  
کرتے ہوئے رسک رینشن کو کم از کم کرنے کی پالیسی  
پر گامزن ہے۔ ری انشورنس کی کوریج اور سٹریٹجک  
تباہی کی منصوبہ بندی کمپنی کے ایکسیوٹو اور رسک کی  
کثافت کی بنیاد پر کی جاتی ہے۔ کمپنی کے ری انشورنس  
معاہدے زیادہ تر ایکس آف لوس ٹریٹی پر مشتمل ہے۔  
Swiss Re (Rated 'AA-' by  
S&P), Korean Re (Rated A- by AM  
Best), Trust Re (Rated 'A-' by AM  
BEST), Labuan Re (Rated 'A-' by  
AM BEST), Malaysian Re (Rated  
'A-' by AM BEST), PRCL (AA-  
JCR-VIS) Hannover Re (AA-  
S&P), Mapfre Assistance, (A1 by  
Moody's), Kuwait Re (A- AM Best)  
and XL Catlin Singapore Pte Ltd  
(Rated 'A-' by S&P) and Emirates  
International Dubai (Rated 'A-' by  
AM BEST) پر مشتمل ہے۔ ہماری بہتر صلاحیت  
ہمیں بڑے خطرات کو انڈر رائٹ کرنے کی اجازت دیتی  
ہے۔

## سرمایہ کاری آمدن

ہماری سرمایہ کاری کا مقصد کمپنی اور حصہ داروں کے  
لئے زیادہ سے زیادہ سرمایہ کاری آمدن کا حصول  
ہے۔ اسوسنٹ کمیٹی سرمایہ کاری کی حکمت عملیوں  
کی ہدایات اور بورڈ کی پالیسیوں اور گروپ کی سرمایہ  
کاری کی ہدایات کو نافذ کرتی ہے اور اس کی جانچ  
پڑتال کرتی ہے۔ کمپنی اچھا منافع کمانے کے لئے سرمایہ  
کاری کو زیادہ سے زیادہ محفوظ بنانے پر خاص توجہ  
دیتی رہے گی۔ اس سال سرمایہ کاری سے آمدن کمی  
کے ساتھ 8,365 ملین روپے رہی جو کہ 2017 میں  
67,205 ملین روپے تھی۔

## کمپنی کے اثاثہ جات

2018 کے اختتام پر کمپنی کے اثاثہ جات 6,895,465 ملین  
روپے رہے جو کہ 2017 میں 6,211,319 ملین روپے  
رہے جن میں مجموعی طور پر 11.01 فیصد اضافہ ہوا  
جسکی وجہ سرمایہ کاری اور ری انشورنس واجبات میں  
اضافہ ہے۔

## انٹرئل کنٹرول

کمپنی کا انٹرئل کنٹرول نظام نہایت محفوظ ہے اور اس  
کے نگرانی کے لئے انٹرئل کنٹرول کا باقاعدہ الگ شعبہ

کام کر رہا ہے۔ یہ ایک مسلسل عمل کا نام ہے جس کی  
وجہ سے کمزوریوں کی نشاندہی کی جاتی ہے اور انہیں  
دور کیا جاتا ہے۔ مزید، اس کی نظر ثانی کے لئے بورڈ  
موجود ہے۔

## ضابطہ رسک مینجمنٹ

کمپنی نے ایسے تمام نمایاں رسک جن سے کمپنی کے  
وجود کو خطرہ لاحق ہو کو شناخت کرنے کیلئے ایک موثر  
رسک مینجمنٹ پالیسی بنائی اور نافذ کی ہے اسی کام کا آپ  
کا بورڈ بھی وقت فوقتاً جائزہ لے رہا ہے۔ رسک سے  
بچنے کیلئے طریقے کار اور اقدامات اس پالیسی میں واضح  
الفاظ میں لکھ دیا گیا ہے۔

## آئی ایس او 9001 سرٹیفیکیشن

یو آئی سی کے تمام شعبہ جات آئی ایس او  
9001:2015 سرٹیفائیڈ ہیں۔ اس سرٹیفیکیشن کو اپنانے  
سے ناصرف بہتر طریقہ کار کے ذریعے کسٹمرز کے  
اطمینان حاصل ہوتا ہے بلکہ یو آئی سی میں موثر نگرانی  
کرنے میں مدد ملتی ہے۔ ہم اس بات سے پوری طرح  
آگاہ ہیں کہ اس سرٹیفیکیشن کو اپنانے سے ہم کمپنی کے  
اند ر بہتر اور منظم ماحول زیادہ پیشہ ور، اطمینان اور  
مطمئن کسٹمرز حاصل کر سکتے ہیں۔ کوالٹی کو یقینی بنانے  
کیلئے ملازمین کو تربیت کے ذریعے آگاہی دی گئی ہے۔  
یہ تربیت اس لئے بھی ضروری ہے تاکہ جن انتظامی  
امور کو بنانے اور بہتر چلانے کیلئے ملازمین کو مدد مل  
سکے اور وہ ان تمام انتظامی امور کی ذمہ داری قبول  
کر سکیں۔ اس سے بہتر کوالٹی ماحول بنانے میں مدد ملی  
ہے جس میں ملازمین مسائل کو نشاندہی اور انکو ختم  
کرنے کیلئے کام کرنے میں مدد ملی ہے۔ ہم نے دوسری  
آئی ایس او 9001:2015 سرٹیفیکیشن کامیابی سے  
نومبر 2018 میں مکمل کر لی ہے۔

## انفارمیشن ٹیکنالوجی

آپ کے ڈائریکٹرز آجکل کے زمانے کے کاروباری ماحول  
سے خوب واقف ہیں اسی لئے پولیسیز اور کالیز کی  
بڑھتی ہوئی مقدار کے پیش نظر، ہم نئی ٹیکنالوجی کے  
استعمال سے اپنے سسٹم کو اپ ڈیٹ کرتے ہیں۔ ہماری  
مواصلات کا ڈھانچہ بھی مضبوط ہو چکا ہے ری انشورنس  
مینجمنٹ سسٹم کو اپ گریڈ کرنے کی وجہ سے جو کہ مکمل  
سسٹم سے بڑا ہوا ہے۔ کمپنی M.I.S طور پر ہمارے  
بزنس انشلی جنس موڈیول بنا رہی ہے جس سے ہیڈ  
آفس اور براؤنچ کے درمیان دستاویزات کی سروسز کو  
بہتر بنانے میں مدد ملے گی۔

## اراکین کو ڈائریکٹرز رپورٹ

ڈائریکٹرز، دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کی جانب سے اسٹاک ہولڈرز (59) سالانہ کنونشن اور انکشاف کاروبار کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2018 کے اختتام پر پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ کمپنی کی بنیادی کاروباری سرگرمی جنرل بیمہ کاروبار پر منحصر ہے۔

### معاشی جائزہ

پاکستان کی حالیہ معاشی صورتحال غلط افواہوں، کم مدتی قرضوں اور سرمایہ کاری میں کمی کی وجہ سے متاثر ہوئی تھی مگر حکومت کے بروقت اقدامات کی بدولت پاکستان کی معیشت درست سمت کی طرف گامزن ہے۔ حکومت پاکستان کی پہلی ترجیح 9 بلین امریکی ڈالر کے قرضوں کی ادائیگی ہے اور کرنٹ اکاؤنٹ خسارے میں 11 سے 13 بلین امریکی ڈالر کمی لانا ہے۔ خوش قسمتی سے حکومت نے اپنے منصوبوں پر عمل درآمد شروع کر دیا ہے اور سٹیٹ بینک کو ہدایات کیں گئی ہیں کہ زرمبادلہ کی شرح کو 26 فی صد میں رکھا جائے۔ مزید، حکومت نے پر نقش مصنوعات پر درآمد ڈیوٹی میں اضافہ کر کے درآمد بل میں کمی لانے کا فیصلہ کیا ہے۔ اس اقدام سے درآمدات میں کمی آئی ہے لیکن کچھ ناقدین کے تجزیہ کے مطابق یہ معمول کی کمی ہے اور اس کا حکومتی اقدامات سے کوئی تعلق نہیں ہے۔ البتہ، یہ کمی پاکستان کی معیشت کے لئے نہایت ضروری تھی کیونکہ پچھلے پانچ سالوں میں مصنوعی ایڈجسٹمنٹ کی گئی ہیں۔ اس کمی نے ترسیل زر کے لئے ایندھن کا کام کیا ہے اور اس کو 12.5 فی صد پر پہنچا دیا ہے اسی لئے برآمدات میں بھی بہتری آئی ہے۔ حکومت بیرون ملک آباد پاکستانیوں کے لئے ترسیل زر تیز ترین، محفوظ نظام اور انتظامی مشکلات میں کمی لانے کے منصوبوں پر کام کر رہی ہے۔

مزید، خارجہ پالیسی میں لائی گئی بہتر تبدیلیوں کی بدولت ہی سعودی اور امارتی سرمایہ کاری کی توجہ ہماری معیشت پر مبذول ہوئی ہے اور دونوں حکومتوں نے تیل کی ادائیگیوں میں نرمی کی گنجائش دی ہے۔ حکومت پاکستان نے بیرونی سرمایہ کاری کو دعوت دینے کی غرض سے خیبر پختون خواہ کے سیاحتی علاقہ جات کو سیاحوں کے لیے پرکشش بنایا ہے اور برآمدات اور مقامی مصنوعات میں تیزی لانے کے لئے عملی اقدامات اٹھائے ہیں۔ اس کی وجہ سے اخراجات میں کمی اور اپنی صلاحیتوں پر انحصار کرنے میں مدد ملے گی۔

اس کے علاوہ، حکومت مقامی صنعت کے لئے توانائی کی قیمتوں میں کمی لانے کی کوششیں کر رہی ہے تاکہ LNG برآمدات کو فروغ دیا جاسکے۔ مثال کے طور پر LNG

کی قیمت کو کم کیا گیا اور علاقائی اوسط 6.5 امریکی ڈالر فی ٹن کم کر دی گئی اسی طرح ایکسپوٹ MMBTU کر دی گئی KWH ایکٹر کے لئے بجلی 7.5 سینٹ فی ہے۔ ان مثبت معاشی اشارات کے باوجود حکومت کو درپیش مشکلات کا چیلنج ابھی ختم نہیں ہوا۔ جیسا کہ پہلے بیان کیا جا چکا ہے کہ حکومت کے شرح سود میں اضافے سے سرمایہ کاری میں کمی آئی ہے جو کہ قرضوں کی قیمتوں میں اضافہ کا باعث ہے۔ یہ اضافہ حکومت کی سرمایہ کاری کو فروغ کی پالیسی سے متصادم ہے تاہم یہ کٹروا گھونٹ پیٹنا بے حد ضروری تھا کیونکہ روپے کی قدر میں کمی سے مینگائی میں اضافے کو کنٹرول کرنے کی اشد ضرورت تھی۔

2019 کے آغاز سے، ہم چین پاکستان اقتصادی راہداری کے دوسرے مرحلے میں داخل ہو چکے (CPEC) ہیں۔ اس کا مطلب یہ ہے کہ حکومت کو اپنی تمام تر توجہ ترقیاتی کاموں سے صرف نظر کر کے تجارتی پالیسیوں اور صنعتی ترقی پر مرکوز کرنی ہو گی۔ بڑی کثیر القومی کمپنیاں پہلے سے ہی آٹو موبائیل، مواصلات، توانائی اور الیکٹرانکس جیسی صنعتوں میں سرمایہ کاری کرنے میں دلچسپی رکھتی ہیں تاکہ پاکستانی عوام کی پوشیدہ صلاحیتوں کو اجاگر کیا جاسکے۔ یہ بیمہ صنعت کے لئے مثبت اثرات ہے۔ مقامی صنعت کے فروغ اور چین پاکستان اقتصادی راہداری کے دوسرے مرحلے کے شروع ہونے سے (CPEC) بیمہ کی مانگ میں اضافہ ہو گا جو کہ بیمہ صنعت کی مجموعی ترقی میں اضافے کا باعث بنے گا۔

### کنونشن برنس کا دسمبر 2018 کے اختتام پر کارکردگی کا جائزہ

سال 2018 کے دوران مسابقتی قیمتوں بہت زیادہ دباؤ کے باوجود کمپنی اپنے بیمہ میں اضافہ حاصل کرنے میں کامیاب رہی ہے۔ کمپنی کا خام بیمہ 1.53 فیصد اضافے سے 2018 میں 4,227.348 ملین روپے رہا جو کہ 2017 میں 4,163.546 ملین روپے تھا۔ بیمہ میں زیادہ تر اضافہ مجموعی طور پر پیرین اور مقررہ کاروبار میں رہا۔ کمپنی کا خالص بیمہ خام بیمہ کا 60.90 فیصد رہا۔ مجموعی طور پر کمپنی کے ذمیر نویسی نتائج 46.06 فیصد اضافے کے ساتھ 2018 میں 323.246 ملین روپے رہے جو کہ 2017 میں 221.312 ملین روپے تھے۔ کمپنی کی سرمایہ کاری آمدن 2017 میں 67.205 ملین روپے سے کم ہو کر 2018 میں 8.365 ملین روپے رہی۔ کمپنی کے انتظامی اخراجات خام بیمہ کا 19.69 فیصد رہے۔ منسلک کمپنیوں میں سرمایہ کاری سے ہونے والا

نقصان 2017 میں 35.382 ملین روپے سے کم ہو کر 2018 میں 23.701 ملین روپے منافع رہا جو کہ انتظامی معاملات پر بہتر گرفت سے حاصل ہوا۔ تاہم یہ دیکھا گیا کہ منسلک کمپنیوں سے حاصل کی گئی آمدن 2017 میں 1,577.980 ملین روپے اضافے سے 2018 میں 2,157.836 ملین روپے رہی۔ اسی طرح کمپنی نے 2018 میں قبل از محصول منافع 562.701 ملین روپے حاصل کیا جو کہ 2017 میں 487.345 ملین روپے تھا۔ اسی طرح بعد از محصول منافع 2018 میں 389.223 ملین روپے رہا جو کہ 2017 میں 292.284 ملین روپے تھا۔

### 31 دسمبر کے اختتام پر ونڈو انکشاف آپریشنز کی کارکردگی کا جائزہ

کمپنی کے خام شراکت داری 2018 میں 5.06 فیصد اضافے سے 1,011.257 ملین روپے رہی جو کہ 2017 میں 962.597 ملین روپے ریکارڈ کی گئی تھی۔ 2017 کی نسبت سال 2018 میں خام شراکت داری میں اضافہ دیکھنے میں آیا جو کہ فائر اور میرین کے کاروبار میں بل ترتیب 50.95 فیصد اور 77.14 فیصد اضافے کی وجہ سے ممکن ہوا ہے۔ کمپنی کی خالص شراکت داری آمدن خام شراکت داری کا 66.97 فیصد رہی جس میں سال 2017 کی نسبت 4.40 فیصد کمی دیکھنے میں آئی۔ 2018 کے انتظامی اخراجات میں 5.043 ملین روپے معمولی اضافہ دیکھنے میں آیا۔ پارٹنرمنٹ انکشاف فنڈ کے براہ راست اخراجات 2017 میں 91.687 ملین روپے سے کم ہو کر 2018 میں 51.626 ملین روپے رہے۔ پارٹنرمنٹ انکشاف فنڈ کی سرمایہ کاری آمدن 2018 میں 5.803 ملین روپے رہی۔

### فی حصص آمدنی

آپ کی کمپنی نے 2018 میں فی حصص آمدنی 1.72 روپے حاصل کی جو کہ 2017 میں 1.29 روپے فی حصص تھی۔

### کنونشن کاروبار کے مختلف شعبوں کا طائرانہ تجزیہ شعبہ فائر اور پراپرٹی

خام بیمہ 2018 میں 721.259 ملین روپے رہا جو کہ 2017 میں 853.006 ملین روپے تھا۔ اس طرح یہ مجموعی خام بیمہ 17.06 فیصد رہا۔ 2018 میں خالص کلیمز خالص بیمہ کا 32.84 فیصد رہے جو کہ 2017 میں 39.60 فیصد تھے۔ 2018 کا ذمیر نویسی منافع اضافے کے ساتھ 50.614 ملین روپے رہا جو کہ 2017 میں 8.251 ملین ریکارڈ کیا گیا تھا۔

The United Insurance Company of Pakistan Limited

# Financial Statements

For The Year Ended December 31, 2018

# INDEPENDENT AUDITOR'S REPORT

## To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018, and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

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

We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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



# INDEPENDENT AUDITOR'S REPORT

## To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statement**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

# INDEPENDENT AUDITOR'S REPORT

## To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability of going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a. proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c. investments made, expenditure incurred and guarantees extended during the year were for the

# INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited  
Report on the Audit of the Financial Statements

purpose of the company's business; and

d. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



**ILYAS SAEED & CO.**

Chartered Accountants

Date: March 05, 2019

Place: Lahore

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2018


	Note	2018 Rupees	2017 Rupees
<b>Assets</b>			
Property and equipment	5	774,641,320	810,595,553
Intangible assets	6	3,515,859	4,687,812
Investment property	7	2,447,702	2,576,528
Investments in subsidiary and associate	8	1,334,343,229	876,239,590
<b>Investments</b>			
Equity securities	9	29,082,689	82,573,398
Debt securities	10	283,282,668	282,770,694
Term deposits	11	115,633,412	59,939,775
<b>Total assets in window takaful operations</b>	11A	<b>605,758,680</b>	<b>466,952,852</b>
Loans and other receivables	12	158,735,054	175,713,991
Insurance/Reinsurance receivables	13	807,437,613	1,070,663,833
Reinsurance recoveries against outstanding claims	25	1,379,267,940	1,022,607,058
Salvage recoveries accrued		-	-
Deferred commission expense/acquisition cost	26	174,654,726	175,925,630
Deferred taxation	15	-	-
Taxation - payment less provision		-	-
Prepayments	16	684,075,496	690,012,811
Cash & bank	17	542,588,730	490,059,464
<b>Total assets</b>		<b>6,895,465,118</b>	<b>6,211,318,989</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2018


	Note	2018 Rupees	2017 Rupees
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	18	2,261,753,760	2,001,552,000
Share premium		-	-
Reserves	19	58,204,459	46,490,767
Unappropriated profit		723,538,082	593,724,039
<b>Total equity</b>		<b>3,043,496,301</b>	<b>2,641,766,806</b>
<b>Surplus on revaluation of fixed assets</b>	19A	<b>80,313,554</b>	<b>81,106,747</b>
<b>Liabilities</b>			
<b>Total liabilities in window takaful operations</b>	11A	<b>29,660,180</b>	<b>72,593,162</b>
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	25	1,719,012,008	1,385,321,234
Unearned premium reserves	24	1,535,651,678	1,581,500,585
Premium deficiency reserves		35,997,061	18,728,362
Unearned Reinsurance Commission	26	128,844,597	102,043,115
Retirement benefit obligations	14	-	-
Deferred taxation	15	37,475,478	13,841,974
Borrowings	20	52,198,875	69,741,811
Premium received in advance		-	-
Insurance/Reinsurance payables	21	53,070,549	107,818,532
Other creditors and accruals	22	69,723,191	68,890,402
Taxation - provision less payment		110,021,646	67,966,259
<b>Total liabilities</b>		<b>3,771,655,263</b>	<b>3,488,445,436</b>
<b>Total equity and liabilities</b>		<b>6,895,465,118</b>	<b>6,211,318,989</b>
<b>Contingency(ies) and commitment(s)</b>	23		

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman

# PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018


	Note	2018 Rupees	2017 Rupees
Net insurance premium	24	2,574,381,371	2,678,707,848
Net insurance claims	25	(1,305,273,666)	(1,287,193,319)
Premium deficiency		(17,268,699)	(17,032,362)
Net commission and other acquisition costs	26	(96,183,161)	(231,943,707)
Insurance claims and acquisition expenses		(1,418,725,526)	(1,536,169,388)
Management expenses	27	(832,410,028)	(921,226,383)
Underwriting results		323,245,817	221,312,077
Investment income	28	8,365,474	67,204,706
Rental income	29	2,292,000	2,404,078
Other income	30	27,722,946	46,982,668
Other expenses	31	(8,053,892)	(8,869,947)
Results of operating activities		353,572,345	329,033,582
Finance cost	32	(3,103,672)	(5,374,936)
Share of profit/(loss) from associate		23,701,346	(35,382,354)
Profit from window takaful operations		188,530,802	199,068,982
<b>Profit before tax</b>		<b>562,700,821</b>	<b>487,345,274</b>
Income tax expense	33	(173,478,211)	(195,061,095)
<b>Profit after tax</b>		<b>389,222,610</b>	<b>292,284,179</b>
Earnings (after tax) per share - Rupees			
- basic and diluted (re-stated)	34	1.72	1.29

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018


	2018 Rupees	2017 Rupees
Profit after tax	389,222,610	292,284,179
<b>Other comprehensive income/(loss):</b>		
Items to be re-classified to profit and loss account in subsequent period:		
Unrealized (loss) on revaluation of available-for-sale investments - net of deferred tax	(5,560,145)	(24,679,530)
Realized gain/(loss) on revaluation of available-for-sale investments - net of deferred tax	22,132,284	(31,500,721)
<b>Share of other comprehensive (loss)/income from takaful</b>		
Unrealized (loss) on revaluation of available-for-sale investments - net of deferred tax	(7,387,760)	(2,529,313)
Realized gain/(loss) on revaluation of available for sale investments - net of deferred tax	2,529,313	(33,929)
	11,713,692	(58,743,493)
Items not to be re-classified to profit and loss account in subsequent period:		
Incremental depreciation net of deferred tax	793,193	834,940
Share of other comprehensive income / (loss) from associate	-	(613,431)
Other comprehensive income / (loss) for the year	12,506,885	(58,521,984)
<b>Total comprehensive income for the year</b>	<b>401,729,495</b>	<b>233,762,195</b>

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman

# CASH FLOW STATEMENT

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>Operating cash flows:</b>		
<b>a) Underwriting activities</b>		
Insurance premium received	4,481,605,353	4,120,876,981
Reinsurance premium paid	(1,747,782,627)	(1,524,119,248)
Claims paid	(2,396,774,434)	(2,152,055,829)
Reinsurance and other recoveries received	1,084,008,040	1,205,270,305
Commission paid	(388,250,895)	(441,582,442)
Commission received	320,140,120	249,308,765
Management expenses paid	(737,329,489)	(810,227,077)
<b>Net cash flow from underwriting activities</b>	<b>615,616,068</b>	<b>647,471,455</b>
<b>b) Other operating activities</b>		
Income tax paid	(113,076,555)	(133,636,724)
General expenses paid	(8,053,892)	(8,869,947)
Other operating (payments)	(580,196)	(71,516,739)
Other operating receipts	283,866,018	266,184,920
Loans advanced	(11,569,042)	(19,583,101)
Loan repayments received	14,375,246	23,010,213
Net cash flow from other operating activities	164,961,579	55,588,622
<b>Total cash flow from all operating activities</b>	<b>780,577,647</b>	<b>703,060,077</b>
<b>Investment activities:</b>		
Profit/return received	3,358,448	66,231,794
Dividend received	2,523,988	8,966,317
Rental received	2,067,000	2,404,078
Payment for investment/investment properties	(514,309,250)	(508,484,564)
Proceeds from investment/investment properties	26,065,739	302,015,065
Fixed capital expenditure	(29,734,868)	(40,706,671)
Proceeds from sale of property and equipment	15,670,598	26,975,590
Net assets in window takaful operations	(181,738,810)	(195,421,749)
<b>Total cash flow from investing activities</b>	<b>(676,097,155)</b>	<b>(338,020,140)</b>
<b>Financing activities:</b>		
Proceeds from issuance of shares	-	-
Interest paid	(3,440,290)	(5,356,197)
Loan received	-	-
Loan paid	-	-
Dividends paid	-	(180,320,000)
Lease liability paid	(48,510,936)	(54,792,493)
<b>Total cash flow from financing activities</b>	<b>(51,951,226)</b>	<b>(240,468,690)</b>
<b>Net cash flow from all activities</b>	<b>52,529,266</b>	<b>124,571,247</b>
Cash and cash equivalents at the beginning of the year	490,059,464	365,488,217
<b>Cash and cash equivalents at the end of the year</b>	<b>542,588,730</b>	<b>490,059,464</b>

# CASH FLOW STATEMENT

For the year ended December 31, 2018


	2018 Rupees	2017 Rupees
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	<b>780,577,647</b>	703,060,076
Depreciation & amortization expense	<b>(95,080,539)</b>	(107,998,066)
Finance charges on lease rentals	<b>(3,440,290)</b>	(5,374,936)
Profit on disposal of property and equipment	<b>12,775,962</b>	17,339,620
Profit/(loss) on disposal of investment/investment properties	<b>(31,617,548)</b>	(31,500,721)
Rental income	<b>2,292,000</b>	2,404,078
Dividend income	<b>2,523,988</b>	8,966,317
Share of profit/(loss) from associate	<b>23,701,346</b>	(35,382,354)
(Decrease)/increase in assets other than cash	<b>(218,471,999)</b>	106,169,730
(Increase) in liabilities other than borrowings	<b>(300,752,763)</b>	(659,199,822)
Provision for doubtful debts	-	(3,001,240)
Gain and other investment income	<b>34,975,996</b>	97,732,515
Income from window takaful operations	<b>181,738,810</b>	199,068,982
<b>Profit after taxation</b>	<b>389,222,610</b>	292,284,179

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
**Mohammad Rahat Sadiq**  
 Chief Executive Officer

  
**Huma Waheed**  
 Director

  
**Maqbool Ahmad**  
 Chief Financial Officer

  
**Khawas Khan Niazi**  
 Director / President

  
**Javaid Sadiq**  
 Chairman

For the year ended December 31, 2018

The annexed notes 1 to 46 form an integral part of these financial statements

  
Javaid Sadiq  
Chairman

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited ("the Company") was incorporated on October 20, 1959, in Pakistan as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, in the province of Sindh, and its Head Office is located in Lahore, in the province of Punjab. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance Company under Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine Aviation & Transport, Motor, Crop and Miscellaneous General Insurance. The Company has been allowed to carry on Window Takaful Operation on August 18, 2014 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012. The Company has not transacted any insurance business outside Pakistan.

For the purpose of carrying on takaful business, the Company has formed a Waqf/ Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations.

## 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012, shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the statement of financial position, the profit and loss account and the statement of comprehensive income of the Company respectively.

A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

### 2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 2.2 Functional and presentation currency

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

## 2.3 Standards, interpretations and amendments effective in (current year)

### 2.3.1 The Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IAS 28	Investments in Associates and Joint Ventures – Annual Improvements to IFRS Standards 2014–2016 Cycle.
IAS40	Investment Property – Transfers of Investment Property (Amendments).
IFRS2	Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments).
IFRS4	Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments).
IFRS12	Disclosure of Interests in Other Entities – Annual Improvement to IFRS Standards 2014–2016 Cycle.
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments, and improvement to accounting standards and interpretations did not have any effect on the financial statements.

## 2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan become effective during current year:

Standards, amendments or interpretation	Effective date (Annual periods beginning on or after)
IFRS 9	Financial instruments – classification and measurement
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
IFRS 9	Financial instruments – prepayment features with negative compensation (amendments)
IAS 19	Employee benefits – plan amendment, curtailment or settlement (amendments)
IAS 28	Investments in associates and joint ventures – long-term interests in associates and joint ventures (amendments)



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Annual Improvements 2015-2017 Cycle		Effective date (Annual periods beginning on or after)
IFRS 3	Business combinations	01-Jan-19
IFRS 11	Joint arrangements	01-Jan-19
IAS 12	Income taxes	01-Jan-19
IAS 23	Uncertainty over income tax treatments	01-Jan-19
	Conceptual framework for financial reporting	01-Jan-20

- 2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:**

**Standards, amendments or interpretation**

IFRS 14	Regulatory deferral accounts	01-Jan-16
IFRS 17	Insurance contracts	01-Jan-21

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, except for IFRS 17 for which management is in the process of evaluating the impact of application of the standard, in the period of initial application.

- 2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:**

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

### 3.1 Property and Equipment

#### 3.1.1 Operating assets

##### 3.1.1.1 Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for freehold land and certain buildings which are stated at revalued amount, less impairment in value, if any.

Depreciation on all property and equipment is charged to profit and loss account on reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates specified in note 5.1 to the financial statements. Depreciation on additions to/ disposal from property and equipment for the year is charged on "number of days basis".

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of an item of property and equipment is created to surplus on revaluation of property and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property and equipment to the extent of incremental depreciation charged on the related assets is transferred to appropriated profit through statement of comprehensive income.

## 3.1.1.2 Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance lease are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as borrowings [liabilities against assets subject to finance lease]. The liabilities are classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

## 3.1.1.3 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In case lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

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## Ijarah contracts

Ijarah rentals (Ijarah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.2 Intangibles assets

These are stated at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortization amount of an intangible asset over its useful life at the rates specified in note 6 to the financial statements. Amortization on additions to/ disposal from intangibles, if any is charged on "number of days basis".

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

## 3.3 Investment property

Investment properties are held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40 'Investment property.

Depreciation policy, subsequent capital expenditures and gain/ losses on disposal are accounted for in the same manner as tangible Property and Equipment.

## 3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policy holders.

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

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Crop
- Miscellaneous

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Marine Insurance covers the loss or damage of vessels, cargo, terminals and any transport of 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.

Crop insurance provides financial protection against natural disasters, fire and lightening and insect/ pets attack on standing crop.

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

The Company does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

## **3.5 Deferred commission expense / acquisition cost**

Commission and other incremental acquisition costs incurred in obtaining and recording policies of insurance and reinsurance are deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) are amortized systematically over the reporting periods over which the related premium revenue is recognised.

An acquisition cost which is not incremental are recognised as expense during the period in which the related premium revenue is recognised.

## **3.6 Unearned premium**

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.7 Premium deficiency

The Company maintains 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 statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard (IFRS) 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by Insurance Rules, 2017. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2018	2017
- Fire and property damage	41%	33%
- Marine, aviation and transport	32%	44%
- Motor	51%	44%
- Crop	32%	14%
- Miscellaneous	54%	58%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. No reserve for the same has been made in these financial statements except for the segment of crop and personal accident where actuary provides for the figure, for personal accident only, to be recognised as premium deficiency reserve.

## 3.8 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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

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

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

## **3.9 Receivables and payables related to insurance contracts**

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

### **3.9.1 Insurance / Reinsurance receivable**

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

### **3.9.2 Reinsurance recoveries against outstanding claims**

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

## **3.10 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 follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

## 3.10.1 Financial instruments

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

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 3.11 Cash & cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

## 3.12 Revenue recognition

### 3.12.1 Premium

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

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.12.2 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned reinsurance commission. Profit/ commission, if any, which the Company may be entitled to under the terms of reinsurance is recognized on accrual basis.

## 3.12.3 Investment income

Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.

## 3.12.4 Dividend income and other income

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

## 3.13 Investment

### 3.13.1 Recognition

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

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

### 3.13.2 Measurement

#### In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

## In equity securities

### Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

## In debt securities

### Held to maturity

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

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## In Term deposits

### Held to maturity

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

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

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

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

### Investment in window takaful operations

Investment in window takaful operations has been measured and disclosed in accordance with the provisions of Takaful Rules 2012 and Circular No. 25 of 2015, dated July 09, 2015 on "Financial Reporting of Window Takaful Operations by Non-Life Insurers".

'Net assets in window takaful operations are recorded after adjusting the portion of profit/ (loss) and other comprehensive income/ (loss) from Operators Fund (OPF) of takaful operations.

'Profit/ loss share from takaful operations in profit and loss account is recorded as 100 percent share of profit/ loss from Operators' Fund (OPF) in takaful operations. Similarly share of other comprehensive income/ (loss) from takaful operations is recorded in other comprehensive income of the Company based on 100 percent share of other comprehensive income/ (loss) from OPF.

Qarz-e-Hasna funded by Operators' Fund (OPF) of takaful operations to Participants' Takaful Fund (PTF) of takaful operations is recorded as apportionment of profit in the financial statements of the Company.

## 3.14 Offsetting of financial assets and liabilities

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.15 Provisions

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

The Company recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of claims reported but not settled at the statement of financial position date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The provision for claims incurred but not reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes was determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

## 3.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

### 3.16.1 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 include adjustments, where considered necessary, to the provision for taxation made in previous years arising from assessments finalized during the current year for such years.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the statement of financial position 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 statement of financial position date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

## 3.17 Staff retirement benefits

### Defined benefit plan

The Company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the company at the rate of 8.34 percent (2017: 8.34 percent) of gross salary per month and charged to profit and loss account.

## 3.18 Leases

3.19 The policy relating to leased assets is given under note 3.1.1.2 to the financial statements.

### Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.19.1 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.

## 3.19.2 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.

## 3.20 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

## 3.21 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

## 3.22 Creditors, accruals and provisions

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

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.23 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

## 3.24 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

## 3.25 Earnings per share

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

## 3.26 Bonus shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

## 3.27 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

-	Useful lives of property and equipment	3.1
-	Deferred commission expense/acquisition cost	3.5
-	Unearned premium	3.6
-	Premium deficiency	3.7
-	Provision for doubtful debt	3.9.1
-	Segment reporting	3.10
-	Unearned re-insurance commission	3.12.2
-	Provisions	3.15
-	Taxation	3.16
-	Staff retirement benefits	3.17
-	Impairment in value of investments	3.19

	Note	2018 Rupees	2017 Rupees
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
Operating assets	5.1	<b>774,641,320</b>	810,595,553
Capital work-in-progress		-	-
		<b>774,641,320</b>	810,595,553

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5.1 OPERATING ASSETS

2018						
Description	Cost			Depreciation		Depreciation rate %
	As at 01 January	Addition	(Disposal)	Adjustment	As at 31 December	
----- Rupees -----						
Owned assets						
Freehold land	268,295,000	-	-	-	-	268,295,000
Buildings	174,301,419	-	-	-	49,261,206	125,040,213
Furniture and fixtures	136,534,044	122,400	-	-	77,931,544	58,724,900
Office equipment	54,627,156	623,568	(174,448)	3,510,000	25,720,691	32,865,585
Computer equipment	27,031,095	3,151,900	(553,981)	-	21,498,434	8,130,580
Vehicles	493,756,602	11,786,500	(28,736,738)	85,585,000	400,494,687	161,896,677
Cycles	103,640	-	-	-	82,828	20,812
Motor tracking devices	140,215,000	14,050,500	-	-	102,561,024	51,704,476
Total	1,294,863,956	29,734,868	(29,465,167)	89,095,000	677,550,414	706,678,243
Leased assets						
Vehicles	146,514,000	30,968,000	-	(85,585,000)	23,933,923	67,963,077
Office equipment	3,510,000	-	-	(3,510,000)	-	-
Total	150,024,000	30,968,000	-	(89,095,000)	23,933,923	67,963,077
Grand total	1,444,887,956	60,702,868	(29,465,167)	-	701,484,338	774,641,320

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5.1 OPERATING ASSETS

Description	2017						Depreciation rate %
	Cost			Depreciation			
	As at 01 January	Addition	(Disposal)	Adjustment	As at 31 December	Written down value as at 31 December	
----- Rupees -----							
Owned assets							
Freehold land	268,295,000	-	-	-	-	-	268,295,000
Buildings	174,301,419	-	-	-	6,927,433	-	131,621,278
Furniture and fixtures	135,712,101	895,188	(73,245)	-	7,174,447	(40,485)	65,120,984
Office equipment	50,537,932	4,225,427	(136,203)	-	3,488,421	(50,431)	32,981,041
Computer equipment	24,382,206	2,878,066	(230,177)	-	3,315,335	(223,727)	8,035,846
Vehicles	471,585,721	9,208,950	(38,566,069)	51,528,000	36,675,580	(30,168,496)	145,403,950
Cycles	99,200	8,040	(3,600)	-	5,793	(3,326)	31,217
Motor tracking devices	125,636,000	23,491,000	(8,912,000)	-	24,262,992	(7,798,176)	59,991,177
Total	1,250,549,579	40,706,671	(47,921,294)	51,528,000	81,850,001	(38,284,641)	711,480,493
Leased assets							
Vehicles	154,113,000	43,929,000	-	(51,528,000)	24,118,568	(24,165,427)	96,133,484
Office equipment	3,510,000	-	-	-	331,286	-	2,981,577
Total	157,623,000	43,929,000	-	(51,528,000)	24,449,854	(24,165,427)	99,115,061
Grand total	1,408,172,579	84,635,671	(47,921,294)	-	106,299,885	(38,284,641)	810,595,553

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to	Status
-----Rupees-----								
<b>Vehicles</b>								
LEA-06-6118-VTI	1,232,500	1,137,387	95,113	830,000	734,887	Negotiation	Mr. Qaisar	Outsider
LED-07-5717-CULTUS	600,000	544,012	55,988	385,000	329,012	Negotiation	Mr. Akmal	Outsider
LEE-07-7022-CULTUS	600,000	540,731	59,269	370,000	310,731	Negotiation	Mr. Qaisar	Outsider
LEF-07-7267-CULTUS	600,000	542,258	57,742	475,000	417,258	Negotiation	Mr. Akmal	Outsider
LEA-09-6836-ALTIS	1,899,000	1,712,336	186,664	700,000	513,336	Negotiation	Mr. Shah Fahad Yameen	Outsider
LEC-09-2752- CULTUS	800,500	483,295	317,205	390,000	72,795	Negotiation	Mr. Faheem	Outsider
LEC-08-6273-VTECH	1,519,500	1,367,751	151,749	900,000	748,251	Negotiation	Mr. Qaisar	Outsider
LWF-7116-CIVIC	997,500	928,812	68,688	640,000	571,312	Negotiation	Mr. Qaisar	Outsider
AUC-174-CIVIC VTECH	1,383,898	1,161,659	222,239	840,000	617,761	Negotiation	Mr. Qaisar	Outsider
LEA-07-8341-VTI	1,340,500	1,168,289	172,211	800,000	627,789	Negotiation	Mr. Maqsood	Outsider
LEC-07-7358-XLI	879,000	804,661	74,339	750,000	675,661	Negotiation	Mr. Qaisar	Outsider
LWF-70-MERCEDES E200	4,818,596	4,408,300	410,296	1,350,000	939,704	Negotiation	Mr. Anwar Pasha	Outsider
LES-14-4499-RAVI	640,000	301,298	338,702	400,000	61,298	Negotiation	Mr. Qaisar	Outsider
LED-08-4387-ALTO								
LED-10-7860-ALTO								
LRS-4124-ALTO	2,626,598	2,410,204	216,394	1,950,000	1,733,606	Negotiation	Mr. Quyyum	Outsider
IDL-8105 - ALTO								
LEA-06-4733-CULTUS								
<b>Sub total</b>	<b>19,937,592</b>	<b>17,510,993</b>	<b>2,426,599</b>	<b>10,780,000</b>	<b>8,353,401</b>			

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to
Vehicles	8,799,146	8,443,559	371,884	4,790,000	4,418,116	Negotiation	Various
Computer equipment	553,981	529,655	24,326	45,595	21,269	Negotiation	Various
Furniture & fixture	174,448	102,621	71,827	55,003	(16,824)	Negotiation	Various
<b>Sub-total</b>	<b>9,527,575</b>	<b>9,075,835</b>	<b>468,037</b>	<b>4,890,598</b>	<b>4,422,561</b>		
<b>Grand total 2018</b>	<b>29,465,167</b>	<b>26,586,828</b>	<b>2,894,636</b>	<b>15,670,598</b>	<b>12,775,962</b>		
Grand total 2017	47,921,294	38,284,640	9,635,970	26,975,590	17,339,620		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

**5.1.2** There are no assets held by third parties and assets with zero values.

**5.1.3** The land and buildings of the Company have been revalued by Empire Enterprises (Private) Limited, independent valuer, by using market value basis method on December 31, 2016. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to surplus on revaluation of fixed assets as per requirements of the Companies Act, 2017.

**5.1.4** Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2018 would have been as follows:

Description	Cost			Depreciation			Written values as at 31 December	Depreciation rate %
	As at 01 January	Additions / (disposal)	Adjustment	As at 31 December	For the year / (disposal)	Adjustment		
-----Rupees-----								
Land	201,806,610	-	-	-	-	-	201,806,610	-
Building	144,119,262	-	-	36,927,599	5,359,583	-	42,287,182	5%
2018	345,925,872	-	-	36,927,599	5,359,583	-	42,287,182	303,638,690
Land	201,806,610	-	-	-	-	-	201,806,610	-
Building	144,119,262	-	-	31,285,932	5,641,667	-	36,927,599	5%
2017	345,925,872	-	-	31,285,932	5,641,667	-	36,927,599	308,998,273

## 6 INTANGIBLE ASSETS

Description	Cost			Amortization				Amortization period		
	As at 01 January	Addition / (Disposal)	Adjustments	As at 31 December	For the year	Adjustments	Written down value as at 31 December			
-----Rupees-----										
Finite useful life										
Computer software - 2018	8,339,600	-	-	8,339,600	3,651,788	1,171,953	-	4,823,741	3,515,859	4
Finite useful life										
Computer software - 2017	8,339,600	-	-	8,339,600	2,089,184	1,562,604	-	3,651,788	4,687,812	4

For the year ended December 31, 2018

## 2018

2017

**7.1** The Market value of investment properties as per valuation carried out by professional value in 2018 is Rs. 3,454,255/- (2017: Rs. 3,594,375/-).



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		Note	2018 Rupees	2017 Rupees			
8	INVESTMENT IN SUBSIDIARY AND ASSOCIATE						
	Investment in associate	8.1	421,189,277	397,487,931			
	Share deposit money	8.2	651,000,000	350,000,000			
	Advance for purchase of shares	8.3	262,153,952	128,751,659			
			1,334,343,229	876,239,590			
8.1	Investment in associate- Apna Microfinance Bank Limited						
8.1.1	Movement of investment in associate						
	Beginning of the year		397,487,931	148,712,806			
	Acquisition/(disposal) of investment in associate		-	284,770,910			
			397,487,931	433,483,716			
	Share of profit/(loss) during the year		23,701,346	(35,382,354)			
	Less: dividend received		-	-			
	Change in comprehensive income		-	(613,431)			
	End of the year		421,189,277	397,487,931			
The Company's interest in its associate was as follows:							
	Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% Interest held
	Apna Microfinance Bank Limited	Pakistan	7,842,255,883	7,186,438,874	960,236,931	23,701,346	44.50%
	Total 2018		7,842,255,883	7,186,438,874	960,236,931	23,701,346	44.50%
	Apna Microfinance Bank Limited	Pakistan	6,222,697,650	5,768,613,863	702,201,047	(35,382,354)	44.50%
	Total 2017		6,222,697,650	5,768,613,863	702,201,047	(35,382,354)	44.50%

## 8.1.2 Particulars of investment in associate

2018	2017	Face value per share (Rupees)	Name of associate	2018 Rupees	2017 Rupees
Number of shares					
111,250,000	111,250,000	10	Apna Micro Finance Bank Limited	421,189,277	397,487,931

Market value of investment and percentage of holding in associate are Rs. 719,787,500/- and 44.50% respectively (2017: Rs. 831,037,500/- and 44.50%). 111,250,000/- (2017: 111,250,000/-) number of shares in associate are freezed with CDC under the provision of section 10 (2) of Microfinance Institutions Ordinance, 2001.

Auditors of the associate has expressed qualified opinion on financial statements for the year ended December 31, 2018.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>8.2 Share deposit money</b>			
Apna Microfinance Bank Limited		651,000,000	350,000,000
<b>8.3 Advance for purchase of shares</b>			
Advance for purchase of shares	8.3.1	262,153,952	128,751,659
<b>8.3.1</b> These advances have been given for the purchase of shares of M/s. Apna Microfinance Bank Limited to the other sponsors/ shareholders of M/s. Apna Microfinance Bank Limited.			
<b>9 INVESTMENTS IN EQUITY SECURITIES</b>			
Available for sale	9.1	29,082,689	82,573,398
<b>9.1 Available for sale</b>			
<b>Listed shares</b>		<b>34,145,161</b>	115,206,925
Less: unrealized loss on revaluation of investment		(7,808,558)	(35,256,473)
Carrying value	9.1.1	26,336,603	79,950,452
<b>Mutual Funds</b>		<b>2,734,202</b>	2,600,000
Add: unrealized gain on revaluation of investment		11,884	22,946
Carrying value	9.1.2	2,746,086	2,622,946
		<b>29,082,689</b>	82,573,398

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 9.1.1 Ordinary shares of quoted companies

2018	2017	2018	2017	Sector and name of investee company	2018	2017
Number of shares (fully paidup shares of Rs. 10/- each)		Market value per share			Rupees	Rupees
<b>Textile composite</b>						
400,000	400,000	5.01	3.8	Kohinoor Industries Ltd	2,004,000	1,520,000
<b>Engineering</b>						
-	860,000	-	17.74	Aisha Steel Mills Limited	-	15,256,400
27,000	-	80.83	-	General Tyre & Rubber Co	2,182,410	-
10,500	-	171.43	-	Cherat Packaging Ltd	1,800,015	-
75,000	-	82.68	-	Avanceon Limited	6,201,000	-
10,000	-	154.05	-	International Industries Ltd	1,540,500	-
162	-	427.66	-	Thal Limited	69,281	-
<b>Chemicals</b>						
-	46,500	-	15.06	Leather Up Limited	-	700,290
15	6,285	37.00	49.5	United Distributors Pak Limited	555	311,108
-	2,800	-	188.3	Wah Nobal Chemicals Limited	-	527,240
-	18,200	-	167.88	Glaxo Smithline Pakistan Limited	-	3,055,414
<b>Leasing</b>						
155,000	155,000	3.35	2.78	SME Leasing Limited	519,250	430,900
<b>Capital markets</b>						
25,000	88,000	41.50	39.55	Arif Habib Limited	1,037,500	3,480,400
35,000	425,500	32.07	35.47	Arif Habib Corporation Ltd	1,122,450	15,092,485
<b>Oil and gass</b>						
-	100,000	-	12.8	Byco Petroleum Pakistan Ltd	-	1,280,000
<b>Food and beverages</b>						
200	4,100	462.75	493.5	Shezan International	92,550	2,023,350
250	54,750	20.05	36.08	Roshan Packages Ltd	5,012	1,975,380
-	10,000	-	80.31	Engro Foods Ltd	-	803,100
<b>Auto industry</b>						
4,000	109,500	95.03	154.63	Ghandhara Nissan Ltd	380,120	16,931,985
-	30,000	-	552.08	Ghandhara Industries Ltd	-	16,562,400
<b>Commercial banks</b>						
76,500	-	122.64	-	United Bank Limited	9,381,960	-
<b>818,627</b>	<b>2,310,635</b>				<b>26,336,603</b>	<b>79,950,452</b>

9.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2018 is Rs. 40,070,734/- (2017: Rs. 117,078,309/-).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 9.1.2 Mutual fund certificates

2018	2017	2018	2017	Name of entity	2018	2017
Number of units		Unit price (Rupees)			Rupees	Rupees
255,645	239,265	10.74	10.96	NBP NAFA income opportunity fund	2,746,086	2,622,946

Cost of Mutual fund certificates as at December 31, 2018 is Rs. 2,734,202/- (2017: Rs. 2,600,000/-).

Note	2018	2017
	Rupees	Rupees

## 10 INVESTMENTS IN DEBT SECURITIES

### 10.1 Held to maturity

Government securities	10.1.1	283,282,668	282,770,694
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#### 10.1.1 Government securities

Face value (Rupees)	No. of certificates	Types of security		
67,000,000	670,000	Pakistan investment bonds - 10 years	69,013,845	69,194,991
200,000,000	2,000,000	Pakistan investment bonds - 10 years	214,268,823	213,575,703
267,000,000	2,670,000		283,282,668	282,770,694

The Pakistan Investment Bonds amounting to Rs. 227,000,000/- (2017: Rs. 267,000,000/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

## 11 INVESTMENTS IN TERM DEPOSITS

### 11.1 Held to maturity

Deposits maturing within 12 months	11.2	115,633,412	59,939,775
Deposits maturing after 12 months		-	-
		115,633,412	59,939,775

11.2 The rate of return on Term Deposit Certificates issued by various banking companies ranges from 4.00% to 9.00% per annum (2017: 4.00% to 11.50% per annum). These Term Deposit Certificates have maturity up to September 04, 2019.

11.3 This includes TDRs held with Apna Microfinance Bank Limited, a related party, amounting to Rs. 72,000,000/- (2017: Rs. 2,500,000/-).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>11A TOTAL ASSETS IN WINDOW TAKAFUL OPERATIONS (WTO)</b>			
Total assets in operators' fund		<b>605,758,680</b>	466,952,852
Total liabilities in operators' fund		<b>(29,660,180)</b>	(72,593,162)
<b>Net assets in window takaful operations (WTO)</b>		<b>576,098,500</b>	394,359,690
<b>Movement of investment in window takaful operations (WTO)</b>			
Balance at beginning of the year		<b>394,359,690</b>	198,937,941
Share in profit of WTO		<b>188,530,802</b>	199,068,982
Share in other comprehensive (loss) / income of WTO		<b>(6,791,992)</b>	(3,647,233)
<b>Balance at year end</b>		<b>576,098,500</b>	394,359,690
<b>12 LOANS AND OTHER RECEIVABLE-Considered good</b>			
Receivable from related parties	12.1	<b>28,468,572</b>	-
Accrued investment income		<b>8,586,871</b>	6,103,833
Lease security deposits		<b>14,141,325</b>	25,786,725
Other security deposits		<b>33,730,735</b>	45,926,965
Loans to employees	12.2	<b>11,161,495</b>	13,967,699
Branch balance receivable		<b>37,177,707</b>	49,848,985
Other receivable		<b>25,468,349</b>	34,079,784
		<b>158,735,054</b>	175,713,991
<b>12.1</b>	Represents amount due from M/s United Track System (Pvt) Ltd. and Tawasul Healthcare TPA (Private) Ltd., associated undertakings, amounting to Rs. 28,368,572/- (2017: Rs. Nil) and Rs. 100,000/- (2017: Rs. Nil) respectively.		
<b>12.2 Loans to employees</b>			
Executives		<b>9,083,962</b>	8,176,835
Non-executives		<b>2,077,533</b>	5,790,864
	12.2.1	<b>11,161,495</b>	13,967,699

**12.2.1** These represent interest free loan to employees.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>13</b>			
<b>INSURANCE / REINSURANCE RECEIVABLES- Unsecured and considered good</b>			
Due from insurance contract holders		509,646,048	763,903,406
Less: Provision for impairment of receivables from insurance contract holders	13.1	-	(6,508,518)
Due from other Insurers/Reinsurers		297,791,565	313,268,945
Less: Provision for impairment of due from other Insurers/Reinsurers		-	-
		<b>807,437,613</b>	<b>1,070,663,833</b>
<b>13.1</b>			
<b>Provision for impairment of receivables from insurance contract holders</b>			
Balance at the beginning of the year		(6,508,518)	(12,007,530)
Provision made during the year		-	(3,001,240)
Bad debts recovered during the year		6,508,518	8,500,252
		-	(6,508,518)
<b>14</b>			
<b>RETIREMENT BENEFIT OBLIGATIONS</b>			
<b>14.1</b>			
<b>Statement of financial position reconciliation</b>			
Fair value of plan assets		-	-
Present value of defined benefit obligation		-	-
Funded status		-	-
Unrecognised net actuarial loss/(gain)		-	-
<b>Recognised asset/(liability)</b>		-	-
<b>14.2</b>			
<b>Movement in fair value of plan assets</b>			
Fair value as at January 1, 2018		-	32,155,786
Expected return on plan assets excluding interest income		-	1,057,084
Actuarial gains/(losses)		-	4,671,612
Employer contributions		-	65,047,014
Benefit paid		-	(102,931,496)
<b>Fair value as at December 31, 2018</b>		-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees			
<b>14.3 Movement in defined benefit obligation</b>						
Obligation as at January 01, 2018		-	90,839,102			
Service cost		-	5,737,285			
Interest cost		-	1,049,956			
Settlement and curtailment		-				
Actuarial losses/(gains)		-	5,305,153			
Benefits paid		-	(102,931,496)			
Benefit due but not paid		-	-			
Experience adjustment		-	-			
<b>Obligation as at December 31, 2018</b>		<b>-</b>	<b>-</b>			
<b>14.4 Cost</b>						
Current service cost		-	5,737,285			
Interest cost		-	1,049,956			
Expected return on plan assets		-	(1,057,084)			
Settlement and curtailment		-	633,541			
Recognition of actuarial loss		-	-			
<b>(Income)/expense</b>		<b>-</b>	<b>6,363,698</b>			
<b>Actual return on plan assets</b>		<b>-</b>	<b>3,167,183</b>			
Principal actuarial assumptions used are as follows:						
Discount rate & expected return on plan assets		-	8.00% p.a			
Future salary increases		-	N/A			
Discount rate used for year end obligation		-	N/A			
		2018	2017	2016	2015	2014
		----- Rupees -----				
<b>14.5 Comparison for five years</b>						
As at December 31, 2018						
Present value of defined benefits obligations	-	-	90,839,102	91,636,083	70,173,470	
Fair value of plan assets	-	-	(32,155,786)	(28,967,080)	(8,067,544)	
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>58,683,316</b>	<b>62,669,003</b>	<b>62,105,926</b>	
Experience adjustments						
<b>Actuarial (gain) /loss on obligation</b>	<b>-</b>	<b>-</b>	<b>13,262,081</b>	<b>3,151,501</b>	<b>(3,109,934)</b>	
<b>Actuarial (loss)/gain on assets</b>	<b>-</b>	<b>-</b>	<b>(4,643,331)</b>	<b>2,096,794</b>	<b>(327,374)</b>	



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018		2017	
	Fair value	Percentage	Fair value	Percentage
<b>14.6 Plan assets comprise of the following:</b>				
Cash at bank	-	-	-	-
Mutual fund (NAFA income opportunity fund)	-	-	-	-
Cheque deposited in bank but not credited	-	-	-	-
Less: payables	-	-	-	-
	-	-	-	-

- 14.7** The gratuity scheme has been closed by the Company with effect from 30th April 2017 and all the liabilities of the scheme have been discharged / paid by the Fund. There are no Gratuity Fund Assets as at 31.12.2018 after settlements of all Gratuity Benefits.

	Note	2018 Rupees	2017 Rupees
<b>15 DEFERRED TAXATION</b>			
Deferred tax liability / (asset) arising in respect of:			
Accelerated depreciation on property and equipment		44,592,719	24,582,449
Accelerated depreciation on intangibles		414,978	155,404
Liability against assets subject to finance lease		4,571,619	8,811,975
Accrued investment income		2,595,203	1,943,063
Provision for impairment of receivables from insurance contract holders		-	(1,952,555)
Unrealised gain/(loss) on remeasurement of investment		(6,994,669)	(11,654,050)
Liability relating to revaluation surplus on fixed assets		(7,704,372)	(8,044,312)
<b>Deferred tax liability/ (asset)</b>		<b>37,475,478</b>	<b>13,841,974</b>

<b>16 PREPAYMENTS</b>			
Prepaid reinsurance premium ceded		682,584,097	688,364,984
Prepaid rent		1,491,399	1,647,827
Prepaid miscellaneous expenses		-	-
		<b>684,075,496</b>	<b>690,012,811</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>17 CASH &amp; BANK</b>			
Cash and cash equivalent			
-Cash in hand		216,926	195,693
-Policy & revenue stamps, bond papers		-	-
Cash at bank			
-Current accounts	17.1	381,527,148	289,573,399
-Saving accounts	17.2	160,844,656	200,290,372
		<b>542,588,730</b>	<b>490,059,464</b>
<b>17.1</b>	This includes Rs. 2,161,108/- (2017: Rs. 2,502,479/-) held with Apna Microfinance Bank Limited an associated undertaking.		
<b>17.2</b>	This includes Rs. 34,475/- (2017: Rs. 32,820/-) held with Apna Microfinance Bank Limited an associated undertaking.		
<b>17.3</b>	The rate of return on PLS saving accounts maintained at various banks ranges from 2.5% to 6.5% per annum (2017: 2.20% to 4.05% per annum).		
<b>17.4</b>	Cash and short term borrowing include the following for the purpose of the cash flow statement.		
Cash & bank		542,588,730	490,059,464
Short term borrowings of upto three months including running finance, if any		-	-
		<b>542,588,730</b>	<b>490,059,464</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 18 ORDINARY SHARE CAPITAL

### 18.1 Authorized share capital

2018	2017	Note	2018	2017
Number of shares			Rupees	Rupees
300,000,000	300,000,000	Ordinary shares of Rs. 10/- each	3,000,000,000	3,000,000,000

### 18.2 Issued, subscribed and paid-up share capital

2018	2017			
Number of shares				
10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
215,211,901	189,191,725	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	2,152,119,010	1,891,917,250
226,175,376	200,155,200		2,261,753,760	2,001,552,000

### Reconciliation of issued, subscribed and paid up share capital

200,155,200	180,320,000	Ordinary shares of Rs. 10/- each fully paid in cash	2,001,552,000	1,803,200,000
26,020,176	19,835,200	Bonus shares issued during the year	260,201,760	198,352,000
226,175,376	200,155,200		2,261,753,760	2,001,552,000

18.3 As at December 31, 2018, Aziz Mines (Private) Limited, Indus Coal Mines (Private) Limited, United Track System (Private) Limited and Tawasul Healthcare TPA (Private) Ltd. associated undertakings held nil /- (2017: 31,191/-), nil (2017: 446,483/-), 46,478,328/- (2017: 41,369,229/- and 12,037,119/- (2017: nil) ordinary shares of the Company of Rs. 10 each, respectively.

## 19 RESERVES

### Capital reserves

Reserve for exceptional loss	-	-
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### Revenue reserves

General reserve	75,115,917	75,115,917
Reserve for bonus shares	19.1	-
Available for sale reserve	(16,911,458)	(28,625,150)
	58,204,459	46,490,767

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>19.1 Reserve for bonus shares</b>		
Balance at the beginning of the year	-	-
Transfer from unappropriated profit	260,201,760	198,352,000
Transfer from general reserve	-	-
Bonus shares issued	(260,201,760)	(198,352,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>19A SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
<b>Movement in revaluation surplus</b>		
<b>Surplus on land</b>		
Opening balance	66,488,390	66,488,390
Add: addition made during the year	-	-
Revaluation surplus on land	66,488,390	66,488,390
<b>Surplus on buildings</b>		
Balance at beginning of the year	22,662,669	23,855,432
Add: revaluation made during the year	-	-
Less: realization of surplus on disposal of building	-	-
Total revaluation surplus on building	22,662,669	23,855,432
Less: incremental depreciation charged in current year	(1,133,133)	(1,192,763)
	21,529,536	22,662,669
<b>Related deferred tax liability</b>		
Balance at beginning of the year	(8,044,312)	(8,402,135)
Add: related deferred tax liability on revaluation made during the year	-	-
Less: related deferred tax liability on incremental depreciation transferred to retained earnings	339,940	357,823
	(7,704,372)	(8,044,312)
Net revaluation surplus on buildings at the end of year	13,825,164	14,618,357
<b>Total revaluation surplus at the end of year</b>	<b>80,313,554</b>	<b>81,106,747</b>

- 19B** The land and buildings of the Company have been revalued by Empire Enterprises (Private) Limited, independent valuer, by using market value basis method on December 31, 2016. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to surplus on revaluation of fixed assets as per requirements of the Companies Act, 2017. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>20 BORROWINGS</b>			
Liabilities against assets subject to finance lease	20.1	<b>52,198,875</b>	69,741,811
Current portion		<b>20,972,704</b>	34,307,934
Non-current portion		<b>31,226,171</b>	35,433,877

## 20.1 Liabilities against assets subject to finance lease

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2018			2017		
	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding
	----- Rupees -----					
Not later than one year	<b>23,337,341</b>	<b>2,364,637</b>	<b>20,972,704</b>	36,912,346	2,604,412	34,307,934
Later than one year and not later than five years	<b>33,050,191</b>	<b>1,824,020</b>	<b>31,226,171</b>	36,367,668	933,791	35,433,877
Over five years	-	-	-	-	-	-
	<b>56,387,532</b>	<b>4,188,657</b>	<b>52,198,875</b>	73,280,014	3,538,203	69,741,811

The Company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from 8.64% to 11% per annum (2017: 10.50% to 20.00% per annum). These are secured against personal guarantees of chief executive and directors of the Company, demand promissory note for full lease rentals plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly instalments and there is no financial restriction in the lease agreements.

	Note	2018 Rupees	2017 Rupees
<b>21 INSURANCE / REINSURANCE PAYABLES</b>			
Due to insurance contract holders		-	-
Due to insurers / reinsurers		<b>53,070,549</b>	107,818,532
		<b>53,070,549</b>	107,818,532

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>22 OTHER CREDITORS AND ACCRUALS</b>			
Federal excise duty / sales tax		9,994,919	14,539,856
Federal insurance fee		4,509,803	3,440,199
Payable to related parties	22.1	-	6,637,386
Accrued expenses		6,314,667	5,238,300
Other tax payables		18,200,466	9,390,717
Unpaid and unclaimed dividend		1,507,891	1,946,665
Provident fund contribution		3,992,734	3,605,074
Auditors' remuneration		2,450,000	2,300,000
Others		22,752,711	21,792,205
		<b>69,723,191</b>	<b>68,890,402</b>

- 22.1** This represents amount due to M/s United Track System (Pvt) Limited, an associated undertaking, amounting to Rs. Nil (2017: Rs. 6,637,386/-)

## **23 CONTINGENCY(IES) AND COMMITMENT(S)**

### **23.1 Contingencies**

There are no known contingencies on statement of financial position date. (2017: Nil).

### **23.2 Commitments**

There are following commitments on statement of financial position date.

For future Ijarah rentals payable	23.2.1	8,376,750	18,851,154
<b>23.2.1</b> Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:			
Not later than one year		8,376,750	10,880,793
Later than one year and not later than five years		-	7,970,361
Later than five years		-	-
		<b>8,376,750</b>	<b>18,851,154</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>24</b>	<b>NET INSURANCE PREMIUM</b>		
Written gross premium		4,227,347,995	4,163,545,967
Add: unearned premium reserve - opening		1,581,500,585	1,490,001,500
Less: unearned premium reserve - closing		(1,535,651,678)	(1,581,500,585)
Premium earned		4,273,196,902	4,072,046,882
Less: reinsurance premium ceded		1,693,034,644	1,485,726,719
Add: prepaid reinsurance premium - opening		688,364,984	595,977,299
Less: prepaid reinsurance premium - closing		(682,584,097)	(688,364,984)
Reinsurance expense		1,698,815,531	1,393,339,034
		<b>2,574,381,371</b>	<b>2,678,707,848</b>

<b>25</b>	<b>NET INSURANCE CLAIMS</b>		
Claims paid		2,396,774,434	2,152,055,829
Add: outstanding claims including IBNR - closing	25.1	1,719,012,008	1,385,321,234
Less: outstanding claims including IBNR - opening		(1,385,321,234)	(791,222,496)
Claims expense		2,730,465,208	2,746,154,567
Less: reinsurance and other recoveries received		1,068,530,660	1,017,655,656
Add: reinsurance and other recoveries in respect of outstanding claims - closing		1,379,267,940	1,022,607,058
Less: reinsurance and other recoveries in respect of outstanding claims - opening		(1,022,607,058)	(581,301,466)
Reinsurance and other recoveries revenue		1,425,191,542	1,458,961,248
		<b>1,305,273,666</b>	<b>1,287,193,319</b>

## 25.1 Claim development

Accident year	2015	2016	2017	2018
Estimate of ultimate claims costs:				
At end of accident year	775,298,207	1,576,607,002	2,487,302,833	2,644,068,066
One year later	1,177,615,557	735,237,255	1,108,745,774	-
Two years later	259,036,434	362,930,832	-	-
Three years later	-	-	-	-
Four years later	-	-	-	-
Current estimate of cumulative claims	259,036,434	362,930,832	1,108,745,774	2,644,068,066
Cumulative payments to date	(259,036,434)	(164,570,831)	(515,963,363)	(1,716,198,470)
<b>Liability recognised in the statement of financial position</b>	<b>-</b>	<b>198,360,001</b>	<b>592,782,411</b>	<b>927,869,596</b>

25.2 The aforesaid includes outstanding claims of Rs. 357,880,480/- (2017: 207,331,534/-) which are payable to a related party.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>26</b>	<b>NET COMMISSION EXPENSE / ACQUISITION COST</b>		
Commission paid or payable		388,250,895	441,582,442
Add: deferred commission expense - opening		175,925,630	197,015,310
Less: deferred commission expense - closing		(174,654,726)	(175,925,630)
Net commission		389,521,799	462,672,122
Less: commission received or recoverable		320,140,120	249,308,765
Add: unearned re-insurance commission - opening		102,043,115	83,462,765
Less: unearned re-insurance commission - closing		(128,844,597)	(102,043,115)
Commission from reinsurers		293,338,638	230,728,415
		<b>96,183,161</b>	<b>231,943,707</b>
<b>27</b>	<b>MANAGEMENT EXPENSES</b>		
Employee benefit cost	27.1	403,297,573	443,494,104
Travelling expenses		15,326,627	12,047,137
Advertisements & sales promotion		1,788,864	6,953,124
Printing and stationery		3,144,708	7,327,848
Depreciation expense	27.2	93,908,586	106,435,462
Amortisation		1,171,953	1,562,604
Rent, rates and taxes		62,823,118	58,342,921
Legal & professional fee - business related		44,798,330	43,316,663
Electricity, gas and water		9,562,866	10,826,198
Entertainment		5,442,432	17,166,978
Vehicle running expenses		77,824,535	73,201,833
Office repairs and maintenance		8,864,663	11,624,421
Bank charges		3,260,570	3,860,456
Postages, telegrams and telephone		9,450,728	11,945,210
Annual supervision fee SECP		7,523,488	6,116,757
Bad and doubtful debts		-	3,001,240
Motor tracking devices charges		62,502,692	66,483,098
Miscellaneous		21,718,295	37,520,329
		<b>832,410,028</b>	<b>921,226,383</b>
<b>27.1</b>	<b>Employee benefit cost</b>		
Salaries, allowance and other benefits		375,963,719	419,153,773
Charges for post employment benefit		27,333,854	24,340,331
		<b>403,297,573</b>	<b>443,494,104</b>
<b>27.2</b>	<b>Depreciation</b>		
Investment property		128,826	135,607
Fixed assets		93,779,760	106,299,855
		<b>93,908,586</b>	<b>106,435,462</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>28 INVESTMENT INCOME</b>		
<b>Income from equity securities</b>		
Available for sale		
Dividend income on shares	2,334,970	4,339,574
Dividend income on mutual fund	189,018	4,626,743
<b>Income from debt securities</b>		
Available for sale		
Return on Government securities	-	5,525,848
Held to maturity		
Return on Government securities	23,282,178	21,530,941
<b>Income from term deposits</b>		
Return on term deposits	4,797,511	4,400,830
	<b>30,603,677</b>	<b>40,423,936</b>
<b>Net realized gains / (loss) on investments</b>		
Available for sale financial assets		
-Equity securities	(21,862,349)	6,995,443
-Mutual funds	(11,062)	(540,540)
-Government securities	-	22,413,539
Total investment income	<b>8,730,266</b>	<b>69,292,378</b>
Less: (Provision) / Reversal for impairment in value of available for sale securities		
-Equity securities	-	-
-Debt securities	-	-
Less: investment related expenses	(364,792)	(2,087,672)
<b>Net Investment Income</b>	<b>8,365,474</b>	<b>67,204,706</b>
<b>29 RENTAL INCOME</b>		
Rental income	2,292,000	2,404,078
Less: expenses of investment property	-	-
	<b>2,292,000</b>	<b>2,404,078</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>30 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Bad debts recovered		6,508,518	8,500,252
Return on bank balances		8,135,762	8,311,517
Liabilities written back		-	12,391,109
Miscellaneous income		300,704	431,550
		<b>14,944,984</b>	<b>29,634,428</b>
<b>Income from non financial assets</b>			
Gain on disposal of fixed assets		12,775,962	17,339,620
Discount income		2,000	8,620
		<b>12,777,962</b>	<b>17,348,240</b>
		<b>27,722,946</b>	<b>46,982,668</b>
<b>31 OTHER EXPENSES</b>			
Auditors' remuneration	31.1	3,500,000	3,300,000
Subscriptions		4,453,787	3,955,685
Registration fee		-	10,250
Expenses on bonus issue		82,100	218,187
Donations		18,005	1,385,825
		<b>8,053,892</b>	<b>8,869,947</b>
<b>31.1 Auditors' remuneration:</b>			
Annual audit fee and report on CCG compliance		2,100,000	1,900,000
Fee for audit of provident fund		-	100,000
Half yearly review		550,000	500,000
Other certifications		650,000	600,000
Tax services		-	-
Out of pocket expenses		200,000	200,000
		<b>3,500,000</b>	<b>3,300,000</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>32 FINANCE COST</b>		
Mark-up on finance lease	3,440,290	5,356,197
Exchange gain/(loss)	(336,618)	18,739
	<b>3,103,672</b>	<b>5,374,936</b>

<b>33 INCOME TAX EXPENSE</b>		
<b>For the year</b>		
Current	145,372,387	99,432,826
Deferred	18,346,269	11,163,715
<b>For the prior year(s)</b>		
Current	9,759,555	84,464,554
Deferred	-	-
	<b>173,478,211</b>	<b>195,061,095</b>

	2018 %	2017 %
<b>33.1 Reconciliation between effective and applicable tax rate</b>		
Applicable tax rate	29.00	30.00
Effect of income charged at different rates	(0.01)	(0.44)
Effect of tax on amounts deductible for tax purposes	(1.42)	8.17
<b>Effective tax rate</b>	<b>27.57</b>	<b>37.73</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 34 EARNINGS PER SHARE - BASIC AND DILUTED

### 34.1 Basic earnings per share

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

	2018	2017
	-----Rupees-----	
Profit after tax for the year	<b>389,222,610</b>	292,284,179
	<b>Number of shares</b>	
Weighted average number of shares of Rs. 10/- each	<b>226,175,376</b>	226,175,376
	-----Rupees-----	
Earnings per share - basic and diluted (re-stated)	<b>1.72</b>	1.29

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Professional fee	-	13,712,000	-	13,712,000	-	7,932,000	-	7,932,000
Managerial remuneration	4,451,676	2,390,302	79,130,331	85,972,309	3,832,296	2,322,528	84,499,776	90,654,600
Leave encashment	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-	-	-
Rent & house maintenance	2,003,160	577,764	35,229,776	37,810,700	2,013,453	2,017,153	37,192,044	41,222,654
Medical	445,164	736,934	8,202,307	9,384,405	383,232	232,253	8,470,968	9,086,453
Utilities	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	2,475,000	9,300,000	36,556,184	48,331,184
Contribution to defined contribution plan	575,460	313,751	10,366,422	11,255,633	288,981	200,160	14,796,224	15,285,365
<b>Total</b>	<b>7,475,460</b>	<b>17,730,751</b>	<b>132,928,836</b>	<b>158,135,047</b>	<b>8,992,962</b>	<b>22,004,098</b>	<b>181,515,196</b>	<b>212,512,256</b>
Executive directors	7,475,460	4,018,751	-	11,494,211	8,992,962	13,100,160	-	22,093,122
Non-executive director	-	13,712,000	-	13,712,000	-	8,903,938	-	8,903,938
	<b>7,475,460</b>	<b>17,730,751</b>	<b>-</b>	<b>25,206,211</b>	<b>8,992,962</b>	<b>22,004,098</b>	<b>-</b>	<b>30,997,060</b>
Number of persons	1	3	112	116	1	2	114	117

**35.1** The chief executive officer, chairman and certain executives are also provided with free use of the Company's maintained car.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 36 RELATED PARTY TRANSACTIONS

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2018	2017
Nature of relationship	Nature of transaction	Rupees	Rupees
<b>Balances at year end:</b>			
<b>Associated undertakings</b>	Receivable/(payable) at year end	28,368,572	[6,637,386]
	Investment through equity shares at year end	421,189,277	397,487,931
	Investment through term deposits at year end	72,000,000	2,500,000
	Share deposit money	651,000,000	350,000,000
	Bank deposits at year end	2,195,582	2,535,299
	Claims lodged/payable	357,880,480	432,566,253
<b>Associated persons</b>	Advance for purchase of shares	262,153,952	128,751,659
<b>Key management personnel</b>	Loan to key management personnel	9,083,962	8,176,835
	(Payable to) defined contribution plan	3,992,734	3,605,074
<b>Transactions during the year:</b>			
	Motor tracking devices purchased	14,050,500	23,491,000
	Motor tracking device charges paid	44,448,645	46,782,430
	Device monitoring charges paid	17,588,582	19,700,668
	Rental income received during the year	1,125,000	2,404,078
	Health service charges	9,866,684	11,466,362
	Interest received on bank deposits	286,885	796,762
	Cash deposited in bank deposits	560,838,782	262,621,081
	Cash withdrawals in bank deposits	561,794,337	272,664,563
	Claims paid	250,000,000	25,092,127
	Share deposit money paid	301,000,000	350,000,000
<b>Associated persons</b>	Advance for purchase of shares paid	141,435,968	56,643,479
<b>Key management personnel</b>	Remuneration of key management personnel	132,928,836	147,634,788
<b>Staff retirement benefits plan</b>	Provision for gratuity during the year	-	6,363,697
	Benefits paid	-	102,931,496
<b>Employees' provident fund</b>	Employer's contributions made during the period	27,333,854	17,976,634



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 37 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, crop & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2018	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
<b>Gross written premium (Inclusive of admin surcharge)</b>	721,259,489	298,294,425	715,148,402	816,590,903	1,676,054,776	-	4,227,347,995
Gross direct premium	667,721,032	280,551,661	620,421,518	816,562,288	1,663,739,099	-	4,048,995,598
Facultative inward premium	36,352,971	8,439,175	72,443,586	-	-	-	117,235,732
Administrative surcharge	17,185,486	9,303,589	22,283,298	28,615	12,315,677	-	61,116,665
<b>Insurance premium earned</b>	792,073,922	296,546,028	901,021,364	839,886,346	1,443,669,242	-	4,273,196,902
Insurance premium ceded to Reinsurance	(456,562,234)	(105,615,431)	(336,198,451)	(386,438,337)	(414,001,078)	-	(1,698,815,531)
Net insurance premium	335,511,688	190,930,597	564,822,913	453,448,009	1,029,668,164	-	2,574,381,371
Commission income	34,435,268	11,094,496	73,728,954	80,828,351	93,251,569	-	293,338,638
<b>Net underwriting income</b>	369,946,956	202,025,093	638,551,867	534,276,360	1,122,919,733	-	2,867,720,009
Insurance claims	(517,487,713)	(69,072,616)	(468,998,603)	(511,550,419)	(1,163,355,857)	-	(2,730,465,208)
Insurance claims recovered from reinsurance	407,310,750	37,720,309	147,586,214	161,515,667	671,058,602	-	1,425,191,542
Net claims	(110,176,963)	(31,352,307)	(321,412,389)	(350,034,752)	(492,297,255)	-	(1,305,273,666)
Commission expenses	(98,500,044)	(25,148,130)	(51,003,723)	(105,632,467)	(109,237,435)	-	(389,521,799)
Management expenses	(110,655,518)	(73,770,345)	(232,380,582)	(36,885,173)	(378,718,410)	-	(832,410,028)
Premium deficiency expense	-	-	-	(27,598,977)	10,330,278	-	(17,268,699)
<b>Net insurance claims and expenses</b>	(319,332,525)	(130,270,782)	(604,796,694)	(520,151,369)	(969,922,822)	-	(2,544,474,192)
<b>Underwriting results</b>	50,614,431	71,754,311	33,755,173	14,124,991	152,996,911	-	323,245,817
Net investment income						-	8,365,474
Rental income						-	2,292,000
Other income						-	27,722,946
Other expenses						-	(8,053,892)
Finance cost						-	(3,103,672)
Profit from window takaful operations						-	188,530,802
Share of profit from associates						-	23,701,346
<b>Profit before tax</b>						-	562,700,821
Segment assets - Conventional	618,343,290	95,233,985	478,578,757	324,289,666	1,481,688,548	-	2,998,134,246
Segment assets - Operator	152,926,381	63,905,162	150,078,972	-	177,138,120	-	544,048,635
Unallocated assets - Conventional						-	3,291,572,192
Unallocated assets - Operator						-	61,710,045
<b>Total assets</b>						-	6,895,465,118
Segment liabilities - Conventional	731,595,302	75,510,994	390,215,580	256,975,071	1,982,281,885	-	3,436,578,831
Segment liabilities - Operator	8,172,731	6,485,933	7,161,814	-	4,636,802	-	26,457,280
Unallocated liabilities - Conventional						-	305,416,252
Unallocated liabilities - Operator						-	3,202,900
<b>Total liabilities</b>						-	3,771,655,263

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 37.1 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely fire, marine, motor, and crop & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2017	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross written premium (Inclusive of admin surcharge)	853,006,459	244,844,487	826,864,620	816,547,669	1,422,282,732	-	4,163,545,967
Gross direct premium	809,128,455	233,523,054	764,941,408	816,547,669	1,307,513,721	-	3,931,654,307
Facultative inward premium	25,722,783	1,741,053	36,127,747	-	106,592,520	-	170,184,103
Administrative surcharge	18,155,221	9,580,380	25,795,465	-	8,176,491	-	61,707,557
Insurance premium earned	824,895,167	249,927,641	847,229,012	806,813,363	1,343,181,699	-	4,072,046,882
Insurance premium ceded to Reinsurance	(356,654,730)	(67,862,757)	(325,478,597)	(165,611,907)	(477,731,043)	-	(1,393,339,034)
Net insurance premium	468,240,437	182,064,884	521,750,415	641,201,456	865,450,656	-	2,678,707,848
Commission income	25,399,386	5,569,215	71,113,991	40,870,984	87,774,839	-	230,728,415
Net underwriting income	493,639,823	187,634,099	592,864,406	682,072,440	953,225,495	-	2,909,436,263
Insurance claims	(385,940,266)	(174,546,451)	(405,696,874)	(281,562,510)	(1,498,408,466)	-	(2,746,154,567)
Insurance claims recovered from reinsurance	200,528,259	81,649,404	115,959,175	161,407,706	899,416,704	-	1,458,961,248
Net claims	(185,412,007)	(92,897,047)	(289,737,699)	(120,154,804)	(598,991,762)	-	(1,287,193,319)
Commission expenses	(113,358,884)	(22,364,518)	(89,258,723)	(108,340,314)	(129,349,683)	-	(462,672,122)
Management expenses	(186,617,496)	(56,541,573)	(191,670,121)	(182,526,817)	(303,870,376)	-	(921,226,383)
Premium deficiency expense	-	-	-	(8,398,084)	(8,634,278)	-	(17,032,362)
Net insurance claims and expenses	(485,388,387)	(171,803,138)	(570,666,543)	(419,420,019)	(1,040,846,099)	-	(2,688,124,186)
Underwriting results	8,251,436	15,830,961	22,197,863	262,652,421	(87,620,604)	-	221,312,077
Net investment income							67,204,706
Rental income							2,404,078
Other income							46,982,668
Other expenses							(8,869,947)
Finance costs							(5,374,936)
Profit from window takaful operations							199,068,982
Share of (loss) from associates							(35,382,354)
Profit before tax						-	487,345,274
Segment assets - Conventional	784,692,953	141,041,642	446,677,677	382,243,355	1,129,023,363	-	2,883,678,990
Segment assets - Operator	94,461,918	39,973,732	41,302,692	-	183,235,850	-	358,974,192
Unallocated assets - Conventional						-	2,860,687,147
Unallocated assets - Operator						-	107,978,660
Total assets						-	6,211,318,989
Segment liabilities - Conventional	775,542,617	131,704,483	573,948,625	286,885,506	1,408,602,234	-	3,176,683,465
Segment liabilities - Operator	17,596,595	7,433,542	21,744,330	-	21,415,205	-	68,189,672
Unallocated liabilities - Conventional						-	239,168,809
Unallocated liabilities - Operator						-	4,403,490
Total liabilities						-	3,488,445,436

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
<b>At beginning of previous year</b>	387,019,067	203,085,678	-	590,104,745
Additions	91,797,824	655,477,716	-	747,275,540
Disposals (sale and redemption)	(136,106,422)	(740,756,469)	-	(876,862,891)
Fair value net gains (excluding net realised gains)	-	(35,233,527)	-	(35,233,527)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
<b>At beginning of current year</b>	342,710,469	82,573,398	-	425,283,867
Additions	55,693,637	72,039,671	-	127,733,308
Disposals (sale and redemption)	-	(117,733,706)	-	(117,733,706)
Fair value net gains (excluding net realized gains)	-	(7,796,674)	-	(7,796,674)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Amortization	511,974	-	-	511,974
<b>At end of current year</b>	398,916,080	29,082,689	-	427,998,769

## 39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

### 39.1 Insurance risks

#### 39.1.1 Risk management framework

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

#### Insurance risk

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved reinsurers either on a proportional, excess of loss treaty or facultative basis.

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

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.

## Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area. Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

## Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten by the Company. The Company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The Company's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	Maximum sum insured		Reinsurance cover		Highest net liability	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Fire and property damage	8,821,150,000	107,209,772,040	8,781,150,000	107,169,772,040	40,000,000	40,000,000
Marine, aviation and transport	276,580,000	917,084,908	251,580,000	892,084,908	25,000,000	25,000,000
Motor	31,630,000	21,000,000	28,630,000	18,000,000	3,000,000	3,000,000
Crop	105,230,000	75,457,500	82,600,000	52,827,500	22,630,000	22,630,000
Miscellaneous	3,009,000,000	16,726,549,246	2,969,000,000	16,686,549,246	40,000,000	40,000,000
	12,243,590,000	124,949,863,694	12,112,960,000	124,819,233,694	130,630,000	130,630,000

The table below sets out the concentration of insurance contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Fire and property damage	734,611,499	775,542,644	712,877,039	837,203,076	21,734,460	(61,660,433)
Marine, aviation and transport	44,037,845	131,704,491	54,364,607	146,442,171	(10,326,762)	(14,737,680)
Motor	387,606,595	568,772,432	439,479,054	458,103,732	(51,872,459)	110,668,700
Crop	250,845,338	286,885,532	258,585,645	433,184,085	(7,740,307)	(146,298,553)
Miscellaneous	1,991,025,605	1,413,778,368	1,578,638,031	1,144,377,603	412,387,574	269,400,765
	3,176,683,467	3,176,683,467	3,019,310,667	3,019,310,667	364,182,506	157,372,799

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 39.1.2 Sources of Uncertainty in estimation of future claim payments

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.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. 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. It is likely that final settlement of these liabilities may be different from recognized amounts.

## 39.1.3 Changes in assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## Sensitivity analysis

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

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
<b>As at December 31, 2018</b>			
Cash flow sensitivity - variable rate financial liabilities	100	(521,989)	(370,612)
	(100)	521,989	370,612
Cash flow sensitivity - variable rate financial assets	100	5,683,478	4,035,268
	(100)	(5,683,478)	(4,035,268)
<b>As at December 31, 2017</b>			
Cash flow sensitivity - variable rate financial liabilities	100	(697,418)	(488,193)
	(100)	697,418	488,193
Cash flow sensitivity - variable rate financial assets	100	6,383,877	4,468,714
	(100)	(6,383,877)	(4,468,714)

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

### a) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

### b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 26,336,603 /- (2017: Rs. 79,950,452/-) at the statement of financial position.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The Company has strategic equity investment in its associate amounting to Rs. 421,189,277 /- (2017: Rs. 397,487,931/-) which is held for long term.

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

## c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the Company has cash and bank balance of Rs. 542,588,730 /- (2017: Rs. 490,059,464 /-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
<b>Financial liabilities</b>				
Outstanding claims including IBNR	1,719,012,008	1,719,012,008	1,719,012,008	-
Insurance / Reinsurance payables	53,070,549	53,070,549	53,070,549	-
Other creditors and accruals	69,723,191	69,723,191	69,723,191	-
Borrowings	52,198,875	56,387,532	20,972,704	31,226,171
	<b>1,894,004,623</b>	<b>1,898,193,280</b>	<b>1,862,778,452</b>	<b>31,226,171</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims including IBNR	1,385,321,234	1,385,321,234	1,385,321,234	-
Amount due to other Insurers/ Reinsurers	107,818,532	107,818,532	107,818,532	-
Other creditors and accruals	68,890,402	68,890,402	68,890,402	-
Borrowings	69,741,811	73,280,014	34,307,934	35,433,877
	1,631,771,979	1,635,310,182	1,596,338,102	35,433,877

## 39.1.4 Sensitivity analysis

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

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

10% increase in loss	Profit before tax		Share holders' equity	
	2018	2017	2018	2017
	----- Rupees -----			
<b>Net</b>				
Fire and property damage	(11,017,696)	(18,541,201)	(7,822,564)	(12,978,840)
Marine, aviation and transport	(3,135,231)	(9,289,705)	(2,226,014)	(6,502,793)
Motor	(32,141,239)	(28,973,770)	(22,820,280)	(20,281,639)
Crop	(35,003,475)	(12,015,480)	(24,852,467)	(8,410,836)
Miscellaneous	(49,229,726)	(59,899,176)	(34,953,105)	(41,929,423)
	(130,527,367)	(128,719,332)	(92,674,429)	(90,103,532)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

10% decrease in loss	Profit before tax		Share holders' equity	
	2018	2017	2018	2017
	----- Rupees -----			
Net				
Fire and property damage	11,017,696	18,541,201	7,822,564	12,978,840
Marine, aviation and transport	3,135,231	9,289,705	2,226,014	6,502,793
Motor	32,141,239	28,973,770	22,820,280	20,281,639
Crop	35,003,475	12,015,480	24,852,467	8,410,836
Miscellaneous	49,229,726	59,899,176	34,953,105	41,929,423
	130,527,367	128,719,332	92,674,430	90,103,532

## Claims development table

The table shown in note 25.1 the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 39.2 Financial risk

### 39.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

#### a) Equity price risk

The table below summarizes the Company's equity price risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit/(loss) before tax
<b>December 31, 2018</b>	<b>29,082,689</b>	<b>10 % increase</b>	<b>31,990,958</b>	<b>2,064,871</b>	<b>2,908,269</b>
		<b>10 % decrease</b>	<b>26,174,420</b>	<b>(2,064,871)</b>	<b>(2,908,269)</b>
<b>December 31, 2017</b>	<b>82,573,398</b>	<b>10 % increase</b>	<b>90,830,738</b>	<b>5,780,138</b>	<b>8,257,340</b>
		<b>10 % decrease</b>	<b>74,316,058</b>	<b>(5,780,138)</b>	<b>(8,257,340)</b>

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

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

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

FINANCIAL ASSETS AND LIABILITIES	2018					
	Effective yield/ mark- up rate per annum	Interest/mark-up bearing		Non-interest/ mark-up bearing		Total
		Maturity upto one year	Maturity over one year to five years	Maturity upto one year	Maturity over one year to five years	
----- Rupees -----						
----- % -----						
Financial assets						
Investments in associate	-	-	-	-	1,334,343,229	1,334,343,229
Investments	-	-	-	-	-	-
- Equity securities	-	-	-	29,082,689	-	29,082,689
- Government securities	7.61 - 9.90	-	283,282,668	283,282,668	-	283,282,668
- Term deposits	2.26 - 11.50	115,633,412	-	115,633,412	-	115,633,412
Loans and other receivables	-	8,586,871	-	8,586,871	150,148,183	158,735,054
Insurance / Reinsurance receivables	-	-	-	-	807,437,613	807,437,613
Reinsurance recoveries against outstanding claims	-	-	-	-	1,379,267,940	1,379,267,940
Prepayments	-	-	-	-	-	-
Cash and bank	2.5 - 6.5	160,844,656	-	160,844,656	381,744,074	542,588,730
December 31, 2018		285,064,939	283,282,668	568,347,607	2,747,680,499	1,334,343,229
Financial liabilities						
Premium received in advance	-	-	-	-	-	-
Borrowings		20,972,704	31,226,171	52,198,875	-	52,198,875
Outstanding claims including IBNR		-	-	-	1,719,012,008	1,719,012,008
Insurance/Reinsurance payables		-	-	-	53,070,549	53,070,549
Other creditors and accruals		-	-	-	69,723,191	69,723,191
December 31, 2018		20,972,704	31,226,171	52,198,875	1,841,805,748	1,894,004,623
Off statement of financial position items						
Financial commitments:						
For future ijarah rentals payable		8,376,750	-	8,376,750	-	8,376,750
		8,376,750	-	8,376,750	-	8,376,750

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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## 39.3 Credit risk and concentration of credit risk

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

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

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

	2018 Rupees	2017 Rupees
Investments in associate	1,334,343,229	876,239,590
Investments		
-Equity securities	29,082,689	82,573,398
-Government securities	283,282,668	282,770,694
-Term deposits	115,633,412	59,939,775
Loans and other receivables	158,735,054	175,713,991
Insurance / Reinsurance receivables	807,437,613	1,070,663,833
Reinsurance recoveries against outstanding claims	1,379,267,940	1,022,607,058
Prepayments	-	-
Cash and bank	542,588,730	490,059,464
	<b>4,650,370,975</b>	<b>4,060,567,803</b>

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year receivables of Rs. (6,508,518/- (2017: Rs. 3,001,240/-) were further provided for and the provision of Rs. Nil/- (2017: Rs. 8,500,252/-) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note no. 13 to the financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/ reinsurers for whom there is no recent history of default.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	Ratings		Ratings agency	2018	2017
	Short term	Long term		Rupees	Rupees
Bank Alfalah Limited	AA+	A1+	PACRA	23,567,765	12,862,388
Allied Bank Limited	AAA	A1+	PACRA	34,080,748	16,708,930
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	-	1,021,407
Habib Bank Limited	AAA	A-1+	JCR-VIS	32,167,387	21,187,371
Bank Al-Habib Limited	AA+	A1+	PACRA	33,682,048	31,482,666
Bank Islami Pakistan Limited	A+	A1	PACRA	1,192,782	1,038,984
Soneri Bank Limited	AA-	A1+	PACRA	11,670,690	5,883,450
Albaraka Bank Pakistan Limited	A	A1	PACRA	1,190,021	906,525
Askari Bank Limited	AA+	A1+	PACRA	932,781	571,137
Zarai Targiati Bank Limited	AAA	A-1+	JCR-VIS	77,996,804	52,844,528
Industrial Development Bank of Pakistan *	-	-	-	41,147	66,924
The Bank of Khyber	A	A1	PACRA	-	1,800,512
The Bank of Punjab	AA	A1+	PACRA	7,049,133	8,183,885
Faysal Bank Limited	AA	A1+	PACRA	3,392,663	4,855,600
First Women Bank Limited	A-	A2	PACRA	1,704,682	49,443
MCB Bank Limited	AAA	A1+	PACRA	6,066,541	4,700,631
National Bank of Pakistan Limited	AAA	A1+	PACRA	5,824,864	6,879,513
Punjab Provincial Co-operative-Bank Limited *	-	-	-	1,175,091	7,995,839
Samba Bank Limited	AA	A-1	JCR-VIS	214,535,899	179,381,385
Silk Bank Limited	A-	A-2	JCR-VIS	5,126,834	67,775,669
SME Bank Limited	B-	B	PACRA	19,428	19,428
United Bank Limited	AAA	A-1+	JCR-VIS	8,551,773	3,510,181
U Microfinance bank Limited	A	A-2	JCR-VIS	2,000,599	2,620,271
Summit Bank Limited	A-	A-1	JCR-VIS	19,287,421	33,824,956
Dubai Islamic Bank Pakistan Limited	AA-	A-1	JCR-VIS	45,575,534	-
APNA Microfinance Bank Limited	BBB+	A3	PACRA	2,195,583	2,552,100
Sindh Bank Limited	AA	A-1+	JCR-VIS	906,145	1,470,390
Karakoram Co-Operative Bank Limited*	-	-	-	35,279	220,710
Tameer Microfinance Bank Limited*	-	-	-	316,574	5,147,776
Bank Of Azad Jammu & Kashmir*	-	-	-	2,820	200,156
NRSP Micro Finance Bank Limited	A	A1	PACRA	1,187,828	5,927,716
JS Bank Limited	AA-	A1+	PACRA	98,538	2,478,592
Khushali Bank Limited	A+	A-1	JCR-VIS	796,403	1,489,806
				<b>542,371,805</b>	<b>489,863,771</b>

\* Credit ratings are not available



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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The age analysis of due from insurance contract holders and due from insurers/ reinsurers is as follows:

	2018 Rupees	2017 Rupees
Upto 1 year	745,587,460	953,288,640
1-2 years	61,850,153	112,017,386
2-3 years	-	11,427,314
Over 3 years	-	-
<b>Total</b>	<b>807,437,613</b>	<b>1,070,663,833</b>

## 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 agreement.

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

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

	Due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2018	2017
	-----Rupees-----				
A or above (including PRCL)	43,138,979	554,188,975	122,865,137	720,193,091	1,083,993,030
Others	254,652,586	825,078,965	559,718,960	1,639,450,511	940,247,957
<b>Total</b>	<b>297,791,565</b>	<b>1,379,267,940</b>	<b>682,584,097</b>	<b>2,359,643,602</b>	<b>2,024,240,987</b>

## 39.4 Capital management

The Company's objectives when managing capital or to safeguard the company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company currently meets the paid up capital requirement as required by Security and Exchange Commission of Pakistan.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 39.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- Rupees -----								
31 December 2018									
Financial assets - not measured at fair value									
Cash in hand*	-	-	216,926	-	216,926	-	-	-	-
Cash at bank*	-	-	542,371,804	-	542,371,804	-	-	-	-
Term deposits maturing within 12 months*	-	-	115,633,412	-	115,633,412	-	-	-	-
Term deposits maturing after 12 months*	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	34,145,161	-	-	-	34,145,161	26,336,603	-	-	26,336,603
- Mutual fund certificates	2,746,086	-	-	-	2,746,086	2,746,086	-	-	2,746,086
- Pakistan investment bonds	283,282,668	-	-	-	283,282,668	-	26,700,000	-	26,700,000
- Investment in associate	421,189,277	-	-	-	421,189,277	719,787,500	-	-	719,787,500
- Share deposit money*	651,000,000	-	-	-	651,000,000	-	-	-	-
- Advance for purchase of shares*	262,153,952	-	-	-	262,153,952	-	-	-	-
Loans to employees*	-	11,161,495	-	-	11,161,495	-	-	-	-
Due from insurance contract holders*	-	509,646,048	-	-	509,646,048	-	-	-	-
Due from other insurers / reinsurers*	-	297,791,565	-	-	297,791,565	-	-	-	-
Accrued investment income*	-	8,586,871	-	-	8,586,871	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	1,379,267,940	-	-	1,379,267,940	-	-	-	-
Sundry receivables*	-	91,114,628	-	-	91,114,628	-	-	-	-
	1,654,517,144	2,297,568,547	658,222,142	-	4,610,307,833	748,870,189	26,700,000	-	775,570,189
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	1,719,012,008	1,719,012,008	-	-	-	-
Insurance/Reinsurance payables*	-	-	-	53,070,549	53,070,549	-	-	-	-
Accrued expenses*	-	-	-	8,764,667	8,764,667	-	-	-	-
Other creditors and accruals*	-	-	-	49,072,725	49,072,725	-	-	-	-
Borrowings*	-	-	-	52,198,875	52,198,875	-	-	-	-
	-	-	-	1,882,118,824	1,882,118,824	-	-	-	-

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Carrying amount				Fair value			
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----							
31 December 2017								
Financial assets - not measured at fair value								
Cash in hand*	-	-	195,693	-	195,693	-	-	-
Cash at bank*	-	-	489,863,771	-	489,863,771	-	-	-
Term deposits maturing within 12 months*	-	-	105,866,740	-	105,866,740	-	-	-
Term deposits maturing after 12 months*	-	-	25,786,725	-	25,786,725	-	-	-
Investments	-	-	-	-	-	-	-	-
- Equity securities	115,206,925	-	-	-	115,206,925	79,950,452	-	-
- Mutual fund certificates	2,622,946	-	-	-	2,622,946	2,622,946	-	-
- Pakistan investment bonds	282,770,694	-	-	-	282,770,694	-	26,700,000	-
- Investment in associate	397,487,931	-	-	-	397,487,931	831,037,500	-	-
- Share deposit money*	350,000,000	-	-	-	350,000,000	-	-	-
- Advance for purchase of shares*	128,751,659	-	-	-	128,751,659	-	-	-
Loans to employees*	-	13,967,699	-	-	13,967,699	-	-	-
Due from insurance contract holders*	-	757,394,888	-	-	757,394,888	-	-	-
Due from other insurers/reinsurers*	-	313,268,945	-	-	313,268,945	-	-	-
Accrued investment income*	-	6,103,833	-	-	6,103,833	-	-	-
Reinsurance recoveries against outstanding claims*	-	1,022,607,058	-	-	1,022,607,058	-	-	-
Sundry receivables*	-	83,928,769	-	-	83,928,769	-	-	-
	1,276,840,155	2,197,271,192	621,712,929	-	4,095,824,276	913,610,898	26,700,000	-
Financial liabilities - not measured at fair value								
Outstanding claims including IBNR*	-	-	-	1,385,321,234	1,385,321,234	-	-	-
Insurance/Reinsurance payables*	-	-	-	107,818,532	107,818,532	-	-	-
Accrued expenses*	-	-	-	7,538,300	7,538,300	-	-	-
Other creditors and accruals*	-	-	-	57,199,685	57,199,685	-	-	-
Borrowings*	-	-	-	69,741,811	69,741,811	-	-	-
	-	-	-	1,627,619,562	1,627,619,562	-	-	-

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

2018  
Rupees

## 40 STATEMENT OF SOLVENCY

### Assets

Property and equipment	774,641,320
Intangible asset	3,515,859
Investment property	2,447,702
Investments in subsidiary & associate	1,334,343,229
Investments	
Equity securities	29,082,689
Debt securities	283,282,668
Term deposits	115,633,412
Total assets in window takaful operations	605,758,680
Loans and other receivables	158,735,054
Insurance/Reinsurance receivables	807,437,613
Reinsurance recoveries against outstanding claims	1,379,267,940
Deferred commission expense	174,654,726
Prepayments	684,075,496
Cash & bank	542,588,730
<b>Total assets (A)</b>	<b>6,895,465,118</b>

### In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(h)	Insurance / Reinsurance receivables	476,587,185
(i)	Intangible asset- computer software	3,515,859
(k)	Amounts available to the insurer under guarantees	23,567,765
(l)	Assets subject to encumbrances	1,507,891
(t)	Loans to employees and agents	11,161,495
(u)-(i)	Motor vehicles including leased	229,880,566
(u)-(i)	Motor tracking devices	51,704,476
(u)-(ii) & (iii)	Furniture, fixtures, office and computer equipments	99,721,065
(U)-(i)	Assets in WTO	16,618,179
<b>Total of inadmissible assets (B)</b>		<b>914,264,480</b>
<b>Total admissible assets (C=A-B)</b>		<b>5,981,200,638</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

2018  
Rupees

<b>Total Liabilities</b>	
Total liabilities in window takaful operations	29,660,180
Underwriting provisions	
Outstanding claims including IBNR	1,719,012,008
Unearned premium reserve	1,535,651,678
Premium deficiency reserve	35,997,061
Unearned reinsurance commission	128,844,597
Deferred taxation	37,475,478
Borrowings	52,198,875
Premium received in advance	-
Insurance/Reinsurance payables	53,070,549
Other creditors and accruals	69,723,191
Taxation - provision less payment	110,021,646
<b>Total liabilities (D)</b>	<b>3,771,655,263</b>
<b>Total net admissible assets (E=C-D)</b>	<b>2,209,545,375</b>
<b>Minimum solvency requirement (higher of following)</b>	<b>516,032,452</b>
Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	516,032,452
Method C - U/s 36(3)(c)	342,514,717
<b>Excess in net admissible assets over minimum Requirements</b>	<b>1,693,512,923</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 41 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2018 Rupees Audited	2017 Rupees Audited
Size of the fund - total assets		105,124,193	41,847,842
Cost of investments	41.1	36,000,000	30,000,000
Percentage of investments made		34.24%	71.69%
Fair value of investments		36,460,656	30,026,219

### 41.1 The break-up cost of investments is as follows:

	Amount 2018	Percentage of total fund	Amount 2017	Percentage of total fund
Term deposit receipts	29,000,000	27.58%	25,000,000	59.74%
Mutual funds	7,000,000	6.66%	5,000,000	11.95%
	36,000,000	34.24%	30,000,000	71.69%

	2018 ---Numbers---	2017 ---Numbers---
--	-----------------------	-----------------------

## 42 NUMBER OF EMPLOYEES

As at December 31	737	782
Average number of employees during the year	660	844

## 43 CORRESPONDING FIGURES

No significant reclassifications have been made during the current year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 44 SUBSEQUENT EVENTS - NON ADJUSTING

The board of directors have proposed final cash dividend for the year ended December 31, 2018 of Rs. Nil per share (2017: Rs. Nil per share) in addition to bonus shares for the year ended December 31, 2018 of Rs.1.5 per share (2017: Rs. 1.3 per share), amounting to Rs. 339,263,060 (2017: Rs. 260,201,760) at their meeting held on March 05, 2019 for the approval of the members at the annual general meeting to be held on March 29, 2019. For the purpose of dividend bonus shares to be issued will not be considered.

## 45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 05, 2019 by the Board of Directors of the Company.

## 46 GENERAL

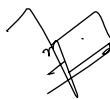
The figures in the financial statements has been rounded off to the nearest Rupee.



**Mohammad Rahat Sadiq**  
Chief Executive Officer



**Huma Waheed**  
Director



**Maqbool Ahmad**  
Chief Financial Officer



**Khawas Khan Niazi**  
Director / President



**Javaid Sadiq**  
Chairman

## OUR BRANCHES

Mr. Asad Rafique,  
Branch Manager,  
Office No. 1, 2<sup>nd</sup> Floor,  
Ali Plaza, Supply Bazar, Mansehra Road,  
Abbottabad.

Mr. Tahir Maan,  
Branch Manager,  
United Centre, 1<sup>st</sup> Floor, Opp Askari CNG,  
Near Faisal Movers Stadium Road,  
Bahawalpur.

Rai Aftab Alam,  
Branch Manager,  
Khan Baba Road, Near WF, Continental Hotel,  
Bahawalnagar.

Mr. Haji Waris Khan,  
Branch Manager,  
Shop No. M-37, 1<sup>st</sup> Floor, Aashinana Shopping  
Centre, North Circular Road,  
Dera Ismail Khan.

Mian Kashif Rasheed,  
Executive Director,  
1<sup>st</sup> & 2<sup>nd</sup> Floor, Upper BOP  
Kotwali Road  
Faisalabad.

Mr. Akram Ali Shah,  
Zonal Manager,  
11-Cheema Chambers, Railway Road,  
Faisalabad.

Mr. Farukh Zeeshan,  
General Manager,  
G.M Office, 1<sup>st</sup> Floor, Faisal Complex,  
Bilal Road, Civil Line,  
Faisalabad.

Mr. Muhammad Rauf,  
Branch Manager  
5<sup>th</sup> Floor, State Life Building,  
2-Liaqat Road,  
Faisalabad.

Mr Sajjad Tanveer,  
Branch Manager,  
Lyall Pur Branch,  
Lower Ground Floor, Lyallpur Trade Centre,  
355-A Small D-Ground, People Colony No. 1  
Faisalabad.

Mr. Rana Faqir Hussain,  
Assistant General Manager,  
1<sup>st</sup> Floor, Arsalan Plaza,  
Kotwali Road,  
Faisalabad.

Khawaja Adnan Hassan,  
Executive Director  
Khawaja Mudassar Arcade, Opp: Din Plaza,  
G.T. Road,  
Gujranwala.

Mr. Waseem Bari,  
Zonal Manager  
Trust Plaza, Block-H3,  
1<sup>st</sup> Floor, G.T Road,  
Gujranwala.

Mr. Asad Iqbal,  
General Manager  
2<sup>nd</sup> Floor, 438-1, B-Block, Mini Market,  
Model Town,  
Gujranwala.

Mir Muhammad Jalal-ud-Din,  
General Manager,  
1<sup>st</sup> Floor, Office No. 02, Shahzada Market,  
Near KCBL Cantt, Shahrah-e-Qauid Azam Jutial,  
Gilgit Baltistan.

Mr. Muhammad Muneef,  
Branch Manager,  
Ali Akbar Plaza, Shah Hussain Chowk,  
Circular Road,  
Gujrat.

Mian Sheeraz Ahsan,  
Branch Manager,  
Kunjah Road, Near N.B.P,  
Gujrat.



## OUR BRANCHES

Mr. Shakeel Ahmed,  
Executive Director,  
Suit No. 201, 2<sup>nd</sup> Floor, Aamir Trade Centre  
PECHS Block-2, Allah Wali Chowrangi,  
Main Shahrah-e-Quaideen,  
Karachi.

Mr. Altamash Malik,  
General Manager,  
Central Office,  
Room No. 202, 2<sup>nd</sup> Floor,  
Clifton Centre, Block No. 5, Clifton,  
Karachi.

Mr. Muhammad Asif,  
Branch Manager,  
4<sup>th</sup> Floor, State Life Building 2-A,  
I.I Chundrigar Road, Saddar,  
Karachi.

Junaid Samoo,  
Regional Manager  
Office No. 226, 2<sup>nd</sup> Floor, FP Chambers  
S.I.T.E  
Karachi .

Mian Muhammad Asif  
Joint Director,  
Office No. 302-A, Panorama Centre-2,  
Raja Ghazanfar Ali Road,  
Karachi.

Mr. Danial Aleem,  
Branch Head,  
Karachi Export Processing Zone (KEPZ)  
Karachi.

Mr. Muhammad Ayaz Khattak,  
Dev Manager,  
House No. 166, Street No. 1, Sector-I,  
KDA,  
Kohat.

Mr. Muhammad Qasim Butt  
General Manager,  
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,  
Lahore.

Mr. Imran Hashmi  
Branch Manager,  
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,  
Lahore.

Mr. Muhammad Rafi,  
Joint Director,  
40-Bank Square, The Mall,  
Lahore.

Mr. Waqar Ahmed Noshahi  
Assistant General Manager,  
Room No: 12, IInd Floor, Jalal Centre,  
Mozang Road,  
Lahore.

Mr. Faisal Javed  
Joint Director,  
1<sup>st</sup> Floor, 93-B Shadman Colony,  
Lahore.

Mr. Khalid Masood Bhatti,  
AGM,  
Pak Chambers, 2<sup>nd</sup> Floor, 5-Temple Road,  
Lahore.

Mr. Muhammad Azeem,  
Zonal Manager,  
51-F, Auto Centre, 108-Lytton Road,  
Lahore.

Mr. Nadeem Haider,  
Branch Manager/A.V.P,  
Office No. 7, 2<sup>nd</sup> Floor, Patiala Complex,  
2-Link Mcload Road  
Lahore.

Mr. Shafaqat Ali Goraya,  
Executive Director  
2<sup>nd</sup> Floor, Shehpar Plaza,  
19-Templer Road,  
Lahore.

## OUR BRANCHES

Mr. Ahsan Khurshid Haq,  
SVP/Zonal Manager,  
Room No. 303, 3<sup>rd</sup> Floor,  
Khalij Tower Branch No. II, Jail Road,  
Lahore.

Sheikh Muhammad Siddique,  
Executive Director,  
129-E, 2<sup>nd</sup> Floor, Tahawar Plaza,  
Main Boulevard, Gulberg-III,  
Lahore.

Mr. Zafar Mehmood,  
Joint Director  
Office No. 10, 1<sup>st</sup> Floor, Centre Point Plaza,  
Main Boulevard, Gulberg-III.  
Lahore.

Mr. Muhammad Aslam Rajput,  
Joint Director,  
3<sup>rd</sup> Floor, Room No. 303,  
Al-Hafeez Shopping Mall, Main Boulevard,  
Gulberg,  
Lahore.

Syed Naseem Hussain Jafree,  
General Manager,  
Iqbal Market, 7. 5-KM, Main Raiwind Road,  
Lahore.

Mr. Akmal Aslam,  
Deputy General Manager,  
Room No. 1, 2<sup>nd</sup> Floor,  
Carpet Chambers, 10-Abbot Road,  
Lahore.

Mr. Muhammad Aman Akhtar,  
SVP / Zonal Manager  
Office No. 5, Khurshid Building,  
2<sup>nd</sup> Floor, 10-Abbot Road,  
Lahore.

Mr. Khurram Mansoor,  
Executive Director,  
Office # 224, 2<sup>nd</sup> Floor,  
Land Mark Plaza, Gulberg V, Jail Road,  
Lahore.

Mr. Fahad Liaqat,  
Joint Director,  
Office No. 613, 6<sup>th</sup> Floor,  
Eden Tower, Main Boulevard, Gulberg-III,  
Lahore.

Mr. Raja Akhtar Khan,  
General Manager,  
Room No. 14, 3<sup>rd</sup> Floor, Bilal Centre,  
Nicholson Road,  
Lahore.

Mr. Nouman Ul Haq,  
Executive Director,  
2<sup>nd</sup> Floor, Plaza No. 51-T, Phase-II Commercial,  
D.H.A,  
Lahore-Cantt.

Mr. Muhammad Mazhar Shah  
Executive Director (Engineering Project)  
Room No. 303, 3<sup>rd</sup> Floor,  
Al-Qadir Center, New Garden Town,  
Lahore.

Mian Kashif Rasheed,  
Executive Director,  
1<sup>st</sup> Floor, Nizam Chambers,  
Shahrah-e-Fatima Jinnah,  
Lahore.

Mr. Khurram Mansoor,  
Executive Director  
1<sup>st</sup> Floor, 31-Commercial Cavalry Ground,  
Cantt,  
Lahore.

Mr. Jamsheed Mir,  
Joint Director,  
129-E, 2<sup>nd</sup> Floor, Tahawar Plaza,  
Main Boulevard, Gulberg-III,  
Lahore.

Ibad Ali Malik,  
Chief Manager  
Room No.8, 1<sup>st</sup> Floor, Al-Muzaffar Building, Water  
Works road, Chowk Ghannta Ghar,  
Multan.

## OUR BRANCHES

Mr. Shahbaz,  
Branch Head  
Shahzadi Rafaqat Market, 83-Brandreth Road ,  
Lahore.

Mr. Muhammad Sameer,  
Assistant Manager,  
P-2-121- Paradise, 2<sup>nd</sup> Floor, Jeff Heights-77-E-1,  
Main Boulevard, Gulgerg III  
Lahore.

Awais Shamshad Butt,  
AGM  
Bilal Centre  
Lahore.

Mr. Muhammad Afsaar Ahmed,  
Zonal Manager,  
House No. 1844/1, Nishtar Road,  
Hameed Pur Colony No.3,  
Mir Pur Khas.

Mr. Afzaal Khan,  
Deputy General Manager  
2<sup>nd</sup> Floor, Commercial Plaza No.1, Opposite  
children Complex, Abdali Road, Camp Office ,  
Multan.

Mr. Muhammad Bilal,  
Branch Manager,  
1<sup>st</sup> Floor, London Tower, Shadman Colony,  
Opp: High Court, Multan Cantt,  
Multan.

Mr. Ayaz Ahmad,  
Branch Manager,  
2<sup>nd</sup> Floor, Alvaz Arcade, Opp: PTCL Exchange,  
Mumtazabad,  
Multan.

Mr. Muhammad Younas,  
Branch Manager,  
Room No.17 1st Floor Royal Plaza 6th Road,  
Satellite Town  
Rawalpindi.

Mr. Jahanzeb Ali,  
Branch Manager,  
2<sup>nd</sup> floor Shayan Plaza, Nihar Kinara Bahadar  
Khan Road.  
Mardan.

Mr. M. Tariq Khan,  
Development Manager,  
S/o. Saeed A. Khan,  
House No. 439, B-VII, Upper Story,  
Wapda- IIInd Sub Division, D.G. Khan Road,  
Muzaffar Garh.

Mr. Shoaib Khan,  
General Manager  
Ground Floor, Statelife Building, 34-The Mall,  
Peshawar Cantt.

Syed Hamid Ali Zaidi,  
Chief Manager,  
1<sup>st</sup> Floor, FC Trust Building, Sonehri Masjid Road,  
Peshawar Cantt.

Mr. Jahanzeb Khan,  
Assistant General Manager,  
Room No.6, 5th Floor,  
Falak Shir Plaza Sadar Road,  
Peshawar Cantt.

Mr. Muhammad Sohail Khan,  
Assistant General Manager,  
Room No. 265-266, 3<sup>rd</sup> Floor,  
Dean's Centre,  
Peshawar Cantt.

Mr. Mahmood Ahmad,  
General Manager,  
Office No. 3/5, 4<sup>th</sup> Floor,  
Silk Centre, Rehmanabad, Murree Road,  
Rawalpindi.

Mr. Muhammad Yaseen Chaudhry,  
Zonal Manager,  
147-Railway Road,  
Sahiwal.

## OUR BRANCHES

Mr. Mushtaq Ahmed,  
Assistant General Manager, Camp Office  
Century Tower, 2<sup>nd</sup> Floor  
Opposite Statelife Building 6<sup>th</sup> The Mall,  
Rawalpindi.

Mr. Mujeeb-Ur-Rehman Khokhar,  
Joint Director,  
Room No. 13, 2<sup>nd</sup> Floor,  
Resham Plaza, Chandni Chowk,  
Rawalpindi.

Mr. Tanveer Ahmad Bhatti,  
Joint Director,  
Office No. 5, 1st Floor, Crown Plaza, B-224,  
Satellite Town, Rawalpindi.  
Rawalpindi.

Malik Meharban Khan,  
General Manager, (Mobi Plaza Br.,)  
Munaf Plaza, 2nd Floor, Main Commercial Area,  
Double Road, Chaklala Scheme-III,  
Rawalpindi.

Mr. Zarar Ahmed Butt,  
Executive Director,  
Chandni Chowk, Bilal Plaza, Murree Road,  
Rawalpindi.

Mr. Shafaat Hussain Malick,  
General Manager,  
Office No. 03, 1<sup>st</sup> Floor, National Building,  
Opp Rawalpindi General Hospital, Murree Road,  
Rawalpindi.

Mansoor Shoaib,  
Regional Manager  
20-Model Town  
Rahim Yaar Khan

Syed Athar Raza Zaidi,  
VP/Zonal Manager,  
405-V2- Green View Complex, Stadium Road,  
Sahiwal.

Raja Muhammad Abdullah,  
Regional Manager,  
Shaheen Plaza, Railway Road,  
Sargodha.

Mr. Sajid Iqbal,  
Branch Head  
Suit No. C-13, 2<sup>nd</sup> Floor, Jawad Centre,  
Defense Road,  
Sialkot.

Rao Nisar,  
Zonal Manager  
1st Floor, Shah Din Plaza, Farid Gate,  
Bahawalpur.

Syed Farhat Abbas,  
Manager Development,  
1<sup>st</sup> Floor, Karim Plaza, Defense Road, Iqbal Town,  
Sialkot.

Mr. M Hassan Rajput  
General Manager,  
House # B-204/3, Muhallah Babar ki Bazar Thalla  
Sukkur.

Mr. Ejaz Ahmed,  
Senior General Manager,  
House No: 1408/475,  
New Latif Park Old,  
Sukkur.

Mr. Zulfiqar Ali,  
Branch Manager  
Office No. 7, Mezzanine Floor,  
Shalimar Complex, Minara Road,  
Sukkur.

Mr. Muhammad Yasin,  
Branch Manager  
Room No.10, 1<sup>st</sup> Floor, Al-Shafi PLaza,  
Bank Road, Karkhana Bazar,  
Vehari.

## OUR BRANCHES

**Khawaja Sohail Anwaar,**  
Branch Manager  
Al-Sheikh Welfare Centre Urdu Bazar,  
Sialkot.

**Mr. Tahir Mustafa,**  
Zonal Manager,  
Street Opp: City Public High School,  
Kutchery Road,  
Sialkot.

**Mr. Ashfaq Ali Moriani,**  
Regional Manager,  
House No. 34/38, Old Saddar,  
Shikarpur

**Mr. Tanveer Ejaz,**  
SVP/Zonal Chief,  
2<sup>nd</sup> Floor, Room No. 3, Sharif Plaza, Sargodha  
Road,  
Sheikhupura.

**Mr. Hafiz Sohail Ahmed,**  
General Manager,  
Flat No. 7, 1st Floor, Twin City Plaza,  
I-8 Markaz  
Islamabad.

**Dr. Murtaza Mughal,**  
Senior Executive Director  
402-4th Floor, Gulistan House,  
Fazal-e-Haq Road, Blue Area,  
Islamabad.

**Ch. Iqbal Tahir,**  
Joint Director  
Kashmir Commercial Complex, Building No.  
1032-E,  
2nd Floor, Fazal-e-Haq Road, Blue Area,  
Islamabad.

**Chaudhry Shamas,**  
Executive Director,  
Office No. 108, 1st Floor, Dossal Plaza,  
Jinnah Avenue Blue Area,  
Islamabad.

**Rizwan Saleem**  
General Manager  
Office No. 11, 1st Floor, Muhammad Arcade, LMQ  
Road, Near Chungi No. 9,  
Multan

**Mr. Tanveer Ahmed Bhatti,**  
Joint Director.  
Shop no. G-4, taheri Plaza Main Airport road  
Gawadar

**Mr. Muhammad Ilyas,**  
Branch Manager,  
Office No. 108, 1<sup>st</sup> Floor, Dossal Plaza,  
Jinnah Avenue Blue Area,  
Islambad.

**Mr. Raheel Zia,**  
Joint Director  
Office No. 406, 4<sup>th</sup> Floor, Kohistan Tower,  
Saddar.  
Rawalpindi.

**Ch. Aslam Feroze,**  
Executive Director,  
21-E Huma Plaza, Mezzanine Floor, Blue Area,  
Islamabad.

**Mian M. Asif,**  
Joint Director,  
Chamber No.1 & 2, Mezzanine Floor,  
City View Plaza, Unit No. 7, Latifabad,  
Hyderabad.

**Mr. Rizwan Ul Haq,**  
Executive Director,  
Office No. 304, 305 (3rd Floor),  
Capital Business Centre, F-10, Markaz,  
Islamabad.

**Malik Zafar Yousaf,**  
Joint Director,  
Office No. 301, 3rd Floor, Capital Business Centre,  
F-10/ Markaz.  
Islamabad.

## OUR BRANCHES

Mr. Junaid Samoo,

Joint Director,  
11nd Floor, Goal Building, (Circular Building),  
Risala Road,  
Hyderabad.

Mr. Tahir Mehmood Khan

Branch Manager,  
3rd Floor, Sikandar Plaza, G.T. Road, Jada Chowk,  
Jhelum.

Syed Matin Ahmed

Deputy General Manager,  
2nd Floor, State Life Building No. 2-A  
Wallace Road, Policy Branch,  
Karachi.

Mr. Shahrukh

Senior Executive Vice President  
Office No. 606, 6th Floor Business & Finance  
Centre, Main, I.I Chundrigar Road,  
Karachi.

Ch. Shehnaz

Deputy General Manager  
1st floor, Shehroze Plaza, Near Allied School, G.T  
Road,  
Gujrat.

Mr. Nazir Ahmad Memon,

D.G.M,  
Camp Office, 404-Madina City Mall,  
Abdullah Haroon Road, Saddar,  
Karachi.

Mr. Mohsin Ullah

Joint Director,  
Plot No. 77-Q, Block-2 PECHS,  
Karachi.

Mr. Tanveer Ahmed Bhatti,

Joint Director,  
3rd Floor 303, Europa Centre,  
Hasrat Mohani Road,  
Karachi.

## OUR BRANCHES

### WINDOW TAKAFUL OPERATION

Mr. Shakeel Ahmed,  
Head of Window Takaful Operations,  
Shahrah-e-Qaideen Branch,  
Karachi.

Mr. Hassan Nadeem,  
Country Head/E.D,  
F-7 Markaz Branch,  
Islamabad.

Mr. Taufeeq Mannan,  
Corporate Head/General Manager Marketing,  
Ibrahim Trade Tower Branch,  
Karachi.

Mr. Mumtaz Kahloon,  
G.M/Branch Head,  
Tahawar Plaza Branch,  
Lahore.

Mr. Faisal Afzal,  
Branch Head,  
Eden Centre Branch,  
Lahore.

Mr. Irfan Tirmazi,  
Branch Head/A.G.M,  
Taj Arcade Branch,  
Lahore.

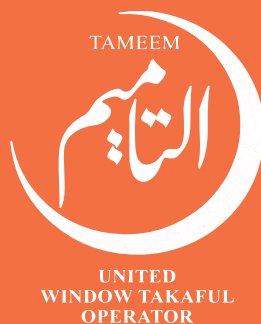




The United Insurance Company of Pakistan Limited

# Financial Statements

For The Year Ended December 31, 2018



# SHARIAH AUDITOR'S REPORT ON COMPLIANCE

## **Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles**

We were engaged by the Board of Directors of United Insurance Company of Pakistan Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year December 31, 2018, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

### **Applicable Criteria**

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

### **Responsibilities of the Management**

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012. The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibilities**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012.

# SHARIAH AUDITOR'S REPORT ON COMPLIANCE

Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

## **The procedures performed included:**

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2018, with the Takaful Rules, 2012.

## **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended December 31, 2018, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



**ILYAS SAEED & CO.**

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Date: March 05, 2019

Place: Lahore

# SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

for the Year Ended December 31, 2018

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء  
والمرسلين وعلى اله واصحابه اجمعين، وبعد.

Being a Shariah Advisor of The United Insurance of Pakistan Limited Window Takaful Operations (hereafter referred as the "Operator") it is my responsibility to review the Takaful products including PMDs and all relevant documents, underwriting procedures, Re-Takaful Arrangements, and all financial activities related to the Participants and shareholder funds undertaken by the operator.

On the other hand it is the responsibility of the Operator to follow the prevailing Takaful Rules issued by SECP and guidelines set by the Shariah Advisor and to take prior approval of Shariah Advisor for all policies and services being offered by the Operator.

In my opinion and to the best of my understanding based on Shariah compliance review, explanations provided by the Operator and audit report of the External auditors, below are the findings:

- 1- Underwriting, investments and financial activities undertaken by the Operator for the year ended 31 December, 2018 were in accordance with Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
- 2- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- 3- The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
- 4- Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.
- 5- Shariah compliance review has been conducted and related matters have been discussed and duly resolved.

Consequently, I pray to Allah Almighty to grant United Window Takaful Operations remarkable success and help the entire team at every step and keep away from every hindrance and difficulty:



وصل اللهم وسلم وبارك على سيدنا محمد وعلى اله واصحابه اجمعين

**Mufti Muhammad Farhan Farooq**

Shariah Advisor

Window Takaful Operations  
The United Insurance Company of  
Pakistan Limited

Date: March 05, 2019

# INDEPENDENT AUDITOR'S REPORT

## To the members of The United Insurance Company of Pakistan Limited- Window Takaful Operations Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED – WINDOW TAKAFUL OPERATIONS (the Operator)**, which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2018, and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

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

We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

# INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited-  
Window Takaful Operations

## Report on the Audit of the Financial Statements

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

# INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited-  
Window Takaful Operations

## Report on the Audit of the Financial Statements

whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



**ILYAS SAEED & CO.**  
Chartered Accountants

Date: March 05, 2019

Place: Lahore

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2018


	Note	Participants' takaful fund	Operator's fund	Aggregate 2018	Aggregate 2017
-----Rupees-----					
<b>Assets</b>					
Property and equipment	5	33,943,376	19,845,588	53,788,964	66,246,195
Intangible assets		-	-	-	-
Investment property		-	-	-	-
Investment in subsidiary and associate		-	-	-	-
Investments					
Equity securities	6	77,523,935	29,888,311	107,412,246	43,828,968
Debt securities	7	61,792,693	20,072,166	81,864,859	82,125,960
Term deposits	8	-	-	-	66,000,000
Loans and other receivables	9	24,583,648	466,127,538	490,711,186	384,207,502
Takaful/Re-takaful receivables	10	443,028,408	-	443,028,408	344,131,218
Retakaful recoveries against outstanding claims		84,310,177	-	84,310,177	50,883,177
Salvage recoveries accrued		-	-	-	-
Deferred commission expense		-	66,071,456	66,071,456	44,263,854
Deferred taxation		-	-	-	-
Taxation - payment less provision		-	-	-	-
Prepayments	11	245,314,358	-	245,314,358	169,830,482
Cash & bank	12	29,223,041	3,753,621	32,976,662	27,378,442
<b>Total assets</b>		<b>999,719,636</b>	<b>605,758,680</b>	<b>1,605,478,316</b>	<b>1,278,895,798</b>
<b>Fund and liabilities</b>					
<b>Waqf/participants' takaful fund (PTF)</b>					
Ceded money	13	500,000	-	500,000	500,000
Accumulated deficit		(47,337,278)	-	(47,337,278)	10,350,095
Available for sale reserve		(16,817,260)	-	(16,817,260)	(5,101,569)
<b>Total waqf/participants' takaful funds</b>		<b>(63,654,538)</b>	<b>-</b>	<b>(63,654,538)</b>	<b>5,748,526</b>
<b>Operator's fund (OPF)</b>					
Statutory fund	14	-	50,000,000	50,000,000	50,000,000
Accumulated Profit		-	536,503,796	536,503,796	347,972,994
Available for sale reserve		-	(10,405,296)	(10,405,296)	(3,613,304)
<b>Total operator's funds</b>		<b>-</b>	<b>576,098,500</b>	<b>576,098,500</b>	<b>394,359,690</b>
<b>Liabilities</b>					
Underwriting provisions					
Provision for outstanding claims (including IBNR)		215,396,440	-	215,396,440	116,989,901
Contribution deficiency reserve		676,350	-	676,350	633,460
Reserve for unearned contribution		298,742,552	-	298,742,552	295,890,385
Reserve for unearned retakaful rebate		49,266,798	-	49,266,798	35,558,525
Staff retirement benefits	15	-	-	-	-
Deferred taxation		-	-	-	-
Borrowings		-	-	-	-
Contribution received in advance		-	-	-	-
Takaful/Re-takaful payables	16	16,434,230	20,117,789	36,552,019	67,455,786
Other creditors and accruals	17	482,857,804	9,542,391	492,400,195	362,259,527
Taxation - provision less payment		-	-	-	-
<b>Total liabilities</b>		<b>1,063,374,174</b>	<b>29,660,180</b>	<b>1,093,034,354</b>	<b>878,787,584</b>
<b>Total fund and liabilities</b>		<b>999,719,636</b>	<b>605,758,680</b>	<b>1,605,478,316</b>	<b>1,278,895,798</b>
<b>Contingency(ies) and commitment(s)</b>	18	-	-	-	-

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
**Mohammad Rahat Sadiq**  
Chief Executive Officer

  
**Huma Waheed**  
Director

  
**Maqbool Ahmad**  
Chief Financial Officer

  
**Khawas Khan Niazi**  
Director / President

  
**Javaid Sadiq**  
Chairman



# PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018


	Note	2018 Rupees	2017 Rupees
<b>Participants' takaful fund revenue account</b>			
Net takaful contribution	19	677,232,292	687,024,865
Net takaful claims	20	(355,843,105)	(205,643,480)
Contribution deficiency		(42,890)	19,574,391
Net rebate on retakaful	21	69,132,093	28,183,116
Wakala fee	26	(404,353,596)	(384,845,183)
Takaful claims and acquisition expenses		(691,107,498)	(542,731,156)
Direct expenses	22	(51,626,990)	(91,687,066)
<b>Underwriting results</b>		<b>(65,502,196)</b>	<b>52,606,643</b>
Investment Income	23	5,803,936	5,828,656
Other income	24	3,461,872	2,951,569
Mudarib's share of investment income	25	(1,450,984)	-
<b>Result of operating activities-PTF</b>		<b>(57,687,372)</b>	<b>61,386,869</b>
<b>Operator's revenue account</b>			
Wakala fee	26	404,353,596	384,845,183
Net commission and other acquisition costs	27	(99,795,846)	(78,333,964)
Management expenses	28	(112,340,077)	(107,296,876)
		192,217,673	199,214,343
Mudarib's share of PTF investment income	25	1,450,984	-
Other income	29	208,058	561,810
Investment income	30	(98,571)	1,672,557
Other expenses	31	(5,247,342)	(2,379,729)
<b>Profit for the year</b>		<b>188,530,802</b>	<b>199,068,982</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018


	2018 Rupees	2017 Rupees
<b>Participants' takaful fund (PTF)</b>		
<b>Result of operating activities-PTF</b>	<b>(57,687,372)</b>	<b>61,386,869</b>
<b>Other comprehensive income for the year</b>		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized loss on revaluation of available for sale investments	(16,817,260)	(5,101,569)
Realized gain/(loss) on revaluation of available for sale investments	5,101,569	(129,820)
Item not to be re-classified to profit and loss account in subsequent period:	-	-
	(11,715,691)	(5,231,389)
<b>Total comprehensive (loss)/income for the year</b>	<b>(69,403,063)</b>	<b>56,155,480</b>
<b>Operator's fund (OPF)</b>		
<b>Profit for the year</b>	<b>188,530,802</b>	<b>199,068,982</b>
<b>Other comprehensive income for the year</b>		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized loss on revaluation of available for sale investments	(10,405,296)	(3,613,304)
Realized gain/(loss) on revaluation of available for sale investments	3,613,304	(33,929)
Item not to be re-classified to profit and loss account in subsequent period:		
Actuarial gain on defined benefit plan	-	-
	(6,791,992)	(3,647,233)
<b>Total comprehensive income for the year</b>	<b>181,738,810</b>	<b>195,421,749</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
**Mohammad Rahat Sadiq**  
Chief Executive Officer

  
**Huma Waheed**  
Director

  
**Maqbool Ahmad**  
Chief Financial Officer

  
**Khawas Khan Niazi**  
Director / President

  
**Javaid Sadiq**  
Chairman

# CASH FLOW STATEMENT

For the year ended December 31, 2018

	PTF	OPF	Aggregate	Aggregate
	Participants' takaful fund	Operator's fund	2018	2017
-----Rupees-----				
Operating cash flows:				
a) Underwriting activities:				
Takaful contribution received	975,074,327	-	975,074,327	738,279,973
Retakaful contribution (paid) / received	(420,118,198)	(17,442,946)	(437,561,144)	(246,531,558)
Claims paid	(440,252,103)	-	(440,252,103)	(258,896,932)
Retakaful and other recoveries received	86,674,979	-	86,674,979	96,617,871
Commission paid	-	(121,603,446)	(121,603,446)	(86,417,623)
Management and other expenses paid	(28,779,788)	(113,025,815)	(141,805,603)	(170,856,219)
Wakala fee (paid)/received	(404,353,596)	404,353,596	-	-
Retakaful rebate received	82,840,366	-	82,840,366	55,128,868
Net cash flow from underwriting activities	(148,914,013)	152,281,389	3,367,376	127,324,380
b) Other operating activities:				
Other operating (payments)/receipts	170,464,231	(144,364,105)	26,100,126	(56,111,085)
Loans advanced	-	(1,575,840)	(1,575,840)	(2,388,009)
Loan repayments received	-	2,121,712	2,121,712	1,771,420
Net cash flow from underwriting activities	170,464,231	(143,818,233)	26,645,998	(56,727,674)
Total cash flow from all operating activities	21,550,218	8,463,156	30,013,374	70,596,706
Investment activities:				
Investment income/(loss) received	6,737,367	(749)	6,736,618	6,588,461
(Payments) for investment/investment properties	(19,172,803)	(5,371,929)	(24,544,732)	(51,932,022)
Fixed capital expenditure	(3,840,500)	(2,766,540)	(6,607,040)	(12,873,929)
Total cash flow from investing activities	(16,275,936)	(8,139,218)	(24,415,154)	(58,217,491)
Financing activities:				
Statutory reserve	-	-	-	-
Ceded money	-	-	-	-
Qarz-e-hasna	-	-	-	-
Total cash flow financing activities	-	-	-	-
Net cash flow from all activities	5,274,282	323,938	5,598,220	12,379,214
Cash and cash equivalents at the beginning of the year	23,948,759	3,429,683	27,378,442	14,999,228
Cash and cash equivalents at the end of the year	29,223,041	3,753,621	32,976,662	27,378,442

# CASH FLOW STATEMENT

For the year ended December 31, 2018


	PTF Participants' takaful fund	OPF Operator's fund	Aggregate 2018	Aggregate 2017
-----Rupees-----				
<b>Reconciliation of profit and loss account</b>				
Net cash flow from underwriting activities	21,550,218	8,463,156	30,013,374	70,596,705
Depreciation expense	(16,161,709)	(2,902,562)	(19,064,271)	(24,266,507)
Rentals on car ijarah	(4,674,605)	-	(4,674,605)	(2,727,566)
Increase/(decrease) in assets other than cash	187,872,971	136,522,493	324,395,464	583,684,059
(Increase)/decrease in liabilities other than borrowings	(257,179,752)	42,932,982	(214,246,770)	(374,332,054)
Realized gain/(loss) on revaluation of available for sale investments	5,101,569	3,613,304	8,714,873	(163,749)
Investment income	5,803,936	(98,571)	5,705,365	7,664,963
<b>(Loss)/profit for the year</b>	<b>(57,687,372)</b>	<b>188,530,802</b>	<b>130,843,430</b>	<b>260,455,852</b>
<b>Attributed to:</b>				
Participants' takaful fund	(57,687,372)	-	(57,687,372)	61,386,868
Operator's fund	-	188,530,802	188,530,802	199,068,982
	<b>(57,687,372)</b>	<b>188,530,802</b>	<b>130,843,430</b>	<b>260,455,850</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
**Mohammad Rahat Sadiq**  
 Chief Executive Officer

  
**Huma Waheed**  
 Director

  
**Maqbool Ahmad**  
 Chief Financial Officer

  
**Khawas Khan Niazi**  
 Director / President

  
**Javaid Sadiq**  
 Chairman

# STATEMENT OF CHANGES IN FUNDS

Aa at December 31, 2018


	Ceded money	Accumulat- ed deficit	Available for sale reserve	Total
-----Rupees-----				
Participants' takaful fund				
Balance as at January 01, 2017	500,000	(51,036,774)	129,820	(50,406,954)
Total comprehensive income/(loss)				
Surplus for the year	-	61,386,868	-	61,386,868
Other comprehensive income	-	-	(5,231,389)	(5,231,389)
	-	61,386,868	(5,231,389)	56,155,479
Balance as at December 31, 2017	500,000	10,350,095	(5,101,569)	5,748,526
Balance as at January 01, 2018	500,000	10,350,095	(5,101,569)	5,748,526
Total comprehensive loss				
Deficit for the year	-	(57,687,372)	-	(57,687,372)
Other comprehensive loss	-	-	(11,715,691)	(11,715,691)
	-	(57,687,372)	(11,715,691)	(69,403,063)
Balance as at December 31, 2018	500,000	(47,337,278)	(16,817,260)	(63,654,538)
	Statutory fund	Accumulat- ed profit	Available for sale reserve	Total
-----Rupees-----				
Operator's fund				
Balance as at January 01, 2017	50,000,000	148,904,012	33,929	198,937,941
Total comprehensive income / (loss)				
Profit after tax	-	199,068,982	-	199,068,982
Other comprehensive loss	-	-	(3,647,233)	(3,647,233)
	-	199,068,982	(3,647,233)	195,421,749
Balance as at December 31, 2017	50,000,000	347,972,994	(3,613,304)	394,359,690
Balance as at January 01, 2018	50,000,000	347,972,994	(3,613,304)	394,359,690
Total comprehensive income				
Profit after tax	-	188,530,802	-	188,530,802
Other comprehensive loss	-	-	(6,791,992)	(6,791,992)
	-	188,530,802	(6,791,992)	181,738,810
Balance as at December 31, 2018	50,000,000	536,503,796	10,405,296	576,098,500

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
Mohammad Rahat Sadiq  
Chief Executive Officer

  
Huma Waheed  
Director

  
Maqbool Ahmad  
Chief Financial Officer

  
Khawas Khan Niazi  
Director / President

  
Javaid Sadiq  
Chairman

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called 'the Company') was incorporated in Pakistan on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, and its Head Office is located in Lahore. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine aviation & Transport, Motor and Miscellaneous General Insurance.

The United Insurance Company of Pakistan Limited has been allowed to work as Window Takaful Operator (WTO) (hereinafter called "the Operator") through License No. 1 on August 18, 2014 by Securities and Exchange Commission of Pakistan under the Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. For the purpose of carrying on takaful business, the Company has formed a Waqf/Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations. The Operator has not transacted any business outside Pakistan.

## 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012 shall prevail.

These financial statements reflect the financial position and results of Window Takaful Operations of both the Operators' Fund (OPF) and the Participants' Takaful Fund (PTF) in a manner that assets, liabilities, income and expenses of the Operator and PTF remains separately identifiable.

### 2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value and certain financial instruments which are measured at fair value.

### 2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 2.3 Standards, interpretations and amendments effective in (current year)

**2.3.1** The Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IAS 28	Investments in associates and joint ventures – annual improvements to IFRS standards 2014–2016 cycle.
IAS 40	Investment property – transfers of investment property (amendments).
IFRS 2	Share-based payment – classification and measurement of share-based payments transactions (amendments).
IFRS 4	Insurance contracts – applying IFRS 9 financial instruments with IFRS 4 insurance contracts (amendments).
IFRS 12	Disclosure of interests in other entities – annual improvement to IFRS standards 2014–2016 cycle.
IFRIC 22	Foreign currency transactions and advance consideration

The adoption of the above amendments, and improvement to accounting standards and interpretations did not have any effect on the financial statements.

## Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan become effective during current year:

Standards, amendments or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9	Financial instruments – classification and measurement	1-Jul-18
IFRS 15	Revenue from contracts with customers	1-Jul-18
IFRS 16	Leases	1-Jan-19
IFRIC 23	Uncertainty over income tax treatments	1-Jan-19
IFRS 9	Financial instruments – prepayment features with negative compensation (amendments)	1-Jan-19
1AS 19	Employee benefits – plan amendment, curtailment or settlement (amendments)	1-Jan-19
IAS 28	Investments in associates and joint ventures – long-term interests in associates and joint ventures (amendments )	1-Jan-19

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## Annual improvements 2015-2017 Cycle

Effective date  
(annual periods  
beginning on or  
after)

IFRS 3	Business combinations	1-Jan-19
IFRS 11	Joint arrangements	1-Jan-19
IAS 12	Income taxes	1-Jan-19
IAS 23	Borrowing costs	1-Jan-19
	Conceptual framework for financial reporting	1-Jan-20

### 2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

IFRS 14	Regulatory deferral accounts	1-Jan-16
IFRS 17	Insurance contracts	1-Jan-21

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, except for IFRS 17 of which management is in the process of evaluating the impact of application of the standard, in the period of initial application.

### 2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

### 3.1 Property and equipment

#### 3.1.1 Operating assets

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount so as to keep the carrying value equal to the fair market value of the asset.

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 5.3. Depreciation on additions to/ disposal from fixed assets for the year is charged on "number of days basis".

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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

## - Ijarah contracts

Ijarah rentals (Ujrah) under ijarah contracts are recognized as an expense in the profit and loss on a straight-line basis over the ijarah term.

## 3.2 Takaful contracts

The Takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator/ insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the treaty.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Health takaful provides basic hospital care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel guard and other coverage.

### 3.3 Deferred commission expense/acquisition cost

Commission and other incremental acquisition costs incurred in obtaining and recording policies of takaful and retakaful were deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to contribution revenue that will be recognized in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) were amortized systematically over the reporting periods over which the related contribution revenue is recognized.

An acquisition cost which is not incremental were recognized as expense during the period in which the related contribution revenue is recognized.

### 3.4 Unearned contribution

The unearned portion of contribution written net of wakala fee is set aside as a reserve and is recognized as a liability. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

### 3.5 Contribution deficiency reserves

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Accident and Health Takaful classes as required by Insurance Rules, 2017. If these ratios are adverse, contribution deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2018	2017
- Fire and property damage	27%	84%
- Marine, aviation and transport	34%	53%
- Motor	34%	35%
- Miscellaneous	87%	112%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserves for all the classes of business, except for the segment of fire, as at the year end is adequate to meet the expected future liability, after retakaful, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements except for the segment of personal accident where actuary provides for the figure to be recognized as contribution deficiency reserve.

## 3.6 Re-takaful ceded

Takaful contracts entered into by the operator with retakaful companies for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts.

The operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contributions for the direct or accepted retakaful business.

Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The operator assesses its retakaful assets for impairment on statement of financial position date. If there is objective evidence that retakaful assets are impaired, the operator reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes impairment loss in the profit and loss account, if any.

## 3.7 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

### 3.7.1 Takaful / Re-takaful receivables

Contributions due from takaful/retakaful represents the amount due from participants and other takaful insurers on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

### 3.7.2 Retakaful recoveries against outstanding claims

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

## 3.8 Segment reporting

A business segment is a distinguishable component of the operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Takaful Rules, 2012 as the primary reporting format.

Based on its classification of takaful contracts issued, the operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.8.1 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, takaful/retakaful receivables, contribution and claim reserves detained by cedants, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, takaful/retakaful payables, other creditors and accruals and liabilities against assets subject to finance lease.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

## 3.10 Revenue recognition

### a) Contribution

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of participant membership document (PMD) and recorded as income of the PTF. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions. Takaful contribution income under a policy is recognized as income of PTF over the period of takaful. Administrative surcharge recovered from participant is recognized as part of contribution.

### Wakala fee

The operator manages the general takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. It is recognized as expense of PTF and income of OPF.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## b) Rebate income/commission expense

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the PMD's are accepted/Rebate income from retakaful operator is recognized at the time of issuance of the underlying takaful policy by the operator. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Rebate from retakaful operator is arrived at after taking the impact of opening and closing unearned rebate. Profit/ rebate, if any, which the Operator may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognized as income of PTF according to the requirements of Takaful Rules, 2012.

## c) Investment income/expense

Return on investments and fixed deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

The operator manage the participants' investments as a Modarib and charge such percentage, as approved by the Shahriah Advisor, on Modarib's share of net investment income of PTF.

## d) Dividend income

Dividend income is recognized when right to receive such dividend is established.

## e) Rental and other income

Rental and other income is recognized as and when accrued.

## 3.11 Investments

### a) In equity securities

#### Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

## **b) In debt securities**

### **Held to maturity**

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

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

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

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

## **c) In term deposits**

### **Held to maturity**

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

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

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

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

## **3.12 Offsetting of financial assets and financial liabilities**

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 3.13 Provisions

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an Takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

## 3.14 Staff retirement benefits

### Defined benefit plan

The Company operates an approved defined contribution provident fund for all permanent employees. Equal contributions are made by employees and the employer at the rate of 8.34 percent (2017: 8.34 percent) of basic salary per month and charged to profit and loss account.

## 3.15 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

In addition, impairment on available for sale investments and retakaful assets are recognized as follows:



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## **i) Available for sale**

The operator 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 operator 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.

## **ii) Re-takaful assets**

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

## **3.16 Management expenses**

### **3.16.1 Direct expense**

Direct expenses are part of Participants Takaful Fund. These expenses are related to the underwriting business and represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution revenue.

### **3.16.2 Management expense**

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

### **3.16.3 Claims expense**

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

## **3.17 Creditors, accruals and provisions**

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

## 3.18 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

## 3.19 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of qarz-e-hasna to operator.

## 3.20 Qarz-e-hasna

Qarz-e-hasna is provided by Operators' Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

## 3.21 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

## 3.22 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the operator and vice versa. The operator in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

## 4 USE OF ESTIMATES AND JUDGMENTS

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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

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

-	Provision for unearned contribution and bad debts	3.4
-	Provision for outstanding claims (including IBNR)	3.13
-	Deferred commission/ unearned rebate on retakaful	3.3
-	Contribution deficiency reserve	3.5
-	Useful lives of fixed assets	3.1
-	Staff retirement benefits	3.14
-	Segment reporting	3.8
-	Impairment in value of investments	3.15

	2018 Rupees	2017 Rupees
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>	
<b>5.1</b>	<b>Participants' takaful fund</b>	
	Operating assets	33,943,376 46,264,585
<b>5.2</b>	<b>Operator's fund</b>	
	Operating assets	19,845,588 19,981,610

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 5.3 Operating assets

Particulars	Operator's fund				Participants' takaful fund			
	Furniture and fixture	Office equipment	Computer equipment	Motor vehicles	Total	Motor tracking devices	Total	Grand total
-----Rupees-----								
Cost								
Balance as at January 01, 2017	16,438,692	3,871,394	2,710,216	2,147,150	25,167,452	86,682,972	86,682,972	111,850,424
Additions during the year	545,000	108,316	186,038	1,660,650	2,500,004	10,373,925	10,373,925	12,873,929
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	16,983,692	3,979,710	2,896,254	3,807,800	27,667,456	97,056,897	97,056,897	124,724,353
Balance as at January 01, 2018	16,983,692	3,979,710	2,896,254	3,807,800	27,667,456	97,056,897	97,056,897	124,724,353
Additions during the year	264,500	321,219	431,471	1,749,350	2,766,540	3,840,500	3,840,500	6,607,040
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	17,248,192	4,300,929	3,327,725	5,557,150	30,433,996	100,897,397	100,897,397	131,331,393
Depreciation								
Balance as at January 01, 2017	2,836,230	624,904	1,182,529	345,384	4,989,047	29,222,605	29,222,605	34,211,652
Charge for the year	1,409,296	330,470	535,810	421,223	2,696,799	21,569,707	21,569,707	24,266,506
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	4,245,526	955,374	1,718,339	766,607	7,685,846	50,792,312	50,792,312	58,478,158
Balance as at January 01, 2018	4,245,526	955,374	1,718,339	766,607	7,685,846	50,792,312	50,792,312	58,478,158
Charge for the year	1,281,067	318,931	470,295	832,269	2,902,562	16,161,709	16,161,709	19,064,271
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	5,526,593	1,274,305	2,188,634	1,598,876	10,588,408	66,954,021	66,954,021	77,542,429
Written down values as at December 31, 2017	12,738,166	3,024,336	1,177,915	3,041,193	19,981,610	46,264,585	46,264,585	66,246,195
Written down values as at December 31, 2018	11,721,599	3,026,624	1,139,091	3,958,274	19,845,588	33,943,376	33,943,376	53,788,964
Rate of depreciation (%)	10	10	33.33	20		33.33		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>6 INVESTMENT IN EQUITY SECURITIES</b>			
<b>6.1 Participants' takaful fund</b>			
<b>Available for sale</b>			
<b>Listed shares at cost</b>		<b>87,097,729</b>	24,771,144
Less: unrealized loss on revaluation of investment		<b>(15,655,176)</b>	(4,135,364)
Carrying value	6.1.1	<b>71,442,553</b>	20,635,780
<b>Mutual funds at cost</b>		<b>7,243,465</b>	9,244,537
Less: unrealized loss on revaluation of investment		<b>(1,162,084)</b>	(966,205)
Carrying value	6.1.2	<b>6,081,382</b>	8,278,332
		<b>77,523,935</b>	28,914,112

## 6.1.1 Listed shares

2018	2017	Fair value per share	Name of investee company	2018 Rupees	2017 Rupees
<b>Number of shares</b>					
(Fully paid ordinary shares of Rs. 10/- each)					
-	194,000	106.37	International Steel Limited	-	20,635,780
<b>241,000</b>	-	126.53	Nishat Mills Limited	<b>30,493,730</b>	-
<b>64,600</b>	-	80.83	The General Tyre and Rubber Company of Pakistan Limited	<b>5,221,618</b>	-
<b>145,475</b>	-	245.59	The Searle Company Limited	<b>35,727,205</b>	-
				<b>71,442,553</b>	20,635,780

## 6.1.2 Mutual Funds

2018	2017	Unit price	Name of investee company	2018	2017
<b>Number of units</b>		<b>(Rupees)</b>			
-	210,162	9.74	NAFA-NBP Fullerton Asset Management Ltd.	-	2,046,837
<b>72,435</b>	72,435	83.96	NAFA-NBP Fullerton Asset Management Ltd.	<b>6,081,382</b>	6,231,495
<b>72,435</b>	282,597			<b>6,081,382</b>	8,278,332

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>6.2 Operator's fund</b>			
<b>Listed shares at cost</b>		<b>34,676,539</b>	10,910,020
Less: unrealized loss on revaluation of investment		<b>(9,504,139)</b>	(2,876,730)
Carrying value	6.2.1	<b>25,172,400</b>	8,033,290
<b>Mutual funds at cost</b>		<b>5,617,068</b>	7,618,141
Less: unrealized loss on revaluation of investment		<b>(901,157)</b>	(736,575)
Carrying value	6.2.2	<b>4,715,911</b>	6,881,566
		<b>29,888,311</b>	14,914,856

## 6.2.1 Listed shares

2018	2017	Fair value per share	Name of investee company		
<b>Number of shares</b>					
(Fully paid ordinary shares of Rs. 10/- each)					
-	29,000	240.11	International Industries Limited	-	6,963,190
-	10,000	107.01	Bolan Casting Limited	-	1,070,100
<b>330,000</b>	-	24.9	Pak Electron Limited	<b>8,217,000</b>	-
<b>220,000</b>	-	77.07	Sui Northern Gas Pipelines Limited	<b>16,955,400</b>	-
<b>550,000</b>	39,000			<b>25,172,400</b>	8,033,290

## 6.2.2 Mutual Funds

2018	2017	Fair value per share	Name of investee company		
<b>Number of units</b>					
<b>(Rupees)</b>					
-	210,410	9.74	NAFA-NBP Fullerton Asset Management Ltd.	-	2,049,247
<b>56,171</b>	56,171	83.96	NAFA-NBP Fullerton Asset Management Ltd.	<b>4,715,911</b>	4,832,319
<b>56,171</b>	266,581			<b>4,715,911</b>	6,881,566

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		Note	2018 Rupees	2017 Rupees
7	INVESTMENT IN DEBT SECURITIES			
7.1	Participants' takaful fund			
	Held-to maturity			
	Sukuk bonds	7.1.1	61,792,693	62,046,973
7.1.1	Participants' takaful fund-sukuk bonds			
	Face value (Rupees)	Profit payment	Types of security	Maturity date
	61,000,000	Half yearly	Government of Pakistan ijarah sukuk	30-06-2020
				61,792,693
				62,046,973
7.2	Participants' takaful fund-sukuk bonds			
	Held-to maturity			
	Sukuk bonds	7.2.1	20,072,166	20,078,987
7.2.1	Operator's fund-sukuk bonds			
	20,000,000	Half yearly	Government of Pakistan ijarah sukuk	29-Mar-2019
				20,072,166
				20,078,987
8	INVESTMENT IN TERM DEPOSITS			
	Participants' takaful fund	8.1	-	46,000,000
	Operator's fund	8.2	-	20,000,000
			-	66,000,000
8.1	Participants' takaful fund			
	Short term deposits	8.1.1	-	46,000,000
8.1.1	Certificate of Islamic Investments issued by various Islamic banking operations. Rate of Return 2018: Nil (2017: 4.97% to 5.32%) per annum.			
8.2	Operator's fund			
	Short term deposits	8.2.1	-	20,000,000

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>8.2.1</b> The rate of return on Certificate of Islamic Investment issued by Meezan Bank Limited for the year 2018: Nil (2017: 5.20%) per annum.			
<b>9 LOAN AND OTHER RECEIVABLES</b>			
<b>9.1 Participants' takaful fund -considered good</b>			
Receivable from related parties	9.1.1	353,487	1,456,049
Accrued investment income		820,801	1,754,231
Security deposits	9.1.2	22,900,463	20,196,503
Advance tax		508,897	579,298
Other receivables		-	15,937,559
		<b>24,583,648</b>	<b>39,923,640</b>
<b>9.1.1</b> Represents amount due from M/s United Track System (Private) Limited, an associated undertaking, amounting to Rs.353,487/- (2017: Rs.1,456,049/-)			
<b>9.1.2</b> Security deposit represents earnest money deposited against tenders offered by different parties.			
<b>9.2 Operator's fund -considered good</b>			
Accrued investment income		275,222	373,044
Security deposits		1,209,000	1,174,000
Loan to employees	9.2.1	1,313,860	1,859,732
Advance tax		118,891	404,665
Other receivables		5,860,642	40,772,186
Wakala fee receivable		457,349,924	299,700,235
		<b>466,127,538</b>	<b>344,283,862</b>
<b>9.2.1 Unsecured</b>			
Executives		1,114,185	1,701,112
Non-executives		199,675	158,620
		<b>1,313,860</b>	<b>1,859,732</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>10 TAKAFUL/RE-TAKAFUL RECEIVABLES</b>			
<b>10.1 Participants' takaful fund -unsecured and considered good</b>			
Due from takaful contract holders		270,074,825	233,891,193
Less: provision for impairment of receivables from takaful contract holders		-	-
Due from Takaful/Re-takaful operators		175,985,255	110,240,025
Less: provision for impairment of receivables from Takaful/Re-takaful	10.1.1	(3,031,672)	-
		<b>443,028,408</b>	<b>344,131,218</b>
<b>10.1.1 Provision for impairment of receivables from Takaful/Retakaful</b>			
Balance at the beginning of the year		-	-
Provision made during the year		3,031,672	-
Bad debts recovered during the year		-	-
		<b>3,031,672</b>	<b>-</b>
<b>11 PREPAYMENTS</b>			
<b>11.1 Participants' takaful fund</b>			
Prepaid re-takaful contribution ceded		245,314,358	169,830,482
<b>12 CASH &amp; BANK</b>			
<b>12.1 Participants' takaful fund</b>			
Cash at bank			
-Current accounts		9,010,284	14,336,447
-Saving accounts	12.3	20,212,757	9,612,312
		<b>29,223,041</b>	<b>23,948,759</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>12.2 Operator's fund</b>			
Cash in hand		204,500	136,226
Cash at bank			
-Current accounts		1,669,140	1,995,065
-Saving accounts	12.3	1,879,981	1,298,392
		<b>3,753,621</b>	<b>3,429,683</b>

- 12.3** The rate of return on PLS saving accounts maintained at various banks range from 1% to 3% (2017:1% to 2.90%) per annum.

## 13 CEDED MONEY

Waqf money	13.1	500,000	500,000
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- 13.1** The amount of Rs. 500,000/- has been set apart for Waqf Fund/ Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund/ Participant Takaful Fund.

## 14 STATUTORY FUND

Statutory reserves	14.1	50,000,000	50,000,000
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- 14.1** Amount of Rs 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of the Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>15 STAFF RETIREMENT BENEFITS</b>			
<b>15.1 Statement of financial position reconciliation</b>			
Fair value of plan assets	15.1.1	-	-
Present value of defined benefit obligation	15.1.2	-	-
Fund status		-	-
Unrecognised net actuarial loss/(gain)		-	-
<b>Recognised asset/(liability)</b>		-	-
<b>15.1.1 Movement in fair value of plan assets</b>			
Fair value as at January, 01		-	3,773,819
Expected return on plan assets excluding interest income		-	90,659
Actuarial gains/(losses)		-	(58,283)
Employer contributions		-	2,823,307
Benefit paid		-	(3,571,502)
Benefit due but not paid		-	(3,058,000)
<b>Fair value as at December 31</b>		-	-
<b>15.1.2 Movement in defined benefit obligation</b>			
Obligation as at January 1		-	7,111,225
Service cost		-	1,474,814
Interest cost		-	101,239
Settlement and curtailment		-	-
Actuarial losses/(gains)		-	(2,057,776)
Benefits paid		-	(3,571,502)
Benefit due but not paid		-	(3,058,000)
<b>Obligation as at December 31</b>		-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>Cost</b>		
Current service cost	-	1,474,814
Interest cost	-	101,239
Expected return on plan assets	-	(90,659)
Settlement and curtailment	-	-
Recognition of actuarial loss	-	(1,999,493)

<b>(Income)/expense</b>	-	(514,099)
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Actual return on plan assets	-	90,659
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Principal actuarial assumptions used are as follows:		
Discount rate & expected return on plan assets	8.00% p.a	8.05% p.a
Future salary increases	N/A	N/A
Discount rate used for year end obligation	N/A	N/A

Comparison for five years	2017	2016	2015	2014
As at December 31				
Fair value of plan assets	-	3,773,819	1,787,990	-
Benefit obligations	-	7,111,225	(4,265,789)	(766,216)
<b>(Deficit)/Surplus</b>	-	3,337,406	(2,477,799)	(766,216)

Plan assets comprise of the following:	2018		2017	
	Rupees	%	Rupees	%
Cash at bank	-	0.00%	3,058,000	100.00%
Meezan Islamic Income Fund	-	0.00%	-	0.00%
	-	0%	3,058,000	100%

## 16 TAKAFUL / RE-TAKAFUL OPERATORS PAYABLES

### 16.1 Participants' takaful fund

Takaful / re-takaful operators payables	16,434,230	29,895,051
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>16.2 Operator's fund</b>		
Takaful / re-takaful operators payables	20,117,789	37,560,735
<b>17 OTHER CREDITORS AND ACCRUALS</b>		
<b>17.1 Participants' takaful fund</b>		
Federal Excise Duty / Sales tax	1,802,466	-
Federal Takaful Fee	232,487	3,424,329
Other taxes payable	648,458	1,697,731
Wakala fee payable	457,349,924	299,700,234
Other payables	22,824,469	22,404,805
	<b>482,857,804</b>	<b>327,227,099</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>17.2 Operator's fund</b>			
Commission payable		6,339,491	30,628,937
Provident fund contribution		362,334	825,394
Auditors' remuneration		850,000	760,000
Other taxes payable		1,990,566	2,818,096
		<b>9,542,391</b>	<b>35,032,427</b>
<b>18 CONTINGENCY(IES) AND COMMITMENT(S)</b>			
<b>18.1 Contingencies</b>			
There are no contingencies at the statement of financial position date.			
<b>18.2 Commitments</b>			
There are following commitments on statement of financial position date:			
Future ijarah rentals payable	18.2.1	3,517,304	3,036,062
<b>18.2.1 Commitments for rentals under ijarah contracts are as follows:</b>			
Due within one year		1,347,993	2,750,316
Due after one year but not later than five year		2,169,311	285,746
		<b>3,517,304</b>	<b>3,036,062</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees	2017 Rupees
<b>19 NET TAKAFUL CONTRIBUTION</b>		
Written gross contribution	1,011,257,959	962,597,497
Add: provision for unearned contribution- opening	295,890,385	155,854,152
Less: provision for unearned contribution - closing	(298,742,552)	(295,890,385)
Contribution earned	1,008,405,792	822,561,264
Less: re-takaful contribution ceded	406,657,376	260,447,989
Add: prepaid re-takaful contribution - opening	169,830,482	44,918,892
Less: prepaid re-takaful contribution - closing	(245,314,358)	(169,830,482)
Re-takaful expense	331,173,500	135,536,399
	<b>677,232,292</b>	<b>687,024,865</b>
<b>20 NET TAKAFUL CLAIMS</b>		
Claims Paid	440,252,103	258,896,932
Add: outstanding claims including IBNR - closing 20.1	215,396,440	116,989,901
Less: outstanding claims including IBNR - opening	(116,989,901)	(59,800,049)
Claims expense	538,658,642	316,086,784
Less: re-takaful and other recoveries received	149,388,537	73,757,000
Add: re-takaful and other recoveries in respect of outstanding claims - closing	84,310,177	50,883,177
Less: re-takaful and other recoveries in respect of outstanding claims - opening	(50,883,177)	(14,196,873)
Re-takaful and other recoveries revenue	182,815,537	110,443,304
	<b>355,843,105</b>	<b>205,643,480</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Accident year	2015	2016	2017	2018
<b>20.1 Claim development</b>				
Estimate of ultimate claims costs::				
At end of accident year	200,843,444	257,551,293	362,538,154	<b>623,936,821</b>
One year later	216,393,890	315,462,342	147,228,162	-
Two years later	131,941,941	197,662,035	-	-
Three years later	2,899,838			
Current estimate of cumulative claims	2,899,838	197,662,035	147,228,162	<b>623,936,821</b>
Cumulative payments to date	(492,029)	(190,802,606)	(124,733,688)	<b>(440,302,093)</b>
<b>Liability recognised in the statement of financial position</b>	<b>2,407,809</b>	<b>6,859,429</b>	<b>22,494,474</b>	<b>183,634,728</b>

	2018 Rupees	2017 Rupees
<b>21 NET REBATE ON RETAKAFUL</b>		
Rebate received or recoverable	<b>82,840,366</b>	55,128,868
Add: unearned re-takaful rebate - opening	<b>35,558,525</b>	8,612,773
Less: unearned re-takaful rebate - closing	<b>(49,266,798)</b>	(35,558,525)
<b>Rebate from reinsurers</b>	<b>69,132,093</b>	28,183,116

<b>22 DIRECT EXPENSES</b>		
Depreciation	<b>16,161,709</b>	21,569,707
Annual monitoring fee	<b>22,684,465</b>	44,415,841
Health service charges	<b>7,050,871</b>	22,380,290
Bank charges	<b>180,127</b>	190,425
Legal and professional charges	<b>695,456</b>	973,034
Bad and doubtful debts	<b>3,031,672</b>	-
Annual supervision fee SECP	-	757,769
Other expenses	<b>1,822,690</b>	1,400,000
	<b>51,626,990</b>	91,687,066

<b>23 INVESTMENT INCOME</b>		
<b>Participants' takaful fund</b>		
<b>Income from equity securities</b>		
Available for sale		
Dividend income on mutual fund	-	1,429
Dividend income on shares	<b>2,005,250</b>	-



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>Income from debt securities</b>			
Held to maturity			
Return on Government securities		2,886,298	3,082,543
<b>Income from term deposits</b>			
Return on term deposits		1,054,314	1,851,247
		5,945,862	4,935,219
<b>Net realized gains on investments</b>			
Available for sale financial assets			
-Equity securities		(59,559)	915,417
<b>Realised loss on:</b>			
-Equity securities		-	-
-Debt securities		-	-
		(59,559)	915,417
<b>Net unrealized gains/(losses) on investments</b>			
Net unrealised gains/(losses) on investments at fair value through profit or loss (held for trading purpose)		-	-
Net unrealised gains/(losses) on investments at fair value through profit or loss (designated upon initial recognition)		-	-
		-	-
<b>Total investment income</b>		<b>5,886,303</b>	<b>5,850,636</b>
Less: (provision)/reversal for impairment in value of available for sale securities			
-Equity securities		-	-
-Debt securities		-	-
Less: investment related expenses		(82,367)	(21,980)
<b>Net investment income</b>		<b>5,803,936</b>	<b>5,828,656</b>
<b>24 OTHER INCOME</b>			
Return on bank balances		1,347,257	412,027
Liabilities written back		1,073,796	1,472,957
Stamp duty		1,040,819	1,066,585
		<b>3,461,872</b>	<b>2,951,569</b>
<b>25 MODARIB'S FEE</b>			
Mudarib's share of investment income	25.1	1,450,984	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>25.1</b>	The operator manage the participants' investments as a Modarib and charge 25% Modarib's share of net investment income.		
<b>26</b>	<b>WAKALA FEE</b>		
	Wakala fee	26.1 404,353,596	384,845,183
<b>26.1</b>	Wakala fee for different segments is calculated at 40 percent of the contribution written.		
<b>27</b>	<b>NET COMMISSION AND OTHER ACQUISITION COST</b>		
	Commission paid or payable	121,603,446	86,417,623
	Add: deferred commission expense - opening	44,263,856	36,180,197
	Less: deferred commission expense - closing	(66,071,456)	(44,263,856)
	<b>Net commission</b>	<b>99,795,846</b>	<b>78,333,964</b>
<b>28</b>	<b>MANAGEMENT EXPENSES</b>		
	Employee benefit cost	28.1 71,940,546	65,892,480
	Travelling expenses	346,602	782,724
	Advertisements & sales promotion	1,600,000	2,957,899
	Printing and stationery	6,630,647	2,093,614
	Depreciation expense	2,902,562	2,696,799
	Rent, rates and taxes	28.2 12,411,883	9,106,904
	Electricity, gas and water	1,260,878	1,136,373
	Entertainment	1,856,076	1,613,133
	Vehicle running expenses	10,028,398	17,531,496
	Office repairs and maintenance	1,786,758	1,734,267
	Bank charges	81,870	76,997
	Postage, telegrams and telephone	1,204,785	1,168,806
	Miscellaneous	289,072	505,383
		<b>112,340,077</b>	<b>107,296,876</b>
<b>28.1</b>	<b>Employee benefit cost</b>		
	Salaries, allowance and other benefits	67,070,155	62,605,608
	Charges for post employment benefit	4,870,391	3,286,872
		<b>71,940,546</b>	<b>65,892,480</b>
<b>28.2</b>	Rent, rates and taxes include rental on car ijarah amounting to Rs.4,674,605/- (2017: 2,727,566/-).		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>29 OTHER INCOME</b>			
Return on bank balances		208,058	47,711
Gain on settlement of post employment benefit		-	514,099
		<b>208,058</b>	<b>561,810</b>
<b>30 INVESTMENT INCOME</b>			
<b>Operators fund</b>			
<b>Income from equity securities</b>			
Available for sale			
Dividend income on mutual fund		-	1,430
Dividend income on listed shares		-	50,000
<b>Income from debt securities</b>			
Held to maturity			
Return on Government securities		1,048,922	996,664
<b>Income from term deposits</b>			
Return on term deposits		293,830	380,410
		<b>1,342,752</b>	<b>1,428,504</b>
<b>Net realized gains on investments</b>			
Available for sale financial assets			
-Equity securities		(1,273,543)	249,863
-Debt securities		-	-
<b>Realised loss on:</b>			
-Equity securities		-	-
-Debt securities		-	-
		<b>(1,273,543)</b>	<b>249,863</b>
<b>Net unrealized gains/(losses) on investments</b>			
Net unrealised gains/(losses) on investments at fair value through profit or loss (held for trading purpose)		-	-
Net unrealised gains/(losses) on investments at fair value through profit or loss (designated upon initial recognition)		-	-
<b>Total investments income</b>		<b>69,209</b>	<b>1,678,367</b>
Less: investment related expenses		(167,780)	(5,810)
<b>Net investment Income</b>		<b>(98,571)</b>	<b>1,672,557</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
<b>31 OTHER EXPENSES</b>			
Shariah advisor fee		1,102,704	1,118,051
Annual supervision fee		776,795	-
Legal and professional charges		196,338	261,678
Software charges		2,171,505	-
Auditors' remuneration	31.1	1,000,000	1,000,000
		<b>5,247,342</b>	<b>2,379,729</b>

<b>31.1 AUDITORS' REMUNERATION</b>			
Audit fee		850,000	850,000
Half yearly review		150,000	150,000
Out-of-pocket expenses		-	-
		<b>1,000,000</b>	<b>1,000,000</b>

Accident year	Chief Executive		Directors		Executives	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Professional fee	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	23,310,624	18,690,228
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	3,286,710
Contribution to defined contribution plan	-	-	-	-	2,808,468	2,189,592
Rent and house maintenance	-	-	-	-	9,715,443	7,639,932
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	2,158,977	1,698,744
Conveyance	-	-	-	-	-	-
					<b>37,993,512</b>	<b>33,505,206</b>
Number of persons	-	-	-	-	<b>30</b>	<b>16</b>

Certain executives are also provided with free use of the Company's maintained car.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 33 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relation with undertaking	Nature and transaction	2018 Rupees	2017 Rupees
<b>Balances at year end:</b>			
Associated undertakings	(Payable)/receivable at year end	<b>(20,537,140)</b>	1,456,049
Key management personnel	Loan to key management personnel	<b>1,114,185</b>	1,701,112
Staff retirement benefits plan	(Payable) to defined benefit plan	-	-
	(Payable) to defined contribution plan	<b>(362,334)</b>	(825,394)
<b>Transactions during the year:</b>			
Associated undertakings	Motor tracking devices purchased	<b>3,840,500</b>	10,373,925
	Device monitoring charges paid	<b>22,684,465</b>	44,415,841
	Health service charges paid	<b>6,723,521</b>	22,118,465
Key management personnel	Remuneration of key management personnel	<b>37,993,512</b>	33,505,206
Staff retirement benefits plan	Provision for gratuity during the year	-	-
	Benefits paid	-	3,571,502
Employees' provident fund	Employer's contributions made during the period	<b>4,870,391</b>	3,286,872
Provisions for doubtful debts		-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 34 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2018	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
<b>Gross written contribution (inclusive of admin surcharge)</b>	127,493,058	61,202,269	292,212,550	530,350,082	-	1,011,257,959
Gross direct contribution	61,274,361	50,726,145	241,313,285	522,638,836	-	875,952,627
Facultative inward contribution	66,176,020	10,385,480	50,714,729	7,654,862	-	134,931,091
Administrative surcharge	42,677	90,644	184,536	56,384	-	374,241
<b>Takaful contribution earned</b>	108,347,125	58,050,125	304,001,246	538,007,296	-	1,008,405,792
Takaful contribution ceded to retakaful	(61,671,806)	(29,244,627)	(37,838,822)	(202,418,246)	-	(331,173,500)
Net takaful contribution	46,675,319	28,805,498	266,162,424	335,589,051	-	677,232,292
Rebate income	11,439,255	7,030,607	7,607,846	43,054,385	-	69,132,093
<b>Net underwriting income</b>	58,114,575	35,836,104	273,770,270	378,643,436	-	746,364,385
Takaful claims	88,002,621	13,857,329	167,072,981	269,725,711	-	538,658,642
Takaful claims recovered from retakaful	83,378,321	11,651,496	12,036,260	75,749,460	-	182,815,537
Net claims	4,624,300	2,205,833	155,036,721	193,976,251	-	355,843,105
Wakala fee	50,980,168	24,444,618	116,811,243	212,117,567	-	404,353,596
Direct expenses	6,508,807	3,124,513	14,918,107	27,075,563	-	51,626,990
contribution deficiency expense	-	-	-	42,890	-	42,890
<b>Net takaful claims and expenses</b>	62,113,275	29,774,964	286,766,071	433,212,271	-	811,866,581
					-	
Underwriting results	(3,998,700)	6,061,140	(12,995,801)	(54,568,835)	-	(65,502,196)
Net investment income						5,803,936
Rental income						-
Other income						3,461,872
Other expenses						-
Mudarib's share of investment income						(1,450,984)
<b>Result of operating activities-PTF</b>						(57,687,372)
Wakala fee	50,980,168	24,444,618	116,811,243	212,117,567	-	404,353,596
Net commission and other acquisition costs	(16,856,578)	(8,859,996)	(36,976,374)	(37,102,898)	-	(99,795,846)
Management expenses						(112,340,077)
Other income						208,058
Investment income						(98,571)
Other expenses						(5,247,342)
Mudarib's share of investment income						1,450,984
<b>Profit for the year</b>						188,530,802
<b>Segment assets - (PTF)</b>	158,639,963	30,571,681	96,602,030	489,870,941	-	775,684,615
Unallocated assets - (PTF)						224,035,021
<b>Total assets - (PTF)</b>						999,719,636
<b>Segment assets - (OPF)</b>	152,926,381	63,905,162	150,078,972	177,046,080	-	543,956,595
Unallocated assets - (OPF)						61,802,086
<b>Total assets - (OPF)</b>						605,758,680
<b>Segment liabilities - (PTF)</b>	180,978,689	151,229,738	255,967,790	449,013,726	-	1,037,189,944
Unallocated liabilities - (PTF)						26,184,230
<b>Total liabilities - (PTF)</b>						1,063,374,174
<b>Segment liabilities - (OPF)</b>	8,172,731	6,485,933	7,161,814	4,636,802	-	26,457,280
Unallocated liabilities - (OPF)						3,202,900
<b>Total liabilities - (OPF)</b>						29,660,180

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 34.1 SEGMENT REPORTING

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

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2017	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS & Health	Treaty	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	84,460,134	34,550,978	308,851,424	534,734,961	-	962,597,497
Gross direct contribution	61,874,576	33,119,014	286,170,262	517,975,830	-	899,139,682
Facultative inward contribution	22,545,034	1,385,642	22,343,869	16,698,259	-	62,972,804
Administrative surcharge	40,524	46,322	337,293	60,872	-	485,011
Takaful contribution earned	106,215,248	34,547,231	303,122,264	378,676,521	-	822,561,264
Takaful contribution ceded to retakaful	(64,639,334)	(20,421,520)	(13,942,898)	(36,532,648)	-	(135,536,398)
Net takaful contribution	41,575,914	14,125,711	289,179,367	342,143,873	-	687,024,867
Rebate income	12,057,451	4,935,017	3,030,565	8,160,083	-	28,183,116
Net underwriting income	53,633,365	19,060,728	292,209,932	350,303,956	-	715,207,984
Takaful claims	110,354,227	19,605,099	112,282,695	73,844,764	-	316,086,784
Takaful claims recovered from retakaful	(77,521,864)	(4,761,252)	(16,387,877)	(11,772,311)	-	(110,443,304)
Net claims	32,832,363	14,843,847	95,894,818	62,072,453	-	205,643,480
Wakala fee	33,767,824	13,801,863	123,405,641	213,869,855	-	384,845,183
Direct expenses	8,044,799	3,290,968	29,417,988	50,933,311	-	91,687,068
contribution deficiency expense	-	-	-	19,574,391	-	19,574,391
Net takaful claims and expenses	74,644,986	31,936,678	248,718,447	307,301,230	-	662,601,340
Underwriting results	(21,011,620)	(12,875,950)	43,491,484	43,002,727	-	52,606,641
Net investment income						5,828,656
Rental income						-
Other income						2,951,569
Other expenses						-
Result of operating activities-PTF						61,386,866
Operators' fund account						-
Wakala fee	33,767,824	13,801,863	123,405,641	213,869,855	-	384,845,183
Net commission and other acquisition costs	(24,811,123)	(5,339,279)	(31,120,046)	(17,063,516)	-	(78,333,964)
Management expenses						(107,296,876)
Other income						561,810
Investment income						1,672,557
Other expenses						(2,379,729)
Profit for the year						199,068,981
Segment assets - (PTF)	94,009,151	12,005,132	103,010,495	355,820,100	-	564,844,877
Unallocated assets - (PTF)						247,098,070
Total assets - (PTF)						811,942,947
Segment assets - (OPF)	94,461,918	39,973,732	41,302,692	183,235,850	-	358,974,192
Unallocated assets - (OPF)						107,978,660
Total assets - (OPF)						466,952,852
Segment liabilities - (PTF)	119,976,629	32,302,633	281,947,882	343,806,953	-	778,034,097
Unallocated liabilities - (PTF)						28,160,324
Total liabilities - (PTF)						806,194,421
Segment liabilities - (OPF)	17,596,595	7,433,542	21,744,330	21,415,205	-	68,189,672
Unallocated liabilities - (OPF)						4,403,490
Total liabilities - (OPF)						72,593,162

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 35 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
<b>At beginning of previous year</b>	143,581,932	8,663,749	-	152,245,681
Additions	154,157,209	65,749,167	-	219,906,376
Disposals (sale and redemption)	(149,613,181)	(30,583,947)	-	(180,197,128)
Fair value net gains (excluding net realised gains)	-	(8,714,873)	-	(8,714,873)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
<b>At beginning of current year</b>	148,125,960	35,114,096	-	183,240,056
Additions	(261,101)	210,959,568	-	210,698,467
Disposals (sale and redemption)	(66,000,000)	(111,438,863)	-	(177,438,863)
Fair value net gains (excluding net realised gains)	-	(27,222,556)	-	(27,222,556)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	(261,101)	-	-	(261,101)
<b>At end of current year</b>	81,864,859	107,412,246	-	189,277,104

## 36 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

### 36.1 Risk management framework

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 36.2 Takaful risks

### 36.2.1 Takaful risk

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

The operator manages its risk via its underwriting and retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Retakaful is purchased to mitigate the risk of potential loss to the operator. Retakaful policies are written with approved retakaful companies on either a proportional or excess of loss treaty basis.

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

Further, the operator 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 takaful risk.

### Geographical concentration of takaful risk

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

## 36.2.2 Retakaful arrangements

Retakaful arrangements are key components in the global economy as a means of supporting acceptance of risk by takaful organizations. Arrangements are the most effective ways of getting coverage of all types risks, underwritten by the operator. The operator has prestigious retakaful arrangements with the world wide acclaimed retakaful companies.

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

The operator's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	Maximum sum insured		Retakaful cover		Highest net liability	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Fire and property damage	1,067,000,000	1,360,000,000	785,250,000	1,345,000,000	281,750,000	15,000,000
Marine, aviation and transport	678,136,802	800,000,000	496,102,602	787,500,000	182,034,200	12,500,000
Motor	26,913,975	38,099,000	18,685,481	36,599,000	8,228,494	1,500,000
Health & miscellaneous	940,370,000	1,000,000,000	697,777,500	985,000,000	242,592,500	15,000,000
	2,712,420,777	3,198,099,000	1,997,815,583	3,154,099,000	714,605,194	44,000,000

The table below sets out the concentration of takaful contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Fire and property damage	180,978,689	166,787,549	158,639,963	94,461,918	22,338,726	72,325,631
Marine, aviation and transport	151,229,738	49,026,047	30,571,681	39,973,732	120,658,057	9,052,316
Motor	255,967,790	168,734,863	96,602,030	41,302,692	159,365,759	127,432,171
Health & miscellaneous	449,013,726	393,485,637	489,870,941	168,225,749	(40,857,215)	225,259,888
	1,037,189,944	778,034,097	775,684,615	343,964,091	261,505,328	434,070,006

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 36.2.3 Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The operator is liable for all insured events that occur during the term of the takaful contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator 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 recognised amounts.

## 36.2.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR and contribution deficiency reserve is that the operator'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.

## 36.2.5 Sensitivity analysis

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Profit		Participants' takaful fund	
	2018	2017	2018	2017
	----- Rupees -----			
<b>10% increase in loss</b>				
<b>Net</b>				
Fire and property damage	<b>(462,430)</b>	(3,283,236)	<b>(462,430)</b>	(3,283,236)
Marine, aviation and transport	<b>(220,583)</b>	(1,484,385)	<b>(220,583)</b>	(1,484,385)
Motor	<b>(15,503,672)</b>	(9,589,482)	<b>(15,503,672)</b>	(9,589,482)
Health & miscellaneous	<b>(19,397,625)</b>	(6,207,245)	<b>(19,397,625)</b>	(6,207,245)
	<b>(35,584,310)</b>	(20,564,348)	<b>(35,584,310)</b>	(20,564,349)

	Profit		Participants' takaful fund	
	2018	2017	2018	2017
	----- Rupees -----			
<b>10% decrease in loss</b>				
<b>Net</b>				
Fire and property damage	<b>462,430</b>	3,283,236	<b>462,430</b>	3,283,236
Marine, aviation and transport	<b>220,583</b>	1,484,385	<b>220,583</b>	1,484,385
Motor	<b>15,503,672</b>	9,589,482	<b>15,503,672</b>	9,589,482
Health & miscellaneous	<b>19,397,625</b>	6,207,245	<b>19,397,625</b>	6,207,245
	<b>35,584,310</b>	20,564,349	<b>35,584,310</b>	20,564,349

## 36.3 Financial risk

### 36.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

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

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprise in a given period. The operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

At the balance sheet date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

FINANCIAL ASSETS AND LIABILITIES	2018					Non inter- est/ mark- up bearing financial instruments	Total
	Effective yield/mark- up rate per annum	Interest/mark-up bearing			Sub total		
		Maturity upto one year	Maturity over one year to five years	Maturity over five years			
% ----- Rupees -----							
Financial assets							
Cash and bank deposits	2 to 3	32,976,662	-	-	32,976,662	-	32,976,662
Investments	4 to 8	60,412,166	21,452,693	-	81,864,859	107,412,246	189,277,105
Loans and others receivables		-	-	-	-	490,711,186	490,711,186
Takaful / Re-takaful receivables		-	-	-	-	443,028,408	443,028,408
Retakaful recoveries against outstanding claims		-	-	-	-	84,310,177	84,310,177
		93,388,828	21,452,693	-	114,841,522	1,125,462,018	1,240,303,539
Financial liabilities							
Provision for outstanding claims (including IBNR)				-	-	215,396,440	215,396,440
Takaful / Re-takaful payables				-	-	36,552,019	36,552,019
Other creditors and accruals				-	-	492,400,195	492,400,195
		-	-	-	-	744,348,654	744,348,654

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

FINANCIAL ASSETS AND LIABILITIES	2017					Non inter- est/ mark- up bearing financial instruments	Total
	Effective yield/mark- up rate per annum	Interest/mark-up bearing			Sub total		
		Maturity upto one year	Maturity over one year to five years	Maturity over five years			
%							
----- Rupees -----							
Financial assets							
Cash and bank deposits	23,948,759	-	-	-	23,948,795	3,429,683	27,378,442
Investments	109,828,968	82,125,960	-	-	191,954,928	-	191,954,928
Loans and others receivables							
Takaful / Re-takaful receivables	-	-	-	-	-	384,207,502	384,207,502
Retakaful recoveries against outstanding claims	-	-	-	-	-	344,131,218	344,131,218
	133,777,727	82,125,960	-	-	215,903,687	782,651,580	998,555,267
Financial liabilities							
Provision for outstanding claims (including IBNR)		-	-	-	-	116,989,901	116,989,901
Takaful / Re-takaful payables		-	-	-	-	67,455,786	67,455,786
Other creditors and accruals		-	-	-	-	362,259,527	362,259,527
		-	-	-	-	546,705,214	546,705,214

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## Sensitivity analysis

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

	Increase / (decrease) in basis points	Effect on profit	Effect on fund
	-----Rupees-----		
<b>As at December 31, 2018</b>			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,148,415	1,148,415
	(100)	(1,148,415)	(1,148,415)
<b>As at December 31, 2017</b>			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	2,159,037	2,159,037
	(100)	(2,159,037)	(2,159,037)

## b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the operator does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to retakaful companies.

## 36.3.2 Liquidity risk

Liquidity risk is the risk that the operator will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the operator maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the operator are short term in nature.

Liquidity risk is the risk that the operator may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the operator has cash and bank balance of Rs.32,976,662/- (2017: Rs.27,378,442 /- ).

The table below analyses the operator's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	215,396,440	215,396,440	215,396,440	-
Amounts due to other takaful/retakaful	36,552,018	36,552,018	36,552,018	-
Other creditors and accruals	492,400,195	492,400,195	492,400,195	-
	<b>744,348,653</b>	<b>744,348,653</b>	<b>744,348,653</b>	<b>-</b>
	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	116,989,901	116,989,901	116,989,901	-
Amounts due to other takaful/retakaful	67,455,786	67,455,786	67,455,786	-
Other creditors and accruals	362,259,527	362,259,527	362,259,527	-
	<b>546,705,214</b>	<b>546,705,214</b>	<b>546,705,214</b>	<b>-</b>

## 36.3.3 Credit risk and concentration of credit risk

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

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

	2018 Rupees	2017 Rupees
Investments	189,277,105	191,954,928
Loans and other receivables	490,711,186	384,207,502
Takaful / Re-takaful receivables	443,028,408	344,131,218
Retakaful recoveries against outstanding claims	84,310,177	50,883,177
Cash & Bank	32,976,662	27,378,442
	<b>1,240,303,539</b>	<b>998,555,267</b>

The operator did not hold any collateral against the above during the year. General provision is made, whenever necessary for receivables according to the operator's policy. The impairment provision is written off when the operator expects that it cannot recover the balance due.

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

	Ratings		Ratings Agency	2018 Rupees	2017 Rupees
	Short term	Long term			
Meezan Bank Limited	A-1+	AA+	JCR-VIS	9,509,331	8,339,306
Summit Bank Limited	A-1	A-	JCR-VIS	64,356	396,639
Askari Bank Limited	A1+	AA+	PACRA	1,623,264	2,557,109
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,426,277	2,629,636
Allied Bank Limited	A1+	AAA	PACRA	12,736	12,828
United Bank Limited	A-1+	AAA	JCR-VIS	470,479	7,169,368
Bank Al-Habib Limited	A1+	AA+	PACRA	21,266	1,452,235
Bank Islami Limited	A1	A+	PACRA	755,947	1,136,027
Bank of Khyber Limited	A1	A	PACRA	35,052	551,834
Al Baraka Bank Limited	A1	A	PACRA	50,323	1,286,714
National Bank of Pakistan	A1+	AAA	PACRA	4,914,794	1,710,519
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	60,500	-
MCB Islamic Bank Limited	A1	A	PACRA	13,827,837	-
				<b>32,772,162</b>	<b>27,242,216</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The age analysis of contributions due but unpaid and amount due from other takaful/ retakaful is as follows:

	2018 Rupees	2017 Rupees
Upto 1 year	426,947,088	316,329,209
1-2 years	16,081,320	27,802,009
2-3 years	-	-
	<b>443,028,408</b>	<b>344,131,218</b>

## Re-takaful risk

Retakaful ceded does not relieve the operator from its obligation towards policy holders and, as a result, the operator remains liable for the portion of outstanding claims reinsured to the extent that retakaful Operator fails to meet the obligation under the retakaful agreement.

To minimize its exposure to significant losses from retakaful companies' insolvencies, the operator obtains retakaful companies' ratings who are dispersed over several geographical regions.

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

	Amount due from other takaful / re-takaful	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2018	2017
	-----Rupees-----				
A or above (including PRCL)	175,985,255	84,310,177	245,314,358	<b>505,609,790</b>	330,953,684
<b>Total</b>	<b>175,985,255</b>	<b>84,310,177</b>	<b>245,314,358</b>	<b>505,609,790</b>	<b>330,953,684</b>

## 36.4 Fund management

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## 36.5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or liability is not directly observable, it is estimated by the company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
31 December 2018									
Financial assets - not measured at fair value									
Cash in hand*	-	-	204,500	-	204,500	-	-	-	-
Cash at bank*	-	-	32,772,162	-	32,772,162	-	-	-	-
Term deposits maturing within 12 months*	-	-	22,900,463	-	22,900,463	-	-	-	-
Term deposits maturing after 12 months*	-	-	1,209,000	-	1,209,000	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	121,774,268	-	-	-	121,774,268	96,614,953	-	-	96,614,953
- Mutual fund certificates	10,797,293	-	-	-	10,797,293	12,860,534	-	-	12,860,534
- Sukuk bonds	81,000,000	-	-	-	81,000,000	81,864,859	-	-	81,864,859
Loans to employees*	-	1,313,860	-	-	1,313,860	-	-	-	-
Due from takaful contract holders*	-	270,074,825	-	-	270,074,825	-	-	-	-
Due from other takaful / re-takaful*	-	172,953,583	-	-	172,953,583	-	-	-	-
Accrued investment income*	-	1,096,023	-	-	1,096,023	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	84,310,177	-	-	84,310,177	-	-	-	-
Wakala fee receivables*	-	457,349,924	-	-	457,349,924	-	-	-	-
Sundry receivables*	-	6,841,917	-	-	6,841,917	-	-	-	-
	213,571,561	993,940,309	57,086,125	-	1,264,597,995	191,340,346	-	-	191,340,346
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	215,396,440	215,396,440	-	-	-	-
Takaful/Re-takaful payables*	-	-	-	36,552,019	36,552,019	-	-	-	-
Accrued expenses*	-	-	-	1,212,334	1,212,334	-	-	-	-
Wakala fee payable*	-	-	-	457,349,924	457,349,924	-	-	-	-
Other creditors and accruals*	-	-	-	33,837,937	33,837,937	-	-	-	-
	-	-	-	744,348,654	744,348,654	-	-	-	-

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- Rupees -----								
31 December 2017									
Financial assets - not measured at fair value									
Cash in hand*	-	-	136,226	-	136,226	-	-	-	-
Cash at bank*	-	-	27,242,216	-	27,242,216	-	-	-	-
Term deposits maturing within 12 months*	-	-	86,196,503	-	86,196,503	-	-	-	-
Term deposits maturing after 12 months*	-	-	1,174,000	-	1,174,000	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Equity securities	28,669,070	-	-	-	28,669,070	35,681,164	-	-	35,681,164
- Mutual fund certificates	15,159,898	-	-	-	15,159,898	16,862,678	-	-	16,862,678
- Sukuk bonds	82,125,960	-	-	-	82,125,960	81,000,000	-	-	81,000,000
Loans to employees*	-	1,859,732	-	-	1,859,732	-	-	-	-
Due from takaful contract holders*	-	233,891,193	-	-	233,891,193	-	-	-	-
Due from other takaful/ Re-takaful*	-	110,240,025	-	-	110,240,025	-	-	-	-
Accrued investment income*	-	2,127,276	-	-	2,127,276	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	50,883,177	-	-	50,883,177	-	-	-	-
Wakala fee receivables*	-	299,700,235	-	-	299,700,235	-	-	-	-
Sundry receivables*	-	59,149,756	-	-	59,149,756	-	-	-	-
	125,954,928	757,851,394	114,748,945	-	998,555,267	133,543,842	-	-	133,543,842
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	116,989,901	116,989,901	-	-	-	-
Takaful/Re-takaful payables*	-	-	-	67,455,786	67,455,786	-	-	-	-
Accrued expenses*	-	-	-	1,585,394	1,585,394	-	-	-	-
Wakala fee payable*	-	-	-	299,700,235	299,700,235	-	-	-	-
Other creditors and accruals*	-	-	-	60,973,898	60,973,898	-	-	-	-
	-	-	-	546,705,215	546,705,215	-	-	-	-

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

	2018 Rupees
<b>37 STATEMENT OF SOLVENCY</b>	
<b>Assets</b>	
Property and equipment	33,943,376
Investments	
Equity securities	77,523,935
Debt securities	61,792,693
Term deposits	-
Loans and others receivables	24,583,648
Takaful/Re-takaful receivables	443,028,408
Retakaful recoveries against outstanding claims	84,310,177
Prepayments	245,314,358
Cash & bank	29,223,041
<b>Total assets (A)</b>	<b>999,719,636</b>
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(h) Takaful/Re-takaful receivables	232,953,834
(q) Equity securities	46,437,659
(u) Property and equipment	33,943,376
(v) Security deposits	22,900,463
<b>Total of inadmissible assets (B)</b>	<b>336,235,332</b>
<b>Total admissible assets (C=A-B)</b>	<b>663,484,304</b>
<b>Total liabilities</b>	
Underwriting provisions	
Provision for outstanding claims (including IBNR)	215,396,440
Contribution deficiency reserve	676,350
Reserve for unearned contribution	298,742,552
Reserve for unearned retakaful rebate	49,266,798
Takaful/Re-takaful payables	16,434,230
Other creditors and accruals	25,507,880
<b>Total liabilities (D)</b>	<b>606,024,250</b>
<b>Total net admissible assets (E=C-D)</b>	<b>57,460,054</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

## Minimum solvency requirement (higher of following)

As per requirement of section 10(k) of the Takaful Rules, 2012. An Operator shall ensure that in case of General takaful each participant takaful fund, at all times, has admissible assets in excess of its liabilities.

## 38 CORRESPONDING FIGURES

Comparative figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current year except for following:

Particulars	Note	From	To	Rupees - 2018
Annual supervision fee SECP	31	Direct expenses -PTF	Other expenses - OPF	<b>776,795</b>
Software charges	31	Direct expenses -PTF	Other expenses - OPF	<b>2,171,505</b>

## 39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 05, 2019 by the Board of Directors of the Company.

## 40 GENERAL

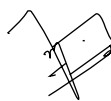
The figures in the financial statements have been rounded off to the nearest rupees.



**Mohammad Rahat Sadiq**  
Chief Executive Officer



**Huma Waheed**  
Director



**Maqbool Ahmad**  
Chief Financial Officer



**Khawas Khan Niazi**  
Director / President



**Javaid Sadiq**  
Chairman

# ANNUAL GENERAL MEETING

**NOTICE is hereby given that the 59th Annual General Meeting of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED will be held on Friday the March 29, 2019 at 10:30 a.m. at The Institute of Bankers Pakistan, Iqbal Auditorium 3rd Floor, M.T. Khan Road, Karachi, to transact the following business:**

## **ORDINARY BUSINESS:**

1. To confirm the minutes of the 58th Annual General Meeting of the Company held on April 30, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2018 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration.

## **SPECIAL BUSINESS:**

4. To consider and approve issue of Bonus Shares in the ratio of 15 shares for every 100 shares held i.e. 15% as recommended by the Board of Directors and, if considered appropriate, to pass with or without modification(s) the following resolutions:

**Resolved** that a sum of Rs. 339,263,060/= out of the profits available for appropriation as at December 31, 2018 be capitalized and adopted to the issue of ordinary shares of Rs.10 each allotted as fully paid Bonus Shares (B-24) @ 15% in the proportion of 15 share for every 100 shares held by Company's members whose names appear on the register of members as at close of business on 18-03-2019 and that the Bonus shares shall rank pari passu in all respects with the existing shares.

**Further Resolved** that in the event of any member becoming entitled to a fraction of bonus

shares the Directors be and are hereby authorized to consolidate all such fraction share(s) so constituted on the stock market and to pay the proceed of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

**Further Resolved** that the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares.

5. To obtain consent of the shareholders in term of S.R.O. 470(I)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual accounts, notices of general meetings and other information contained therein of the Company wither through CD or DVD or USB and to pass the following resolution with or without modification:

**Resolved** that consent and approval of the members of The United Insurance Company of Pakistan Limited (the "Company") be and is hereby accorded for transmission of annual audited accounts, notices of general meetings and other information contained therein of the Company to the members for future years commencing from the period ended March 31, 2019 through CD or DVD or USB instead of transmitting the same in hard copies.

# ANNUAL GENERAL MEETING

6. To consider and if deemed fit, to pass the following Special Resolutions under section 199 of the Companies Act, 2017 with or without modification, additions(s) or deletions(s) as recommended by the Directors:-

**Resolved** that in pursuant of the requirements of Section 199 of the Companies Act, 2017 (the "Act") The United Insurance Company of Pakistan Limited be and is hereby authorized to enhance investment in Apna Microfinance Bank Limited to the extent of Rs. 500,000,000/- (Rupees Five Hundred Million Only) by way of equity investment to deposit in the bank as Share money.

**Further Resolved** that subsequent to the above said investment Management of the Company be and is hereby empowered and authorized to purchase Right/Renunciation Shares offered on the basis of Company's investment as deposit share money in Apna Microfinance Bank Limited to the extent of Rs. 500,000,000/- (Rupees Five Hundred Million Only).

7. To transact any other business may be brought forward with the permission of the Chair.

A statement under section 134 (3) of the Companies Act, 2017 pertaining to the Special Business is being sent to the members with this notice.

**By order of the Board**

Date : March 07, 2019  
Karachi

(Athar A. Khan)  
Company Secretary

## NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from 19-03-2019 to 29-03-2019 (both days inclusive). Transfers received at Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower – A, I. I. Chundrigar Road, Karachi by the close of business on 18-03-2019, will be treated in time for the purpose of determine entitlement to the Dividend & Bonus Shares and to attending the meeting.

2. All members are entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.

- a. A proxy must be a member of the Company. Proxies in order to be effective must be received at the Registered Office, situated at 204, Madina City Mall, Abdullah Haroon Road, Karachi not later than forty eight (48) hours before the time fixed for the meeting.

- a. The Proxy shall produce his/her original CNIC or Passport at the time of the meeting.

- b. Proxy from shall be witnessed by two persons whose, name, CNIC Nos. and addresses shall be mentioned on the proxy form.

3. CDC Account holders are required to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

- a. In case of individual(s), the account holder (s) or sub-account holder (s) shall authenticate his/her identity by showing his/her original CNIC card or original passport at the time of attending the Meeting.

- b. In case of corporate entities, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

4. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:

M/s. F.D. Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower – A, I.I. Chundrigar Road, Karachi – 74000.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement set out the material facts concerning the Special Business, given in agenda items Nos. 4, 5 and 6 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

## 1. Agenda Item No. 4 – Issue of Bonus Shares

Bonus issue will be governed by rules and regulations. The Directors being satisfied with the reserves and profits of the Company as at December 31, 2018 have recommended as issue of Bonus Shares. The



# ANNUAL GENERAL MEETING

Directors have no interest directly or indirectly, except that they are members of the Company.

## 2. Agenda Item No. 5 - Circulation of Annual Report through CD/DVD/USB

The Securities and Exchange of Pakistan (SECP) vide SRO No. 470(II)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss accounts, auditor's report and director's report) to its members through CD/DVD/USB at their registered address instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from members of the Company to comply with the requirements of said SRO vide an ordinary resolutions.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through CD/DVD/USB. However, members will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on Company website. While members who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

## 3. Agenda Item No. 6 – Equity Investment in Apna Microfinance Bank Limited

The company has disclosed following information in the statement annexed to the notice, pursuant to subsection (3) of section 134 of the Act, of a general meeting called for considering investment decision under section 199 of the Act-

### Regulation No 3(1) a) Disclosures for all types of investments,-

#### A. Regarding associated company or associated undertaking:-

##### i. Name of associated company or associated undertaking;

APNA micro finance Bank Limited (Hereinafter referred as "AMBL")

##### ii. Basis of relationship;

Associated Company

##### iii. Earnings per share for the last three years;

Year ended December 31, 2016	(3.34)
Year ended December 31, 2017	(0.35)
Year ended December 31, 2018	0.21
Year ended December 31, 2018 (diluted)	0.15

##### iv. Break-up value per share, based on latest audited financial statements;

Break-up value of shares on the basis of latest audited financial statements as at Dec 31, 2018 is Rs.5.837/-

## v. Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;

AMBL is performing its operations in all over Pakistan with comprehensive branch network. Total Assets of the bank are Rs.17,623/- million including Rs.4,497/- million of cash and Bank balances and Advance of Rs.9,166/- million. During the year it has generated revenue of Rs.2,158/- million. Total liabilities of the Bank are Rs.16,149/- million. During the year 2018 Bank has earned Profit after tax of Rs.53,261/-million.

## vi. in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-

- description of the project and its history since conceptualization;
- starting date and expected date of completion of work;
- starting date and expected date of completion of (III) time by which such project shall become commercially operational;
- expected time by which the project shall start paying return on investment; and
- funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and

# ANNUAL GENERAL MEETING

noncash amounts;

**Not Applicable**

## B. General disclosures:-

### i. maximum amount of investment to be made;

Rs.500/-million (Rupees Five Hundred million)

### ii. purpose, benefits likely to accrue to the investing company its members from such investment and period of investment

These are long term strategic investments will attract dividends in future period

### iii. sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-

#### i. justification for investment through borrowings;

#### ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and

#### iii. cost benefit analysis;

Not applicable as investment will be made from Company own funds.

#### iv. salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;

Not applicable as shares will be purchased time to time.

#### v. direct or indirect interest of directors, sponsors, majority

**shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;**

No directors, chief executive and their relative has any interest in the investment proposed.

#### vi. in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and

The United insurance Co of Pakistan Limited is associated undertaking of AMBL and is holding 44.50% shareholding of the AMBL. AMBL is performing well as it is recovering its losses and now converted to profitable operations. During the year company has earned profit of Rs.23 million from operations of the bank.

#### vii. any other important details necessary for the members to understand the transaction;

None

#### a) In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation3 shall be made,-

##### i. maximum price at which securities will be acquired;

Face value of stocks

##### ii. in case the purchase price is higher than market value in case

**of listed securities and fair value in case of unlisted securities, justification thereof;**

Shares will be purchased at face value.

### iii. maximum number of securities to be acquired;

Equivalent to the amount of investment.

### iv. number of securities and percentage thereof held before and after the proposed investment;

The Company is currently holding 44.50% shareholding of the company and will maintain its holding maximum to 47.5% in future.

### v. Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and

Current market value as at December 31, 2018 is Rs.5.80 per share and weighted average price of preceding twelve months is Rs.5.70 per share.

### vi. Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;

Not Applicable

Regulation No 3(1) b)In case of investments in the form of

# ANNUAL GENERAL MEETING

loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

- i. category-wise amount of investment;
- ii. average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;
- iii. rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;
- iv. particulars of collateral or security to be obtained in relation to the proposed investment;
- v. if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion

may be exercisable; and

- vi. Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.

Not Applicable

**Regulation no. 3(3).The directors of the investing company while presenting the special resolution for making investment in an associated company or associated undertaking shall certify to the members of the investing company that they have carried out necessary due diligence for the proposed investment before recommending it for members' approval.**

The directors of the investing company submit that they have carried out necessary due diligence for the proposed investment.

# دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA-' قرار شدہ نوٹس برائے 59 واں سالانہ اجلاس عام

ویڈیو اور تک قیمت 5.70 روپے فی شیئر۔  
(vi) غیر لسٹڈ سیکورٹیز میں سرمایہ کاری کیلئے ریگولیشن  
5 کے ذیلی ریگولیشن (1) کی رو سے متعین کردہ فیئر  
ویلیو؛ قابل اطلاق نہیں۔

ریگولیشن نمبر 3(1)(b) قرضوں، ایڈوانسز اور ضمانتوں  
کی شکل میں سرمایہ کاری کی جانے کی صورت میں  
ریگولیشن 3 ذیلی ریگولیشن (1) کی دفعہ (a) کے تحت  
کئے جانوالے انکشافات کے علاوہ درج ذیل انکشافات  
بھی کئے جائینگے:

(i) سرمایہ کاری کی رقم یہ لحاظ کیگوری -  
(ii) سرمایہ کار کمپنی کے قرضوں کی اوسط لاگت، کراچی  
انٹر بینک آف ریٹ (KIBOR) برائے متعلقہ مدت،  
شرعی مصنوعات کیلئے ریٹرن کی شرح اور غیر فٹڈ  
سہولیات کیلئے ریٹرن کی شرح، جیسی بھی صورت ہو،  
برائے متعلقہ مدت:

سرمایہ کار کمپنی کی جانب سے وصول کئے  
(iii) جانوالے سود، مارک اپ، منافع، فیس یا کمیشن  
وغیرہ کی شرح:

(iv) مجوزہ سرمایہ کاری کے سلسلے میں حاصل کئے  
جانوالے متوازی (کولینرل) یا سیکورٹی کے کوائف:

آیا سرمایہ کاری تبادلہ خصوصیات یعنی آیا  
(v) یہ سیکورٹیز میں قابل منتقلی ہے، یہ واقعہ مع شرائط  
و ضوابط بشمول تبادلہ فارمولہ، وہ حالات جن میں تبادلہ  
وقوع پذیر ہو سکتا ہے اور وقت جب یہ تبادلہ قابل  
عمل ہوگا؛ اور

(vi) واپس ادائیگی کا شیڈول اور ایسوسی ایٹڈ کمپنی  
یا ایسوسی ایٹڈ انڈر ٹیکنگ کو دیئے جانوالے قرضوں یا  
ایڈوانسز کی شرائط و ضوابط؛ قابل اطلاق نہیں۔  
ریگولیشن نمبر 3(3)۔ ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ  
انڈر ٹیکنگ میں سرمایہ کاری کی غرض سے قرارداد پیش  
کرتے ہوئے کمپنی کے ڈائریکٹرز، سرمایہ کار کمپنی کو  
کے ممبران کے سامنے تصدیق کریگئے کہ بغرض منظوری  
ممبران کے سامنے پیش کرنے سے قبل انہوں نے مجوزہ  
سرمایہ کاری کیلئے مطلوب مکمل احتیاط اور چوکسی سے کام  
لیا ہے۔

کمپنی کے ڈائریکٹرز اقرار کرتے ہیں انہوں نے مجوزہ  
سرمایہ کاری کیلئے مکمل احتیاط اور چوکسی اختیار کی ہے۔

# دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA' - قرار شدہ نوٹس برائے 59 واں سالانہ اجلاس عام

میسرز ایف ڈی رجسٹرار سروسز (ایس ایم سی  
پرائیویٹ) لمیٹڈ  
آفس نمبر 1705، 17 ویں منزل، صائمہ ٹریڈ ٹاور۔  
اے، آئی آئی چندریگر روڈ، کراچی - 74000  
اسٹیٹمنٹ تحت دفعہ 134 (3) بابت کمپنیز ایکٹ  
2017

اسٹیٹمنٹ ہذا نوٹس کے لیجنڈا آئٹمز نمبر 4، 5 اور 6  
میں متذکرہ خصوصی امور کے متعلق مادی حقائق بیان  
کرتا ہے جن پر ممبران غور و خوض کریں گے اور ان کی  
منظوری دیں گے۔ اسٹیٹمنٹ کا مقصد ان خصوصی امور کے  
متعلق مادی حقائق پیش کرنا ہے۔

(1) لیجنڈا آئٹم نمبر 4۔ نوٹس شیئرز کا اجراء  
نوٹس ایجو قواعد و ضوابط کے تابع ہونگے۔ 31 دسمبر  
2018 تک کمپنی کے محفوظ ذخائر اور منافع کی  
صورتحال سے مطمئن ڈائریکٹرز نے نوٹس شیئرز کے  
اجراء کی سفارش کی ہے۔ ڈائریکٹرز کا بلا واسطہ یا بالواسطہ  
اس میں کوئی مفاد نہیں ماسوائے اسکے کہ وہ کمپنی کے  
ممبران ہیں۔

(2) لیجنڈا آئٹم نمبر 5۔ سالانہ رپورٹ کی بذریعہ  
CD/CD/DVD/USB ترسیل

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)  
نے SRO نمبر 470 (1) مورخہ 31 مئی  
2016 کے ذریعے لسٹڈ کمپنیوں کو اجازت دی ہے  
کہ وہ اپنے سالانہ اکھاتہ جات (یعنی سالانہ بیلنس شیٹ  
اور نفع و نقصان اکھاتہ، آڈیٹرز اور ڈائریکٹرز کی رپورٹیں)  
سالانہ اجلاس عام میں ممبران کی منظوری حاصل کرنے  
کی شرط پر اپنے ممبران کو ان کے رجسٹرڈ ایڈریس پر  
بصورت ہارڈ کاپی کی بجائے بذریعہ  
ارسال کر سکتے ہیں۔ چنانچہ مذکورہ بالا کی شرائط SRO  
کی تعمیل کی کمپنی کے ممبران سے عمومی قرارداد کے  
ذریعے منظوری طلب کی جاتی ہے۔

سالانہ اجلاس عام میں قرارداد کی منظوری کی شرط پر  
کمپنی مستقبل میں اپنے سالانہ اکھاتہ جات بذریعہ  
CD/DVD/USB ارسال کریگی۔  
تاہم ممبران کو درخواست فارم جو کمپنی کی ویب سائٹ  
پر مہیا کیا جائیگا، جمع کرنا اور اپنے رجسٹرڈ پتوں پر ہارڈ کاپی  
حاصل کرنے کا حق ہوگا۔ مستقبل میں تمام آڈٹ شدہ  
اکھاتہ جات بصورت ہارڈ کاپی حاصل کرنے کے خواہاں  
ممبران کو اپنی ترجیحات بصورت تحریر پیش کرنا ہوگی۔

(3) لیجنڈا آئٹم نمبر 6۔ اپنا مائیکروفنانس بینک لمیٹڈ  
میں ایکویٹی کی سرمایہ کاری  
کمپنیز ایکٹ کی دفعہ 134 ذیلی دفعہ (3) کی تعمیل  
کرتے ہوئے کمپنی نے نوٹس کے ساتھ منسلک اسٹیٹمنٹ  
میں مذکورہ ایکٹ کی دفعہ 199 کے تحت سرمایہ کاری  
کے فیصلے پر غور و خوض کرنے کی غرض سے بلائے

جانیوالے اجلاس عام کے متعلق درج ذیل معلومات ظاہر  
کی ہیں:

ریگولیشن نمبر 3(1)(a) تمام اقسام کی سرمایہ کاری کا انکشاف  
(A) بہ ضمن ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ  
(i) ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کا نام؛  
اپنا مائیکروفنانس بینک لمیٹڈ (ہاں اسے "AMBL" کہا جائیگا)  
(ii) تعلقات کی بنیاد؛ ایسوسی ایٹڈ کمپنی  
(iii) گزشتہ تین برسوں کی آمدنی فی شیئر  
سال محنت 31 دسمبر 2016 (3.34)  
سال محنت 31 دسمبر 2017 (0.35)  
سال محنت 31 دسمبر 2018 0.21  
سال محنت 31 دسمبر 2018 (ڈائیلیٹیوڈ) 0.15  
(iv) فی شیئر تجرباتی قدر بہ بنیاد تازہ ترین آڈٹ شدہ  
مالیاتی گوشوارے: 31 دسمبر 2018 تک تازہ ترین  
آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر بریک آپ ویلیو  
5.837 روپے ہے۔

(v) مالیاتی صورتحال بشمول مرکزی آئٹمز بابت اسٹیٹمنٹ  
آف فنانشل پوزیشن اور نفع و نقصان اکھاتہ بہ بنیاد اسکے  
تازہ ترین مالیاتی گوشوارے؛

AMBL اپنے جامع اور مستحکم برانچ نیٹ ورک کے  
ساتھ پاکستان بھر میں کام کر رہا ہے۔ بینک کے کل  
اثاثوں کی مالیت 17,623 ملین روپے ہے جس میں  
4,497 ملین نقد اور بینک بیلنس اور 9,166 ملین  
روپے مالیت کے ایڈوانسز شامل ہیں۔ دوران سال اس  
نے 2,158 ملین روپے کی آمدنی حاصل کی ہے۔ بینک  
کے کل قرضہ جات کی مالیت 16,149 ملین روپے  
ہے۔ دوران سال 2018 بینک نے 53,261 ملین  
روپے کا بعد از ٹیکس منافع کمایا ہے۔

(vi) ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کے  
ایسے پروجیکٹ کے سلسلے میں جو ابھی شروع نہیں ہوا  
ہے، درج ذیل مزید معلومات، بنام۔

(a) پروجیکٹ کی تفصیلات اور اسکے تصور میں آنے کے  
بعد سے اسکی تاریخ قابل اطلاق نہیں  
(b) کام کی شروعات اور تکمیل کی متوقع تاریخ:  
(c) تاریخ شروعات اور تاریخ تکمیل (III) وہ وقت  
جب تک یہ پروجیکٹ تجارتی بنیاد پر کام شروع کردیگا۔  
(d) وہ متوقع وقت جب تک پروجیکٹ لگائے گئے  
سرمائے کی واپسی شروع کردیگا؛ اور  
(e) پرموٹرز، انوسٹرز، ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر  
ٹیکنگ کے لگائے گئے یا لگائے جانے والے نقد اور غیر  
قابل اطلاق نہیں۔

(b) عمومی انکشافات:-

(i) لگائی جانے والی زیادہ سے زیادہ رقم: 500 ملین  
روپے (پانچ سو ملین روپے)۔  
(ii) مقصد، سرمایہ کار کمپنی، اسکے ممبران کو سرمایہ  
کاری سے ملنے والے فوائد اور سرمایہ کاری کی مدت۔  
یہ طویل مدتی اسٹریٹیجک سرمایہ کاری ہے جو مستقبل کی  
مدت میں منافع مہیا کرے گی۔

(iii) سرمایہ کاری کیلئے کام میں لائے جانے والے فنڈز  
کے وسائل اور قرض سے حاصل کردہ فنڈز سرمایہ کاری  
کہاں کی جاتی ہے:

(i) قرض لے کر سرمایہ کاری کرنے کی توجیہ؛  
(ii) ایسے فنڈز کے حصول کیلئے متوازی، فراہم کردہ  
(iii) ضمانتوں اور گروہی رکھے گئے اثاثوں کی تفصیلات؛ اور  
کوسٹ بینیفٹ اینالیسٹس؛ قابل اطلاق نہیں کیونکہ  
سرمایہ کاری کمپنی اپنے فنڈز سے کریگی۔

(iv) مجوزہ سرمایہ کاری کے ضمن میں ایسوسی ایٹڈ  
کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کے ساتھ کئے گئے معاہدہ  
(معاہدوں)، اگر ہوں، کے اہم نکات۔ قابل اطلاق  
نہیں کیونکہ شیئرز وقتاً فوقتاً خریدے جائیں گے۔

(v) ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ یا زیر  
غور سودے میں ڈائریکٹرز، اسپانسرز، شیئر ہولڈرز کی  
اکثریت اور اسکے عزیز و اقرباء، اگر ہوں، کے بلا واسطہ  
اور بالواسطہ مفادات۔ مجوزہ سرمایہ کاری میں کسی  
ڈائریکٹر، چیف ایگزیکٹو اور ان کے عزیز و اقرباء کا کوئی  
مفاد نہیں۔

(vi) اگر ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ  
میں کوئی سرمایہ کاری کی گئی ہے تو ایسی سرمایہ کاری  
کی کارکردگی کا جائزہ بشمول کسی تحریب/تبدیل/تبدیل کی مکمل  
معلومات/توجیہات۔ دی یونائیٹڈ انشورنس کمپنی آف  
پاکستان  
کی ایسوسی ایٹڈ انڈر ٹیکنگ ہے اور AMBL پاکستان  
کے 44.50% شیئرز کی ملکیت رکھتی ہے۔ AMBL  
اچھی کارکردگی کا مظاہرہ کرتے ہوئے اپنے AMBL  
نقصانات پورے کر رہی ہے اور اب منافع دینے والے  
آپریٹرز میں تبدیل ہو گئی ہے۔ دوران سال کمپنی نے  
بینک کے آپریٹرز سے 23 ملین روپے کا منافع کمایا  
ہے۔

(vii) ممبران کو زیر غور خرید و فروخت سمجھنے کیلئے  
ضروری کوئی اور اہم تفصیلات؛ کوئی نہیں۔

(a) ایکویٹی کی سرمایہ کاری کی صورت میں ریگولیشن  
3 ذیلی ریگولیشن (1) کی دفعہ (a) کے تحت کئے جانے والے  
انکشافات کے علاوہ درج ذیل انکشافات بھی کئے جائیں گے:

(i) زیادہ سے زیادہ قیمت جس پر سیکورٹیز حاصل کی  
جائیں گی؛ اسٹاکس کی فیس ویلیو  
(ii) قیمت خرید لسٹڈ سیکورٹیز کی صورت میں مارکیٹ  
ویلیو اور غیر لسٹڈ سیکورٹیز کی صورت میں فیئر ویلیو سے  
زائد ہونے کی صورت میں معقول وجہ؛ شیئر، فیس ویلیو  
پر خریدے جائیں گے۔

(iii) حاصل کی جانے والی سیکورٹیز کی زیادہ سے زیادہ  
تعداد؛ سرمایہ کاری کی جانیوالی رقم کے برابر۔  
(v) مجوزہ سرمایہ کاری سے قبل اور بعد ازاں ملکیت  
میں موجود سیکورٹیز کی تعداد اور فیصد تناسب؛ حالیہ  
طور سے کمپنی مذکورہ کمپنی کے 44.50% شیئرز کی  
حامل ہے جو مستقبل میں زیادہ سے زیادہ 47.50%  
کی جائیں گی۔

(vi) جن لسٹڈ سیکورٹیز میں مجوزہ سرمایہ کاری کی جانی  
ہے ان کی حالیہ اور آتیوالے بارہ ہفتوں کی ویڈیو رپورٹ  
مارکیٹ پرائس؛ 31 دسمبر 2018 تک حالیہ مارکیٹ  
ویلیو 5.80 روپے فی شیئر ہے اور آئندہ بارہ ہفتوں کی

# دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ

## پیکرا (PACRA) کی جانب سے 'AA' - قرار شدہ

### نوٹس برائے 59 واں سالانہ اجلاس عام

#### نوٹس:

(1) کمپنی کے ممبران کا رجسٹر اور شیئر ٹرانسفر بکس 19-03-2019 تا 29-03-2019 (دونوں دن شامل) بند رہے گی۔ نقد منافع منقسم اور نوٹس شیئرز اور اجلاس میں شرکت کے استحقاق کے تعین کی غرض سے کمپنی کے شیئر رجسٹر میں سرز ایف ڈی رجسٹر سروسز (ایس ایم سی - پرائیویٹ) لمیٹڈ، آفس نمبر 1705، 17 ویں منزل، صائمہ ٹریڈ ٹاور- اے، آئی آئی چندریگر روڈ، کراچی میں 18-03-2019 کو اختتام کاروبار تک موصول ہونیوالی منتقلیاں بروقت تصویب کی جائیں گی۔

(2) اجلاس میں شرکت کرنے اور ووٹ دینے کے استحقاق کے حامل تمام ممبران اپنی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے کسی اور ممبر کو پراکسی مقرر کر سکتے ہیں۔

(a) پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔ موثر ہونے کی غرض سے پراکسی رجسٹرڈ آفس واقع 204، مدینہ سٹی مال، عبداللہ ہارون روڈ، کراچی میں اجلاس کے انعقاد کیلئے مقرر کردہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل تک پہنچ جائیں۔

(b) اجلاس کے وقت پراکسی اپنا اور بجنل یا CINC پاسپورٹ پیش کرے گا/گی۔

(c) پراکسی فارم پر دو گواہان کے دستخط ہونگے جن کے نام، CINC نمبر اور پتہ پراکسی فارم میں درج کئے جائیں گے۔

(3) سی ڈی سی اکاؤنٹ ہولڈر کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے متعین کردہ درج ذیل رہنما اصول کی تعمیل ضروری ہے۔

(a) فرو کی صورت میں اکاؤنٹ ہولڈر (ز) یا سب اکاؤنٹ ہولڈر (ز) اجلاس میں شرکت کے وقت اپنا اور بجنل یا CINC یا اور بجنل پاسپورٹ پیش کر کے اپنی شناخت کی تصدیق کرے گا/گی۔

(b) کارپوریٹ ادارے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد کردہ فرد کے نمونہ دستخط (بشرطیکہ پہلے فراہم نہ کئے گئے ہوں) پیش کرنا ہونگے۔

(4) شیئر ہولڈرز سے التماس ہے کہ اپنے ایڈریس میں کسی بھی قسم کی تبدیلی، اگر ہو، سے کمپنی کے شیئر رجسٹر کو درج ذیل پتہ پر فوری طور سے مطلع کریں:

کی رو سے سالانہ کھاتہ جات، اجلاس عام کے نوٹس، اور کمپنی کی دیگر معلومات USB یا DVD یا CD کے ذریعے ارسال کرنے اور درج ذیل قرارداد مع یا بغیر ترمیم منظور کرنا:

قرار پایا کہ دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ ("کمپنی") کے ممبران کو سالانہ آڈٹ شدہ کھاتوں، سالانہ اجلاس عام کے نوٹس اور کمپنی کی دیگر معلومات 31 مارچ 2019 کو اختتام پذیر ہونیوالی مدت سے USB یا DVD یا CD آئندہ برسوں کیلئے بذریعہ کے ذریعے ارسال کرنے کیلئے ممبران کی رضامندی دی جاتی ہے۔

(6) غور و خوض کرنا اور موزوں پائے جانے پر کمپنیز ایکٹ 2017 کی دفعہ 199 کے تحت درج ذیل خصوصی قرارداد مع یا بغیر اضافے (اضافوں) یا اخراج، جیسا بھی ڈائریکٹرز تجویز کریں، منظور کرنا:

قرار پایا کہ کمپنیز ایکٹ 2017 ("ایکٹ") کی دفعہ 199 میں عائد کردہ شرائط کی تکمیل میں دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کو اپنا مائیکرو فنانس بینک لمیٹڈ میں شیئر کی رقم جمع کرانے کی صورت میں ایکویٹی کی سرمایہ کاری کے ذریعے مبلغ 500,000,000/- روپے (مبلغ پانچ سو ملین روپے صرف) کی حد تک سرمایہ کاری بڑھانے کا ذریعہ ہذا اختیار دیا جاتا ہے۔

مزید قرار پایا کہ مذکورہ بالا سرمایہ کاری کے بعد کمپنی کی بینجمنٹ کو مبلغ 500,000,000/- روپے (پانچ سو ملین روپے) کی حد تک اپنا مائیکرو فنانس بینک لمیٹڈ میں جمع شدہ شیئر کی رقم کی حیثیت میں سرمایہ کاری کی بنیاد پر پیش کردہ رائٹ آری نسی ایشن شیئرز کی خریداری کا ذریعہ ہذا اختیار دیا جاتا ہے۔

(7) صدر نشین کی اجازت سے سامنے لائے جانوالے کوئی اور معاملات نمٹانا۔

خصوصی امور سے متعلق کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت ایک اسٹیٹمنٹ ممبران کو نوٹس ہذا کے ہمراہ ارسال کیا جا رہا ہے۔

حسب الحکم بورڈ

کراچی  
مورخہ 07 مارچ 2019  
اطہر اے خان  
کمپنی سیکریٹری

ذریعہ ہذا مطلع کیا جاتا ہے کہ یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کا 59 واں سالانہ اجلاس عام بروز جمعہ مورخہ 29 مارچ 2019 بوقت 10:30 بجے دن بمقام دی انسٹیٹیوٹ آف بینکریز پاکستان، اقبال آڈیٹوریم، تیسری منزل، ایم ٹی خان روڈ، کراچی پر واقع ہوگا جس میں درج ذیل امور نمٹائے جائیں گے:-

#### عمومی امور

(1) مورخہ 30 اپریل 2018 کو منعقدہ کمپنی کے 58 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔  
(2) مورخہ 31 دسمبر 2018 کو اختتام پذیر ہونیوالے سال کیلئے کمپنی کے آڈٹ شدہ سالانہ کھاتہ جات کی وصولی، ان پر غور و خوض کرنا اور ان کی منظوری دینا۔  
(3) آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔

#### خصوصی امور

(4) بورڈ آف ڈائریکٹرز کی سفارش کے مطابق ملکیت میں موجود ہر 100 شیئرز کے مقابل 15 شیئرز یعنی 15% کے تناسب سے نوٹس شیئرز کے اجراء پر غور و خوض اور اسکی منظوری دینا اور موزوں پائے جانے پر مع یا بلا ترمیم (ترمیمات) درج ذیل قراردادیں منظور کرنا:

قرار پایا کہ بغرض تخصیص مورخہ 31 دسمبر 2018 روپے کی رقم کو سرمائے میں تبدیل کرتے ہوئے اسے ان ممبران کو جن کے نام مورخہ 18.03.2019 کو اختتام کاروبار تک ممبران کے رجسٹر میں موجود ہوں، انکی ملکیت میں موجود ہر 100 شیئرز پر 15 شیئرز یعنی 15% کے تناسب سے مبلغ 10/- روپے فی شیئر کی قدر کے حامل مکمل طور سے ادا شدہ نوٹس کے طور پر الاٹ کئے جائیں اور یہ (B-24) شیئرز کہ مذکورہ نوٹس شیئرز ہر لحاظ سے موجودہ شیئرز کے مساوی ہوں گے۔

مزید قرار پایا کہ کسی بھی ممبر کے نوٹس شیئرز کے ایک جزو کے حق دار ہوجانے کی صورت میں ڈائریکٹرز کو ایسے تمام جزویاتی شیئرز (ز) کو جمع کرنے اور اسٹاک مارکیٹ میں پیش کرنے اور تکمیل ہو جانے پر فروخت کی یافت کسی تسلیم شدہ خیراتی ادارے کو، جسکا انتخاب کمپنی کے ڈائریکٹرز کریں، ادا کرنے کا ذریعہ ہذا اختیار دیا جاتا ہے۔

مزید قرار پایا کہ کمپنی سیکریٹری کو ان قراردادوں کو موثر بنانے اور ایسے تمام اسٹاکس، ڈیپازٹ اور معاملات انجام دینے جو نوٹس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے ضروری یا مطلوب ہوں، کا ذریعہ ہذا اختیار دیا جاتا ہے۔

مزید قرار پایا کہ کمپنی سیکریٹری کو ان قراردادوں کو موثر بنانے اور ایسے تمام اسٹاکس، ڈیپازٹ اور معاملات انجام دینے جو نوٹس شیئرز کے اجراء، الاٹمنٹ اور تقسیم کیلئے ضروری یا مطلوب ہوں، کا ذریعہ ہذا اختیار دیا جاتا ہے۔

(5) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ SRO 470(D)/2016 مورخہ 31 مئی 2016

# PROXY FORM

## **The United Insurance Company of Pakistan Limited**

204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We \_\_\_\_\_ of \_\_\_\_\_  
being a member of The United Insurance Company Of Pakistan 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 (Name) \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him/her (Name) \_\_\_\_\_ of \_\_\_\_\_  
who are also members of The United Insurance Company of Pakistan 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 March 29, 2019 at 10:30 a.m at The  
institute of Bankers of Pakistan, Iqbal Auditorium, 3rd Floor, M.T Khan Road Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### WITNESS:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No: \_\_\_\_\_

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No: \_\_\_\_\_



Signature should agree with specimen  
signature with the company

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 than 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 account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan for appointing proxies.
  - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his original CNIC or passport at the time of meeting.
  - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier,) alongwith proxy form to the Company.



## مختار نامہ

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ  
۲۰۴، دوسری منزل، مدینہ ٹی مال، عبداللہ ہارون روڈ، صدر کراچی۔

میں / ہم ----- ساکن -----  
بہشت رکن دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور حامل عام حصص، بمطابق شیئرز رجسٹر فلیو نمبر ----- اور / یا سی ڈی سی پارٹنیشنٹ (شرکت)  
آئی۔ ڈی نمبر ----- اور سب اکاؤنٹ (ڈیلی کھاتہ) نمبر -----  
محترم / محترمہ ----- کو اپنے / ہمارے ایماء پر 29، مارچ 2019 کو دن 10:30 بجے بمقام دی انسٹی ٹیوٹ آف چارٹرڈ  
بینکرز آف پاکستان اقبال آڈیٹوریم ایم۔ ٹی۔ خان روڈ، کراچی میں منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا نائب مقرر  
کرتا ہوں / کرتے ہیں۔

آج بروز ----- بتاریخ ----- 2019 کو دستخط کئے گئے۔

گواہان:

- 1- دستخط: -----  
نام: -----  
پتہ: -----  
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: -----
- 2- دستخط: -----  
نام: -----  
پتہ: -----  
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: -----

دستخط اور پانچ روپے مالیت کارسیدی لکٹ

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری، دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے رجسٹرڈ آفس نمبر 204، مینسٹی مال عبداللہ ہارون روڈ، صدر کراچی پر ارسال کر دے۔
- 3- سی ڈی سی شیئرز ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:  
(الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرنا ہوگا۔  
(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔  
(ج) بینیفیشل اونرز (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔  
(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔  
(ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد/مع نامزد کردہ شخص/انارنی کے نمونہ دستخط پاور آف انارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرنا ہوگا۔





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