

A photograph of two middle-aged men with grey hair, smiling warmly at the camera. They are outdoors, with lush green foliage in the background. The man on the left is wearing a white polo shirt, and the man on the right is wearing a maroon polo shirt. The overall tone of the image is warm and positive.

IGI|Life

ANNUAL
REPORT
2018

YOUR
LIFETIME
FRIEND



We, throughout our lifetime, are being surrounded by friends but out of all, there's only one friend who you can trust.

Like a lifetime friend who stays with you in all ups and downs of life, IGI Life is your sincere and honest lifetime friend who makes you live your today and keeps you prepared for the coming time.



One of the most important moments of our life is to see our children stepping into their own family lives. IGI Life, your lifetime friend, makes that moment carefree and lets you enjoy your moment to the fullest. Ask for IGI Life Marriage Plans for a carefree wedding!





CORE



Care



Respect



Lead



VALUES



Honesty



Courage





Vision

Assure financial future today
for a better tomorrow.

Mission

IGI Life provides innovative life
and health insurance as well as
investment solutions through
ground-breaking innovation and
exemplary customer service,
leveraging different distribution
channels.





Time after retirement is not just another phase but another life. IGI Life, your lifetime friend, accompanies you when you need it the most. Ask for IGI Life Retirement Plans for a happy post-retirement life.



IGI|Life

IGI Life Insurance Limited



Our Story

The IGI brand has been associated with insurance services since 1953 making it one of the earliest and most respected insurance providers in the Pakistani market. It falls under the umbrella of IGI Holdings which is owned by the Packages Group.

The Packages Group is one of the most well reputed and diversified business conglomerates with investments in packaging, FMCGs, pharmaceutical and financial services sector. The group is also actively involved in and supports the development and nurturing of social, environmental and educational causes.

IGI Life is one of the acquisitions of the group adding further diversity to its financial services portfolio. It was formed with the acquisition of American Life Insurance Company (Pakistan) Limited (Metlife Alico) in 2014. Recognized amongst the leading life insurance companies in the private sector, IGI Life is focused on providing innovative products and comprehensive protection solutions.



Vitality, the world's first shared-value insurance

In 1997, South Africa's leading insurance company Discovery launched Vitality, the world's first shared-value insurance, a business model that rewards people for adopting a healthy lifestyle. By blending smart tech, data, incentives, and behavioural science, Vitality inspires healthy changes in individuals and organisations. Vitality brings a global perspective through successful partnerships with the smartest insurers and most forward-thinking employers around the world. More than 8.9 million people in 19 countries engage in the Vitality programme. For more information, please visit www.vitalitygroup.com.

Vitality across the globe



Global impact of Vitality:

- 34% increase in physical activity among the clients
- More than 6 million exercise goals rewarded every month
- More than 2 billion activities recorded
- More than 200,000 new members worldwide every month

Collaboration between IGI Life and Vitality Group

For the first time ever, IGI Life Insurance Limited, part of the Packages Group, collaborated with Vitality Group to enhance and protect lives in Pakistan with a positively different insurance plan. IGI Life Vitality aims to help people make the most of their health and wealth and incentivises them through weekly, monthly and annual rewards.

The Future Smart Plan

The Future Smart Plan is an investment plan that is linked to the Vitality programme.

Based on the shared value insurance model, this plan encourages its customers to lead a healthier life and offers them attractive rewards for doing so.

The plan consists of two core aspects:

- **Vitality:** focuses on wellness by providing its customers with an understanding of their current health status and incentivises them to improve their health.
- **Insurance coverage:** caters to its customers' need for financial security and provides investment opportunities.



A Mobile-led Strategy

The programme is based on the shared-value approach that incentivises customers to manage their health. It helps them get healthier by giving them tools, knowledge, access and motivation to improve their health, and is based on a three-pronged approach:

- Know your health
- Improve your health
- Enjoy the rewards

The IGI Life Vitality App is the primary tool for engagement that helps its customers achieve their goals by monitoring their activity and allowing them to redeem attractive rewards along the way.

1. Know Your Health

- Vitality Health Check
- Vitality Health Review
- Vitality Nutrition Assessment
- Non-smokers' Declaration
- Vitality Age

3. Enjoy the Rewards

- Weekly Rewards (Active Rewards)
 - Easy Tickets
 - Foodpanda
- Monthly Reward
 - Up to 100% cashback on Samsung Galaxy Watch.**
- Annual Reward
 - Integrated Benefit

2. Improve Your Health

- Policyholders earn physical activity points and get weekly rewards
- Policyholders receive points for completing the Know Your Health section, falling within the healthy range and completing their physical activity targets. The Vitality Active product consists of 4 statuses:
 - Bronze
 - Silver
 - Gold
 - Platinum



**Terms & Conditions apply

How is IGI Life Vitality Different from Traditional Life Insurance?

Traditional Life Insurance	IGI Life Vitality Future Smart Plan
Focused on fear of death, morbidity/disability	Focused on leading a healthy and active life
Commoditised product (life insurance policy)	Differentiated insurance plan + healthy and active lifestyle
Long-term investment, no short-term benefit	Long-term investment + Active Rewards on weekly basis + Up to 100% cashback on Samsung Galaxy Watch* + Annual Integrated Benefit*
Protects future of policyholder's family	Protects future of policyholder's family + leads to an improved healthy and active lifestyle of the policyholder
Mobile app only for policy details and general information	Mobile-led strategy. IGI Life Vitality App linked to device**
No focus on health	Focuses on health through screening assessments via Vitality Health Check + Vitality Health Review + Vitality Nutrition Assessment + Non-smokers' Declaration + Vitality Age
Low involvement product through yearly transactional relationship only	High involvement product through weekly engagements

*Terms and Conditions apply

** It is recommended to use a wearable device but customers' mobile can still track their physical activity through Samsung Health App for Android and Health App for iOS. For details, kindly call UAN (+92-21) 111-111-711. Terms and Conditions apply.

We understand how important your child's education is when it comes to the priorities of life. As a true and lifetime friend, IGI Life ensures your peace of mind by securing your child's future through its Education Plans.





Life Timeline

2018

Partnered with Vitality Group International to bring Vitality, a unique shared value Insurance Program to Pakistan.

2017

Family Takaful Contribution crossed PKR 1 Billion

2016

Crossed PKR 7 Billion of Gross Written Premium

2015

Amongst the first few life insurers granted license by SECP to commence Window Takaful Operations

2014

IGI Insurance acquires controlling stake in Metlife Alico Pakistan to become IGI Life

2012

Crossed PKR 4 Billion of Gross Written Premium

2011

Metlife acquired
Alico to become
Metlife Alico

2008

Crossed PKR 1 Billion
of Gross Written Premium

2006

Launched stand alone
Bancassurance
through Branch
Banking with Citi Bank

2000

Signed first Single Premium
Credit Life Insurance
close to 400,000 lives
with HBL insuring

1998

Started Bancassurance by
rolling out First Depositor's
Life Insurance Program

1995

Operation
commenced

1994

First foreign life
insurer to re-enter
Pakistan

1972

Nationalization of
the Insurance Industry

1952

American Life Insurance
first started operations
in Pakistan

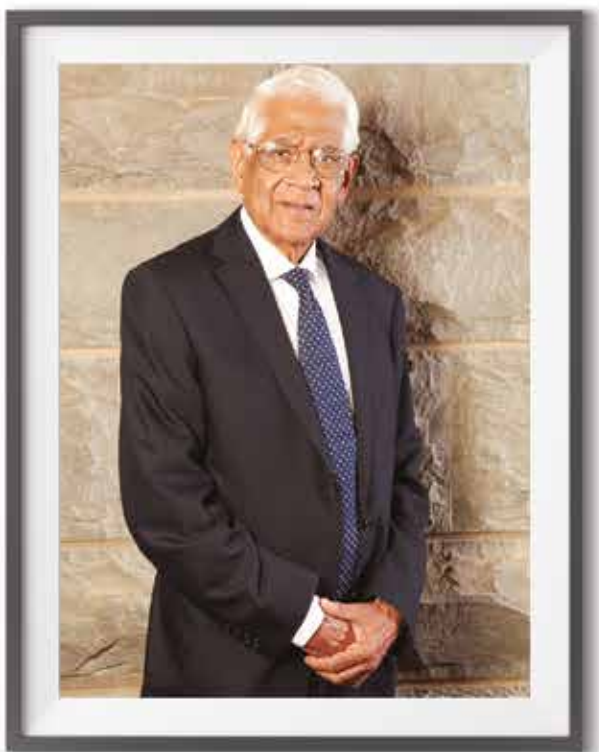


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Board of Directors



Shamim Ahmad Khan - Chairman

Mr. Shamim Ahmad Khan is the chairman of the Board of Directors of the company. As a member of Civil Service of Government, he occupied senior positions in the Government particularly in the Ministry of Finance. He retired as Secretary, Ministry of Commerce. For more than ten years, he served the then Corporate Law Authority and was its Chairman for six years. The Authority administered all laws which regulated corporate sector in the country. He led the initiative for restructuring it into Securities and Exchange Commission of Pakistan and became its first chairman. He has undertaken a number of consultancy assignments for the World Bank, ADB and DFID besides authoring papers on Capital Market issues.

Presently, he is serving as non-executive director of Packages Ltd, IGI Insurance Ltd, Abbott Laboratories Pakistan and Attock Refinery Ltd. He is also associated with non-profit organisations - SDPI, a think tank and Karandaaz, promoting SME financing and digital finance. Earlier, he has been non-executive director of ABN Amro Bank and Royal Bank of Scotland as well as that of BOC Pakistan and Pakistan Reinsurance Company Limited.

Syed Hyder Ali - Chief Executive Officer and Executive Director

Syed Hyder Ali is the Chief Executive Officer and Executive Director of the Company. He is also the Chief Executive and Managing Director of Packages Ltd., Lahore, Pakistan.

Mr. Ali serves on the Board of a number of companies like Bulleh Shah Packaging Private Ltd, Nestle Pakistan Ltd, Packages Lanka Pvt. Ltd, Sanofi-Aventis Pakistan Ltd, Tetra Pak Pakistan Ltd, Tri-Pack Films Ltd, KSB Pumps Company Ltd and International Steels Ltd.

He is a member of the Board of Governors/Directors of Babar Ali Foundation (BAF), National Management Foundation (NMF), Ali Institute of Education (AIE), Pakistan Business Council (PBC) and Pakistan Centre for Philanthropy (PCP).

He is also a member of the Executive/Management Committee of Syed Maratib Ali Religious & Charitable Trust Society, Lahore University of Management Sciences (LUMS), World Wide Fund for Nature (WWF) and International Chamber of Commerce, Pakistan.





Syed Yawar Ali - Director

Syed Yawar Ali was educated at Aitchison College Lahore and got his Bachelors in Chemical Engineering and Masters in Management Science from Stevens Institute of Technology in New Jersey (USA). He also completed the Advance Management Program (AMP 111) from Harvard Business School in 1992. He joined his family business i.e. Packages Limited in 1972 and then became Managing Director of Milk Pak Ltd. In 1988 Milk Pak joined hands with Nestle for a very successful Joint Venture.

Syed Yawar Ali is currently Chairman of Nestlé Pakistan Limited, Wazir Ali Industries Limited, Prime Genetics (pvt) Ltd & Pakistan Business Council. He has also been on the Board of Directors of State Bank of Pakistan and Pakistan International Airlines and Chairman of Lahore Electric Supply Company, Chairman, Agricultural Development Bank of Pakistan and Chairman, Pakistan Dairy Association.

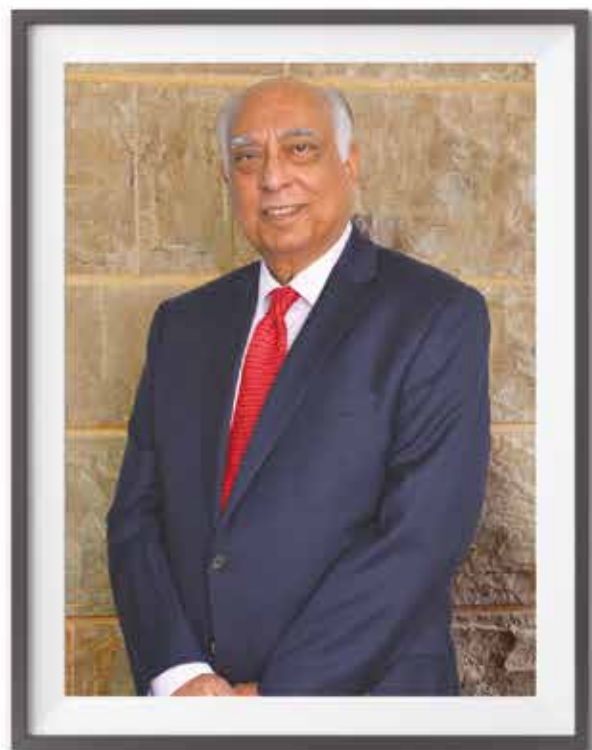
He is also Co-Chair of the Pakistan India Joint Business Forum (PIJBF) this committee is Notified by Ministry of Commerce (Pakistan) to "Promote Trade with India", Director Leadership for Environment and Development (LEAD) Pakistan, Director Global Change Impact Studies Centre, Director Punjab Board of Investment & Trade, Member of United Nations Committee for Contributions, Chairman, Steering Committee of Dairy & Rural Development Foundation. Member, Pakistan Trade and Investment Policy Program.

Hasan Askari - Director

Hasan Askari is an Independent Director of the Company. He was educated at the University of Oxford and has an M.A. in Politics, Philosophy and Economics.

He has been an investment banker since 1975, initially with SG Warburg & Co. Ltd. London. (now UBS Ltd.) and subsequently with JP Morgan Chase Investment Bank in Hong Kong and Barclays Capital in Tokyo and London. He was most recently at Old Mutual plc, London as Chief Executive of its business in the United Kingdom, Europe and Asia. He was also Chairman of Old Mutual Asset Managers. Since retirement in 2009, he has been Chairman of Aberdeen India Investment Trust plc, a company listed on the London Stock Exchange and a director of the Lloyd George Indian Ocean Fund, Hong Kong.

Past associations include chairmanship of Aqua Resources Fund Limited, a London listed private equity firm and directorship of Sun Life of Canada in the United Kingdom. He was appointed a Trustee of the British Museum in 1999 by the Prime Minister of the United Kingdom and of the Great Ormond Street Hospital for Children in London.



Board of Directors



Khurram Raza Bakhtayari - Director

Khurram Raza Bakhtayari is associated with the Company as a Non - Executive director. He did his Bachelors in Commerce in 1997 from the Hailey College of Commerce, University of the Punjab, Lahore. He qualified his Chartered Accountancy in 2002 from the Institute of Chartered Accountants of Pakistan and became the fellow member of the Institute in January 2013. He is the Chief Financial Officer of Packages Limited. He holds directorship of Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Maxim Feeds (Private) Limited, Packages Lanka (Private) Limited, IGI Investment Bank Limited and various other companies.

Muhammad Kamal Syed - Director

Mohammad Kamal Syed is associated with the Company as a Non - Executive Director. He is also the Managing Director of Coutts & Co and is head of the group's Asset Management Business. He has a breadth of international experience spanning Investment Banking and the Fund Management industry. Prior to Coutts, he was CEO and founder of hedge fund group Axiom, and CEO of a leading multi-family office. He spent nearly two decades working in Investment Banking in senior roles including Managing Director and Regional Head of Asia- Pacific at Barclays Capital. He was also Deputy Head of Global Derivatives and a member of the Management and Operations Committees of Barclays Capital. Subsequently, he ran Bank of Tokyo-Mitsubishi UFJ's investment bank and was Chairman of the Executive Committee and member of the Executive Board.





Naz Khan - Director

Ms. Naz Khan is currently the Managing Director of X-Petroleum Limited. Prior to this, she was the Chief Financial Officer of Engro Corporation Ltd. During this period she was part of the team at Corp that implemented a successful turn-around through several transactions including restructurings, listings and new projects.

Previously, Naz has been involved with the financial and capital markets for over 18 years on the asset management, investment banking and broking sides.

Naz has also served on the Boards of Mutual Fund Association of Pakistan (MUFAP), Young Presidents' Organization (YPO) and several company boards, which currently include The Pakistan Stock Exchange, UBL Fund Managers Limited and IGI Life Insurance.

Naz holds a B.A. in Economics from Mount Holyoke College, MA, USA and has attended leadership and management courses at INSEAD, Harvard University and Georgetown University.

Corporate Information

Board of Directors

Shamim Ahmad Khan	Chairmain	Khurram Raza Bakhtayari	Director
Syed Hyder Ali	Chief Executive Officer	Ms. Naz Khan	Director
Hasan Askari	Director	Muhammad Kamal Syed	Director
Syed Yawar Ali	Director		

Audit Committee

Hasan Askari	Chairmain	Khurram Raza Bakhtayari	Member
Muhammad Kamal Syed	Member	Yasir Ali Ouraishi	Secretary to Audit Committee
Syed Yawar Ali	Member		

Claims Settlement Committee

Shamim Ahmed Khan	Chairman	Akif Zia Malik	Member
Syed Yawar Ali	Member	Muhammad Wasif Ali	Member
Dr. Bakht Jamal	Member	Dr. Sabeeh Jaffery	Secretary to the Committee

Underwriting & Reinsurance Committee

Syed Hyder Ali	Chairman	Syed Fahad Subhan	Member
Hasan Askari	Member	Ali Nadim	Member
Muhammad Kamal Syed	Member	Hasham Wajih	Secretary to the Committee
Nadeem R. Malik	Member		

Investment Committee

Muhammad Kamal Syed	Chairman	Khurram Raza Bakhtayari	Member
Hasan Askari	Member	Syed Fahad Subhan	Member
Syed Hyder Ali	Member	Ali Nadim	Member
Syed Yawar Ali	Member	Sajjad Iftikhar	Secretary of the Committee
Nadeem R. Malik	Member		

Ethics Human Resources Nomination & Remuneration Committee

Ms. Naz Khan	Chairman	Syed Hyder Ali	Member
Khurram Raza Bakhtayari	Member	Nayab Baig	Member
Syed Yawar Ali	Member	Muhammad Adnan	Secretary of the Committee

Risk Management and Compliance Committee

Shamim Ahmed Khan	Chairman	Muhammad Kamal Syed	Member
Ms. Naz Khan	Member	Khurram Raza Bakhtayari	Member
Syed Yawar Ali	Member	Roshail Khalid	Secretary of the Committee

Corporate Information

Chief Financial Officer Syed Fahad Subhan ACA	Appointed Actuary Shujat Siddiqui MA FIA FPSA	Company Secretary Yasir Ali Ouraishi LLB
Head of Internal Audit Shahzeb Haider ACA	Head of Window Takaful Operations Dr. Bakht Jamal	
Head of Compliance Saira Sheikh MBA	Shariah Advisor Dr. Mufti Ismatullah	Shariah Compliance Officer Mufti Muhammad Hanif
Legal Advisor Surrridge and Beechen HaidermotaBNR & Co. OrrDignam & Co.	Rating Rating Agency : PACRA Insurance Financial Strength (IFS) Rating : A+ Outlook : Stable	Auditor A.F.Ferguson & Co. Chartered Accountant a member firm of PriceWater House Coopers

Share Registrar FAMCO Associates (Pvt) Ltd. 8-F next to hotel Faran Nursery Block - 6 P.E.C.H.S Shahrah-e- Faisal Karachi.	Registered Office P.O Box No. 10528 Suite # 701-713 7th Floor The Forum Khayaban-e-Jami Block g Clifton Karachi. Phones: +g2(21) 111-111-711 Fax: +g2(21) 352g0042 Email: service-pakistan@igi.com.pk Website: www.igilife.com.pk
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Bankers

Bank Alfalah Limited	Dubai Islamic Bank Pakistan Limited
Standard Chartered Bank (Pakistan) Limited	Samba Bank Limited
Bank Al-Habib Limited	United Bank Limited
Bank Islami Pakistan Limited	Bank Al Baraka Limited
Faysal Bank Limited	Telenor Microfinance Bank Limited
Habib Bank Limited	Mobilink Microfinance Bank Limited
Soneri Bank Limited	U-Micro Finance Bank Limited
Habib Metropolitan Bank Limited	FINCA Microfinance Bank Limited
MCB Bank Limited	NRSP Microfinance Bank Limited
Meezan Bank Limited	First Microfinance Bank Limited
Summit Bank Limited	Khushali Microfinance Bank Limited
Bank of Punjab Limited	Silk Bank Limited



With you, everywhere!



No matter where you are in Pakistan, IGI Life is there for you. Trust us to deliver comprehensive coverage through a dedicated team placed strategically across the country that knows how to serve you better.

Our Nationwide Network

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Email: kahkashan@igi.com.pk

South Region

Karachi

Regional Office Shahrah-e-Faisal Karachi

Regional Head Central's Office

Sindhu Bihai

Senior Branch Manager
Suit no. 701-702 7th floor,
Park Avenue, Main Shahrah-e-faisal,
Block-6 P.E.C.H.S., Karachi.
Tel: 0315-2675171
Email: sindhu.bihai@igi.com.pk

Regional Office Shahrah-e-Faisal Karachi

Ghulam Murtaza

Group Manager
Suit no. 701-702 7th floor Park
Avenue, Main Shahrah e faisal,
Block-6 P.E.C.H.S., Karachi.
Tel: 0333-3520874
Email: ghulam.murtaza@igi.com.pk

Regional Office Shahrah-e-Faisal Karachi

Zaki Ahmed

Senior Branch Manager
Floor 7, Room No. 701, Park Avenue,
Shahrah-e-Faisal, Block-6,
P.E.C.H.S., Karachi.
Tel: 021-34312069
Email: zaki.ahmed@igi.com.pk

Regional Office Shahrah-e-Faisal Karachi

Ghazala Masood

Senior Branch Manager
Suit no. 701-702 7th floor Park
Avenue, Main Shahrah e faisal,
Block-6 P.E.C.H.S., Karachi.
Tel: 0334-3453921
Email: ghazala.masood@igi.com.pk

Madina Mall Branch IGI Financial Services Institute

Shamweel Ahmed

Branch Operation Officer
Suit No. 512, Floor 5,
Madina City Mall, Zainab Market,
Saddar, Karachi.
Tel: 021-35223731
Email: shamweel.ahmed@igi.com.pk

South Region

Hyderabad

Ameet Kumar

Zonal Manager
2nd Floor, Badri Manzil, C-S No.F-17, Risala Road,
Hyderabad.
Tel: 0300-3403630
Email: ameer.kumar@igi.com.pk

Asif Shahzad

Group Manager
Mazzanine Floor-B, Chamber Plaza, Near Chamber of Commerce
at Bunder Road, Sukkur.
Tel: 0333-7116567
Email: asif.shahzad@igi.com.pk

South Region

Sukkur

Directors' Report to the Members

The Directors of your Company take pleasure in presenting to you the 24th Annual Report of the Company along with the audited financial statements for the year ended December 31, 2018.

COMPANY PERFORMANCE REVIEW 2018

GROSS PREMIUM

In 2018, Gross Premium written by your Company (including Takaful Contributions) and stood at Rs. 4.79 billion. Individual life regular premium (including takaful contributions) posted growth of 7.3% and stood at Rs.2.22 billion from Rs. 2.07 billion in 2017. Renewal premium base increased to Rs. 1.64 billion (2017: Rs. 1.46 billion), registering a growth of 12.9% from last year.

Individual Family Takaful regular contributions showed a strong growth of 39.4% from last year and stood at Rs. 650.96 million from Rs. 467.07 million in 2017. The Window Takaful Operations of the Company were launched in the 3rd quarter of 2015 and have since witnessed consistent growth.

The Group Life & health premium (including Takaful Group Family and Health) stood at Rs. 1.66 billion (2017: Rs. 1.26 billion), posting growth of 32% from last year.

As a deliberate strategy your Company has shifted its focus from Single premium (including Takaful contributions), hence wrote lower premium / contribution of Rs. 909 million (2017: 2.28 billion). We are now focusing more on regular premium/contribution products with heavier risk protection element.

Your Company has also invested in innovative technology enabled shared value wellness program, which rewards the policyholder for maintaining a healthier lifestyle. The program branded as "IGI Life Vitality" has been introduced in collaboration with Vitality Group International. The program captures physical activity of the policyholder in real time and entitles them for both short and long-term rewards upon meeting certain targets. We aim to promote "Active Life Insurance" for "a Healthier Pakistan".

INVESTMENTS

Your Company maintains a strong balance sheet size with an investment portfolio of Rs. 15.68 billion (2017: Rs 17.77 billion) representing 84% (2017: 89%) of the total assets of the Company. The Company has a prudent investment policy to protect the policyholder funds and ensure maximum investment returns to them.

As required by the Insurance Rules, 2017, the Company has changed its accounting policy for subsequent measurement of investments, which has been fully disclosed in note 4 of the annual audited financial statements for the year ended December 31, 2018.

The Company offers 14 unit-linked funds in the conventional insurance business and 3 unit-linked funds in the Individual Family Takaful. These funds have varying risk exposure enabling the individual policy holders/participants according to their individual risk and return appetite.

During the year, the Stock Market remained bearish as reflected by decline in PSX 100 index by 8.86%. Further, trading volumes also remained low. On fixed income side, policy rate was revised by the State Bank of Pakistan from 5.75% to 10% which also affected the performance of investment portfolio held by the Company.

Conventional Aggressive, Balanced, Secure and Conservative funds have yielded gross returns of 10.12%, 9.51%, 11.92% and 7.03% respectively since inception of these funds. However, the performance of these funds during 2018 was adversely impacted by conditions of the stock market. Conventional Aggressive, Balanced, Secure and Conservative funds yielded gross returns of -5.48%, -2.7%, 5.23% and 3.7% respectively.

The Company launched its Window Takaful Operations at the end of 2015 and has built funds under management of Rs. 1.6 billion over the period of three years. Takaful Aggressive, Balanced and Conservative funds have yielded gross returns of 3.11%, 3.19% and 3.92% respectively since inception of these funds. Takaful Aggressive, Balanced and Conservative funds have yielded gross returns of -4.83%, -1.68% and 4.94% respectively during the year.

PROFITABILITY

The Company has generated loss after tax of Rs. 94.70 million against profit after tax of Rs. 157.77 million (including surplus/deficit of statutory funds). The profitability of the Company declined during the year mainly due to lower

investments returns and increase in administrative expenses. Administrative expenses increased during the year owing to the introduction of 'IGI Life Vitality' and the setting up of an upgraded training facility to train new to industry youth to fill the skill gap in the life insurance industry at large. The new facility offers online-animated training module as well as introduction of tools like chat-bots. This is further explained in the Product and Distribution Channels section in the Directors' Report. A brief summary of the results is mentioned below:

Profit / Loss

	2018	2017
	(Rs. in 000')	
Net (loss) / profit before tax	(134,076)	225,975
Taxation (reversals) / charged	(39,373)	68,204
Net (loss) / after before tax	(94,703)	157,771
Other comprehensive income – net	(37,766)	(127,283)
	(in Rupees)	
(Loss) / earnings per share	(1.34)	2.24
Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance)	19.19	21.88

QUALIFICATION IN THE EXTERNAL AUDITORS REPORT

The external auditors of the Company have issued a qualified opinion in their audit report in respect of the Company for not recording liability on account of sales tax on life and health insurance premium in the financial statements for the year ended December 31, 2018. As fully explained in note 25.1, the provincial sales tax exemption on Group Health Insurance and Life Insurance premium was withdrawn. The Company has not yet billed its customers for provincial Sales Tax on its life insurance and health insurance premium, nor has it made any provision. in the financial statement for the year ended December 31, 2018.

The Company is of the view that the levy of sales tax on life insurance business needs to be reviewed in the interest of sustainability and growth of Life Insurance business in Pakistan. The matter for renewal of the exemption has been raised with the Sindh Revenue Board (SRB) and the Punjab Revenue Authority (PRA) respectively at industry level by Insurance Association of Pakistan. The Securities and Exchange Commission of Pakistan (SECP) being the apex regulator of the insurance industry has also approached provincial revenue authorities against the application of sales tax on life and health insurance business. SECP has emphasized that the insurance market in Pakistan was serving the economy by providing risk-mitigating solutions to the corporate sector. They have also pointed out that most of the individual life insurance policies sold in Pakistan have a predominant saving component and that taxing the gross premium of insurance policies would result in taxing the hard-earned savings of the policyholders. In view of this, the Company is optimistic about positive response of the provincial revenue authorities and therefore no provision in this respect has been made in the financial statements for the year ended December 31, 2018.

Had the sales tax liability on life insurance and health insurance premium been recorded, the loss after tax and loss per share would have been higher by Rs. 228.081 million and Rs. 3.23 respectively while sales tax liability as at December 31, 2018 would have been higher by Rs. 321.241 million.

APPROPRIATIONS AND SOLVENCY MANAGEMENT

On the recommendation of the appointed actuary and with the approval of the Board, the Company has made a surplus transfer of Rs. 15.6 million from the Statutory Funds to the Shareholders' Fund.

Further, the Company had obtained a specific approval from SECP to manage its solvency on aggregate basis. As explained in note 25.1, had the provision for sales tax been taken into account, the available solvency margins of the Company would have breached the minimum solvency requirement by Rs. 144.806 million. In this regard, the sponsors of the Company are committed to support any measures required to bring the solvency of the Company to adequate levels..

LIFE PARTICIPATING FUND

Policies sold under the Life Participating Fund entitles the policyholder to participate in the Surplus generated during the period, upto the limits prescribed by SECP. The distribution is made in the form of bonus to policyholders. The bonus so distributed is recommended by the Appointed Actuary and approved by the Board. During the year 2018, bonus of Rs. 140.4 million (2017: Rs. 317.6 million) was distributed to the policyholders.

CLAIMS

Prompt settlement of claims has always remained top priority of the Company. Over the years, your Company has strived to streamline its claims settlement processes with the objective of reducing turnaround time and strengthening controls over claim administration.

During the year, the Company had paid claims amounting to Rs. 1.21 billion (2017: Rs. 1.09 million).

PRODUCTS AND DISTRIBUTION CHANNELS

During the year, an innovative new product was launched under the brand “IGI Life Vitality”. This product was developed in collaboration with Vitality Group International.

The new product offers shared value life insurance that incentivizes the policyholder on maintaining active and healthy life style. The product offers weekly, monthly and annual rewards on policyholder achievement of physical activity goals.

Company has opened two Vitality exclusive branches in Karachi and Lahore and created a dedicated team for the distribution of Vitality insurance.

The unique approach of Vitality has gained popularity in a number of countries, with substantial new business growth and an impressive increase in earnings of the offering companies.

Apart from above, Company has also broaden its existing product range and distribution channel, both for its own branch network and bancassurance partners.

BOARD COMPOSITION AND REMUNERATION

Composition of the Board and the names of Members of Board sub-committees may be seen at Page No. 26 & 27. As required by the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017, your Company has formulated a transparent framework for remuneration of its Directors.

UNDERWRITING, REINSURANCE AND RISK MANAGEMENT

Your Company is following prudent underwriting practices. The Company has made significant investment in its Human Capital, Technology and Infrastructure to support underwriting function.

Your Company follows a policy for optimizing retention of risk through a carefully designed program of reinsurance. The Company has reinsurance treaties with reputable international reinsurers to protect the Company from losses above our risk appetite.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company maintains adequate capital to support its existing and planned business activities. The Company's paid-up capital and retained earnings stands at Rs. 706 million and Rs. 648 million respectively.

The Company also has a framework in place to ensure that adequate liquidity is available for payment of claims and meeting operating expenses. The Company's cash and cash equivalents as of December 31, 2018 amounts to Rs.1.833 billion (2017: Rs. 898 million).

INFORMATION TECHNOLOGY AND OPERATIONAL EFFICIENCY

Your Company continuously strives to provide the quality service to its policyholders, participants and other stakeholders.

The Company has partially implemented a new IT system procured from a globally reputed firm. The new system functionality will help improve operational efficiency, speed to market and better customer service. A number of employees have already been imparted trainings on the usage of the new system. This system will be completely implemented within 18-24 months.

Furthermore, your Company has implemented a new ERP system to help improve the operational efficiency and transparency in the financial and management reporting.

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves the Company's transactions made with associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed at arm's length basis using comparable uncontrolled price method and cost sharing arrangements.

HUMAN RESOURCE MANAGEMENT

During the current year, the Company strengthened its human capital through recruitment of professional and qualified personnel in various departments including in Sales and Marketing, Underwriting, Claims, Finance, Actuarial, Human Resources and Customer Services. During 2018, the Company carried out various training and development programs for the staff and the sales force.

INTERNAL AUDIT

Your Company has an in-house internal audit function which is overseen by the Audit Committee. The Internal Audit function ensures compliance with regulatory obligations.

AUDITORS

Based on the suggestion of the Audit Committee, the Board of Directors has recommended appointment of M/s. A.F. Ferguson and Co. Chartered Accountants as external auditors of the Company.

The financial statements of the company have been audited with the qualification, which has been fully explained in the "Qualification in the External Audit Report" section.

HOLDING COMPANY

The Company is a subsidiary of IGI Holdings Limited (formerly IGI Insurance Limited) that holds 81.97% (2017: 81.97%) share capital of the Company.

INSURER FINANCIAL STRENGTH RATING

During the current year, the Company's has maintained its IFS rating from PACRA. The Company has been given an A+ IFS rating with a stable outlook.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Policy of the Company provide a guiding framework for the Company's values. In April 2018, the Company organized a Blood Donation Drive on the occasion of Insurance Day. The activity was conducted in collaboration with Indus Hospital.

OUTLOOK

With the implementation of the new IT system, introduction of a new innovative product, distribution expansion and robust risk management framework, your Company is well poised to capture the opportunities in the market. The committed workforce of the Company is capable of meeting the strategic goals.

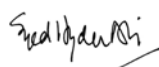
GRATITUDE

We take this opportunity to express our appreciation to the Ministry of Commerce, Government of Pakistan, and SECP for their valuable assistance, support and guidance.

The Board of Directors would like to express its sincere thanks and appreciation for the contribution made by the employees.

Lastly, our thanks go to our policyholders and shareholders whose confidence; continued patronage has been a source of encouragement for the Company.

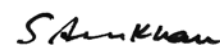
On behalf of the Board of Directors



Syed Hyder Ali

Chief Executive Officer

Dated: March 29, 2019



Shamim Ahmad Khan

Chairman

Dated: March 29, 2019

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement under the Code of Corporate Governance

The Directors of your Company state as under::

- a) The financial statements, prepared by the management of the Company fairly presents the state of affairs, the result of its operations, cash flows and changes in equity. .
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The financial statements have been prepared in conformity with the Companies Act, 2017 Insurance Ordinance, 2000 International Financial Reporting Standards and other regulations (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan.
- e) The internal control system is sound in design and has been effectively implemented and monitored.
- f) There is no doubts about the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in Rule Book and Listing Regulations..
- h) 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.
- i) The value of investments by the staff retirement fund operated as per their respective unaudited financial statements as at December 31, 2018 are as follows:

Employee Provident Fund	Rs. 49.329 million
Employee Gratuity Fund	Rs. 44.108 million
- j) At present, out of seven (7) Directors on the Board, four (4) directors have acquired the Directors Training Program Certifications, whilst two (2) directors are exempted from the Directors Training Program from Securities and Exchange Commission of Pakistan (SECP) based on having sufficient education and experience on Board of a Listed Company as prescribed in the applicable Code of Corporate Governance. Clause 20(c) of the applicable Code, 2017, allows all directors on the Board to acquire the said certification or exemption by June 30, 2021. For one (1) of our Director, the said certification or exemption will be obtained within the stipulated timeframe.
- k) Key operating and financial data for last six years is attached to these financial statements.

As required under the Insurance Ordinance 2000, the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in forms attached with this statement have been drawn up in accordance with Insurance Ordinance, 2000 and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to the paid-up capital, solvency and re-insurance arrangements on aggregate basis, except for the matter fully disclosed in note 40.1 to these financial statements; and as at the date of the statement, the Company continues to be in compliance with provisions of the Ordinance and the rules thereunder as mentioned above.

Board Meetings and Change in Directorships

The Board of Directors of the company comprises of three independent, one executive and three non-executive directors.

During the year two casual vacancies arose on resignation resignation of one independent and one executive director of your company. The vacancies were appointed filled by the appointment of another independent director within the stipulated time. Further, a female independent director (as required by Code of Corporate Governance for Listed Companies, 2017) has been appointed.

Name of Directors	Board Committee
Number of meetings held	4
Syed Hyder Ali	4
Shamim Ahmed Khan	4
Hasan Askari *	4
Syed Yawar Ali	3
Muhammad Kamal Syed	3
Khurram Raza Bakhtayari	4
Ehsan A. Malik**	1
Ms. Naz Khan***	1

* Appointed as independent director during the year w.e.f February 02, 2018.

** Resigned from directorship during the year w.e.f July 13, 2018.

*** Appointed as independent director during the year w.e.f November 13, 2018.

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources and Remuneration Committee were held according to schedule. The details of the meetings held and attendance by each Director in the meeting of the Board and its sub-committees are as follows:

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

Trade in shares by Directors, executives and their spouses and minor children

During the year, no trading in the shares of the Company was carried out by the Directors, executives and their spouses and minor children, except for the following:

- Syed Hyder Ali purchased 476,200 shares.
- Syeda Nighat Ali purchased 10,000 shares.

Pattern of shareholding

The pattern of Shareholding as at December 31, 2018 as required under section 227 of the Companies Act, 2017 and the Code of Corporate Governance is included in the annual report.

AUDIT COMMITTEE

The Audit Committee comprises of four non-executive Directors including two independent Directors. The terms of reference of the Audit Committee are aligned with the Code of Corporate Governance. The Committee meets at least once in a quarter.

Name of Members	Audit Committee
Number of meetings held	4
Hasan Askari*	4
Syed Yawar Ali	3
Muhammad Kamal Syed	3
Khurram Raza Bakhtayari	4
Ehsan A. Malik**	1

* Appointed as independent director during the year w.e.f February 02, 2018.

** Resigned from directorship during the year w.e.f July 13, 2018.

CLAIM SETTLEMENT COMMITTEE

This Committee approves the Claims Settlement policy of the Company. It oversees the claim position of the Company and ensures that adequate claims reserves are maintained. It pays particular attention to extraordinary claim cases. The Claims Settlement Committee ensures prompt settlement and payment of claims. It reviews all outstanding cases including those before the court, Insurance Ombudsman and the tribunal. It also reviews fraudulent claim cases.

Name of Members	Audit Committee
Number of meetings held	4
Shamim Ahmed Khan	4
Syed Yawar Ali	4

UNDERWRITING AND REINSURANCE COMMITTEE

This Committee ensures that adequate reinsurance arrangements are in place. It evaluates the proposed reinsurance arrangements prior to execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurer and makes appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program.

The Committee also formulates the underwriting policy of the Company. It sets out the criteria for assessing various types of insurance risks. It regularly reviews the underwriting policies with due regard to its business portfolio and the market development.

Name of Members	Underwriting and Reinsurance Committee
Number of meetings held	4
Syed Hyder Ali	4
Hasan Askari*	4
Muhammad Kamal Syed	4

* Appointed as independent director during the year w.e.f February 02, 2018.

ETHICS, HUMAN RESOURCE, NOMINATION & REMUNERATION COMMITTEE:

The Ethics, Human Resources, Nomination and Remuneration Committee is responsible for formulation of Human Resource policies of the Company. It assists the Board in selection, evaluation, compensation of senior officers including Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit. It also recommends succession planning of these officers. It regularly reviews the Human Resource policies.

Name of Members	Human Resources & Remuneration Committee
Number of meetings held	5
Syed Hyder Ali	5
Khurram Raza Bakhtayari	5
Syed Yawar Ali	5
Ms. Naz Khan*	2

* Appointed as independent director during the year w.e.f November 13, 2018.

INVESTMENT COMMITTEE

The Investment Committee is responsible for supervising the Investment function to ensure optimum returns and safeguarding the policyholders funds. The committee review and approve the investment policy for various funds managed by the Company.

Name of Members	Investment Committee
Number of meetings held	4
Syed Hyder Ali	4
Hasan Askari*	4
Syed Yawar Ali	3
Muhammad Kamal Syed	4
Khurram Raza Bakhtayari	4
Ehsan A. Malik**	1

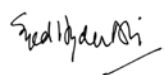
* Appointed as independent director during the year w.e.f February 02, 2018.

** Resigned from directorship during the year w.e.f July 13, 2018.

CODE OF CONDUCT

Your Company has been offering traditional life insurance, universal life and unit linked plans to its customers for their future financial security. We strictly comply with the Market Code of Conduct prescribed by SECP and accordingly disclose all the material facts of our products to the prospective clients.

The Company has also introduced Code of Ethics for employees, which they are required to sign each year.



Syed Hyder Ali
Chief Executive Officer
Dated: March 29, 2019



Shamim Ahmad Khan
Chairman
Dated: March 29, 2019

Chairman's Review

I am pleased to present to you my views on the performance of the Board of Directors of your Company for the year ended December 31, 2018.

The Board comprises directors having varied background and rich experience in the fields of business, insurance, finance and regulations. The Board has provided strategic direction to the management and ensured compliance with all regulatory requirements by the management. The Board has also provided guidance to the management from time to time. As required under the Code of Corporate Governance, the Board has evaluated its own performance through a mechanism developed by it and the Chairman has assessed the performance of each director.

The Board has constituted Audit Committee, Human Resources and Ethics Committee, Claims Settlement Committee, Underwriting and Reinsurance Committee, Investment Committee and Risk Management and Compliance Committee. These committees have met every quarter prior to the meetings of the Board. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on effectiveness of internal controls while the Risk and Compliance committee identified risks and recommended mitigation measures.



Shamim Ahmad Khan

Chairman

Dated: March 29, 2019

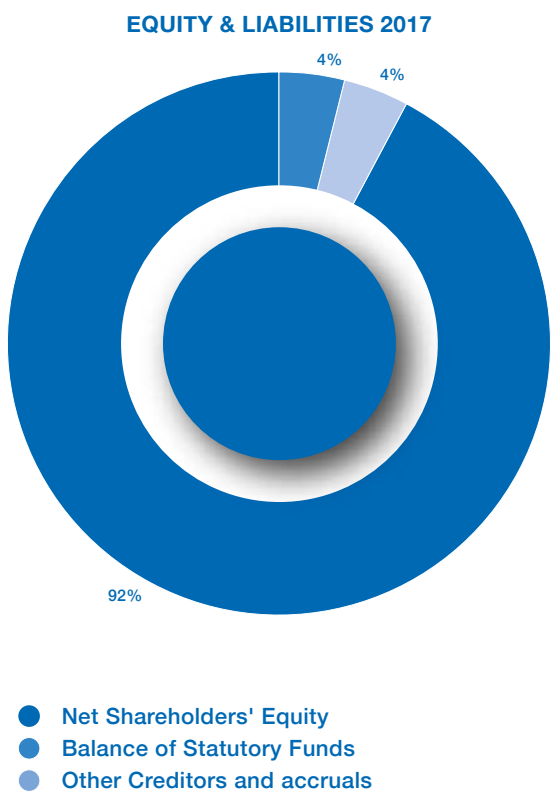
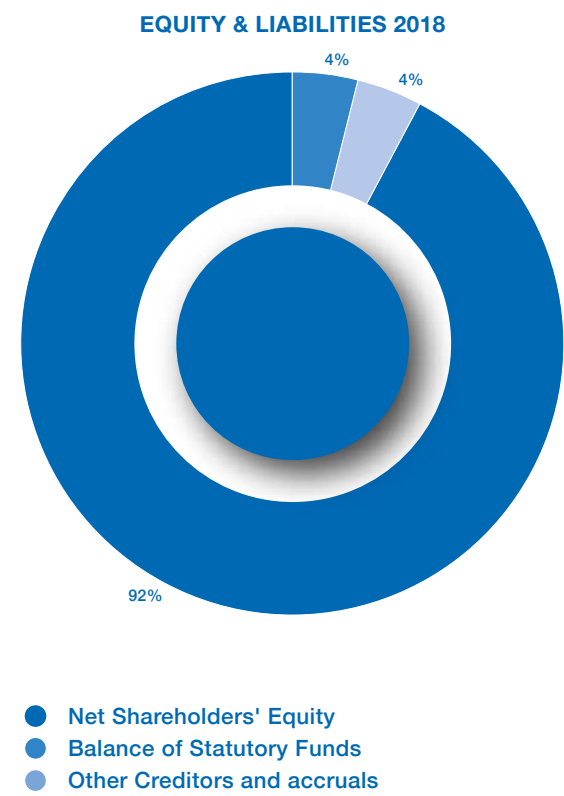
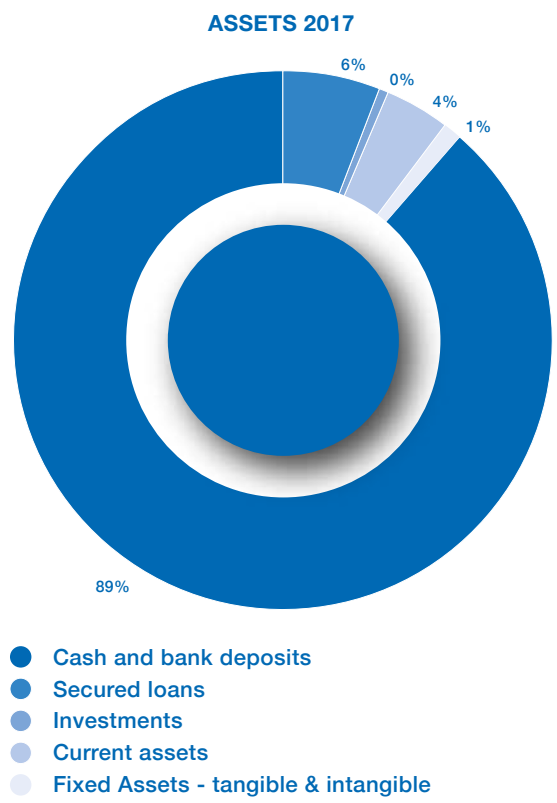
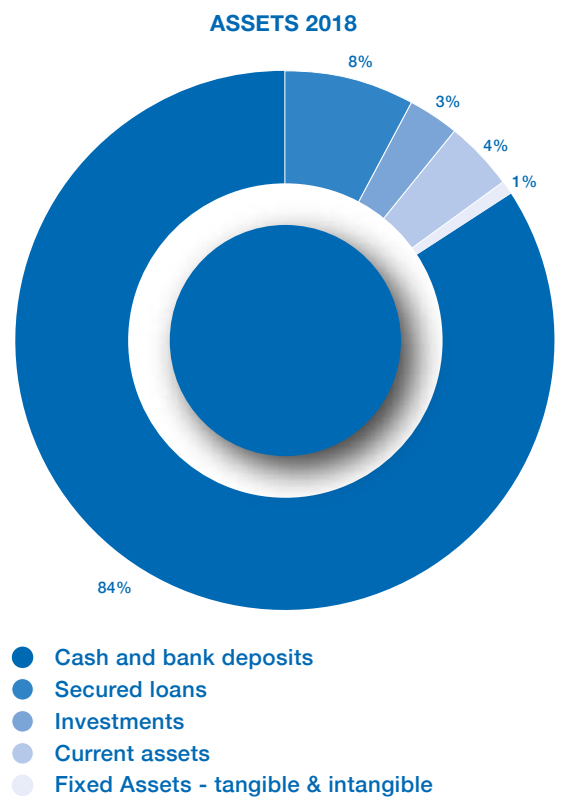


Corporate Solutions



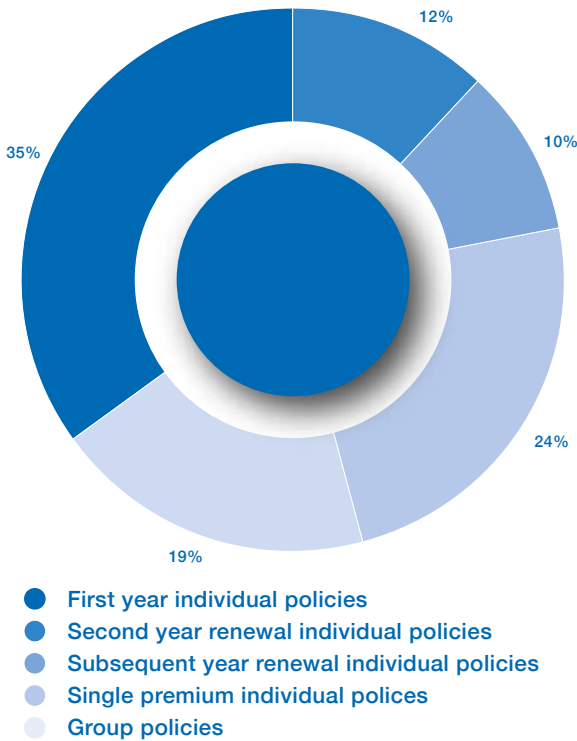
Having large local and multinational conglomerates on-board is a testament of our service standard. We are working constantly with our corporate clientele to enhance their experience. this has proven to be mutually beneficial.

Performance at a Glance

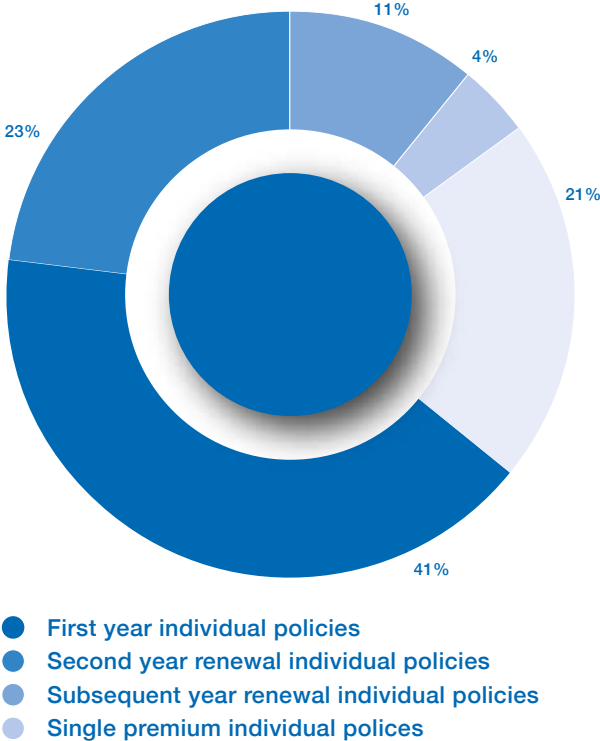


Performance at a Glance

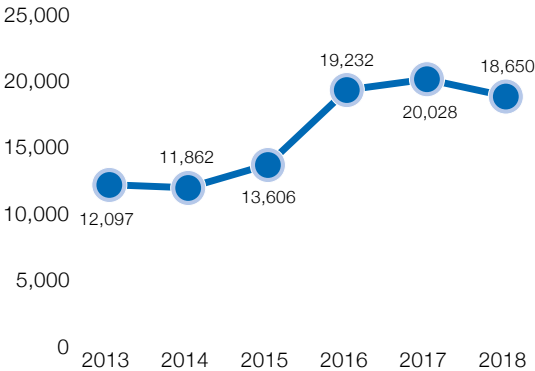
GROSS PREMIUMS / CONTRIBUTIONS 2018



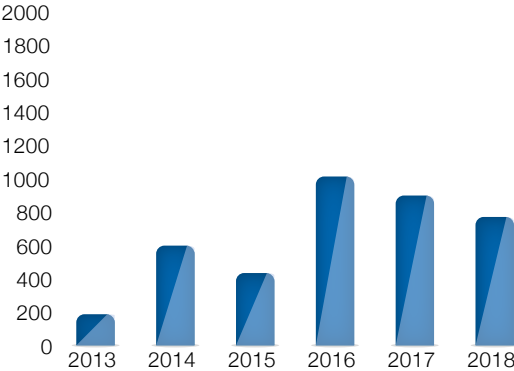
GROSS PREMIUMS / CONTRIBUTIONS 2017



TOTAL ASSETS OVER THE YEARS

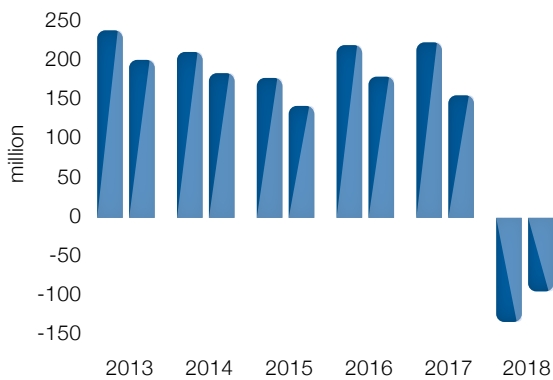


CASH & BANK BALANCES

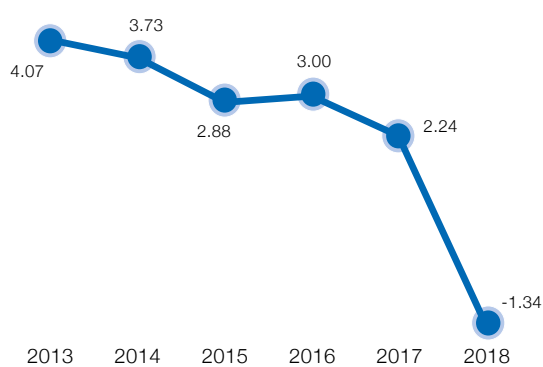


Performance at a Glance

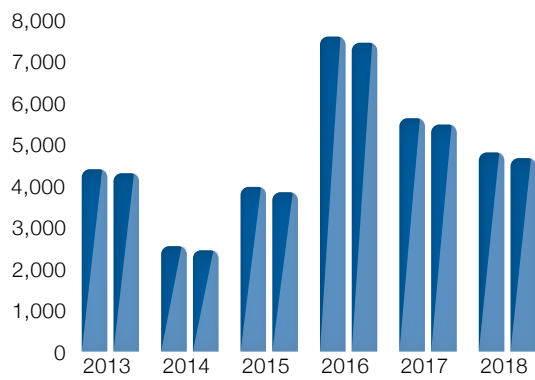
PROFIT BEFORE AND AFTER TAX



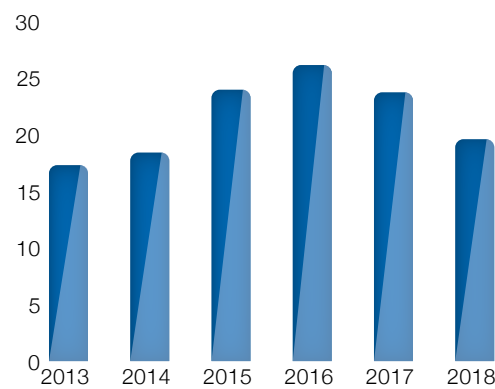
EARNING PER SHARE (EPS)



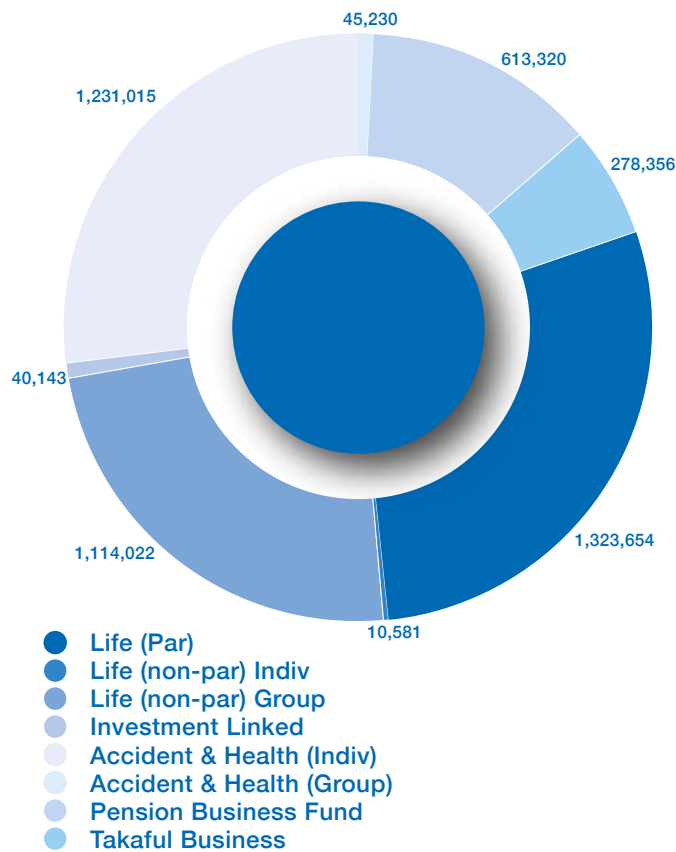
GROSS AND NET PREMIUM / CONTRIBUTION



NET ASSET VALUE PER SHARE



COMPOSITION OF NET PREMIUMS / CONTRIBUTIONS



Key Financial Data

Six years at Glance

Financial ratios

Profitability / Return to shareholders

		2018	2017	2016	2015	2014	2013
----- Rupees in '000 -----							
Profit / (loss) before tax / gross premium / Contributions	%	-2.80%	4.02%	2.93%	4.55%	8.43%	5.50%
Expenses / Income	%	113.99%	82.85%	104.10%	54.47%	40.09%	54.05%
Return on assets	%	-0.51%	0.79%	0.93%	1.06%	1.57%	1.68%
Return on equity	%	-12.10%	18.82%	12.15%	16.20%	22.57%	23.51%
EPS	Rs.	(1.34)	2.24	3.00	2.88	3.73	4.07
Price earning ratio	times	(35.10)	38.46	45.97	55.82	9.74	8.23
Net assets per share	Rs.	19.19	21.88	26.14	23.96	18.41	17.30

Market data

Face value per share	Rs.	10	10	10	10	10	10
Market value per share at year end	Rs.	47.10	86.0	138.13	160.9	36.3	33.5
Highest share price during the year	Rs.	94.50	119.8	170.78	197.6	36.3	37.4
Lowest share price during the year	Rs.	47.10	45.6	109	36.3	18.3	14
Market capitalization	'000	3,323,715	6,068,074	8,047,500	1,815,000	1,675,000	700,000

Performance / Liquidity

Earning asset to total asset ratio	%	89.18%	93.30%	94.61%	94.53%	94.09%	90.67%
Net premium / contribution to gross premium / contribution ratio	%	96.60%	97.29%	96.09%	97.82%	97.86%	97.06%
Net claims to net premium / contribution ratio	%	110.63%	79.02%	139.51%	88.72%	30.38%	21.67%
Management expenses to net premium / contribution ratio	%	22.09%	15.38%	32.79%	32.17%	18.62%	25.11%
Current ratio	times	1.06	1.40	1.23	1.34	0.98	0.80
Total assets turnover	times	0.27	0.32	0.39	0.34	0.45	0.54
Fixed assets turnover	times	39.91	49.54	71.92	93.10	123.00	82.25
Equity / total assets	%	4.20%	4.19%	5.11%	6.54%	6.96%	7.15%

Key Financial Data

Six years at Glance

Financial data

	2018	2017	2016	2015	2014	2013
----- Rupees in '000 -----						
Paid-up capital	705,672	705,672	605,000	500,000	500,000	500,000
Net shareholders' equity	782,772	838,332	1,496,342	889,901	825,502	865,050
Investments	15,681,832	17,771,814	17,671,547	12,094,010	10,308,203	11,152,340
Cash and bank deposits	768,762	897,460	610,880	433,202	596,598	186,462
Total assets	18,650,377	20,028,295	19,547,892	13,606,156	11,862,586	12,097,502

Operating data

Gross premium/ contributions	4,793,561	5,617,388	7,584,067	3,962,435	2,535,167	4,388,535
Net premium / contributions	4,630,555	5,465,029	7,436,242	3,834,615	2,435,929	4,292,671
Investments and other income	1,077,634	1,072,504	2,555,514	1,607,984	1,607,984	1,143,591
Profit before taxation	(134,076)	225,975	222,435	180,166	213,597	241,449
Taxation	(39,373)	68,204	40,649	36,046	27,263	38,045
Profit after taxation	(94,703)	157,771	181,786	144,120	186,334	203,404
EPS	(1.34)	2.24	3.00	2.88	3.73	4.07

Cash flow summary

Net cash flow from operating activities	(1,990,349)	(411,060)	2,965,665	279,454	(1,880,798)	1,258,411
Net cash flow from investing activities	2,985,863	387,440	(2,338,107)	(442,850)	2,290,936	(1,349,219)
Net cash flow from financing activities	(59,212)	(89,800)	(49,880)	-	-	-
Net cash flow from all activities	936,302	(113,420)	577,678	(163,396)	410,138	(90,808)
Cash and cash equivalents at the beginning of the year	897,460	1,010,880	433,202	596,598	186,460	277,268
Cash and cash equivalents at the end of the year	1,833,762	897,460	1,010,880	433,202	596,598	186,460

Balance Sheet and Profit & Loss Analysis

Vertical Analysis

Balance Sheet	2018		2017		2016		2015		2014		2013	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Shareholders' equity	1,353,854	7%	1,544,288	8%	1,604,550	8%	889,901	7%	825,502	7%	865,050	7%
Balance of statutory funds	16,490,600	88%	17,741,157	89%	17,102,179	87%	12,020,855	88%	10,455,853	88%	10,609,447	88%
Deferred liability	19,772	0%	60,729	0%	76,016	0%	-	0%	-	0%	-	0%
Creditors and accruals	783,734	4%	681,024	3%	765,000	4%	695,373	5%	581,204	5%	622,978	5%
Dividend	2,417	0%	1,097	0%	147	0%	27	0%	27	0%	27	0%
Total equity and liabilities	18,650,377	100%	20,028,295	100%	19,547,892	100%	13,606,156	100%	11,862,586	100%	12,097,502	100%
Cash and bank deposits	768,762	4%	746,277	4%	610,880	3%	433,202	3%	596,598	5%	186,460	2%
Secured loans	181,375	1%	167,539	1%	153,456	1%	147,681	1%	134,711	1%	107,033	1%
Investments	15,681,832	84%	17,771,814	89%	17,671,547	90%	12,094,010	89%	10,308,203	87%	11,152,340	92%
Current assets	1,464,200	8%	1,214,776	6%	1,027,724	5%	852,161	6%	779,634	7%	607,530	5%
Deferred asset	-	0%	-	0%	-	0%	5,543	0%	-	0%	-	0%
Fixed Assets - tangible & intangible	554,208	3%	127,889	1%	84,285	0%	73,559	1%	43,440	0%	44,139	0%
Total assets	18,650,377	100%	20,028,295	100%	19,547,892	100%	13,606,156	100%	11,862,586	100%	12,097,502	100%
Revenue and Profit & loss account												
Net Income	5,104,602	100%	6,336,014	100%	9,991,756	100%	5,290,175	100%	4,044,378	100%	5,441,275	100%
Claims and Expenditures	(6,523,410)	-128%	(5,540,892)	-87%	(4,344,280)	-43%	(3,624,728)	-69%	(4,210,257)	-104%	(2,964,128)	-54%
Movement in policy holders' liability	1,284,732	25%	(569,147)	-9%	(5,331,770)	-53%	(1,435,553)	-27%	452,991	11%	(2,215,599)	-41%
Surplus / Profit before tax	(134,076)	-3%	225,975	4%	315,706	3%	229,894	4%	287,112	7%	261,548	5%
Taxation	39,373	1%	(68,204)	-1%	(40,649)	0%	(36,046)	-1%	(27,263)	-1%	(38,045)	-1%
Surplus / Profit after tax	(94,703)	-2%	157,771	2%	275,057	3%	193,848	4%	259,849	6%	223,503	4%

Balance Sheet and Profit & Loss Analysis

Vertical Analysis

Horizontal Analysis

Balance Sheet	2018	2017	2016	2015	2014	2013	2012	2018	2017	2016	2015	2014	2013
	Rupees in '000							% increase / (decrease) over preceeding year					
Net shareholders' equity	1,353,854	1,544,288	1,604,550	889,901	825,502	865,050	826,798	-12%	-4%	80%	8%	-5%	5%
Balance of statutory funds	16,490,600	17,741,157	17,102,179	12,020,855	10,455,853	10,609,447	8,208,597	-7%	4%	42%	15%	-1%	29%
Deferred liability	19,772	60,729	76,016	-	-	-	-	-67%	0%	0%	0%	0%	0%
Creditors and accruals	783,734	681,024	765,000	695,373	581,204	622,978	579,160	15%	-11%	10%	20%	-7%	8%
Dividend Payable	2,417	1,097	147	27	27	27	27	120%	646%	444%	0%	0%	0%
Total equity and liabilities	18,650,377	20,028,295	19,547,892	13,606,156	11,862,586	12,097,502	9,614,582	-7%	2%	44%	15%	-2%	26%
Cash and bank deposits	768,762	746,277	610,880	433,202	596,598	186,460	452,268	3%	22%	41%	-27%	220%	-59%
Secured loans	181,375	167,539	153,456	147,681	134,711	107,033	99,963	8%	9%	4%	10%	26%	7%
Investments	15,681,832	17,771,814	17,671,547	12,094,010	10,308,203	11,152,340	8,536,478	-12%	1%	46%	17%	-8%	31%
Current assets	1,464,200	1,214,776	1,027,724	852,161	779,634	607,530	464,910	21%	18%	21%	9%	28%	31%
Deferred taxation	-	-	-	5,543	-	-	-	0%	0	0%	0%	0%	0%
Fixed Assets													
- tangible & intangible	554,208	127,889	84,285	73,559	43,440	44,139	60,963	333%	52%	15%	69%	-2%	-28%
Total assets	18,650,377	20,028,295	19,547,892	13,606,156	11,862,586	12,097,502	9,614,582	-7%	4%	41%	15%	-2%	26%
Revenue and Profit & loss account													
Net Income	5,104,602	6,336,014	9,991,756	5,290,175	4,044,378	5,441,275	5,197,350	-19%	-37%	89%	31%	-26%	5%
Claims and Expenditures	(6,523,410)	(5,540,892)	(4,344,280)	(3,624,728)	(4,210,257)	(2,964,128)	(2,117,265)	18%	28%	20%	-14%	42%	40%
Movement in policy holders' liability	1,193,616	(829,534)	(5,331,770)	(1,435,553)	452,991	(2,215,599)	(2,904,302)	-244%	-84%	271%	-417%	-120%	-24%
Surplus / Profit before tax	(225,192)	(34,412)	315,706	229,894	287,112	261,548	175,783	554%	-111%	37%	-20%	10%	49%
Taxation	(2,449)	(29,174)	(40,649)	(36,046)	(27,263)	(38,045)	(70,072)	-92%	-28%	13%	32%	-28%	-46%
Surplus / Profit after tax	(227,641)	(63,586)	275,057	193,848	259,849	223,503	105,711	258%	-123%	42%	-25%	16%	111%

Statement of Value Addition

WEALTH GENERATION

Net premium / Contribution

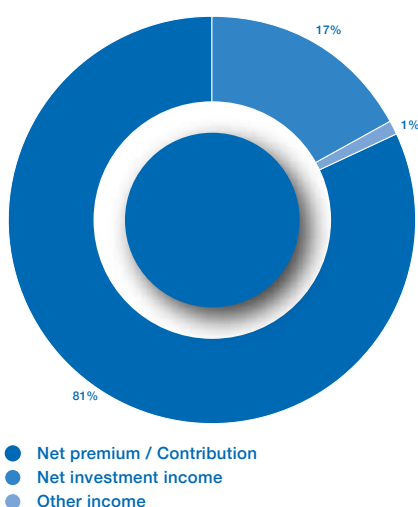
Net investment income

Other income

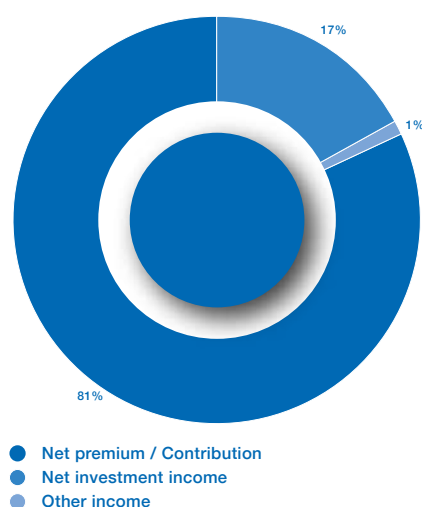
Wealth generated

2018		2017	
Amount	%	Amount	%
4,656,321	81%	5,488,472	82%
992,947	17%	1,112,085	17%
80,821	1%	79,929	1%
5,730,089	100%	6,680,486	100%

WEALTH GENERATION 2018



WEALTH GENERATION 2017



WEALTH DISTRIBUTION

Claims and Surrenders

Increase in policyholders' liability

Acquisition Cost

Administrative Expenses

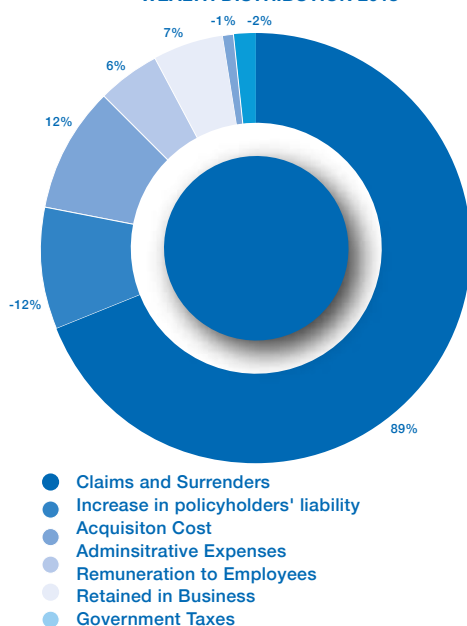
Remuneration to employees

Government Taxes

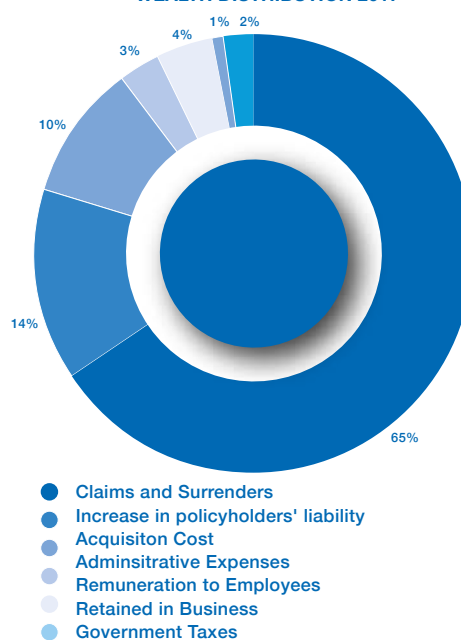
Retained in Business

2018		2017	
Amount	%	Amount	%
5,122,635	89%	4,318,736	65%
(667,716)	-12%	919,769	14%
711,544	12%	693,853	10%
321,962	6%	227,798	3%
375,740	7%	294,355	4%
(39,373)	-1%	68,204	1%
(94,703)	-2%	157,771	2%
5,730,089	100%	6,680,486	100%

WEALTH DISTRIBUTION 2018



WEALTH DISTRIBUTION 2017



Financial / Event Calendar

Event	
Results	Date
Financials for the three months ended March 31, 2018	23-Apr-18
Financials for the six months ended June 30, 2018	28-Aug-18
Financials for the nine months ended September 30, 2018	26-Oct-18
Financials for the year ended December 31, 2018	29-Mar-18
Notice to Shareholders with Financial Statements	5-April-19
Annual General Meeting	26-Apr-19

Pattern of Shareholding

AS AT DECEMBER 31, 2018

NO. OF SHAREHOLDINGS			
NO OF SHAREHOLDERS	FROM	TO	Total Shares
419	1	100	6,421
130	101	500	33,441
133	501	1,000	92,586
142	1,001	5,000	305,922
19	5,001	10,000	132,962
15	10,001	15,000	188,539
4	15,001	20,000	64,093
7	20,001	25,000	157,514
6	25,001	30,000	169,110
1	30,001	35,000	33,988
4	35,001	40,000	150,136
2	50,001	55,000	104,371
2	55,001	60,000	115,652
1	85,001	90,000	85,425
1	100,001	105,000	102,564
1	115,001	120,000	117,562
2	125,000	130,000	253,867
2	140,001	145,000	286,702
1	185,001	190,000	188,819
1	205,001	210,000	209,780
1	210,001	215,000	213,874
1	220,001	225,000	220,500
1	250,000	255,000	250,000
1	285,001	290,000	286,472
1	325,001	330,000	327,576
1	805,001	810,000	806,177
1	1,480,001	1,485,000	1,480,367
1	3,510,001	3,515,000	3,512,851
1	3,775,001	3,780,000	3,776,976
1	56,890,001	56,895,000	56,892,953
903			70,567,200

Pattern of Shareholding

AS AT DECEMBER 31, 2018

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholders	Number of share held
Associated Companies, Undertaking and Related Parties (name wise details)		
IGI Holdings Limited	1	57,841,362
TOTAL	1	57,841,362
Mutual Funds (name wise details)		
CDC - Trustee First Dawood Mutual Fund	1	213,874
TOTAL	1	213,874
Directors and their spouse (to be confirmed by company)		
Mr. Muhammad Kamal Syed		703
Mr. Ehsan Ali Malik		703
Mr. Hasan Askari		692
Mr. Khurram Raza Bakhtayari		703
Mr. Nadeem Rehman Malik		11
Mr. Shamim Ahmed Khan		703
Syed Hyder Ali		328,279
Syed Yawar Ali		2,690
Syeda Nighat Ali		209,780
TOTAL	8	544,264
Executives (To be filled by company)		
TOTAL	-	-
Public Sector Companies and Corporations		
TOTAL	1	117,562
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL	3	3,515,765
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
Gregory Alexander	1	3,776,976
IGI Holdings Limited	1	57,841,362
TOTAL	2	61,618,338

SNO.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	8	544,264	0.77
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	1	57,841,362	81.97
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	3	3,515,765	4.98
5	Insurance Companies			
6	Modarabas and Mutual Funds	1	213,874	0.30
7	Share holders holding 10%	1	56,892,953	80.62
8	General Public :			
	a. local	860	8,261,743	11.71
	b .Foreign	-	-	-
9	Others	18	190,192	0.27
	Total (excluding : share holders holding 10%)	891	70,567,200	100.00

Statement of Compliance with the Code of Corporate Governance for insurers 2017

Year ended December 31, 2018

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

The Company has applied the principles contained in the Code and 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 interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors *	Mr. Hasan Askari Mr. Mohammad Kamal Syed Ms. Naz Khan
Executive Director	Syed Hyder Ali
Non-Executive Directors	Syed Yawar Ali Mr. Khurram Raza Bakhtayari Mr. Shamim Ahmad Khan

* All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. All the resident director's 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 NBFI or being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. Two casual vacancies occurred on the Board on January 1, 2018 and July 13, 2018 respectively and was filled up by the directors within the specified period of 90 days thereof.
6. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the 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 relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
9. 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 in accordance with the Act and these Regulations.
10. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
11. The meetings of the Board have been duly presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
13. At present, out of seven (7) Directors on the Board, five (4) Directors have acquired the Directors Training Program Certifications, whilst two (2) remaining Directors have sought exemption on the Directors Training Program from Securities and Exchange Commission of Pakistan (SECP) based upon having sufficient education and experience on Board of a Listed Company as prescribed in the applicable Code of Corporate Governance. As Clause 20(c) of the applicable Code, 2017, allows all directors on the Board to acquire the said certification or exemption by June 30, 2021, for one (1) of our Director, the said certification or exemption will be obtained within the stipulated timeframe.

14. The board arranged orientation courses for its directors during the year to acquaint them with the code, applicable laws and to appraise them with their duties and responsibilities.
15. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
16. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
17. The financial statements of the Company were duly endorsed by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) before approval of the Board.
18. The Directors, CEO and other Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
19. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
20. The Board has formed the following Management Committees:

UNDERWRITING & REINSURANCE COMMITTEE	
Name of the Member	Category
Syed Hyder Ali	Chairman
Hasan Askari	Member
M. Kamal Syed	Member
Nadeem Malik	Member
Syed Fahad Subhan	Member
Ali Nadim	Member

CLAIM SETTLEMENT COMMITTEE	
Name of the Member	Category
Shamim Ahmed Khan	Chairman
Syed Yawar Ali	Member
Dr. Bakht Jamal	Member
Akif Zia Malik	Member
Muhammad Wasif Ali	Member

RISK MANAGEMENT AND COMPLIANCE COMMITTEE	
Name of the Member	Category
Shamim Ahmed Khan	Chairman
Naz Khan	Member
Syed Yawar Ali	Member
M. Kamal Syed	Member
Khurram Raza Bakhtayari	Member

21. The Board has formed the following Board Committees:

ETHICS, HUMAN RESOURCE, NOMINATION & REMUNERATION COMMITTEE	
Name of the Member	Category
Naz Khan	Chairman
Syed Yawar Ali	Member
Syed Hyder Ali	Member
Khurram Raza Bakhtayari	Member
Nayab Baig	Member

INVESTMENT COMMITTEE	
Name of the Member	Category
M. Kamal Syed	Chairman
Syed Yawar Ali	Member
Syed Hyder Ali	Member
Hasan Askari	Member
Khurram Raza Bakhtayari	Member
Nadeem R. Malik	Member
Ali Nadeem	Member
Syed Fahad Subhan	Member

22. The Board has formed an Audit Committee. It comprises of four (4) members, of whom two (2) are independent directors 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:

AUDIT COMMITTEE	
Name of the Member	Category
Hasan Askari	Chairman
M. Kamal Syed	Member
Syed Yawar Ali	Member
Khurram Raza Bakhtayari	Member

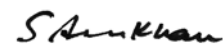
23. The meetings of the committees were held at least once every quarter, prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Audit Committee have been formed and advised to the Committees for compliance.
24. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they are involved in the internal audit function on a regular basis.
25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, customer service and grievance departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Syed Hyder Ali	Chief Executive Officer
Nadeem Rehman Malik	Deputy Chief Executive Officer
Ali Nadeem	Chief Operating Officer
Syed Fahad Subhan	Chief Financial Officer
Hasham Wajih	Manager Actuarial and Reinsurance
Yasir Ali Quraishi	Legal counsel and Company Secretary
Shahzeb Haider	Head of Internal Audit
Kamran Ali Khan	Manager Underwriting
Dr. Sabeeh Haider Jaffery	Head of Claims
Aijaz Saleem	Head of Customer Services and Grievance
Saira Sheikh	Head of Compliance

26. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan (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 Institute of Chartered Accountants of Pakistan.

27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the regulations, listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
28. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
29. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
30. The Appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
31. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
32. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
33. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.
34. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
35. The Board ensures that as part of the risk management system, the Company gets rated from PACRA, which is being used by its risk management function and respective committee as a risk monitoring tool. The insurer Financial Strength (IFS) rating assigned by the said rating agency, as per their notification dated 26 December, 2018 is A+ (A plus) with stable outlook.
36. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
37. Apart from seeking exemption on the requirement for Director's Training Program (DTP) on behalf of two of its Directors, the Company has not obtained any other exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirements of the Code.
38. The frequency of meetings of the committee were as per following:
 - a) Audit Committee : quarterly meetings
 - b) Ethics, HR and Remuneration Committee : quarterly meetings
 - c) Nomination Committee : quarterly meetings
 - d) Risk Management and Compliance Committee : quarterly meetings
39. We confirm that all other material principles contained in Code of Corporate Governance for Insurers, 2016 and all other requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 have been complied with.

By order of the Board



Shamim Ahmad Khan
Chairman
March 29, 2019

Independent Auditor Review Report to the members of IGI Life Insurance Limited on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 and 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 Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'Regulations') prepared by the Board of Directors of IGI Life Insurance Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 the Listed Companies (Code of Corporate Governance) Regulations, 2017 and provisions of 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.



A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Shahbaz Akbar
Dated: April 02, 2019
Karachi



Independent Auditor's Report to the Members of IGI Life Insurance Limited

Year ended December 31, 2018

Qualified Opinion

We have audited the annexed financial statements of IGI Life Insurance 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, the cash flows 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, except for effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, 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 loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The Company has not recorded applicable provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance in the accompanying financial statements. As more fully explained in note 25.1 to the financial statements, certain provincial revenue authorities had discontinued / withdrawn the sales tax exemption previously available on such premium and therefore sale tax became chargeable on the premiums stated above as a present legal obligation in accordance with the requirements of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. Had the sales tax liability been recognised at December 31, 2018, the loss after tax and loss per share for the year would have been higher by Rs. 228.081 million and Rs 3.23 respectively while sales tax liability as at December 31, 2018 would have been higher by Rs. 321.241 million.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	Insurance liabilities (Refer notes 3.2.1 and 18 of the annexed financial statements)	
	Policyholders' liabilities represent the single largest liability of the Company constituting 85% of the total liabilities at December 31, 2018. The Minimum Valuation Basis for determination of actuarial reserve for policyholders' liabilities of a life insurance company is specified under Annexure 5 to Rule 23 of the Insurance Rules, 2017. The Annexure describes the valuation method to be used in determination of the actuarial reserves for policyholders' liabilities with respect to unit linked, universal life and other segments and certain valuation parameters (such as mortality rates, morbidity rates, valuation rates of interest etc.) to be taken into account.	<p>Our audit procedures to assess the determination of actuarial reserve for policyholders' liabilities, amongst others, included the following:</p> <ul style="list-style-type: none">• Obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating the policyholders' liabilities at December 31, 2018.• Inquired from the management about the consistency of the method used for calculation of the policyholders' liabilities and assumptions for the valuation parameters at December 31, 2018 to establish whether they had been subject to any arbitrary discontinuities from those used at December 31, 2017.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The appointed actuary of the Company carries out an investigation as at the end of each year into the financial condition of the life insurance business carried on by the Company, including a valuation of its policyholders' liabilities at December 31, 2018 and issues a report thereon to the Board of Directors of the Company before their approval of the financial statements.</p> <p>The determination of policyholders' liabilities is a higher risk area and hence considered a key audit matter.</p>	<ul style="list-style-type: none"> Reviewed the report submitted by the appointed actuary to the Board of Directors of the Company expressing his satisfaction over the valuation of policyholders' liabilities in accordance with Annexure 5 to Rule 23 of the Insurance Rules, 2017. Engaged an independent actuarial expert to assess whether the reserving methodology used with respect to all statutory funds maintained by the Company was in line with the Minimum Valuation Basis given in Annexure 5 to Rule 23 of the Insurance Rules, 2017 and was further in accordance with generally accepted actuarial principles. Independently verified, on a test basis, the Company's data used by the appointed actuary in the determination of policyholders' liabilities. Recomputed, on a test basis, the account / cash values of policyholders' at December 31, 2018 by applying the relevant parameters (such as management fee charged, cost of insurance charged, returned credited etc.) of the respective products. Recomputed, on a test basis, the element of unearned premium with respect to policies issued under group health and group life business. Assessed the relevant disclosures made in the financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.
2	<p>Change in format of the financial statements (Refer note 2.2 of the annexed financial statements)</p> <p>The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 89(1) / 2017 dated February 9, 2017 had issued Insurance Rules, 2017 (the Rules) which had come into force at once. The Rules prescribed a revised format of annual financial statements for life insurers. Further, the SECP through SRO 88 (1) / 2017 dated February 9, 2017 had also issued Insurance Accounting Regulations, 2017 (the Regulations). The Regulations have been made applicable from January 1, 2018.</p> <p>As part of this transition to the new requirements, the management performed a gap analysis to identify differences between the previous and current format. The adoption of the new format required certain recognition requirements, reclassification of financial information and introduced certain new disclosures in the financial statements.</p> <p>In view of the significant impact on these financial statements of the first time application of the revised format of financial statements, we considered this as a key audit matter.</p>	<p>We reviewed and understood the requirements of the SECP's amended format of annual financial statements for life insurance companies. Our audit procedures included the following:</p> <ul style="list-style-type: none"> Considered the management's process to identify the changes required in the financial statements to comply with the new format; and Obtained relevant underlying supports relating to the changes required in the financial statements consequent to the adoption of the new format to assess their appropriateness and verified them on a test basis.
3	<p>Valuation of investments (Refer note 4.1 to 4.3 of the annexed financial statements)</p> <p>The investments of Rs 15,681 million as at 31 December 2018 held by the Company constitute the most significant component of total assets of the Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the key controls for valuation of investments. Checked that available for sale investments (other than investment linked business which were already accounted for at fair value under the previously applicable accounting framework) were fair valued appropriately in accordance with the requirements of IAS 39.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>During the year, consequent to the application of the Insurance Accounting Regulations, 2017 the Company has changed its accounting policy relating to the subsequent measurement and impairment of available for sale investments to comply with the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." As per the revised policy available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of comprehensive income. Previously, available for sale investments (other than those relating to investment linked business) were stated subsequent to initial recognition at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Any decline in market value recognised by the Company was taken to the income statement. Further, any gain or loss arising on subsequent measurement at fair value of available for sale investments relating to the Company's investment linked business was previously taken to the revenue account.</p> <p>As a result of the change in accounting policy relating to subsequent measurement of investments classified as available for sale, the management decided to adopt the practice of 'shadow accounting' permitted under IFRS 4, whereby related adjustments to insurance liability are also recognised in other comprehensive income if, the unrealised gains or losses are recognised in other comprehensive income.</p> <p>The above change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS) - 8, "Accounting Policies, Change in Accounting Estimates and Errors" and the comparative information has been re-stated.</p> <p>In view of the significant development regarding the valuation of investments of the Company we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • Checked that net unrealized gains / losses arising on the subsequent measurement of available for sale investments to fair value were taken to other comprehensive income. • Checked the appropriate recognition of related adjustments to insurance liabilities in other comprehensive income where net unrealized gains / losses on available for sale investments were recognised in other comprehensive income. • Checked that the change in accounting policy had been applied retrospectively in accordance with the requirements of IAS 8 and the comparative information had been restated. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2018 and reconciled it with the books and records of the Company. Where such confirmations were not available, alternate audit procedures were performed. • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies. • Checked the relevant presentation and disclosures made in the financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.

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 auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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. As described in the Basis for Qualified Opinion section above, the Company has not recorded applicable provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance in the accompanying financial statements. Accordingly, we conclude that the other information is materially misstated for the same reason with respect to the amounts stated in the Basis for Qualified Opinion.

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 the 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 Statements

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

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

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

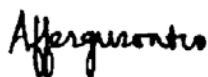
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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) except for effects of the matter described in the basis for qualified opinion section of our report, 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) except for effects of the matter described in the basis for qualified opinion section of our report, 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) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Shahbaz Akbar.



A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Shahbaz Akbar

Dated: April 02, 2019

Karachi



Management's Statement of Compliance with the Shariah Principles

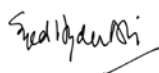
Year ended December 31, 2018

The financial arrangements, contracts and transactions, entered into by IGI Life Insurance Limited – Window Takaful Operations (the Company) for the year ended December 31, 2018 are in compliance with the Takaful Rules, 2012.

Further we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance. Further, 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 have been implemented;
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor.
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shari'ah Advisor of the Company.



Syed Hyder Ali
Chief Executive Officer
Dated: March 29, 2019



Family Takaful



Our Shariah Compliant solutions provide peace of mind for you and your family no matter what season of life you are currently in.

Shariah Advisor Report to the Board of Directors

Year ended December 31, 2018

الحمد لله رب العالمين والصلاة والسلام على سيد الأنبياء والمرسلين محمد النبي
الأمي وعلى آله وأصحابه أجمعين، وبعد!

I have examined the accompanying financial statements of IGI Life – Window Takaful Operations (hereafter referred to as “the Window Takaful”) for the year ended 31 December, 2018.

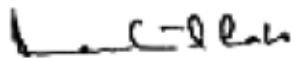
I acknowledge that as the Shariah Advisor of the Window Takaful, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Window Takaful with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Window Takaful's management to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The primary scope of Shariah Audit is to review the Window Takaful's compliance with Shariah Guidelines, and includes the examination of the appropriate evidence of transactions undertaken by the Window Takaful during the year 2018.

It is the responsibility of the Shariah Advisor to express his opinion on the submitted financial statements. In my opinion, and to the best of my understanding based on the provided information and explanations, below are the findings:

- (i) Financial transactions undertaken by the Window Takaful for the year ended 31 December 2018 were in accordance with guidelines issued by Shariah Advisor as well as the requirements of Takaful Rules 2012.
- (ii) Few cases which had some irregularities from the Shariah perspective were discussed with the Management and duly resolved. Furthermore, the management of the Window Takaful has been advised to strictly follow Shariah compliance in future.
- (iii) Consequently, we have found that the Window Takaful is in accordance with the Shariah principles in all transactional aspects.

“And Allah Knows Best”



Dr. Mufti Ismatullah
Shariah Advisor

شریعی ریویورپورٹ برائے بورڈ آف ڈائریکٹرز

برائے مالیاتی سال 2018

نحمدہ و نصلی و نسلم علی رسولہ الکریم و علی آلہ و اصحابہ اجمعین، و بعد!

الحمد للہ، میں نے ”آئی جی آئی لائف، ونڈو تکافل آپریشنز“ (آئندہ اسے ”ونڈو تکافل“ کہا جائے گا) کے مالیاتی اسٹیٹمنٹس برائے سال 2018 کا شرعی نقطہ نظر سے جائزہ لیا۔

میں ”ونڈو تکافل“ کے شریعہ ایڈوائزر کی حیثیت سے اس بات سے بخوبی باخبر ہوں کہ ”ونڈو تکافل“ کے شرکاء تکافل اور شیئرز ہولڈرز کے مابین تمام مالی معاملات اور مختلف عقود معاہدات کو شرعی قواعد و ضوابط کے مطابق یقینی بنانا میری ذمہ داری ہے۔ اسی طرح ونڈو تکافل کی منتظمہ کمیٹی کی بھی یہ ذمہ داری ہے کہ وہ شریعہ ایڈوائزر کی طرف سے جاری کردہ اصول و ضوابط اور گائیڈ لائنز پر اہتمام کے ساتھ عمل کرنے کو یقینی بنائے۔ مزید برآں یہ کہ تمام تکافل پالیسیاں اور خدمات شرعی قواعد و ضوابط کے مطابق اور باقاعدہ شریعہ ایڈوائزر سے منظور شدہ ہوں۔

یہ بات اہم ہے کہ ونڈو تکافل نے ابتداء ہی سے اس بات کا اہتمام کیا ہے کہ شریعہ ایڈوائزر کی جانب سے جاری کردہ ہدایات پر اہتمام سے عمل کیا جائے اور تمام تکافل پالیسیاں، خدمات اور مختلف فنڈز کی سرمایہ کاری شرعی قواعد و ضوابط کے مطابق دی جائے اور یہ باقاعدہ شریعہ ایڈوائزر سے منظور شدہ بھی ہوں۔

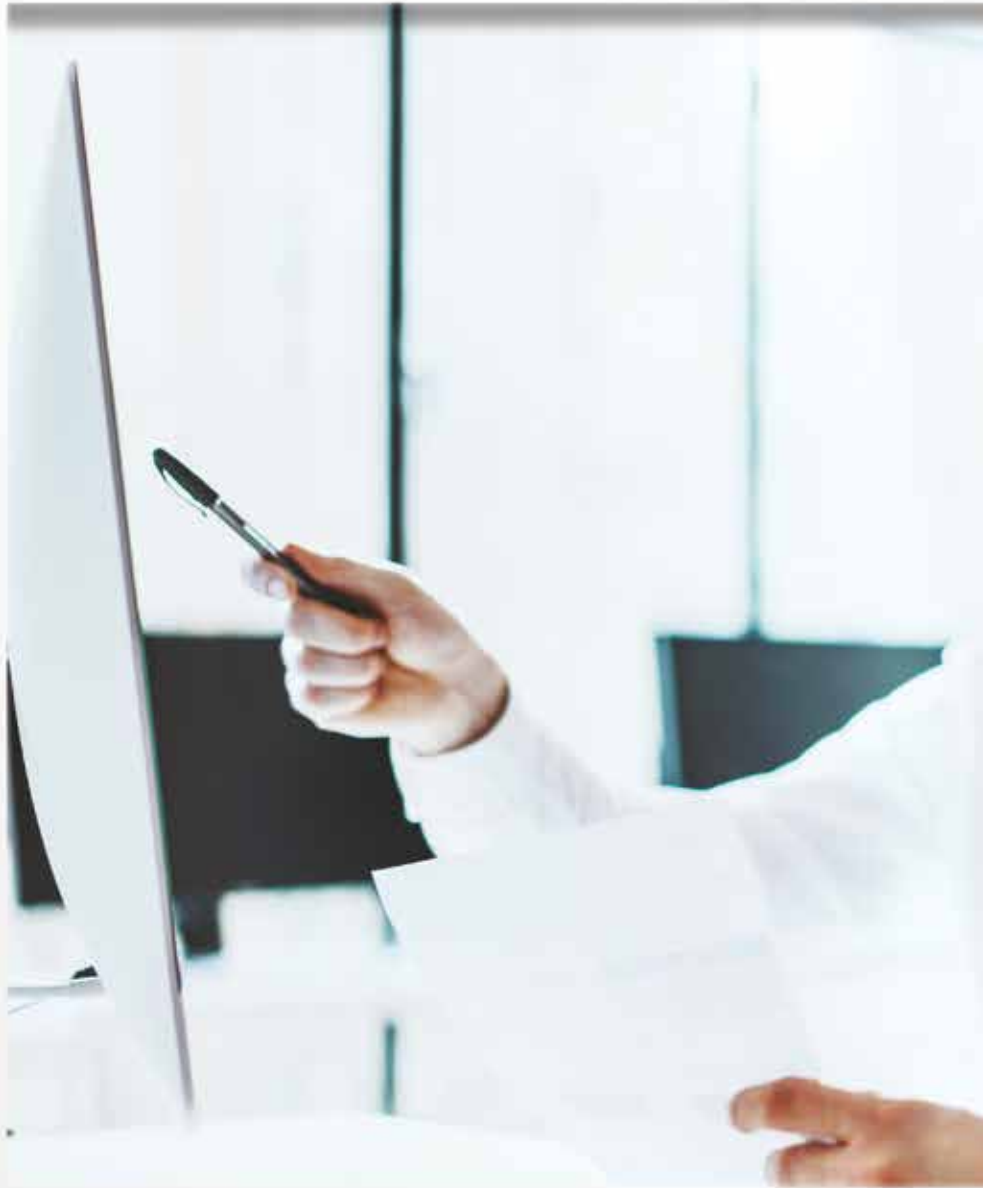
بہر حال میری معلومات کے مطابق:

- 1 سال 2018 کے اختتام تک ونڈو تکافل کی جانب سے کئے گئے تمام مالی معاملات شریعہ ایڈوائزر کی جانب سے دی گئی گائیڈ لائنز اور تکافل رولز 2012 کے مطابق تھے۔
- 2 البتہ ونڈو تکافل کے چند معاملات ایسے تھے، جو شریعت کی رو سے قابل اصلاح تھے، کمپنی کی منتظمہ کمیٹی سے ان معاملات پر بات چیت کر کے باقاعدہ ان کی اصلاح کر دی گئی اور شریعہ گائیڈ لائنز پر اہتمام سے عمل کرنے کی ہدایت کر دی گئی۔
- 3 الحمد للہ، بحیثیت مجموعی ونڈو تکافل کے تمام معاملات کو شریعہ گائیڈ لائنز اور قواعد و ضوابط کے مطابق پایا۔

واللہ تعالیٰ اعلم بالصواب و علمہ اتم و احکم

ڈاکٹر مفتی عصمت اللہ

شریعی ایڈوائزر



Financials



Statement of Financial Position

As at December 31, 2018

	Note	2018	2017	2016
		Rupees in 000's		
			(Restated)	(Restated)
Assets				
Property and equipment	5	541,136	125,552	83,381
Intangible assets	6	13,072	2,337	904
Investments				
Equity securities	7	112,535	57,480	-
Mutual funds	7	3,161,127	3,549,060	2,670,241
Government securities	8	11,168,170	14,014,091	14,601,306
Debt securities	9	175,000	-	-
Term deposits	10	1,065,000	151,183	400,000
		15,681,832	17,771,814	17,671,547
Loans secured against life insurance policies		181,375	167,539	153,456
Insurance / takaful / reinsurance / retakaful receivables	11	430,522	297,019	197,630
Other loans and receivables	12	465,855	449,860	462,833
Taxation - payments less provision		483,530	403,108	312,367
Prepayments	14	84,293	64,789	54,894
Cash and Bank	15	768,762	746,277	610,880
Total assets		18,650,377	20,028,295	19,547,892
Equity and liabilities				
Capital and reserves attributable to Company's equity holders				
Authorised share capital (100,000,000 ordinary shares of Rs. 10 each)	16.1	1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	16.2	705,672	705,672	605,000
Ledger account C & D		71,065	173,456	77,899
Unappropriated profit		625,357	689,927	813,443
(Deficit) / surplus on revaluation of available for sale investments	17	(48,240)	(24,767)	108,208
Total equity		1,353,854	1,544,288	1,604,550
Liabilities				
Insurance liabilities [including policyholders' liabilities and ledger account A & B]	18	16,490,600	17,741,157	17,102,179
Outstanding claims	19	281,426	230,477	265,512
Retirement benefit obligations	20	36,249	22,377	23,219
Premium received in advance		48,968	81,422	144,253
Reinsurance / retakaful payables	22	20,881	24,930	13,448
Other creditors and accruals	23	378,050	307,800	312,372
Deferred tax liability - net	13	19,772	60,729	76,016
Liabilities against assets subject to finance lease	24	20,577	15,115	6,343
Total liabilities		17,296,523	18,484,007	17,943,342
Total equity and liabilities		18,650,377	20,028,295	19,547,892
Contingencies and commitments				
	25			

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


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Profit and Loss Account

For the year ended December 31, 2018

	Note	2018	2017
		----- Rupees in 000's ----- (Restated)	
Premium / contribution revenue	26	4,793,561	5,617,388
Less: premium / contribution ceded to reinsurers / retakaful operators	26	137,240	128,916
Net premium / contribution revenue		4,656,321	5,488,472
Investment income	27	1,077,634	1,072,504
Net realised fair value (losses) / gains on financial assets	28	(84,687)	39,581
Other income - net	29	80,821	79,929
		1,073,768	1,192,014
Net income		5,730,089	6,680,486
Insurance benefits	30	5,154,003	4,392,221
Recoveries from reinsurers / retakaful operators	30	(31,368)	(73,485)
Net insurance benefits		5,122,635	4,318,736
		607,454	2,361,750
Change in Insurance Liabilities (other than outstanding claims)		(667,716)	919,769
Acquisition expenses	31	711,544	693,853
Marketing and administration expenses	32	706,596	542,537
Other expenses	33	5,636	14,295
Total expenses		756,060	2,170,454
Finance costs	34	(148,606)	191,296
Surplus appropriated to Shareholders' Fund from Ledger Account C		1,074	606
		15,604	35,285
(Loss) / profit before tax		(134,076)	225,975
Income tax (reversal / expense)	35	(39,373)	68,204
(Loss) / profit after tax		(94,703)	157,771
(Loss) / earnings per share - Rupees	36	(1.34)	2.24

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


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2018

	2018	2017
	----- Rupees in 000's -----	
	(Restated)	
(Loss) / profit after tax	(94,703)	157,771
Other comprehensive income / (loss):		
Change in unrealised gains / (losses)		
on available-for-sale financial assets - net of tax	(590,710)	(378,481)
Change in insurance liabilities - net	554,635	245,506
Actuarial (losses) / gains on retirement benefit scheme	(1,691)	5,692
Other comprehensive loss for the year	(37,766)	(127,283)
Total comprehensive (loss) / income for the year	(132,469)	30,488


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2018

Note **2018** 2017
----- Rupees in 000's -----
(Restated)

Operating Cash flows

(a) Underwriting activities

Premiums received net of policy transfers
Reinsurance premium paid
Claims paid
Surrenders paid
Reinsurance recovery received
Commissions paid
Commission received

4,607,916	5,485,851
(238,558)	(196,707)
(1,205,573)	(1,086,080)
(3,809,358)	(3,355,299)
51,056	42,802
(442,114)	(516,702)
97,269	79,273

Net cash (outflow) / inflow from underwriting activities

(939,362)	453,138
-----------	---------

(b) Other operating activities

Income tax paid
Payment for expenses
Other operating receipts
Loans advanced
Loan repayments received
Net cash outflow from other operating activities

(77,434)	(119,915)
(967,719)	(759,453)
7,869	14,164
(10,060)	(7,655)
(3,643)	8,661
(1,050,987)	(864,198)

Total cash outflow on all operating activities

(1,990,349)	(411,060)
-------------	-----------

Investment activities

Profit / return received
Dividend received
Payment for investments
Proceeds from disposal of investments
Fixed capital expenditure
Capital work in progress
Proceeds from sale of property and equipment

1,133,795	1,178,355
60,688	4,401
(2,250,945)	(16,829,593)
4,437,238	16,111,466
(28,360)	(70,566)
(367,116)	(8,027)
563	1,404

Total cash inflow from investing activities

2,985,863	387,440
-----------	---------

Financing activities

Capital contribution to statutory funds
Capital payments received by statutory funds
Dividends paid

-	(47,500)
-	47,500
(59,212)	(89,800)

Total cash outflow from financing activities

(59,212)	(89,800)
----------	----------

Net cash inflow from / (outflow on) all activities

936,302	(113,420)
---------	-----------

Cash and cash equivalents at beginning of year

897,460	1,010,880
---------	-----------

Cash and cash equivalents at end of year

15.2	1,833,762	897,460
------	-----------	---------

Reconciliation to Profit and Loss Account

Operating cash flows
Depreciation and amortisation expenses
Gain on disposal of fixed assets
Increase in assets other than cash
Decrease / (increase) in liabilities
Investment income
Profit received on bank deposits
Surplus of statutory funds

(1,990,349)	(411,060)
(46,235)	(34,439)
563	-
249,350	570,785
1,039,931	(729,239)
349,532	606,951
84,472	50,485
218,033	104,288

(Loss) / profit after taxation

(94,703)	157,771
----------	---------

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


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2018

Attributable to equity holders of the Company				
Share capital	Unappropriated profit *	Ledger C & D Account	Surplus / (deficit) on revaluation of available for sale investments **	Total

-----Rupees in 000's-----

Balance as at December 31, 2016 as previously reported

605,000	813,443	-	-	1,418,443
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Effect of changes in accounting policies (note 5)

-	-	77,899	108,208	186,107
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Balance as at January 01, 2017 (restated)

605,000	813,443	77,899	108,208	1,604,550
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Total comprehensive income

Profit for the year ended December 31, 2017 (restated)

-	67,906	89,865	-	157,771
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Other comprehensive income / (loss) for the year ended December 31, 2017 (restated)

-	-	5,692	(132,975)	(127,283)
---	---	-------	-----------	-----------

-	67,906	95,557	(132,975)	30,488
---	--------	--------	-----------	--------

Transactions with owners recorded directly in equity

Final dividend for the year ended December 31, 2016 -

Re. 1.5 per share

-	(90,750)	-	-	(90,750)
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Issuance of bonus shares - 8%

48,400	(48,400)	-	-	-
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Issuance of bonus shares - 8%

52,272	(52,272)	-	-	-
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100,672	(191,422)	-	-	(90,750)
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Balance as at December 31, 2017 (restated)

705,672	689,927	173,456	(24,767)	1,544,288
---------	---------	---------	----------	-----------

Total comprehensive income

Profit / (loss) for the year ended December 31, 2018

-	5,997	(100,700)	-	(94,703)
---	-------	-----------	---	----------

Other comprehensive loss for the year ended

December 31, 2018

-	-	(1,691)	(23,473)	(25,164)
---	---	---------	----------	----------

-	5,997	(102,391)	(23,473)	(119,867)
---	-------	-----------	----------	-----------

Transactions with owners recorded directly in equity

Final Dividend for the year ended December 31, 2017 -

Re. 1 per share

-	(70,567)	-	-	(70,567)
---	----------	---	---	----------

Balance as at December 31, 2018

705,672	625,357	71,065	(48,240)	1,353,854
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* This includes an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.

** This balance is net of related change in insurance liabilities.

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


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Notes to and Forming Part of the Financial Statement

For the year ended December 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.
- 1.2 The Company is a subsidiary of IGI Holdings Limited that holds 81.97% (December 31, 2017: 81.97%) share capital of the Company.
- 1.3 The Company is engaged in life insurance, carrying on both participating and non-participating business. The Company is also engaged in providing Shariah Compliant family takaful products as an approved Window Takaful Operator.
- 1.4 In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance and family takaful business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
 - Life (non-participating) - Individual
 - Life (non-participating) - Group
 - Accident & Health - Individual
 - Accident & Health - Group
 - Pension Business Fund
 - Investment Linked
 - Individual Family Takaful
 - Group Family Takaful
 - Group Health Takaful
- 1.5 The Board of Directors of the Company in their meeting held on December 23, 2017 had entered into collaboration with Vitality Group International. The collaboration agreement enabled the Company to launch shared value life insurance products in Pakistan. The SECP vide its letter ID/PRDD/048-Registration/2018/16958 dated October 25, 2018 allowed the Company to sell or market its product.

2 BASIS OF PREPARATION

These financial statements have been presented in accordance with the requirements of the Insurance Rules, 2017 issued through S.R.O. 88 (I)/2017 dated February 09, 2017 by the Securities and Exchange Commission of Pakistan (SECP).

2.1 Statement of compliance

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

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

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 89(1) / 2017 dated February 9, 2017 had issued Insurance Rules, 2017 (the Rules) which had come into force at once. The Rules prescribed the format of annual financial statements for non-life insurers. Further, the SECP through SRO 88 (I) /2017 dated February 9, 2017 had also issued Insurance Accounting Regulations, 2017 (the Regulations). The Regulations were applicable from April 1, 2017. However, the SECP on application of the Company had allowed to apply the Regulations, effective from the accounting year commencing from January 1, 2018. Accordingly, during the current year, the Company has changed its accounting policy and the presentation of the financial statements has been realigned with the format prescribed under the Rules while corresponding figures have been reclassified or additionally incorporated in the financial statements for the year ended December 31, 2018 on the basis of the classification prescribed therein. Further, nomenclatures of the primary statements have also been aligned with the Rules and certain primary statements such as statement of premiums, statement of claims, statement of expenses and statement of investment income which were previously made part of the financial statements have now been excluded from the financial statements in accordance with the requirements of the Rules. The impact of key changes is disclosed in note 4.1 to 4.3 to these financial statements.

There are certain other amendments to the standards and new interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (accounting periods ending on or after)
- IFRS 9 - Financial Instruments	June 30, 2019
Standard, Interpretations or Amendments	Effective date (accounting periods beginning on or after)
- IFRS 15 - Revenue from contracts	July 01, 2018
- IFRS 16 - Leases	January 01, 2019

The management is in the process of assessing the impact of these standards on the financial statements of the Company.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2019 but are not considered to be relevant or do not have any significant effect on the Company's operations and, therefore, not detailed in these financial statements.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments and staff retirement benefits scheme.

3.1 FUNCTIONAL AND PRESENTATION CURRENCY

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

3.2 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012 requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to:

3.2.1 Policyholders' liabilities

Mortality and Interest Bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001-05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961-66) mortality table with the minimum valuation basis SLIC (2001-05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company for meeting its administrative expenses.

General Principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2018 are as follows:

- Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.

- b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- c) Term Policies are calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies.
- g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.
- h) Universal Life business has been valued using full account values. No deduction has been made for surrender charges.
- i) An 'Asset Liability mismatch reserve' has been kept in the Individual Life Non - Participating Fund as a result of the ALM exercise carried out to assess the interest rate risk, credit risk and equity risk.
- j) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.
- k) Pension business has been valued using full account values.
- l) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961-66) Ultimate Mortality Table at 3.75%.
- m) Reinsurance premium reserves have been maintained on an unearned premium basis.
- n) Reserves have been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain-Ladder method based on the claims lag pattern experienced over the past few years.
- o) Reserves for claims payable in instalments have been kept at 3.75%.
- p) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.
- q) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.
- r) The Company does not have any insurance policy which is denominated in foreign currency.
- s) Reinstatement reserve have been maintained on universal life and ordinary life policies.

The principles adopted in this valuation were same as those followed in previous valuation as at December 31, 2017.

Surrenders

For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

Claims provision

- a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in instalments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain and Ladder Method.

3.2.2 Classification of investment and provisions for impairment there against

The Company determines that available for sale investments are impaired when there has been 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 prices. 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.

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, cannot be determined with precision.

3.2.3 Income tax

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

3.2.4 Tangible and intangible assets, depreciation and amortisation

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

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

3.2.5 Defined benefits plans and other benefits

Liability / asset is determined on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the changes in the accounting policies described in notes 4.1 to 4.3 of these financial statements:

4.1 The presentation of the financial statements has been brought in line with the revised format of financial statements as prescribed under the Insurance Rules, 2017 (as explained in note 2.2). The new Rules require life insurance companies to prepare a single aggregate statement of financial position and profit and loss account. Previously, the balances and transactions pertaining to the Shareholders Fund and the different Statutory Funds were required to be presented separately. Further, the surplus / retained earnings on other than participating business (Ledger Account D balances) attributable to the Company's Shareholders Fund is treated as part of equity under the new Rules. In addition, certain primary statements such as revenue account, statement of premiums, statement of claims, statement of expenses and statement of investment income which were previously part of the financial statements have now been excluded from the financial statements in accordance with the requirements of the Rules. Consequent to the application of the Insurance Accounting Regulations, 2017 and the Insurance Rules, 2017 during the current period, the surplus retained in statutory funds has been classified as equity in the published financial statements of a life insurer. Further, as per the requirements of International Accounting Standard (IAS) 12, 'Income Taxes', deferred tax has to be recorded on all temporary differences existing at the reporting date. Accordingly, deferred tax amounting to Rs. 29.026 million has been recognised by the Company.

4.2 During the current year, consequent to the application of the Insurance Accounting Regulations, 2017 the Company has changed its accounting policy relating to the subsequent measurement and impairment of available for sale investments to comply with the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." As per the revised policy available for sale investments are measured at fair value subsequent to initial recognition with changes in fair value recognised in other comprehensive income through the statement of comprehensive income. A significant or prolonged decline in the value of equity securities below its cost is also considered as an objective evidence of impairment. Impairment losses, if any, on available for sale investments are recognised directly in the income statement. Previously, available for sale investments (other than those relating to investment linked business) were stated subsequent to initial recognition at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002. Any decline in market value recognised by the Company was taken to the profit and loss account. Further, any gain or loss arising on subsequent measurement at fair value of available for sale investments relating to the Company's investment linked business was previously taken to the revenue account.

As a result of the change in accounting policy relating to subsequent measurement of investments classified as available for sale, the management has decided to adopt the practice of 'shadow accounting' permitted under IFRS 4, whereby related adjustments to insurance liability are also recognised in other comprehensive income, if, the unrealised gains or losses are recognised in other comprehensive income.

4.3 Consequent to the application of the Insurance Accounting Regulations, 2017 the Company has changed its accounting policy in respect of recognition of actuarial gains and losses on re-measurement of staff retirement obligations. Amount arising as a result of "Re-measurements" representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the period in which they occur. Previously, these re-measurements were taken to the Revenue Account as the previous format of presentation and disclosure of financial statements notified by the SECP did not require presentation of Comprehensive Income in statutory funds.

The above changes in accounting policies have been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS) - 8, "Accounting Policies, Change in Accounting Estimates and Errors". The effects of the changes in accounting policies on the current and prior period financial statements have been summarised below:

4.4 Insurance / Takaful contracts

	As at	
	December 31, 2017	December 31, 2016
	------(Rupees in '000)-----	
Impact on Statement of Financial Position		
Increase in deferred tax liabilities	60,729	76,016
Increase in investments	118,452	315,163
Increase in Policyholder's liability	153,337	162,756
Increase in Equity - Ledger Account D	173,456	77,899
Impact on (deficit) / surplus on revaluation of available for sale investments	(24,767)	108,208
	For the year ended	
	December 31, 2017	December 31, 2016
	------(Rupees in '000)-----	
Impact on Profit and Loss Account		
Increase in surplus of statutory fund	89,865	58,800
Increase / (decrease) in remeasurement of post employment benefits	5,692	(28,096)
Impact on Other Comprehensive Income		
Increase / (decrease) in unrealised gain / (loss) on available for sale investments - net of tax	(378,481)	(412,534)
Decrease / (Increase) in change in insurance liabilities	245,506	462,047
Increase / (decrease) in remeasurement of post employment benefits	5,692	28,096
	------(Rupees)-----	
Increase in earnings per share	1.35	0.44

Conventional Business

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts including riders where the Company (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

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

The Company enters into insurance contracts with policyholders which are divided into following major categories:

Group Insurance contracts

The Company offers Group Life, Group Accident & Health and Pension Business to its clients. The Company also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalisation and disability. The group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts

The Company offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection; protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment Unit Linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged thereagainst. This business is written through direct sales force as well as bancassurance.

Takaful Business

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Group Takaful Contracts

The Company offers Group Family, Group Accident and Health takaful policies to its clients. The Group Takaful contracts are issued typically on yearly renewable term basis.

Individual Family Takaful Contracts - unit linked

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc) are also sold along with basic policies.

4.4.1 Premiums / Contributions

Conventional Business

- First year individual life premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Premium Loan (APL). Single premiums and top-up premiums are recognised once the related policies are issued against the receipt of premium.
- Group premiums are recognised when due.

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

Takaful Business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.
- Group contributions are recognised when due.

Receivables under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.4.2 Reinsurance / Retakaful contracts held

Conventional Business

Reinsurance premiums are recognised in accordance with the pattern of recognition of related premium. It is measured in line with the terms and conditions of the reinsurance treaty.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets as required by the Insurance Ordinance, 2000.

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

Takaful Business

These contracts are entered into by the Company with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the profit and loss account.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.4.3 Receivables and payables related to insurance contract

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

4.4.4 Claims

Conventional Business

Claim expense

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 and any adjustments to claims outstanding from previous years. Claims are recognised at the earlier of when the policy ceases to participate in the earnings of the fund or insured event occurs.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the balance sheet. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

Claim recoveries

Claims recoveries receivable from reinsurers are recognised as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

Experience refund of premium

Experience refund of premium payable / receivable to / from Group policyholders is presented in the statement of financial position.

Takaful Business

Claims expense include all claims occurring during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the reporting date. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in technical reserves.

4.4.5 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

4.4.6 Acquisition cost

These comprise commission and other costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance intermediaries.

These are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except those which are directly referable to the acquisition or renewal of specific contracts that are recognised not later than the period in which the premium to which they refer is recognised as revenue.

4.4.7 Takaful Operator's Fee

The shareholders of the Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its management expenses.

4.5 Staff retirement benefits

4.5.1 Defined benefit plan

The Company operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the Fund are made based on actuarial valuation provided by management's expert.

Actuarial gains and losses, past service costs, gains or losses on settlements, and net interest income (expense) are recognised in profit and loss account in the period in which they occur. The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognised immediately with a charge or credit to Other Comprehensive Income (OCI).

4.5.2 Defined contribution plan

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

During the year, Rs. 15.488 million (2017: Rs. 11.311 million) has been recognised in the revenue account in respect of defined contribution plan.

4.6 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the period in which employees become entitled.

4.7 Cash and cash equivalents

For the purposes of cash flow statement cash and cash equivalents include the following:

- cash and stamps in hand
- cash at bank in current and other accounts
- deposits with original maturity of three months or less

4.8 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Company to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.9 Investments

4.9.1 Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Investments designated at fair value through profit or loss represent investments acquired principally for the purpose of generating profits from short term fluctuations in market prices, interest rate movement, or dealer's margin. Available for sale investments are those investments that do not fall under either fair value through profit or loss or held to maturity categories.

4.9.2 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit or loss in which transaction cost is charged to profit and loss account.

4.9.3 Subsequent measurement

Held to maturity

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

Available-for-sale

Investments classified as available-for-sale are subsequently measured at market value in accordance with the requirements of the Insurance Accounting Regulations, 2017 and the unrealised gain or loss is recognised in other comprehensive income.

Fair value through profit and loss

Investments classified 'at fair value through profit or loss' category at inception, are subsequently measured at their fair value and gains and losses arising from changes in fair value are included in the profit and loss account.

Fair / market value measurement

For investments in government securities, fair / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) (PKRV) where applicable. The fair / market value of mutual fund units and listed equity securities is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and Pakistan Stock Exchange (PSX) respectively.

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the Trade date. Trade date is a date on which a trade (bonds, equities, foreign exchange, commodities, etc.) is executed i.e. the day when transaction is entered into.

4.10 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

4.10.1 Current

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

4.10.2 Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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

4.11 Fixed Assets

4.11.1 Tangibles

These are initially stated at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 5.1 to the financial statements, after taking into account residual value and charged to profit and loss account.

Depreciation on additions is charged from the month in which the asset is available for use and on disposal, upto the month the asset is in use.

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

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

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

4.11.2 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

4.11.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 6 to the financial statements.

Amortisation on additions is charged from the month in which the asset is acquired or capitalised and on disposal up to the month the asset is in use.

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

4.12 Impairment of non-financial assets

The carrying amount of assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account, as appropriate. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.13 Provisions

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

4.14 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account.
- Dividend income on investments is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investments is included in profit and loss account.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.
- Revaluation gain / loss on investment held 'at fair value through profit and loss' is recognised as income / expense in the profit and loss account.

4.15 Earnings per share

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

4.16 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been identified as the Deputy Chief Executive Officer.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Company has 9 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Accidental & health d) Group Life, e) Group health, f) Pension business g) Individual family takaful, h) Group family takaful and i) Accident & health family takaful.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Actuarial valuation of life insurance business is required to be carried out annually at the balance sheet date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2018.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

4.17 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.18 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues, and expenses of the Company are usually referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

4.19 Financial instruments

Financial instruments carried on the balance sheet include cash and bank deposits, loans secured against other assets, investment in government securities and listed securities, premiums due but unpaid, amount due from / to agents, sundry receivables, accrued interest, accrued expenses, other creditors and accruals, and dividend payable.

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

4.2 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 recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.22 Dividend and appropriation of reserve

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance 2000, are recognised in the year in which these are approved.

5 PROPERTY AND EQUIPMENT

	Note	2018	2017
		----- (Rupees in '000) -----	
Operating assets	5.1	158,157	109,689
Capital work in progress	5.2	382,979	15,863
		<u>541,136</u>	<u>125,552</u>

5.1 Operating assets

2018								
Cost			Accumulated depreciation				Net book value as at December 31	Depreciation Rate
As at January 01	Additions / (disposals)/ adjustment	As at December 31	As at January 01	Charge for the year	Disposals/ adjustment	As at December 31		
----- Rupees in (000's) -----								%
57,223	15,111 - 1,042	73,376	28,266	5,445	- (1,116)	32,595	40,781	10
67,443	42,510 - 1,851	111,804	55,479	21,610	- (5,353)	71,736	40,068	20 - 33.33
54,618	- (2,414) 786	52,990	48,493	10,473	(2,414) (3,953)	52,599	391	33.33
25,691	13,844 - (2,515)	37,020	5,644	4,667	- 3,666	13,977	23,043	33.33
47,552	8,404 - 58	56,014	23,044	5,030	- (2,503)	25,571	30,443	10
30,769	8,467 - 194	39,430	12,681	1,474	- 1,844	15,999	23,431	10
283,296	88,336 (2,414) 1,416	370,634	173,607	48,699	(2,414) (7,415)	212,477	158,157	

2017								
Cost			Accumulated depreciation				Net book value as at December 31	Depreciation Rate
As at January 01	Additions / (disposals)/ adjustment	As at December 31	As at January 01	Charge for the year	Disposals/ adjustment	As at December 31		
----- Rupees in (000's) -----								%
42,353	20,025 (5,155)	57,223	29,799	3,515	5,048	28,266	28,957	10
60,323	8,621 (1,501)	67,443	49,199	7,779	1,499	55,479	11,964	20 - 33.33
58,131	- (3,513)	54,618	39,661	12,345	3,513	48,493	6,125	33.33
9,427	16,264	25,691	1,018	4,626		5,644	20,047	33.33
36,446	14,833 (3,727)	47,552	23,413	3,002	3,371	23,044	24,508	10
23,884	8,486 (1,601)	30,769	11,929	2,268	1,516	12,681	18,088	10
230,564	68,229 (15,497)	283,296	155,019	33,535	14,947	173,607	109,689	

5.1.1 The cost of fully depreciated tangible assets still in use amounts to Rs. 154.468 million (2017: Rs. 112.212 million).

5.1.2 Disposal of operating assets

Disposal of operating fixed assets during the year 2018 having net book value exceeding 50 thousand Rupees

Particulars of asset	Cost	Accumulated depreciation	Net book value	Sale proceeds	Net gain	Mode of disposal	Name of buyer
----- Rupees in ('000's) -----							
Vehicles - Suzuki swift	1,335	(1,335)	-	240	240	Company policy	Rashid Ahmed (Employee)
Vehicles - Toyota corolla	1,079	(1,079)	-	323	323	Company policy	Muhammad Saleem (Employee)
2018	2,414	(2,414)	-	563	563		
2017	15,497	(14,947)	550	1,404	854		

2018	2017
---- (Rupees in '000) ----	

5.2 Capital work in progress

Opening balance	15,863	7,836
Additions during the year	406,349	39,304
Transfers during the year	(39,232)	(31,277)
Closing balance	382,979	15,863

5.2.1 These includes amount of Rs. 368.27 million incurred for acquisition intangibles.

6 INTANGIBLE ASSETS

	As at January 01	Cost Additions / adjustment	As at December 31	As at January 01	Accumulated amortisation Charge for the year	Disposals / adjustment	As at December 31	Net book value as at December 31	Amortisation Rate %
----- Rupees in ('000's) -----									
Computer software	10,762	15,022 (279)	25,505	8,425	2,558	- 1,450	12,433	13,072	33.33
2018	10,762	15,022 (279)	25,505	8,425	2,558	- 1,450	12,433	13,072	
2017	8,425	2,337	10,762	7,521	904	-	8,425	2,337	33.33

6.1 The cost of fully amortised intangible assets still in use amounts to Rs. 8.968 million (2017: Rs. 6.410 million).

7 INVESTMENTS IN EQUITY SECURITIES

		2018			2017 (Restated)		
Note		Carrying amount	Market value	Deficit on revaluation of investments	Carrying amount	Market value	Deficit on revaluation of investments
----- (Rupees in '000) -----							
Available for sale:							
Listed equity securities	7.1	131,199	112,535	(18,664)	62,033	57,480	(4,553)
Listed Mutual Funds	7.2	3,460,891	3,161,127	(299,764)	3,764,741	3,549,060	(215,681)
		3,592,090	3,273,662	(318,428)	3,826,774	3,606,540	(220,234)

Details of listed equity securities

Particulars of script

Automobile assembler

Honda Atlas Cars Limited
Indus Motors Limited
Millat Tractors Limited
Pak Suzuki Motors Limited
Thal Limited

Cement

Attock Cement Pakistan Limited
Cherat Cement Company Limited
D.G Khan Cement Limited
Kohat Cement Limited
Lucky Cement Limited
Maple Leaf Cement Limited
Pioneer Cement Limited

Chemicals

Engro Polymer and Chemicals Limited
Sitara Chemical Limited

Commercial Banks

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank AlHabib Limited
Bank of Punjab
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
United Bank Limited

Engineering

Amreli Steels Limited
International Industries Limited
International Steels Limited
Mughal Steels Mills Limited
Pak Elektron Limited

Fertilizer

Engro Corporation Limited
Engro Fertilizers Limited
Fatima Fertilizers Limited
Fauji Fertilizer Bin Qasim Limited
Fauji Fertilizer Limited

Food and personal care products

Matco Foods Limited

Glass and ceramics

Tariq Glass Industries Limited

Insurance

Adamjee Insurance Company Limited

Oil and gas exploration companies

Mari Petroleum Limited
Oil and Gas Development Company Limited
Pakistan Oilfields Limited
Pakistan Petroleum Limited

Oil and gas marketing companies

Attock Petroleum Limited
HASCOL Petroleum Limited
Pakistan State Oil Limited
SHELL Pakistan Limited
Sui Nothern Gas Pipeline Limited

Paper and board

Century Paper & Board Mills Limited
Cherat Packaging Limited

Pharmaceuticals

Abbott Laboratories (Pakistan) Limited
AGP Limited
Glaxosmithkline (Pakistan)Limited
Searl Limited

Power generations and distribution

Hub Power Company Limited
K-electric Limited
Kot Addu Power Company Limited
Pakgen Power Limited
Saif Power Limited

Refinery

Attock Refinery Limited
National Refinery Limited

Synthetic and Rayon

Synthetic Products Enterprise Limited

Technology and telecommunication

Systems Limited

Textile

Gul Ahmed Textile Mills Limited
Kohinoor Textile Mills Limited
Nishat Chunian Limited
Nishat Mills Limited

2018	2017
----	----
(Rupees in '000)	(Restated)
-	307
73	1,762
333	-
-	299
1,155	-
14	-
1,121	410
176	468
127	85
5,694	3,919
1,992	1,090
524	158
4,240	-
120	-
2,314	1,457
574	-
7,245	2,993
3,852	1,252
2,238	-
-	1,167
4,975	2,884
115	-
4,104	2,967
14	-
7,739	3,187
-	93
1,386	826
868	880
344	87
261	1,303
9,227	3,329
3,680	643
-	-
432	217
882	237
-	117
174	-
1,471	362
3,615	2,719
8,230	4,661
4,295	3,864
7,317	3,042
207	52
122	1,011
4,113	1,219
-	154
493	284
55	-
493	-
221	140
836	-
124	151
1,271	-
5,980	2,532
722	76
100	695
460	-
334	-
15	94
-	86
125	166
1,351	2,087
633	111
208	140
607	206
3,011	1,491
112,535	57,480

7.2 Details of listed mutual funds

	2018	2017
	--- (Rupees in '000) ---	
	(Restated)	
ABL Cash Fund	-	51,933
ABL Islamic Stock Fund	-	86,814
ABL Islamic Income Fund	-	87,796
ABL Income Fund	-	127,183
ABL Stock Fund	-	108,904
Al Ameen Islamic Agressive Income Fund	29,050	187,758
Al Ameen Islamic Cash Fund	39,444	82,318
Al Ameen Shariah Stock Fund	133,928	62,082
Alfalah GHP Alpha Fund	17,027	19,070
Alfalah GHP Islamic Income Fund	173,369	157,481
Alfalah GHP Islamic Stock Fund	126,449	50,378
Alfalah GHP Money Market Fund	203,472	-
Alfalah GHP Stock Fund	100,792	82,030
Allied Finergy Fund	24,043	-
Atlas Income Fund	-	49,685
Atlas Islamic Income Fund	27,541	59,159
Atlas Islamic Stock Fund	106,877	44,624
Atlas Money Market Fund	32,669	-
Atlas Stock Market Fund	139,894	32,640
HLB Islamic Income Fund	20,660	-
HLB Islamic Stock Fund	138,606	31,507
HLB Stock Fund	169,862	-
HLB Islamic Money Market Fund	-	40,243
HLB Cash Fund	-	77,995
MCB Islamic Income Fund	75,639	75,952
MCB Pakistan Income Fund	2,129	2,553
MCB Pakistan Islamic Stock Fund	151,509	44,467
MCB Pakistan Stock Market Fund	295,259	146,435
MCB Cash Management Optimizer Fund	-	73,730
MCB DCF Income Fund	-	84,608
Meezan Islamic Fund	-	70,762
Meezan Cash Fund	16,718	80,514
Meezan Islamic Income Fund	42,864	150,182
NAFA Income Fund	-	97,869
NAFA Islamic Income Fund	3,504	5,817
NAFA Islamic Stock Fund	136,665	52,383
NAFA Money Market Fund	37,050	130,008
NAFA Riba Free Savings Fund	20,717	-
NAFA Stock Fund	169,015	79,487
NAFA Islamic Aggressive Income Fund	-	87,257
UBL Growth & Income Fund	100	54,305
UBL Money Market Fund	16,848	41,730
UBL Stock Advantage Fund	709,427	831,401
	3,161,127	3,549,060

8 INVESTMENTS IN GOVERNMENT SECURITIES

		2018			2017 (Restated)		
	Note	Carrying amount	Market value	Deficit on revaluation of investments	Carrying amount	Market value	Surplus on revaluation of investments
----- (Rupees in '000) -----							
Available for sale:							
Pakistan Investment Bonds	8.1 & 8.2	9,865,052	9,712,496	(152,556)	11,911,647	11,997,834	86,187
Market Treasury Bills	8.3	1,455,731	1,455,674	(57)	1,999,853	2,016,257	16,404
		11,320,783	11,168,170	(152,613)	13,911,500	14,014,091	102,591

8.1 The effective yield on Pakistan Investment Bond ranges from 6.16% to 14.10% (2017: 6.14% to 12.97%) per annum. The market yield ranges from 8.53% to 12.74% (2017: 6.01% to 7.44%) per annum.

- 8.2** The Company has deposited 5 years Pakistan Investment Bonds amounting to Rs. 71.34 million (2017: Rs. 65.34 million) with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.
- 8.3** The effective yield on Market Treasury Bills is 10.27% (2017: 5.99%) per annum. The market yield is 10.30% (2017: 5.84% to 5.85%) per annum.
- 8.4** **Particulars of Government Securities**

					Market Value	
	Tenure	Maturity year	Rate of Return (%) per annum	Profit payment	2018	2017
----- Rupees in '000 -----						
Pakistan Investment Bonds	10 year	2019	12.00%	Semi-annual	320,192	345,762
Pakistan Investment Bonds	10 year	2020	12.00%	Semi-annual	503,805	560,976
Pakistan Investment Bonds	15 year	2019	9.00%	Semi-annual	10,990	11,326
Pakistan Investment Bonds	5 year	2019	11.50%	Semi-annual	361,612	3,388,766
Pakistan Investment Bonds	5 year	2020	9.25%	Semi-annual	854,198	921,943
Pakistan Investment Bonds	10 year	2024	12.00%	Semi-annual	41,202	51,342
Pakistan Investment Bonds	5 year	2021	7.75%	Semi-annual	138,862	154,119
Pakistan Investment Bonds	3 year	2019	7.00%	Semi-annual	3,849,788	5,225,733
Pakistan Investment Bonds	10 year	2028	10.85%	Semi-annual	619,187	-
Pakistan Investment Bonds**	10 year	2028	8.55%	Semi-annual	2,239,283	-
Pakistan Investment Bonds**	10 year	2028	9.32%	Semi-annual	773,377	-
Pakistan Investment Bonds**	5 year	2018	11.50%	Semi-annual	-	1,337,867
					9,712,496	11,997,834
Treasury Bills	3 months	2019	10.27%	On maturity	1,455,674	-
Treasury Bills	3 months	2018	5.99%	On maturity	-	715,302
Treasury Bills	6 months	2019	5.99%	On maturity	-	1,300,955
					1,455,674	2,016,257
					11,168,170	14,014,091

** These represents floating rates PIB's issued by the SBP.

9 INVESTMENTS IN DEBT SECURITIES

Note	2018			2017 (Restated)		
	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments	Carrying amount	Market value	Surplus / (deficit) on revaluation of investments
----- (Rupees in '000) -----						
Available for sale:						
Unlisted term finance certificates	9.1	175,000	175,000	-	-	-

9.1 Particulars of debt securities

	2018					2017				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Market Value	Number of certificates	Maturity year	Coupon rate	Profit payment	Market Value
					Rupees in '000					Rupees in '000
Bank Alfalah Limited	10,000	5 years	3 months Kibor plus 1.50%	Semi annual	50,000	-	-	-	-	-
Soneri Bank Limited	10,000	5 years	6 months Kibor plus 2%	Semi annual	50,000	-	-	-	-	-
UBL Bank Limited	15,000	5 years	3 months Kibor plus 1.55%	Semi annual	75,000	-	-	-	-	-
	35,000				175,000	-				-

10 INVESTMENTS IN TERM DEPOSITS

	2018		2017	
	Principal Amount	Rate	Principal Amount	Rate
	- - - - (Rupees in '000) - - - -			
Deposits maturing within 12 months	1,065,000	8.25% to 12% per annum	151,183	8.75% to 9.4% per annum

		2018	2017
	Note	- - - - (Rupees in '000) - - - -	
11 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES			
Due from insurance / takaful contract holders - unsecured - Considered good		330,045	176,854
Due from other insurers / reinsurers / retakaful - unsecured - Considered good		100,477	120,165
		430,522	297,019
Less: provision for impairment of receivables from Insurance contract holders		-	-
		430,522	297,019
12 OTHER LOANS AND RECEIVABLES			
Security deposit		11,237	8,134
Advances to agents		8,550	6,901
Loans to agents		374	507
Receivable against claim administration services		144,773	105,821
Experience refund receivables		-	16,299
Accrued interest		237,246	269,492
Other receivables		63,675	42,706
		465,855	449,860
13 DEFERRED TAX LIABILITY - NET			
Deferred tax asset arising in respect of:			
Unrealised losses on investments classified as available for sale	17	9,254	10,119
Deferred tax liability arising in respect of:			
On ledger D account balances		(29,026)	(70,848)
		(19,772)	(60,729)
14 PREPAYMENTS			
Prepaid rent		2,276	8,434
Prepaid commission		77,396	37,920
Others		4,621	18,435
		84,293	64,789
15 CASH AND BANK			
Cash and cash equivalents			
- Cash in hand		616	620
Cash at bank			
- Savings accounts	15.1	768,146	745,657
		768,762	746,277
15.1	These accounts carry profit rates ranging from 4% to 6.5% (2017: 4% to 5.15%).		
15.2 Cash and cash equivalents			
Cash and cash equivalents	15	768,762	746,277
Term deposit receipts (with original maturity of less than 3 months)	10	1,065,000	151,183
		1,833,762	897,460

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

16.1 Authorised Capital

2018	2017		2018	2017
Number of Shares in '000			---- (Rupees in '000) ----	
100,000	100,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000

16.2 Issued, Subscribed And Paid-Up Share Capital

2018	2017		2018	2017
(Number of shares in '000)			---- (Rupees in '000) ----	
70,567	60,500	Ordinary Shares of Rs. 10 each fully paid in cash	705,672	605,000
-	4,840	Interim bonus issue nil (2017: 8%)	-	48,400
-	5,227	Interim bonus issue nil (2017: 8%)	-	52,272
70,567	70,567		705,672	705,672

16.2.1 IGI Holdings Limited (Holding Company) held 57,846,319 (2017 : 57,846,319) shares representing 81.97% (2017 : 81.97%) of the Company's shares as at December 31, 2018. These include 824,910 shares in respect of withholding tax on bonus shares issued by the Company. These shares have not been released by the Company to the Government Treasury based on a stay order issued by the Honorable High Court of Sindh.

17	(DEFICIT) / SURPLUS ON REVALUATION OF AVAILABLE FOR SALE INVESTMENTS	Note	2018	2017
			---- (Rupees in '000) ----	
	(Deficit) / surplus on revaluation of available for sale investments at January 1		(34,886)	152,406
	Deficit arising on revaluation of available for sale investments during the year		2,975	(187,292)
	Less: Deficit arising on revaluation of available for sale investments during the year on non-participating fund		(25,582)	-
			(57,494)	(34,886)
	Less : related deferred tax asset	13	9,254	10,119
	Deficit on revaluation of available for sale investments at December 31		(48,240)	(24,767)

18	INSURANCE LIABILITIES	Note	2018	2017
			---- (Rupees in '000) ----	
			(Restated)	
	Incurred but not reported claims	18.1	186,721	145,840
	Investment component of unit-linked and account value policies	18.2	7,749,892	9,067,947
	Liabilities under individual conventional insurance contracts	18.2	6,949,696	6,688,947
	Liabilities under group insurance contracts	18.3	282,030	216,767
	Other insurance liabilities	18.4	992,200	1,234,654
	Ledger account A and B		330,061	387,002
			16,490,600	17,741,157
18.1	Incurred but not reported claims			
	Gross of reinsurance		187,832	147,027
	Reinsurance recoveries		(1,111)	(1,187)
	Net of reinsurance		186,721	145,840
18.2	Investment component of unit-linked and account value policies			
	Investment component of unit-linked policies		7,749,892	9,067,947
	Investment component of account value policies		6,949,696	6,688,947
			14,699,588	15,756,894
18.3	Liabilities under group insurance contracts			
	Gross of reinsurance		310,255	241,999
	Reinsurance credit		(28,225)	(25,232)
	Net of reinsurance		282,030	216,767

		2018	2017
	Note	---- (Rupees in '000) ----	(Restated)
18.4 Other insurance liabilities			
Gross of reinsurance		1,091,931	1,253,813
Reinsurance		(99,731)	(19,159)
Net of reinsurance		992,200	1,234,654
19 OUTSTANDING CLAIMS			
Opening balance		230,477	265,512
Total gross claims	30	5,154,003	4,376,044
Claims paid /settled		(5,103,054)	(4,411,079)
Closing balance		281,426	230,477

20 RETIREMENT BENEFIT OBLIGATIONS

20.1 Salient features

The Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity scheme is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investments.

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

20.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2018. The information provided in notes 20.3 to 20.15 has been obtained from the actuarial valuation carried out as at December 31, 2018. The following significant assumptions have been used for valuation of this scheme:

	2018	2017
	Per annum	
a) Expected rate of increase in salary level	13.25%	9.50%
b) Discount rate	13.25%	9.50%
c) Expected return on plan assets	9.00%	9.00%
d) Normal retirement age	65 years	65 years

e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.

		2018	2017
		---- (Rupees in '000) ----	
20.3	Amounts recognised in the balance sheet:		
	Present value of defined benefit obligation	80,357	67,072
	Less: Fair value of plan assets	(44,108)	(44,695)
		36,249	22,377
20.4	Movement in liability / (asset) during the year		
	Obligation at the beginning of the year	22,377	23,219
	Charge to profit and loss account	13,623	11,930
	Contribution to the fund during the year	(1,442)	(7,080)
	Actuarial losses / (gains) on defined benefit liability	1,691	(5,692)
	Obligation at the end of the year	36,249	22,377
20.5	Movement in defined benefit obligation		
		2018	
		Present value of obligation	Fair value of plan assets
		----- (Rupees in '000) -----	
	As at January 1	67,072	(44,695)
	Current service cost	11,566	-
	Interest expense / (income)	2,084	(27)
		80,722	(44,722)
	Remeasurements:		
	- Loss from change in demographic assumptions	-	-
	- Gain from change in financial assumptions	606	-
	- Gain from change in experience adjustments	2,906	(1,821)
		3,512	(1,821)
	Contributions during the year	-	(1,442)
	Benefit payments	(3,877)	3,877
	As at December 31	80,357	(44,108)
		2017	
		Present value of obligation	Fair value of plan assets
		----- (Rupees in '000) -----	
	As at January 1	62,674	(39,455)
	Current service cost	11,617	-
	Interest expense / (income)	3,231	(2,918)
		77,522	(42,373)
	Remeasurements:		
	- Loss from change in demographic assumptions	-	-
	- Gain from change in financial assumptions	-	-
	- Gain from change in experience adjustments	(5,692)	-
		(5,692)	-
	Contributions during the year	-	(7,080)
	Benefit payments	(4,758)	4,758
	As at December 31	67,072	(44,695)
20.6	Amounts recognised in the profit and loss account:		
	Current service cost	11,565	11,617
	Interest cost	2,058	313
	Expense for the year	13,623	11,930
20.7	Amounts recognised in other comprehensive income:		
	Loss / (gain) from change in financial assumptions	606	-
	(Loss) / gain from change in experience adjustments	1,085	(5,692)
		1,691	(5,692)
20.8	Actual return on plan assets		
	Expected return on assets	27	2,918
	Actuarial gain	1,821	-
		1,848	2,918
20.9	Analysis of present value of defined benefit obligation		
	Split by vested / non-vested		
	(i) Vested benefits	78,993	65,827
	(ii) Non-vested benefits	1,364	1,245
		80,357	67,072

20.10 Sensitivity analysis

Particulars	----- As at December 31, 2018 -----			----- As at December 31, 2017 -----		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees in '000		(%)	Rupees in '000
Discount rate	+1%	-4.94%	(3,311)	+1%	-4.20%	(2,632)
	-1%	5.97%	4,005	-1%	5.33%	3,340
Salary increase rate	+1%	5.99%	4,019	+1%	5.35%	3,350
	-1%	-5.36%	(3,594)	-1%	-4.29%	(2,690)

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

20.11	Plan assets comprise of the following:	2018 (Rupees '000)	Percentage Composition	2017 (Rupees '000)	Percentage Composition
	Cash and bank deposits	14,760	33.46%	14,876	33.28%
	Government Securities	29,347	66.54%	29,819	66.72%
	Fair value of plan assets	44,108	100.00%	44,695	100.00%

20.12 As per the actuarial recommendations, the expected return on plan assets was taken as 9% (2017: 9%), which is representative of yields on long-term government bonds.

20.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 18.558 million in the financial statements for the year ending December 31, 2019.

20.14 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2018	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
Gratuity	2,351	3,176	28,196	2,821,980	2,855,703

20.15 5 year data on the deficit / (surplus) of the plan is as follows:

	2018	2017	2016	2015	2014
	(Rupees in '000)				
Present value of defined benefit obligation	80,357	67,072	62,674	78,182	87,268
Fair value of plan assets	(44,108)	(44,695)	(39,455)	(83,725)	(79,530)
Deficit / (surplus)	36,249	22,377	23,219	(5,543)	7,738

21 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees and contributions were made by the Company to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2018 was Rs. 15.488 million (2017: Rs. 11.311 million).

	2018		2017	
	Rupees in '000	% of the size of the fund	Rupees in '000	% of the size of the fund
Balances with Banks	49,329	98.31%	34,412	97.81%
Other assets	847	1.69%	769	2.19%
	50,176	100.00%	35,181	100.00%

21.1	Number of employees	2018	2017
	Number of employees at the end of the year	207	171
	Average number of employees during the year	189	167

	2018	2017
	- - - (Rupees in '000) - - -	
22 REINSURANCE / RETAKAFUL PAYABLES		
Due to other insurers / reinsurers	20,881	24,930
	<u>20,881</u>	<u>24,930</u>
23 OTHER CREDITORS AND ACCRUALS		
Commission payable	55,194	57,182
Payable to workers' welfare fund	14,554	14,554
Payable to vendors	46,399	3,854
Withholding tax payable	14,664	13,764
Surrender Payable	26,616	13,514
Experience refund payables	98,525	26,701
Accrued expenses	34,404	113,202
Unclaimed dividend	2,417	1,097
Other liabilities	85,277	63,932
	<u>378,050</u>	<u>307,800</u>

24 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into lease agreements with Bank Al-Habib for lease of motor vehicles. The liabilities under these agreements are payable by the year 2016 - 2022 and are subject to finance charge at rates ranging from 9.25% - 9.30% p.a. (December 31, 2017: 6.40% - 6.43% p.a).

The Company intends to exercise its option to purchase these assets upon the termination of the lease term. The cost of operating and maintaining the leased assets is borne by the Company.

The amount of future payments for the finance lease and the period in which these payments will become due are as follows:

	2018	2017
	- - - (Rupees in '000) - - -	
Present value of minimum lease payments	20,577	15,115
Less: Current portion	(5,336)	(3,505)
	<u>15,241</u>	<u>11,610</u>

	2018			2017		
	Minimum lease payments	Financial charges for future payments	Principal outstanding	Minimum lease payments	Financial charges for future payments	Principal outstanding
Not later than one year	5,336	(1,164)	6,500	3,505	(549)	4,054
Later than one year and not later than five years	15,241	(3,367)	18,608	11,610	(1,821)	13,431
	<u>20,577</u>	<u>(4,531)</u>	<u>25,108</u>	<u>15,115</u>	<u>(2,370)</u>	<u>17,485</u>

25 CONTINGENCIES AND COMMITMENTS

25.1 The provincial sales tax exemption on Group Health Insurance and Life Insurance premiums were discontinued / withdrawn on various dates. The Company has not yet billed its customers for provincial Sales Tax on its life insurance and health insurance premiums since the lapse / withdrawal of exemptions on their respective dates, nor has it made any provision for provincial sales tax in the financial statement for the year ended December 31, 2018.

The Company is of the view that the levy of sales tax on life insurance business needs to be reviewed in the interest of sustainability and growth of Life Insurance business in Pakistan. The matter for renewal of the exemption has been raised with the Sindh Revenue Board (SRB) and the Punjab Revenue Authority (PRA) respectively at industry level by Insurance Association of Pakistan. The Securities and Exchange Commission of Pakistan (SECP) being the apex regulator of the insurance industry has also approached provincial revenue authorities against the application of sales tax on life and health insurance business. SECP has emphasized that the insurance market in Pakistan is serving an integral component of the economy by providing risk mitigating solutions to the corporate sector. They have also pointed out that most of the individual life insurance policies sold in Pakistan have a predominant savings component and that taxing the gross premium of insurance policies would result in taxing the hard earned savings of the policyholders. In view of this, the company is optimistic about positive response of the provincial revenue authorities and no provision in this respect has been made in the financial statements for the year ended December 31, 2018.

Had the sales tax liability on life insurance and health insurance premium been recorded, the loss after tax and loss per share would have been higher by Rs. 228.081 million and Rs. 3.23 respectively while sales tax liability as at December 31, 2018 would have been higher by Rs. 321.241 million.

26 NET PREMIUM / CONTRIBUTION REVENUE

Gross premiums / contribution:

Regular premium / contribution individual policies*

First year

Second year renewal

Subsequent year renewal

Single premium / contribution individual policies

Group policies without cash value

Total gross premiums / contribution

Less: reinsurance premium / contribution ceded

On individual life first year business

On individual life second year business

On individual life renewal business

On single premium policies

On group policies

Less: commission from reinsurers

Net premium / contribution

2018	2017
--- (Rupees in '000) ---	
579,696	615,887
474,773	252,314
1,168,913	1,203,327
909,348	2,282,267
1,660,831	1,263,593
4,793,561	5,617,388
29,955	30,019
8,295	4,449
26,845	26,603
8,652	11,618
89,259	79,670
(25,766)	(23,443)
137,240	128,916
4,656,321	5,488,472

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

27 INVESTMENT INCOME

Income from equity securities - available for sale

Dividend Income

Income from debt securities - available for sale

Return on government securities

Amortisation of premium

Profit on debt securities

Income from term deposits - held to maturity

Profit on term deposit receipts

2018	2017
--- (Rupees in '000) ---	
60,688	4,401
1,017,321	1,104,176
(52,837)	(61,623)
8,768	-
43,694	25,550
1,077,634	1,072,504

28 NET REALISED FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS

Available for sale financial assets

Realised gains on:

Mutual funds

Debt securities

Realised losses on:

Equity securities

Mutual funds

Debt securities

13,717	-
-	68,227
(6,594)	(1,392)
-	(27,254)
(91,810)	-
(84,687)	39,581

29 OTHER INCOME - NET

Return on bank balances

Gain on sale of fixed assets

Return on loan to employees

Return on loan to policyholders

Fee for claim administration services

Miscellaneous income

40,778	40,475
563	854
15	26
18,390	14,966
18,406	17,020
2,669	6,588
80,821	79,929

2018

2017

--- (Rupees in '000) ---

Gross Claims

Claims under individual policies

By death

99,114

133,637

By insured event other than death

-

23

By maturity

13,564

9,706

By surrender

3,809,358

3,354,664

Total gross individual policy claims

3,922,036

3,498,030

Claims under group policies

by death

170,712

173,000

by insured event other than death

1,042,197

736,733

by surrender

-

635

experience refund

19,058

(16,177)

Total gross group policy claims

1,231,967

894,191

Total gross policy claims

5,154,003

4,392,221

Less: Reinsurance Recoveries

On Individual life claims

19,025

60,066

On Group Life claims

12,343

13,419

31,368

73,485

Net insurance benefit expense

5,122,635

4,318,736

30.1 Claim Development

The following table shows the development of claims over a period of time on gross basis for group life and individual life business:

Accident Year	2014	2015	2016	2017	2018
-----Rupees in 000-----					
Group Life					
<i>Estimate of Ultimate Claims Costs:</i>					
At the end of the year	250,667	291,809	382,533	618,277	902,890
1 year later	307,582	359,990	447,673	713,928	-
2 years later	309,218	360,642	448,857	-	-
3 years later	309,755	360,798	-	-	-
4 years later	309,755	-	-	-	-
Current estimates of cumulative claim	309,755	360,798	448,923	715,350	1,070,542
Cumulative payments to date	286,985	342,946	395,770	682,439	855,796
Liability recognized in statement of financial position	-	-	66	1,422	167,652
Individual Life					
<i>Estimate of Ultimate Claims Costs:</i>					
At the end of the year	79,944	45,996	110,727	103,339	43,738
1 year later	97,744	62,391	126,294	131,457	-
2 years later	100,000	65,630	127,600	-	-
3 years later	100,602	69,958	-	-	-
4 years later	101,052	-	-	-	-
Current estimates of cumulative claim	101,052	69,958	127,600	131,457	65,336
Cumulative payments to date	64,515	51,481	115,680	118,028	23,538
Liability recognized in statement of financial position	-	-	-	-	17,819

ACQUISITION EXPENSES

- Remuneration to insurance intermediaries
on individual policies:
- Commission on first year premiums/contribution
 - Commission on second year premiums/contribution
 - Commission on subsequent renewal premiums/contribution
 - Commission on single premiums/contribution
 - Other benefits to insurance intermediaries

- Remuneration to insurance intermediaries on group policies:
- Commission
 - Other benefits to insurance intermediaries

Branch overheads :

- Salaries and other benefits
- Printing and stationary
- Utilities
- Repairs and maintenance
- Communication
- Entertainment
- Rental
- Others

Other acquisition cost :

- Policy stamps

2018	2017
- - - (Rupees in '000) - - -	
235,270	295,664
18,103	8,501
41,574	39,229
27,798	43,931
179,350	127,737
502,095	515,062
109,630	114,917
3,410	-
113,040	114,917
26,108	24,129
2,547	807
6,259	3,176
8,593	3,837
7,463	2,874
510	320
38,580	24,148
2,783	1,334
92,843	60,625
3,566	3,249
711,544	693,853

MARKETING AND ADMINISTRATION EXPENSES

- Salaries, allowances & other benefits
Employee benefit cost
Travelling expenses
Directors' fees
Regulators fee
Actuary's fees
Medical fees
Advertisement and publicity
Computer expenses
Printing and stationery
Depreciation
Amortisation
Rental
Vehicles and general repair and maintenance
Utilities-electricity, water and gas
Transportation
Communication
Consultancy fee
Training and workshop
Legal and professional charges
Insurance
Interest on premium deposit in advance
Social security
Entertainment
Books and subscriptions
Bank Charges
Miscellaneous expenses

Note

2018	2017
- - - (Rupees in '000) - - -	
346,629	271,114
29,111	23,241
15,158	8,827
5,358	4,538
19,474	14,007
6,042	26,729
1,041	1,255
28,578	5,996
-	7,400
19,995	11,870
43,677	33,535
2,558	904
22,392	16,025
20,444	8,254
9,793	13,642
6,921	4,086
34,268	26,217
20,503	12,244
6,165	2,581
5,915	2,132
5,498	4,449
1,770	1,469
1,511	1,170
17,637	13,049
268	539
3,917	2,791
31,973	26,987
706,596	545,051

OTHER EXPENSES

- Auditors' remuneration
Others

33.1

4,500	11,493
1,136	288
5,636	11,781

		2018	2017
		---- (Rupees in '000) ----	
33.1	Auditors' remuneration		
	Audit fee	1,500	1,500
	Fee for review of half yearly financial information	500	500
	Certifications and other services	1,850	8,544
	Out of pocket expenses	650	949
		<u>4,500</u>	<u>11,493</u>
34	FINANCE COSTS		
	Markup on finance lease	<u>1,074</u>	<u>606</u>
35	TAXATION		
	Current		
	- for the year	2,449	29,124
	- for prior years	-	50
		<u>2,449</u>	<u>29,174</u>
	Deferred		
	- for the year	(41,822)	39,030
		<u>(39,373)</u>	<u>68,204</u>
	Relationship between tax expense and accounting profit		
	Profit before tax	(134,076)	225,975
	Tax at the applicable rate of 29% (2017: 30%)	(38,882)	(67,793)
	Effect of:		
	- prior year charge	-	(50)
	- other adjustment	(491)	(361)
		<u>(39,373)</u>	<u>(68,204)</u>

35.1 As per Income Tax Ordinance, 2001, the current tax expense is chargeable to income attributable to shareholder's fund only. During the year ended December 31, 2018, the shareholder's fund reflected a profit before tax of Rs. 8.506 million resulting in current tax amounting to Rs. 2.449 million.

35.2 The Income Tax Ordinance, 2000 requires insurance companies to charge tax on the surplus transferred to shareholder's fund. However, due to application of the Insurance Accounting Regulations, 2017, the surplus generated by statutory funds (other than participating fund) of the Company are also presented in profit and loss account on aggregate basis. The matter with respect to recognition of the deferred tax on the surplus generated by the statutory funds (other than participating fund) since inception was raised with the Securities and Exchange Commission of Pakistan (SECP). The SECP vide its letter ID/PRDD/IAP/2018/17030 dated November 02, 2018 has clarified life insurance members to recognise deferred tax on surplus generated by statutory funds (other than participating fund). Therefore the company has recognised the deferred tax Rs. 29.026 million.

		2018	2017
		---- (Rupees in '000) ----	
		-Restated-	
36	EARNINGS PER SHARE - basic and diluted		
	(Loss) / profit for the year	<u>(94,703)</u>	<u>157,771</u>
		(Number of shares)	
	Weighted average number of ordinary shares	<u>70,567,200</u>	<u>70,567,200</u>
		(Rupees)	
	(Loss) / earnings per share	<u>1.34</u>	<u>2.24</u>

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

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	2018				2017 (Restated)			
	Chief Executive	Executives	Directors	Total	Chief Executive	Executives	Directors	Total
----- (Rupees in '000) -----								
Fee for attending Board Meetings	-	-	5,358	5,358	-	-	4,538	4,538
Consultancy Fee (note 36.2)	-	-	1,350	1,350	-	-	909	909
Managerial remuneration	16,914	232,000	-	248,914	16,054	125,912	-	141,966
Bonus and housing	6,532	14,439	-	20,971	6,112	8,783	-	14,895
Contribution to defined contribution plan	1,356	14,583	-	15,939	1,390	11,247	-	12,637
Utilities / Telephone	-	2105	-	105	-	96	-	96
Other benefits	-	75	-	75	-	63	-	63
	<u>24,802</u>	<u>261,202</u>	<u>6,708</u>	<u>292,712</u>	<u>23,556</u>	<u>146,101</u>	<u>5,447</u>	<u>175,104</u>
Number of persons, including those who worked part of the year	<u>1</u>	<u>56</u>	<u>7</u>	<u>64</u>	<u>1</u>	<u>49</u>	<u>7</u>	<u>57</u>

- 37.1 In addition to the above remuneration, the Deputy Chief Executive, and two executives have been provided with Company maintained cars. Twenty one executives have been provided with Company cars maintained by them.
- 37.2 This represents amount paid to one of the directors in respect of legal and professional consultancy provided under group shared services agreement.

38 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of holding company, associated companies, retirement benefit funds, directors and key management personnel of the Company. Remuneration to the key personnel is determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

- 38.1 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017
----- (Rupees in '000) -----								
Transactions								
Premium written	-	-	-	-	1,125	11,573	73,166	62,096
Premium paid for general insurance	-	-	-	-	-	-	4,076	3,130
Claims paid	-	-	-	-	-	-	46,517	27,042
Claims received	-	-	-	-	-	-	885	1,281
Charge for administrative services received	-	-	-	-	-	-	59,710	38,491
Charge for administrative services provided	-	-	-	-	-	-	7,307	6,192
Rent expense	-	-	-	-	-	-	22,441	22,006
Remuneration paid	-	-	-	-	163,791	114,042	-	-
Charge to gratuity fund	-	-	15,315	7,908	-	-	-	-
Charge to provident fund	-	-	15,488	11,311	-	-	-	-
Issuance of bonus shares	-	82,524	-	-	-	-	-	-
Dividend paid	57,841	74,384	-	-	529	281	-	-

	Holding Company		Post Employment Benefit Plans		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017
----- (Rupees in '000) -----								
Balances								
Payable for administrative services received	-	-	-	-	-	-	42,684	24,312
Payable for general insurance premium	-	-	-	-	-	-	-	173
Premium receivable	-	-	-	-	-	-	8,614	-
Payable to provident fund	-	-	5,631	7,994	-	-	-	-

39 SEGMENT INFORMATION

Each of class of business has been identified as a reportable segment. The following is a schedule of class of business wise assets, liabilities, revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017:

39.1 Revenue Account by Statutory Funds

2018	CONVENTIONAL - STATUTORY FUNDS							TAKAFUL - STATUTORY FUNDS			Total
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Group Family	Group Health	
		Individual	Group		Individual	Group					
----- (Rupees in '000) -----											
INCOME											
Premiums/contribution less reinsurances											
/retakaful	45,230	612,810	258,604	1,320,836	10,581	1,113,993	37,486	1,069,526	15,889	145,600	4,630,555
Net investment income	66,518	204,583	2,238	142,151	797	3,955	(4,156)	(73,606)	(399)	(1,022)	341,059
Other income - net	5,269	22,651	4,813	23,533	434	29,753	260	29,103	194	1,078	117,088
Total net income	117,017	840,044	265,655	1,486,520	11,812	1,147,701	33,590	1,025,023	15,684	145,656	5,088,702
CLAIMS AND EXPENDITURE											
Claims, including bonuses, net of reinsurance recoveries	150,295	729,933	159,072	2,878,952	2,365	931,954	-	141,466	6,147	122,451	5,122,635
Management expenses less recoveries	11,275	114,193	64,169	583,757	18,064	208,465	529	347,672	4,410	25,182	1,377,716
Total claims and expenditure	161,570	844,126	223,241	3,462,709	20,429	1,140,419	529	489,138	10,557	147,633	6,500,351
Excess of Income over claims and expenditure											
	(44,553)	(4,082)	42,414	(1,976,189)	(8,617)	7,282	33,061	535,885	5,127	(1,977)	(1,411,649)
Add: Policyholders' liabilities at beginning of the year	1,573,079	6,119,617	75,342	8,109,869	11,624	262,524	74,927	1,111,274	5,397	10,502	17,354,155
Less: Policyholders' liabilities at end of the year	(1,569,863)	(6,075,027)	(98,103)	(6,219,006)	(10,020)	(320,265)	(106,582)	(1,721,067)	(7,529)	(33,077)	(16,160,539)
Movement in policyholders' liabilities	3,216	44,590	(22,761)	1,890,863	1,604	(57,741)	(31,655)	(609,793)	(2,132)	(22,575)	1,193,616
Surplus / (deficit) before tax	(41,337)	40,508	19,653	(85,326)	(7,013)	(50,459)	1,406	(73,908)	2,995	(24,552)	(218,033)
Taxation	-	(19,166)	(7,472)	25,772	2,013	14,537	(408)	20,720	(989)	6,815	41,822
Surplus / (deficit) after tax	(41,337)	21,342	12,181	(59,554)	(5,000)	(35,922)	998	(53,188)	2,006	(17,737)	(176,211)
Movement in policyholders' liabilities	(3,216)	(44,590)	22,761	(1,890,863)	(1,604)	57,741	31,655	609,793	2,132	22,575	(1,193,616)
Transfers (to) or from shareholders' fund											
- Capital contributions from shareholders' fund	-	-	-	-	-	-	-	-	-	-	-
- Qard-e-Hasna from Operators' Sub Fund to PTF	-	-	-	-	-	-	-	-	(900)	(10,500)	(11,400)
- Qard-e-Hasna received from PTF to Operators' Sub Fund	-	-	-	-	-	-	-	-	900	10,500	11,400
- Capital returned to shareholder's fund	-	-	-	-	-	-	-	-	-	-	-
- Surplus appropriated to shareholders' fund	(15,604)	-	-	-	-	-	-	-	-	-	(15,604)
	(15,604)	-	-	-	-	-	-	-	-	-	(15,604)
Balance of statutory fund at beginning of the year	1,960,081	6,418,696	145,281	8,295,692	12,530	352,586	79,898	1,160,921	7,084	14,344	18,447,113
Balance of statutory fund at end of the year	1,899,924	6,395,448	180,223	6,345,275	5,926	374,405	112,551	1,717,526	11,222	19,182	17,061,682
Represented by:											
Capital contributed by shareholders' fund	-	197,552	-	242,100	2,000	4,300	6,000	91,500	1,200	2,500	547,152
Policyholders' liabilities / PTF	1,569,863	6,075,027	98,103	6,219,006	10,020	320,265	106,582	1,721,067	7,529	33,077	16,160,539
Retained earnings attributable to policyholders (Ledger Account A)	301,428	-	-	-	-	-	-	-	-	-	301,428
Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B)	28,633	-	-	-	-	-	-	-	-	-	28,633
Retained earnings on other than participating business (Ledger Account D) / PTF	-	148,453	90,778	(110,056)	(5,663)	51,838	(31)	(91,867)	2,927	(15,314)	71,065
Revaluation surplus / (deficit) on revaluation of available for sale investments	-	(25,584)	(8,658)	(5,775)	(431)	(1,998)	-	(3,174)	(434)	(1,081)	(47,135)
BALANCE OF STATUTORY FUND	1,899,924	6,395,448	180,223	6,345,275	5,926	374,405	112,551	1,717,526	11,222	19,182	17,061,682

2017	CONVENTIONAL - STATUTORY FUNDS						TAKAFUL - STATUTORY FUNDS			Total	
	Life (Participating)	Life (Non-participating)		Investment Linked	Accident & Health		Pension Business Fund	Individual Family	Group Family		Group Health
		Individual	Group		Individual	Group					
----- (Rupees in '000) -----											
INCOME											
Premiums/contribution less reinsurances /retakaful	35,173	735,079	218,696	2,305,090	11,993	925,352	6,844	1,193,771	9,161	23,870	5,465,029
Policy transfers from other statutory funds	-	-	-	-	-	-	-	-	-	-	-
Net investment income	119,265	417,934	6,260	191,235	3,592	(8,371)	4,831	(38,636)	(101)	(171)	695,838
Other income - net	7,674	14,628	1,230	37,182	106	29,880	526	7,222	-	3	98,451
Total net income	162,112	1,167,641	226,186	2,533,507	15,691	946,861	12,201	1,162,357	9,060	23,702	6,259,318
CLAIMS AND EXPENDITURE											
Claims, including bonuses, net of reinsurance recoveries	143,912	650,385	150,385	2,593,796	3,193	714,734	635	46,678	1,200	13,818	4,318,736
Policy transfers to other statutory funds	-	-	-	-	-	-	-	-	-	-	-
Management expenses less recoveries	5,158	129,688	74,761	524,024	21,383	187,302	-	262,165	2,339	435	1,207,255
Total claims and expenditure	149,070	780,073	225,146	3,117,820	24,576	902,036	635	308,843	3,539	14,253	5,525,991
Excess of Income over claims and expenditure	13,042	387,568	1,040	(584,313)	(8,885)	44,825	11,566	853,514	5,521	9,449	733,327
Add: Policyholders' liabilities at beginning of the year	1,404,766	5,818,508	77,320	8,695,395	9,337	212,747	63,853	239,008	573	3,114	16,524,621
Less: Policyholders' liabilities at end of the year	(1,573,079)	(6,119,617)	(75,342)	(8,109,869)	(11,624)	(262,524)	(74,927)	(1,111,274)	(5,397)	(10,502)	(17,354,155)
Movement in policyholders' liabilities	(168,313)	(301,109)	1,978	585,526	(2,287)	(49,777)	(11,074)	(872,266)	(4,824)	(7,388)	(829,534)
Surplus / (deficit) before tax	(155,271)	86,459	3,018	1,213	(11,172)	(4,952)	492	(18,752)	697	2,061	(96,207)
Taxation	-	(25,073)	(4,041)	(13,727)	2,298	(2,761)	(143)	5,231	(207)	(607)	(39,030)
Surplus / (deficit) after tax	(155,271)	61,386	(1,023)	(12,514)	(8,874)	(7,713)	349	(13,521)	490	1,454	(135,237)
Movement in policyholders' liabilities	168,313	301,109	(1,978)	(585,526)	2,287	49,777	11,074	872,266	4,824	7,388	829,534
Transfers (to) or from shareholders' fund											
- Capital contributions from shareholders' fund	-	-	-	-	2,000	-	-	45,000	-	500	47,500
- Qard-e-Hasna from Operators' Sub Fund to PTF	-	-	-	-	-	-	-	-	-	(600)	(600)
- Qard-e-Hasna received from Operators' Sub Fund to PTF	-	-	-	-	-	-	-	-	-	600	600
- Cede money - Waqf	-	-	-	-	-	-	-	-	-	-	-
- Capital returned to shareholder's fund	-	-	-	-	-	(60,000)	-	-	-	-	(60,000)
- Surplus appropriated to shareholders' fund	(35,285)	-	-	-	-	-	-	-	-	-	(35,285)
	(35,285)	-	-	-	2,000	(60,000)	-	45,000	-	500	(47,785)
Balance of statutory fund at beginning of the year	1,982,324	6,056,201	148,282	8,893,732	17,117	370,522	68,475	257,176	1,770	5,002	17,800,601
Balance of statutory fund at end of the year	1,960,081	6,418,696	145,281	8,295,692	12,530	352,586	79,898	1,160,921	7,084	14,344	18,447,113
Represented by:											
Capital contributed by shareholders' fund	-	197,552	-	242,100	2,000	4,300	6,000	91,500	1,200	2,500	547,152
Policyholders' liabilities / PTF	1,573,079	6,119,617	75,342	8,109,869	11,624	262,524	74,927	1,111,274	5,397	10,502	17,354,155
Retained earnings attributable to policyholders (Ledger Account A)	352,675	-	-	-	-	-	-	-	-	-	352,675
Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B)	34,327	-	-	-	-	-	-	-	-	-	34,327
Retained earnings on other than participating business (Ledger Account D) / PTF	-	101,527	72,483	(46,957)	(735)	87,428	(1,029)	(41,139)	505	1,373	173,456
Revaluation surplus / (deficit) on revaluation of available for sale investments	-	-	(2,544)	(9,320)	(359)	(1,666)	-	(714)	(18)	(31)	(14,652)
BALANCE OF STATUTORY FUND	1,960,081	6,418,696	145,281	8,295,692	12,530	352,586	79,898	1,160,921	7,084	14,344	18,447,113

39.2 Segmental Results by Line of Business

Note	For the period ended December 31, 2018					
	Ordinary Life		Group		Others	Total
	Direct Sales force	Bancassurance	Group Life	Group Health		
	(Rupees in '000)					

Gross Premiums						
- First Year Individual Regular Premiums	248,428	331,268	-	-	-	579,696
- Individual Renewal Premiums	754,551	889,135	-	-	-	1,643,686
- Individual Single Premiums	159,608	749,740	-	-	-	909,348
- Group Premiums	-	-	362,115	1,261,230	37,486	1,660,831
Total Gross Premiums	1,162,587	1,970,143	362,115	1,261,230	37,486	4,793,561
Reinsurance Premiums						
- Individual	50,698	23,049	-	-	-	73,747
- Group	-	-	87,622	1,637	-	89,259
Total Reinsurance Premiums	50,698	23,049	87,622	1,637	-	163,006
Net Premium Revenues	1,111,889	1,947,094	274,493	1,259,593	37,486	4,630,555
Net Investment Income	123,745	216,698	1,839	2,933	(4,156)	341,059
Other Income	29,439	51,551	5,007	30,831	260	117,087
Total Net Income	1,264,773	2,215,343	281,339	1,293,357	33,590	5,088,702
Claims and Expenditures						
Claims, including bonuses, net of reinsurance recoveries	878,148	3,024,863	165,219	1,054,405	-	5,122,635
Policy transfers to other statutory funds	-	-	-	-	-	-
Management expenses less recoveries	631,225	443,736	68,579	233,647	529	1,377,716
	1,509,373	3,468,599	233,798	1,288,052	529	6,500,351
Excess of Income over claims and expenditure	(244,301)	(1,253,255)	47,541	5,305	33,061	(1,411,649)
Add: Policyholders' liabilities at beginning of the period						
Less: Policyholders' liabilities at end of the period	6,808,198	10,117,265	80,739	273,026	74,927	17,354,155
Movement in policyholders' liabilities	(6,840,541)	(8,754,442)	(105,632)	(353,342)	(106,582)	(16,160,539)
	(32,343)	1,362,823	(24,893)	(80,316)	(31,655)	1,193,616
Surplus / (deficit)	(276,644)	109,568	22,648	(75,011)	1,406	(218,033)

Note	For the period ended December 31, 2017					
	Ordinary Life		Group		Others	Total
	Direct Sales force	Bancassurance	Group Life	Group Health		
----- (Rupees in '000) -----						
Gross Premiums						
- First Year Individual Regular Premiums	270,082	345,805	-	-	-	615,887
- Individual Renewal Premiums	713,533	742,108	-	-	-	1,455,641
- Individual Single Premiums	308,583	1,973,684	-	-	-	2,282,267
- Group Premiums	-	-	305,800	950,949	6,844	1,263,593
Total Gross Premiums	1,292,198	3,061,597	305,800	950,949	6,844	5,617,388
Reinsurance Premiums						
- Individual	50,092	22,597	-	-	-	72,689
- Group	-	-	77,943	1,727	-	79,670
Total Reinsurance Premiums	50,092	22,597	77,943	1,727	-	152,359
Net Premium Revenues	1,242,106	3,039,000	227,857	949,222	6,844	5,465,029
Net Investment Income	201,218	492,212	6,159	(8,582)	4,831	695,838
Other Income	19,387	47,425	1,230	29,883	526	98,451
Total Net Income	1,462,711	3,578,637	235,246	970,523	12,201	6,259,318
Claims and Expenditures						
Claims, including bonuses, net of reinsurance recoveries	697,226	2,740,738	151,585	728,552	635	4,318,736
Management expenses less recoveries	273,430	668,988	77,100	187,737	-	1,207,255
	970,656	3,409,726	228,685	916,289	635	5,525,991
Excess of Income over claims and expenditure	492,055	168,911	6,561	54,234	11,566	733,327
Add: Policyholders' liabilities at beginning of the period						
Less: Policyholders' liabilities at end of the period	5,949,443	10,217,571	77,893	215,861	63,853	16,524,621
Movement in policyholders' liabilities	(6,808,198)	(10,117,265)	(80,739)	(273,026)	(74,927)	(17,354,155)
	(858,755)	100,306	(2,846)	(57,165)	(11,074)	(829,534)
Surplus / (deficit) before tax	(366,700)	269,217	3,715	(2,931)	492	(96,207)

39.3 Segmental Results by Line of Business

Assets

Property and equipment	130,424	410,712	541,136
Intangible assets	13,072	-	13,072
Investments			
Equity securities	-	117,835	117,835
Mutual funds	-	3,155,827	3,155,827
Government securities	108,267	11,059,903	11,168,170
Debt securities	-	175,000	175,000
Term deposits	-	1,065,000	1,065,000
Loans secured against life insurance policies	-	181,375	181,375
Insurance / takaful / reinsurance / retakaful receivables	-	430,522	430,522
Other loans and receivables	14,249	451,606	465,855
Taxation - payments less provision	483,530	-	483,530
Prepayments	-	84,293	84,293
Cash and Bank	5,185	763,577	768,762

Total Assets

754,727 17,895,650 18,650,377

Liabilities

Insurance liabilities [including policyholders' liabilities and ledger account A & B]	-	16,490,600	16,490,600
Outstanding claims	-	281,426	281,426
Retirement benefit obligations	-	36,249	36,249
Premium received in advance	-	48,968	48,968
Reinsurance / retakaful payables	-	20,881	20,881
Other creditors and accruals	76,515	301,535	378,050
Deferred tax liability - net	19,772	-	19,772
Liabilities against assets subject to finance lease	20,577	-	20,577

Total Liabilities

116,864 17,179,659 17,296,523

2017

Assets

Property and equipment	125,552	-	125,552
Intangible assets	2,337	-	2,337
Investments			
Equity securities	57,480	-	57,480
Mutual funds	153,255	3,395,805	3,549,060
Government securities	112,735	13,901,356	14,014,091
Term deposits	51,183	100,000	151,183
Loans secured against life insurance policies	-	167,539	167,539
Insurance / takaful / reinsurance / retakaful receivables	-	297,019	297,019
Other loans and receivables	1,356	448,504	449,860
Taxation - payments less provision	403,108	-	403,108
Prepayments	-	64,789	64,789
Cash and Bank	25,662	720,615	746,277

Total Assets

932,668 19,095,627 20,028,295

Liabilities

Insurance liabilities [including policyholders' liabilities and ledger account A & B]	-	230,477	230,477
Outstanding claims	-	22,377	22,377
Retirement benefit obligations	-	81,422	81,422
Premium received in advance	-	24,930	24,930
Reinsurance / retakaful payables	-	220,066	307,800
Other creditors and accruals	87,734	-	60,729
Deferred tax liability - net	60,729	-	60,729
Liabilities against assets subject to finance lease	15,115	-	15,115

Total Liabilities

163,578 18,320,429 18,484,007

	SHARE	CONVENTIONAL - STATUTORY FUNDS						TAKAFUL - STATUTORY FUNDS				2018
	HOLDERS'	Life	Life (Non-participating)		Investment	Accident & Health		Pension	Individual	Group	Group	
	FUND	(Participating)	Individual	Group	Linked	Individual	Group	Business Fund	Family	Family	Health	
----- (Rupees in '000) -----												
Assets												
Property and equipment	130,424	89,348	181,763	45,300	27,023	5,407	61,871	-	-	-	-	541,136
Intangible assets	13,072	-	-	-	-	-	-	-	-	-	-	13,072
Investments												
Equity securities	-	-	112,535	-	-	-	-	-	-	-	-	112,535
Mutual funds	-	-	56,196	56,162	1,972,004	10,902	29,965	-	1,019,249	5,907	10,742	3,161,127
Government securities	108,267	1,572,655	5,349,527	189,991	3,777,036	9,837	70,441	90,416	-	-	-	11,168,170
Debt securities	-	-	-	-	175,000	-	-	-	-	-	-	175,000
Term deposits	-	50,000	150,000	100,000	-	25,000	-	-	690,000	25,000	25,000	1,065,000
Inter-fund balances	144,909	69,538	113,131	(42,445)	18,589	(15,083)	(190,179)	(1,712)	(31,463)	(17,493)	(47,792)	-
Loans secured against life insurance policies	-	82,007	99,368	-	-	-	-	-	-	-	-	181,375
Insurance / takaful / reinsurance / retakaful receivables	-	17,177	46,166	68,144	5,242	-	268,835	-	-	701	24,257	430,522
Other loans and receivables	14,249	40,356	143,496	7,961	82,652	583	152,048	4,322	17,300	132	2,756	465,855
Taxation - payments less provision	483,530	-	-	-	-	-	-	-	-	-	-	483,530
Prepayments	-	311	5,161	5,684	37,680	1,272	17,325	-	14,214	420	2,226	84,293
Cash and Bank	5,185	-	275,000	-	383,822	-	-	20,000	79,755	-	5,000	768,762
Total Assets (A)	899,636	1,921,392	6,532,343	430,797	6,479,048	37,918	410,306	113,026	1,789,055	14,667	22,189	18,650,377
Total Inadmissible Assets												
Investments - Mutual Funds	-	-	-	-	16,013	-	-	-	-	-	-	16,013
Other Loans and receivables	-	-	-	14,059	-	1,262	-	-	-	-	1,267	16,588
Insurance / takaful / reinsurance / retakaful receivables	-	-	-	33,700	-	-	148,502	-	-	-	-	182,202
Property and equipment	112,481	86,901	174,422	43,261	18,867	3,775	60,648	-	-	-	-	500,355
Intangible assets	13,072	-	-	-	-	-	-	-	-	-	-	13,072
Interfund balances	144,909	69,538	113,131	(42,445)	18,589	(15,083)	(190,179)	(1,712)	(31,463)	(17,493)	(47,792)	-
Total Admissible Assets (B)	270,462	156,439	287,553	48,575	53,469	(10,046)	18,971	(1,712)	(31,463)	(17,493)	(46,525)	728,230
Total Admissible Assets (C=A-B)												
Total Admissible Assets (C=A-B)	629,174	1,764,953	6,244,790	382,222	6,425,579	47,964	391,335	114,738	1,820,518	32,160	68,714	17,922,147
Liabilities												
Insurance liabilities	-	1,569,863	6,075,027	98,103	6,219,006	10,020	320,265	106,582	1,721,067	7,529	33,077	16,160,539
Outstanding claims	-	15,785	64,863	149,133	30,944	10,840	171	-	7,839	1,851	-	281,426
Retirement benefit obligations	-	111	2,137	2,432	16,259	428	7,783	-	6,010	136	953	36,249
Premium received in advance	-	-	38,703	-	(753)	1,346	-	-	9,672	-	-	48,968
Reinsurance / retakaful payables	-	-	-	-	-	17,966	-	-	2,826	89	-	20,881
Other creditors and accruals	76,515	5,572	31,192	99,009	87,323	1,412	27,947	475	45,182	1,369	2,054	378,050
Deferred tax liability - net	19,772	-	-	-	-	-	-	-	-	-	-	19,772
Liabilities against assets subject to finance lease	20,577	-	-	-	-	-	-	-	-	-	-	20,577
Total Liabilities (D)	116,864	1,591,331	6,211,922	348,677	6,352,779	42,012	356,166	107,057	1,792,596	10,974	36,084	16,966,462
Total net admissible assets (E=C-D)												
Total net admissible assets (E=C-D)	512,310	173,622	32,868	33,545	72,800	5,952	35,169	7,681	27,922	21,186	32,630	955,685
Margin for solvency												
Shareholders' fund	165,000	-	-	-	-	-	-	-	-	-	-	165,000
Statutory fund	-	66,259	255,283	41,363	68,791	2,109	216,547	4,263	20,674	3,428	28,693	707,410
Solvency margins (F)	165,000	66,259	255,283	41,363	68,791	2,109	216,547	4,263	20,674	3,428	28,693	872,410
Excess of minimum solvency requirements												
Excess of minimum solvency requirements	347,310	107,363	(222,415)	(7,818)	4,009	3,843	(181,378)	3,418	7,248	17,758	3,937	83,275

40.1 The Company had obtained a specific approval vide letter ID/SUP/SLV/01/4170 dated July 26, 2012 from the Securities and Exchange Commission of Pakistan (the SECP) to manage its solvency on aggregate basis. As fully explained in note 25.1, had the sales tax liability on life insurance and health insurance premium been recorded, the Company would be non-compliant with the minimum solvency requirement by Rs 144.806 million. In this regard, the sponsors of the Company are committed to support for any additional funding requirements.

41.1 Participants' Investment Fund (PIF)

	TAKAFUL - STATUTORY FUNDS			AGGREGATE	
	Individual Family	Group Family	Group Health	Year ended December 31, 2018	2017
----- (Rupees in '000) -----					
Income					(Restated)
Allocated Contribution	817,754	-	-	817,754	951,937
Net Investment Income	(59,106)	-	-	(59,106)	(44,495)
Other Income	1,290	-	-	1,290	1,557
Total Net Income	759,938	-	-	759,938	908,999
Less: Claims and Expenditure					
Surrenders / Partial Surrenders	138,548	-	-	138,548	37,690
Risk Contributions	18,848	-	-	18,848	16,435
Wakalat-ul-Istismar	22,426	-	-	22,426	8,922
Policy admin fee	10,602	-	-	10,602	6,488
	190,424	-	-	190,424	69,535
Excess of Income over Claims and expenditure	569,514	-	-	569,514	839,464
Add: Technical reserves at the beginning of the period	1,055,194	-	-	1,055,194	215,730
Less: Technical reserves at the end of the period	(1,624,708)	-	-	(1,624,708)	(1,055,194)
	(569,514)	-	-	(569,514)	(839,464)
Surplus	-	-	-	-	-
Movement in technical reserves	569,514	-	-	569,514	839,464
Balance of PIF at the beginning of the period	1,055,194	-	-	1,055,194	215,730
Balance of PIF at the end of the period	1,624,708	-	-	1,624,708	1,055,194

41.2 Participants' Takaful Fund (PTF)

Income					
Contribution net of retakaful	5,027	6,438	132,603	144,068	31,884
Net investment income	-	-	-	-	-
Other income	2,657	-	-	2,657	1,626
	7,684	6,438	132,603	146,725	33,510
Less: Claims and Expenditure					
Claims	2,918	6,147	122,451	131,516	19,086
Wakala fee	-	-	-	-	-
	2,918	6,147	122,451	131,516	19,086
Excess of Income over Claims and expenditure	4,766	291	10,152	15,209	14,424
Add : Technical reserves at the beginning of the period	8,018	3,074	9,546	20,638	6,214
Less : Technical reserves at the end of the period	(9,521)	(4,218)	(29,989)	(43,728)	(17,313)
	(1,503)	(1,144)	(20,443)	(23,090)	(11,099)
Surplus	3,263	(853)	(10,291)	(7,881)	3,325
Movement in technical reserves	1,503	1,144	20,443	23,090	11,099
Qard-e-Hasna contributed by Window Takaful Operator	-	900	10,500	11,400	600
Balance of PTF at the beginning of the period	8,018	3,174	10,746	21,938	6,914
Balance of PTF at the end of the period	12,784	4,365	31,398	48,547	21,938

TAKAFUL - STATUTORY FUNDS			AGGREGATE	
Individual Family	Group Family	Group Health	Year ended December 31,	
			2018	2017
----- (Rupees in '000) -----				

41.3 Operators' Sub Fund (OSF)

Income

Allocation fee	260,400	9,451	12,997	282,848	254,858
Investment income	13,313	(205)	57	13,165	6,205
Wakala fee - PTF	5,193	-	-	5,193	4,557
Policy admin fee	10,602	-	-	10,602	6,488
Takaful operator fee	-	-	-	-	-
Wakalat-ul-Istismar	22,426	-	-	22,426	8,912
	311,934	9,246	13,054	334,234	281,020

Less: Expenses

Acquisition cost	196,224	1,821	6,989	205,034	190,384
Administration expenses	133,385	3,578	11,379	148,342	76,040
	329,609	5,399	18,368	353,376	266,424

Excess of (expenditure)/over income

	(17,675)	3,847	(5,314)	(19,142)	14,596
Add : Technical reserves at the beginning of the period	48,062	2,323	956	51,341	20,751
Less : Technical reserves at the end of the period	(83,575)	(3,311)	(3,088)	(89,974)	(51,341)
	(35,513)	(988)	(2,132)	(38,633)	(30,590)

Surplus / (Deficit)

	(53,188)	2,859	(7,446)	(57,775)	(15,994)
Movement in technical reserves	35,513	988	2,132	38,633	30,590
Capital Contribution during the period	-	-	-	-	45,500
Qard-e-Hasna contributed to the Participants Takaful Fund	-	(900)	(10,500)	(11,400)	
Balance of OSF at the beginning of the period	97,709	3,910	3,598	105,217	45,721

Balance of OSF at the end of the period

	80,034	6,857	(12,216)	74,675	105,817
Balance of Family Takaful statutory fund	1,717,526	11,222	19,182	1,747,930	1,182,949

41.4 ASSETS AND LIABILITIES OF SHARE HOLDER'S FUND

	2018		
	Conventional	Takaful	Total
----- (Rupees in '000) -----			
LIABILITIES			
Other creditors and accruals	69,955	6,560	76,515
Deferred tax liability - net	19,772	-	19,772
Liabilities against assets subject to finance lease	20,577	-	20,577
Total liabilities	110,304	6,560	116,864
ASSETS			
Property and equipment	130,361	63	130,424
Intangible assets	13,072	-	13,072
Investments			
Government securities	108,267	-	108,267
Other loans and receivables	16,834	(2,585)	14,249
Taxation - payments less provision	483,530	-	483,530
Cash and Bank	(87,678)	92,863	5,195
Total Assets	664,386	90,341	754,727

42 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

42.1 Insurance risk

42.1.1 Individual Life (Unit Linked Policies, Universal Life Policies and Traditional Policies)

This section discusses the exposure of insurance risk to the Company under Life Participating, Life Non-participating and Investment Linked statutory funds and the process adopted by the Company to manage these risks.

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to:

- Unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency.
- Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its:

- Pricing:

All products of this nature are designed by the Actuarial Department along with input from relevant sales team members. Profit testing is conducted for all new products and it is also reviewed by the Appointed Actuary. Embedded value analysis is conducted on a quarterly basis to ensure reasonableness of premiums charged. Additionally, the Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

- Underwriting:

Adequate underwriting policies and controls have been put in place which cover various aspects like health, location, nature of work of the insured etc. before issuance of policy. Appropriate underwriting authority limits have been assigned to individual underwriters by the underwriting committee. Furthermore, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

- Reinsurance:

Company has entered into both excess of loss and quota share reinsurance agreements covering its individual life products and supplementary riders. Since the Company has liaison with the best reinsurers in the world, it does not only limit the insurance risks but also the credit risk associated with them. Underwriting & Reinsurance Committee reviews, every quarter, the performance of the treaties to ensure that sound reinsurance arrangements are in place.

- Claims handling policy:

The Company through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims Committee has assigned claims process authority limits for processing of claims. Claims Committee meets on a quarterly basis to review the claims department's performance and ensures that adequate claims controls are in place.

- Persistency:

The Company applies controls to curb mis-selling to customers. Persistency for each product, branch and partner bank is closely monitored by the Company and remedial actions are taken immediately upon identifying when persistency level for a distribution channel drops below a certain threshold. Continuous efforts are made to increase and/or maintain the persistency levels for all distribution channels.

a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk as a result of geographical area is not a factor of concern due to spread of risks across different parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

In order to cover its mortality risk, the Company makes adequate deductions from the insurance contracts. The Company manages these risks through its systematic underwriting processes and adequate reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Individual Life Participating

Benefits assured per life

Rupees	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	82,319	1.29%	82,232	1.78%
200,001 - 400,000	227,639	3.56%	227,241	4.92%
400,001 - 800,000	671,254	10.49%	643,552	13.93%
800,001 - 1,000,000	419,467	6.56%	389,605	8.44%
More than 1,000,000	4,997,625	78.11%	3,276,099	70.93%
Total	6,398,304	100.00%	4,618,729	100.00%

Individual Life Non - Participating

Benefits assured per life

Rupees	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	206,606	0.79%	206,424	1.26%
200,001 - 400,000	1,105,640	4.25%	1,101,141	6.72%
400,001 - 800,000	3,396,320	13.06%	3,337,965	20.38%
800,001 - 1,000,000	1,731,007	6.65%	1,652,943	10.09%
More than 1,000,000	19,572,115	75.24%	10,077,331	61.54%
Total	26,011,688	100.00%	16,375,804	100.00%

Investment Linked

Benefits assured per life

Rupees	Assured at the end of 2018			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	248,650	1.41%	247,450	3.31%
200,001 - 400,000	499,851	2.84%	495,285	6.63%
400,001 - 800,000	1,547,695	8.79%	1,408,514	18.84%
800,001 - 1,000,000	916,362	5.21%	672,734	9.00%
More than 1,000,000	14,389,633	81.75%	4,651,005	62.22%
Total	17,602,191	100.00%	7,474,989	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long term unit linked and universal life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior (this primarily impacts persistency).

For this purpose, the Company carried out a Liability Adequacy test, details are provided below, and it was found that the recognised liabilities are adequate and no further provision is required.

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.

- **Persistency:** A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel.
- **Expense levels and inflation:** A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- **Investment returns:** The investment returns assumptions are based on assets backing the portfolio.
- **Liability Adequacy Test**

Liability adequacy test is applied in order to ensure that the liability calculated using conservative assumptions is sufficient in comparison to the liability determined using best estimate assumptions.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. Company used EFU (61-66) mortality table to determine the conservative liabilities. Since the data is insufficient to conduct a detailed mortality study, Company believes that SLIC (2001-05) table better reflects the mortality rates in Pakistan.

The investment return assumed for valuation is 3.75% per annum. This rate is prescribed by law. On a more realistic basis, for Conventional line of business, Company expects to earn a long term return of 12.43% based on Pakistan Investment Bond (PIB) rates as at 31st Dec 2018. For Takaful line of business, Company expects to earn 11.30%, which is based on the 3-Month KIBOR rate as on 31st December 2018 plus 100bps. Liabilities are also determined on this rate of return assumption for Liability Adequacy Test.

The table below shows the liability held as at December 31, 2018 and the liability determined through best estimate assumptions:

	Liability Held as at December 31, 2018	Best Estimate Liability
	-----Rupees-----	
Mortality	16,160,538,999	16,139,570,674
Investment	16,160,538,999	16,031,259,556

Liability adequacy shows that the liability held as at December 31, 2018 is adequate in comparison to the best estimate liability.

d) Change in Assumptions

There has been no material change in assumptions.

42.1.2 Group Life

The main risk written by the Company under the Group Life business is mortality. The Company is exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through its:

- Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual historical experience as well as the future expected mortality, considering various characteristics of the client.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Also, Underwriting and Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis and tracks the adequacy of premium charged.

- Reinsurance:

Reinsurance agreements are in place to limit the mortality risk exposure. The Company also has a catastrophe cover reinsurance agreement covering group life business. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties.

- **Claims handling policy:**

The Company through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

a) Frequency and severity of claims

The Company has a good spread of business throughout the country thereby ensuring diversification across geographical regions. However, there still is a risk accumulation resulting from catastrophic events which the company mitigates through a catastrophe reinsurance cover.

The following table presents the concentration of insured benefits across six bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Group Life

Benefits assured per life

Rupees

0-500,000
500,001-1,000,000
1,000,001-1,500,000
1,500,001-2,000,000
2,000,001-2,500,000
More than 2,500,000
Total

Assured at the end of 2018			
Total benefits assured			
Before reinsurance		After reinsurance	
(Rupees in '000)	%	(Rupees in '000)	%
7,316,251	5.82%	7,316,251	9.26%
9,264,737	7.37%	9,264,737	11.72%
15,374,183	12.23%	15,374,183	19.45%
9,440,729	7.51%	9,440,729	11.95%
7,793,944	6.20%	7,685,539	9.73%
76,518,931	60.87%	29,943,557	37.89%
125,708,775	100.00%	79,024,996	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

d) Changes in assumptions

There has been no material change in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2018 Rupees in '000
Worsening of mortality rates for risk policies	10%	2,952,397
Increase in reporting lag	10%	2,952,397

42.1.3 Accident & Health

The products in this fund provide cover against accidental death, disability, sickness and critical illness and are mainly offered as yearly renewable plans. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of fraudulent claims and catastrophic event.

The Company manages these risks through its:

- **Pricing and Underwriting:**

Products of this nature are prepared by the Actuarial department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done after analysing the actual experience of the Company as well as future expectations. The rates are certified by the Appointed Actuary.

Also, Underwriting Committee reviews the underwriting performance of the Company on a quarterly basis.

- **Claims handling policy:**

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted.

- **Reinsurance:**

The Company has reinsurance arrangement in place covering A&H business; the treaty's results are reviewed by the Underwriting and Reinsurance Committee on a quarterly basis.

a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

The following table presents the concentration of insured benefits across five bands of insured benefits. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Individual Accident and Health

Benefits assured per life

Rupees

0 - 200,000

200,001 - 400,000

400,001 - 800,000

800,001 - 1,000,000

More than 1,000,000

Total

Assured at the end of 2018			
Total benefits assured			
Before reinsurance		After reinsurance	
(Rupees in '000)	%	(Rupees in '000)	%
1,573	0.02%	1,573	0.02%
3,505	0.04%	3,368	0.05%
1,058,213	11.32%	1,058,088	14.18%
1,278,900	13.68%	1,278,400	17.13%
7,005,691	74.94%	5,120,664	68.62%
9,347,882	100.00%	7,462,092	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The assumptions are set using the data available.

d) Changes in assumptions

There has been no material change in the assumptions.

42.1.4 Management of takaful risk and financial risk

The Company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarizes the risks and the way the Company manages them, as part of the Company's Window Takaful Operations.

Takaful Risk

The PTF issues Takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful
- Group Health Takaful

42.1.4.1 Individual Family Takaful

These risks are managed along similar lines as explained for individual life unit linked and universal life business.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Company caters to this risk by entering into suitable Retakaful arrangements. The Company charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Company manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main membership.

Benefits assured per life	Assured at the end of 2018			
	Total benefits assured			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	85,199	0.92%	85,199	1.97%
200,001 - 400,000	479,728	5.19%	479,728	11.09%
400,001 - 800,000	1,212,193	13.12%	1,164,187	26.91%
800,001 - 1,000,000	1,309,719	14.18%	765,109	17.69%
More than 1,000,000	6,149,103	66.58%	1,832,049	42.35%
Total	9,235,942	100.00%	4,326,272	100.00%

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behavior (this primarily impacts persistency).

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- **Persistency:** A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.
- **Expense levels and inflation:** A periodic study is conducted on the Company's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.
- **Investment returns:** The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

42.1.4.2 Group Life Family Takaful

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Frequency and severity of claims:

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

The concentration of risk for these policies is mentioned in note 40.1.4.4.

Rupees	Covered at the end of 2018			
	Total takaful benefits			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	1,909,194	29.56%	1,909,194	29.56%
500,001-1,000,000	198,928	3.08%	198,928	3.08%
1,000,001-1,500,000	733,709	11.36%	733,709	11.36%
1,500,001-2,000,000	849,320	13.15%	849,320	13.15%
2,000,001-2,500,000	636,829	9.86%	636,829	9.86%
More than 2,500,000	2,130,728	32.99%	2,130,728	32.99%
Total	6,458,709	100.00%	6,458,709	100.00%

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

h) Changes in assumptions

There has been no material change in assumptions.

i) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2018
Worsening of mortality rates	10%	176,880
Increase in reporting lag	10%	176,880

42.1.4.3 Group Health Takaful

The main risk written by the Company is morbidity. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical region, medical expense inflation, fraudulent claims and catastrophic event. The Company potentially faces the risk of lack of adequate claims control (such as for very large groups). The Company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

Products of this nature are prepared by Group Underwriting Department along with input from relevant sales team members and Actuarial Department which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the Appointed Actuary for large groups.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Also, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed.

The Company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided.

Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and make sure that adequate claims controls are in place.

c) Concentration Risk:

The Company has a good spread of business throughout the country thereby ensuring diversification across geographical regions.

d) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

Increase in claims severity due to medical inflation is a risk which is being strictly monitored by the Company through annual claims studies and trend analysis. Such trend analysis is also incorporated in Group Health takaful pricing.

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

g) Changes in assumptions

There has been no material change in assumptions.

42.1.4.4 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimises its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

To optimise 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 e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

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

	Gross sum insured		Reinsurance / Retakaful		Net	
	2018	2017	2018	2017	2018	2017
	(Rupees in million)					
Life (participating)	6,398	8,174	1,780	2,343	4,619	5,831
Life (non-participating) – Individual	26,012	28,413	9,636	10,592	16,376	17,821
Life (non-participating) – Group	125,709	83,735	46,684	31,603	79,025	52,132
Investment Linked	17,602	17,726	10,127	10,800	7,475	6,926
Accident & Health – Individual	9,348	8,597	1,886	1,875	7,462	6,721
Family Takaful - Individual	9,236	6,659	4,910	3,275	4,326	3,384
Family Takaful - Group	6,459	1,552	-	-	6,459	1,552
	200,764	154,856	75,023	60,488	125,742	94,367

42.1.5 Unclaimed insurance benefit

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise Breakup					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	Rs in '000					
Unclaimed maturity benefits	2,806	2,255	122	429	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	17,222	-	-	5,271	2,756	9,195
Others unclaimed benefits	-	-	-	-	-	-
Total	20,028	2,255	122	5,700	2,756	9,195

42.1.6 Assets - liabilities matching

2018									
Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts			Corporate			Total
	Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities		
	(Rupees in '000)								
Debt securities									
Available for sale - unlisted securities	5,710,212	1,572,655	-	-	3,777,036	-	108,267	-	11,168,170
Equity securities									
Available for sale - listed securities	282,409	-	-	-	3,166,253	-	-	-	3,448,662
Loans and receivables									
-Loans secured against life insurance policies	99,368	82,007	-	-	-	-	-	-	181,375
-Others at amortised cost	-	-	-	-	-	-	374	-	374
Reinsurance assets	100,477	-	-	-	-	-	-	-	100,477
Cash and cash equivalents	675,000	-	-	-	1,153,577	-	5,185	-	1,833,762
Other assets	741,170	216,730	-	-	171,237	-	775,348	13,072	1,917,557
Total assets	7,608,636	1,871,392	-	-	8,268,103	-	889,174	13,072	18,650,377
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	6,075,027	1,569,863	-	-	7,940,073	-	-	-	15,584,963
Short-term insurance contracts	468,994	-	-	-	-	-	-	-	468,994
Amounts due to related parties, trade payables, and other provisions at amortised cost	20,881	-	-	-	-	-	-	-	20,881
Other liabilities	425,262	351,529	-	-	328,030	-	116,864	-	1,221,685
Total liabilities	6,990,164	1,921,392	-	-	8,268,103	-	116,864	-	17,296,523
2017									
Fixed and guaranteed insurance and investment contracts	Contract with DPF		Unit-linked contracts			Corporate			Total
	Insurance contract	Investment contract	Insurance contract	Investment contract	Short-term insurance contracts	Other financial assets and liabilities	Other assets and liabilities		
	(Rupees in '000)								
Debt securities									
Available for sale - unlisted securities	6,577,654	1,811,971	-	-	5,511,731	-	112,735	-	14,014,091
Equity securities									
Available for sale - listed securities	187,681	-	-	-	3,208,124	-	210,735	-	3,606,540
Loans and receivables									
-Loans secured against life insurance policies	89,308	78,231	-	-	-	-	-	-	167,539
-Others at amortised cost	-	-	-	-	-	-	507	-	507
Reinsurance assets	120,165	-	-	-	-	-	-	-	120,165
Cash and cash equivalents	160,000	-	-	-	660,615	-	76,845	-	897,460
Other assets	324,945	91,794	-	-	262,775	-	11,482	530,997	1,221,993
Total assets	7,459,753	1,981,996	-	-	9,643,245	-	412,304	530,997	20,028,295
Long-term insurance contracts and investment contracts with DPF:									
-Insurance contracts	6,119,617	1,573,079	-	-	9,221,143	-	-	-	16,913,839
Short-term insurance contracts	365,389	-	-	-	-	-	-	-	365,389
Amounts due to related parties, trade payables, and other provisions at amortised cost	62,346	8,698	-	-	124,270	-	-	-	195,314
Other liabilities	204,492	400,226	-	-	301,898	-	102,849	-	1,009,465
Total liabilities	6,751,844	1,982,003	-	-	9,647,311	-	102,849	-	18,484,007

42.2 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign Currency Risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

42.2.1 Credit risk

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

42.2.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments (except for government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	2018	2017
	----- (Rupees in '000) -----	
Bank deposits	768,146	745,657
Investments		
Equity securities	112,535	57,480
Mutual funds	3,161,127	3,549,060
Government securities	11,168,170	14,014,091
Debt securities	175,000	-
Term deposits	1,065,000	151,183
Loans secured against life insurance policies	181,375	167,539
Reinsurance / retakaful receivables	430,522	297,019
Other loans and receivables	465,855	449,860
	<u>17,527,730</u>	<u>19,431,889</u>

The credit quality of Company's Government securities, term finance certificates, open ended mutual funds, term deposit receipts and bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency
	Short term	Long term	
Albaraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS
Bank Al-Habib Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AA+	JCR-VIS
Bank of Punjab	AA	A1+	PACRA
The First Microfinance Bank Limited	A+	A-1	JCR-VIS
Khushali Microfinance Bank Limited	A+	A-1	JCR-VIS
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS
Faysal Bank Limited	A-1+	AA	JCR-VIS
FINCA Microfinance Bank Limited	A-1	A	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
Meezan Bank Limited	A-1+	AA+	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
MCB Islamic Bank Limited	A1	A	PACRA
Mobilink Microfinance Bank Limited	A1	A	PACRA
NRSP Microfinance Bank Limited	A1	A	PACRA
Samba Bank Limited	A-1	AA	JCR-VIS
Silk Bank Limited	A-2	A-	JCR-VIS
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	JCR-VIS
Telenor Microfinance Bank Limited	A1	A+	PACRA
U Microfinance Bank Limited	A-2	A	JCR-VIS
United Bank Limited	A-1+	AAA	JCR-VIS

The credit quality of Company's bank balances and investment in listed securities is categorised as follows:

Rating	Government securities	Term finance certificate	Open end mutual funds	Term deposit receipts	Cash and cash Equivalents	Total
(Rupees in '000)						
AAA	11,168,170	-	-	-	-	11,168,170
AA+ / AM2++	-	75,000	470,811	-	363,631	909,442
AA / AM2+	-	-	1,145,702	310,000	234	1,455,936
AA-	-	-	103,180	-	-	103,180
A+ / AM1	-	100,000	1,345,197	-	404,281	1,849,478
A	-	-	63,683	605,000	-	668,683
A-	-	-	3,504	150,000	-	153,504
BBB+	-	-	29,050	-	-	29,050
BBB	-	-	-	-	-	-
Not Rated	-	-	-	-	-	-
	11,168,170	175,000	3,161,127	1,065,000	768,146	16,337,443

Premiums / contribution due but unpaid

Concentration of credit risk

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. Sector-wise analysis of premium due but unpaid at the reporting date was:

	December 31, 2018		December 31, 2017	
	Rupees in '000	%	Rupees in '000	%
Banks	34,365	10.41%	31,879	18.03%
Insurance	113	0.04%	145	0.09%
Textiles	8,546	2.59%	1,173	0.66%
Food and allied industries	44,159	13.38%	30,449	17.22%
Chemical and pharmaceuticals	37,569	11.38%	24,326	13.75%
Technology & Communication	41,457	12.56%	45,872	25.94%
Oil and gas	11,277	3.42%	18,826	10.64%
Miscellaneous	152,559	46.22%	24,184	13.67%
	330,045	100.00%	176,854	100.00%

The age of premium due but unpaid at the reporting date is less than one year.

Amount due from other insurers / reinsurers / retakaful

The Company enters into re-insurance arrangements with re-insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of Circular No. 32 / 2009 dated 27 October 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. All reinsurance assets relating to outward treaty cessions are with reinsurer with rating of "A" or above:

Rating	Amounts Due from Reinsurers	Reinsurance Recoveries against Outstanding Claims
	----- (Rupees in '000) -----	
A or Above	100,477	-
BBB	-	-
Others	-	-

The age of amount due from other insurers / reinsurers at the reporting date is less than one year.

In respect of the insurance and reinsurance assets, the Company takes in to account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

The carrying value of the financial assets which are neither past due nor impaired are as under:

	2018	2017
	(Rupees in '000)	
Bank deposits	768,146	745,657
Term Deposit Receipts	1,065,000	151,183
Term finance certificates	175,000	-
Loans secured against life insurance policies	181,375	167,539
Insurance / takaful / reinsurance / retakaful receivables	430,522	297,019
Other loans and receivables	465,855	449,860
The carrying value of the financial assets which are past due but not impaired are as under:		
Premiums / contribution due but unpaid	182,202	110,929

42.2.1.2 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Fair value of mutual funds is determined on the basis of closing net assets value (NAV) per unit published by Mutual Fund Association of Pakistan (MUFAP).
- Fair values of Treasury Bills and Pakistan Investment Bonds are derived using the PKRV rates (Reuters page).
- The fair value of all other financial assets and financial liabilities of the Company approximate their carrying amounts due to short term maturities of these instruments.

41.2.1.3 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities (Level 1)
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

As at December 31, 2018, the Company held the following financial instruments measured at fair value:

As at December 31, 2018			
	Level 1	Level 2	Level 3
	Rupees in '000		
Assets carried at fair value			
Available-for-sale investments	112,535	14,504,297	1,065,000
As at December 31, 2017			
	Level 1	Level 2	Level 3
	Rupees in '000		
Assets carried at fair value			
Available-for-sale investments	57,480	17,563,151	151,183

42.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

	2018			2017		
	Carrying Amount	Contractual cash flows upto one year	Contractual cash flows for more than one year	Carrying Amount	Contractual cash flows upto one year	Contractual cash flows for more than one year
Non-derivative financial liabilities	(Rupees in '000)					
Outstanding claims	281,426	281,426	-	230,477	230,477	-
Retirement benefit obligations	36,249	-	36,249	22,377	-	22,377
Reinsurance / retakaful payables	20,881	20,881	-	24,930	24,930	-
Other creditors and accruals	360,968	360,968	-	292,939	292,939	-
Liabilities against assets subject to finance lease	20,577	5,336	15,241	15,115	3,571	11,544
	720,101	668,611	51,490	585,838	551,917	33,921

42.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to any significant foreign exchange risk. The Company currently invests in equity mutual funds and listed equity securities which are not accounted for at fair value through other comprehensive income, therefore the change in market prices do not affect equity of the company.

42.2.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investment in government securities and balances held in profit and loss sharing accounts with reputable banks. At the reporting date the detailed interest rate profile of the Company's interest-bearing financial instruments is disclosed in note 42.2.4.1. The table below summarises Company's interest rate risk as of December 31, 2018 and 2017 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

Cash flow sensitivity analysis for fixed rate instruments

	Profit and loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2018		
Cash flow sensitivity - Fixed rate financial assets	2,319	(2,319)
As at December 31, 2017		
Cash flow sensitivity - Fixed rate financial assets	2,695	(2,695)

Cash flow sensitivity analysis for variable rate instruments

As at December 31, 2018		
Cash flow sensitivity - Variable rate financial assets	53	(53)
As at December 31, 2017		
Cash flow sensitivity - Variable rate financial assets	-	-

42.2.4.1 Interest rate profile

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments based on their maturities is:

2018							
	Effective Yield / Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
(Rupees in '000)							
Balance sheet - financial instruments							
Financial Assets							
Cash and others		616	-	-	-	-	616
Current and other accounts	4 - 6.5	768,146	768,146	-	-	-	-
Equity securities		112,535	-	-	-	-	112,535
Mutual funds		3,161,127	-	-	-	-	3,161,127
Government securities	6.16 - 14.10	11,168,170	5,998,256	1,496,865	3,673,049	-	-
Debt securities	9.50 - 12.54	175,000	-	175,000	-	-	-
Term deposits	8.25 - 12.00	1,065,000	1,065,000	-	-	-	-
Loans secured against life insurance policies	9 - 11	181,375	181,375	-	-	-	-
Insurance / takaful / reinsurance / retakaful receivables		430,522	-	-	-	-	430,522
Other loans and receivables		465,855	-	-	-	-	465,855
		17,528,346	8,012,777	1,671,865	3,673,049	-	4,170,655
Financial Liabilities							
Outstanding claims		281,426	-	-	-	-	281,426
Retirement benefit obligations		36,249	-	-	-	-	36,249
Reinsurance / retakaful payables		20,881	-	-	-	-	20,881
Other creditors and accruals		346,415	-	-	-	-	346,415
Liabilities against assets subject to finance lease	9.25 - 9.30	20,577	5,336	15,241	-	-	-
		705,548	5,336	15,241	-	-	684,971
Balance sheet gap		16,822,798	8,007,441	1,656,624	3,673,049	-	3,485,684
Total yield / interest rate risk sensitivity gap			8,007,441	1,656,624	3,673,049	-	
Cumulative yield / interest rate risk sensitivity gap			8,007,441	9,664,065	13,337,114	13,337,114	

2017						
Effective Yield / Interest rate %	Total	Upto one year	Over one year upto five years	Over five years upto ten years	Over ten years	Non-interest bearing financial instruments
(Rupees in '000)						
Balance sheet - financial instruments						
Financial Assets						
Cash and others	620	-	-	-	-	620
Current and other accounts	4 - 5.25	745,657	745,657	-	-	-
Equity securities		57,480	-	-	-	57,480
Mutual funds		3,549,060	-	-	-	3,549,060
Government securities	5.99 - 14.10	14,014,091	11,765,128	1,637,038	51,342	-
Term deposits	8.75 - 9.40	151,183	151,183	-	-	-
Loans secured against life insurance policies	9 - 11	167,539	167,539	-	-	-
Reinsurance / retakaful receivables		297,019	-	-	-	297,019
Other loans and receivables		449,860	-	-	-	449,860
		19,432,509	12,829,507	1,637,038	51,342	4,354,039
Financial Liabilities						
Outstanding claims		230,477	-	-	-	230,477
Retirement benefit obligations		22,377	-	-	-	22,377
Reinsurance / retakaful payables		24,930	-	-	-	24,930
Other creditors and accruals		278,385	-	-	-	278,385
Liabilities against assets subject to finance lease		15,115	3,571	11,544	-	-
		571,284	3,571	11,544	-	556,169
Balance sheet gap		18,861,225	12,825,936	1,625,494	51,342	3,797,870
Total yield / interest rate risk sensitivity gap			12,825,936	1,625,494	51,342	-
Cumulative yield / interest rate risk sensitivity gap			12,825,936	14,451,430	14,502,772	14,502,772

42.2.5 Foreign Currency Risk

As at balance sheet date, there are no material financial instruments denominated in foreign currency. Therefore, the Company is not materially exposed to risk from foreign currency exchange rate fluctuation.

42.3 FINANCIAL INSTRUMENTS BY CATEGORY

2018
2017
(Rupees in '000)

Financial assets and financial liabilities

Financial assets

Loans and receivables - amortised cost

Cash and bank	768,762	746,277
Term Deposit Receipts	1,065,000	151,183
Loans secured against Life Insurance Policies	181,375	167,539
Insurance / takaful / reinsurance / retakaful receivables	430,522	297,019
Other loans and receivables	465,855	449,860
	2,911,514	1,811,878

Investments - available for sale

Equity securities	112,535	57,480
Mutual funds	3,161,127	3,549,060
Government securities	11,168,170	14,014,091
Debt securities	175,000	-
	14,616,832	17,620,631

Financial Liabilities

Amortised cost

Outstanding claims	281,426	230,477
Retirement benefit obligations	36,249	22,377
Amount due to other insurers / reinsurers / retakaful	20,881	24,930
Other creditors and accruals	378,050	307,800
Liabilities against assets subject to finance lease	20,577	15,115
	737,183	600,699

43 CAPITAL MANAGEMENT

The Company's goals and objectives when managing capital are:

- To comply with the minimum paid-up capital requirements as prescribed by SECP;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- Maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

As prescribed by SECP, Company is required to maintain the minimum capital and to comply with the solvency requirements both for shareholders' and statutory funds in accordance with the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as amended by S.R.O. 16 (1)/2012 dated January 9, 2012, with which the Company is in compliance. Further, as fully explained in note 25.1, had the sales tax liability on life insurance and health insurance premium been recorded, the Company would be non-compliant with the minimum solvency requirement by Rs 144.806 million. In this regard, the sponsors of the Company are committed to support for any additional funding requirements.

44 GENERAL

All figures have been rounded off to the nearest of thousand, except otherwise stated.

45 CORRESPONDING FIGURES

Corresponding figures has been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017 as explained in note 5 of the financial statements.

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 29, 2019 by the Board of Directors of the Company.

47 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2018 of Rs. Nil per share (2017: Re. 1 per share), amounting to Rs Nil million (2017: Rs. 70.567 million) in its meeting held on March 29, 2019.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Directors

(As per the requirement of section 46(6) and section 52 (2) of Insurance Ordinance, 2000)

Section 46 (6)

- a) In our opinion the annual statutory accounts of the IGI Life Insurance Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;
- b) IGI Life Insurance Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2018, IGI Life Insurance Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.

Section 52 (2)

- c) In our opinion each statutory fund of IGI Life Insurance Limited complies with the solvency requirements of Insurance Ordinance, 2000 on aggregate basis based on the approval granted by Securities and Exchange Commission of Pakistan except for the matter explained in note 40.1 of these financial statements.


Chairman


Director


Director


Chief Executive Officer

Statement of Actuary

[As per the requirement of section 52(2) (a) & (b) of the Insurance Ordinance, 2000]

In my opinion:

- a) the policyholder liabilities included in the balance sheet of IGI Life Insurance Limited as at December 31, 2018 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b) with reference to SECP letter dated July 26, 2012 (ref: ID/SUP/SLV/01) granting permission to IGI Life Insurance Limited to maintain solvency margin in aggregate, the Shareholders' Fund and the Statutory fund of the Company meet the solvency requirements of the Insurance Ordinance, 2000 as on December 31, 2018.

Shujat Siddiqui
MA, FIA, FPSA
Appointed Actuary
IGI Life Insurance Limited

Notice of Annual General Meeting

For the year ended December 31, 2018

Notice is hereby given that the 24th Annual General Meeting of IGI Life Insurance Limited (the “Company”) will be held at the Sunflower Hall, Beach Luxury Hotel, M. T. Khan Road, Lalazar, Karachi on Friday, April 26, 2019 at 2:30 pm to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting (AGM) of the Company held on April 25, 2018.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors’ and Auditors’ reports thereon for the year ended December 31, 2018.
3. To appoint auditors for the year ended December 31, 2019 and fix their remuneration. M/s. A. F. Ferguson & Co. (Chartered Accountants) have consented to be appointed as auditors and the Board of Directors has recommended their appointment.

Special Business

4. To consider and approve the increase in the Authorized Share Capital of the Company and in this regard to consider and if deemed fit, pass with or without modifications, the following proposed Special Resolutions related to the amendments / alterations of Clause V of the Memorandum of Association and Article 3(a) of Articles of Association of the Company, subject to the approval of any other concerned authority, if required:

“RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 1,000,000,000/- (Rupees) to Rs. 3,000,000,000/- (Rupees) divided into [300,000,000] ordinary shares of Rs. [10] /- each.”

“RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be substituted by the following:

“The authorized capital of the Company is Rs. [3,000,000,000] (Rupees Three Billion only) divided into [300,000,000] Ordinary Shares of Rs. [10]/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes.”

“RESOLVED FURTHER THAT the Article 3(a) of the Articles of Association of the Company be substituted by the following:

“The authorized capital of the Company is Rs. [3,000,000,000] (Rupees Three Billion only) divided into [300,000,000] Ordinary Shares of Rs. [10]/- each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes, subject to any permission required by law.”

“RESOLVED FURTHER THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Company be and are hereby authorized jointly or severally by and on behalf of the Company to complete all requisite legal and regulatory formalities and to take all steps necessary or incidental for the purpose of increasing the authorized capital of the Company.”

5. To transact any other business with the permission of the Chairman.

By order of the Board

Yasir Ali Quraishi

Company Secretary

Date: April 05, 2019

Karachi

Notice of Annual General Meeting

For the year ended December 31, 2018

NOTES

1. The Share Transfer Books of the Company shall remain closed from April 19, 2019 to April 26, 2019 (both days inclusive). Transfer received at the Share Registrar of the Company, by the close of business on April 18, 2019 will be treated in time.
2. Any member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may, by means of a resolution of its directors, appoint a person who need not be a member, as proxy or as its representative.
3. The instrument appointing a proxy, in order to be valid, must be deposited at the office of Share Registrar "M/s FAMCO Associates (Pvt.) Limited", at 8-F, Next to Faran Hotel, Nursery, Block-6, P.E.C.H.S. Sharah-e-Faisal, Karachi, duly signed, stamped and witnessed, not less than forty-eight (48) hours before the time of the Meeting. A member shall not be entitled to appoint more than one proxy. If more than one instrument of proxy is deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

- 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 detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For 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/her original CINC or original passport at the time of the Meeting.
 - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. Members (Non-CDC) are requested to promptly notify to M/s FAMCO Associates (Pvt.) Limited of any change in their address to ensure delivery of mail.
 6. Pursuant to Section 223(7) of the Companies Act, 2017, the Company has placed the Annual Financial Statements of the Company for the year ended December 31, 2018 along with the Directors' and Auditors' reports on its website: www.igilife.com.pk.

Notice of Annual General Meeting

For the year ended December 31, 2018

7. Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Annual General Meeting held on April 25, 2018. Accordingly, Annual Report of the Company for the year ended December 31, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form" for provision of Annual Audited Accounts" have also been made available on the Company's website: www.igilifecom.pk.
8. The SECP has vide SRO No. 787(1)2014 dated September 8, 2014 and by the Companies Act 2017 has allowed companies to circulate their annual balance sheet, profit and loss account, auditors' report and directors' report along with notice of annual general meeting to its members through email. Members who wish to avail this facility should provide their email addresses to the Company Share Registrar, M/s FAMCO Associates (Private) Limited for which the form may be downloaded from the Company's website: www.igilifecom.pk.
9. In compliance with Section 242 of the Companies Act, 2017 and SRO No. 1145(I)/2017 dated November 6, 2017, payment of dividend will only be made by way of electronic mode directly to the bank accounts of entitled shareholders. In this regard Electronic Credit Mandate Form [has already been sent to all the shareholders and] has been posted on the Company's website. Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company, M/s. FAMCO Associates (Private) Limited, located at Plot No. 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi in case of physical shares. Members whose shares are deposited in any sub-account or investor account with CDC should submit their E-dividend Mandate to CDC.
10. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current rates are as under:
 - For filers of income tax returns 15%
 - For non-filers of income tax returns 20%

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into the ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as joint-holder(s) based on their shareholding proportions.

Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the principal shareholder and Joint holder(s) in respect of shares held by them to the Share Registrar above-mentioned, in writing as follows:

Company Name	Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Notice of Annual General Meeting

For the year ended December 31, 2018

11. A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.
12. Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.
13. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company [10] days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least [5] days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

I/We, _____ of _____, being a member of IGI Life Insurance Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video link facility at _____.

Signature of Member

14. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.
15. Copies of the existing Memorandum and Articles of Association and as may appear after the proposed alterations have been kept at the Registered Office of the Company and may be inspected during business hours of the Company on any working day from the date of publication of this notice till the conclusion of the general meeting.

Statement of Material Facts under Section 134 (3) of the Companies Act, 2017 relating to the Special Business referred in the Notice above:

Item No. 5: In order to cater for future increase in paid up share capital, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended increasing the Authorized Share Capital of the Company from Rs. [1,000,000,000] divided into [100,000,000] ordinary shares of Rs. [10] each to Rs. [3,000,000,000] divided into [300,000,000] ordinary shares of Rs. [10] each.

Any new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respects. The Directors and their relatives have no interest in the increase in authorized share capital and alteration in the Memorandum and Articles Association of the Company, whether directly or indirectly except to the extent of their shareholdings in the Company.

For the purpose aforesaid, it is proposed to consider and approve the increase in the Authorized Share Capital of the Company and in this regard to consider and if deemed fit, pass with or without modifications, the following proposed

Notice of Annual General Meeting

For the year ended December 31, 2018

Special Resolutions related to the amendments/alterations of Clause V of the Memorandum of Association and Article 3(a) of Articles of Association of the Company:

“RESOLVED THAT

- a. the Authorised Share Capital of the Company be and is hereby increased from Rs. 1,000,000,000/- (Rupees) to Rs. 3,000,000,000/- (Rupees) divided into [300,000,000] ordinary shares of Rs. [10]/- each.
- b. Clause V of the Memorandum of Association of the Company be substituted by the following:

The authorized capital of the Company is Rs. [3,000,000,000]/- (Rupees Three Billion only) divided into [300,000,000] Ordinary Shares of Rs. [10]/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company or the time being, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes.

- c. Article 3 (a) of the Articles of Association of the Company be substituted by the following:

The authorized capital of the Company is Rs. [3,000,000,000] (Rupees Three Billion only) divided into [300,000,000] Ordinary Shares of Rs. [10]/- each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes, subject to any permission required by law.”

Information to be disclosed under S.R.O. 423 (I)/2018 dated 3 April 2018 (“SRO”)

The information required to be disclosed under the SRO is set out below:

1. Alteration of Articles of Association (Section 38 of the Companies Act, 2017)

a. Comparative analysis of existing clause with the proposed amendment along with reasons for the change:

Existing Clause	Proposed Clause	Reason for Change
Article 3 (a) of the Articles of Association: The authorized capital of the Company is [1,000,000,000] divided into [100,000,000] Ordinary Shares of Rs. [10] each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes, subject to any permission required by law.	Article 3 (a) of the Articles of Association: The authorized capital of the Company is Rs. [3,000,000,000] (Rupees Three Billion only) divided into [300,000,000] Ordinary Shares of Rs. [10]/- each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes, subject to any permission required by law.	In order to cater for future increase in paid up share capital, the Authorized Share Capital of the Company needs to be enhanced.

b. Statement by the Board of Directors: Attached with this Notice.

Notice of Annual General Meeting

For the year ended December 31, 2018

2. Altering Authorised Share Capital of the Company (Section 85 of the Companies Act, 2017)

- a. **Reasons for alteration in authorised share capital:** In order to cater for future increase in paid up share capital, the authorized share capital of the Company needs to be enhanced.
- b. **Existing authorised share capital:** The authorized capital of the Company is [1,000,000,000] divided into [100,000,000] Ordinary Shares of Rs. [10] each.
- c. **Amount with which authorised share capital is proposed to be increased:** The authorized capital of the Company is proposed to be increased to Rs. [3,000,000,000] divided into [300,000,000] Ordinary Shares of Rs. [10]/- each

انڈر رائٹنگ اور ری انشورنس کمیٹی

یہ کمیٹی اس بات کو یقینی بناتی ہے کہ ری انشورنس کے تمام انتظامات بالکل موزوں ہیں۔ یہ کمیٹی تجویز کردہ ری انشورنس معاہدوں کی جانچ، وقت کے ساتھ ساتھ انتظامات کی نگرانی، پارٹسپٹ کرنے والے ری انشورنس کی رضا مندی کے مطابق معاہدے میں تبدیلیاں، اگر ضروری ہوں یا ضرورت ہو، کرتی ہے۔ یہ کمیٹی ری انشورنس پروگرام کی مستقبل میں موثریت کی جانچ بھی کرتی ہے۔ یہ کمیٹی کمیٹی کے لیے انڈر رائٹنگ پالیسی بھی تشکیل دیتی ہے۔ یہ ان مختلف خطرات کی جانچ بھی کرتی ہے جس سے انشورنس کے معیار کا تعین کیا جاسکے۔ یہ اپنے بزنس پورٹ فولیو اور مارکیٹ ڈولپمنٹ کے لحاظ سے انڈر رائٹنگ پالیسیوں کا متواتر جائزہ بھی لیتی رہتی ہے۔

اراکین کے نام	انڈر رائٹنگ اور ری انشورنس کمیٹی
منعقدہ اجلاس کی تعداد	4
سید حیدر علی	4
حسن عسکری *	4
محمد کمال سید	4

** اس سال کے دوران بطور خود مختار ڈائریکٹر تقرری ہوئی، جس کا اطلاق 02 فروری 2018 سے ہوتا ہے۔

اخلاقیات، انسانی وسائل، نامزدگیاں اور مشاہرے کی کمیٹی

یہ کمیٹی کمیٹی کے لیے انسانی وسائل کی پالیسیاں مرتب کرنے کی ذمہ دار ہے۔ یہ کمیٹی بورڈ کو سینئر آفیسرز بشمول چیف ایگزیکٹو آفیسر، ڈپٹی چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرئل آڈٹ کے انتخاب، جانچ اور مشاہروں کے تعین کے سلسلے میں معاونت فراہم کرتی ہے۔ یہ کمیٹی ان افسران کی کامیابی کے لیے منصوبوں کی سفارش بھی کرتی ہے۔ یہ انسانی وسائل کی پالیسیوں کا متواتر جائزہ لیتی ہے۔

اراکین کے نام	اخلاقیات، انسانی وسائل، نامزدگیاں اور مشاہرے کی کمیٹی
منعقدہ اجلاس کی تعداد	5
سید حیدر علی	5
خرم رضا بختیاری	5
سید یاور علی	5
محترمہ ناز خان *	2

** اس سال کے دوران بطور خود مختار ڈائریکٹر تقرری ہوئی، جس کا اطلاق 13 نومبر 2018 سے ہوتا ہے۔

انویسٹمنٹ کمیٹی

یہ کمیٹی سرمایہ کاری کے امور کی نگرانی کے لیے ذمہ دار ہے اور اس بات کو یقینی بناتی ہے کہ پالیسی ہولڈرز کے فنڈز کا تصرف محفوظ رہیں بلکہ بہترین منافع بھی حاصل ہو۔ یہ کمیٹی کمیٹی کی جانب سے زیر انتظام متعدد فنڈز کا جائزہ لیتی ہے اور ان پر منظوری دیتی ہے۔

اراکین کے نام	انویسٹمنٹ کمیٹی
منعقدہ اجلاس کی تعداد	4
سید حیدر علی	4
حسن عسکری *	4
سید یاور علی	3
محمد کمال سید	4
خرم رضا بختیاری	4
احسان اے ملک **	1

** اس سال کے دوران بطور خود مختار ڈائریکٹر تقرری ہوئی، جس کا اطلاق 02 فروری 2018 سے ہوتا ہے۔

** اس سال کے دوران ڈائریکٹر شپ سے استعفیٰ دیا، جس کا اطلاق 13 جولائی 2018 سے ہوتا ہے۔

ضابطہ اخلاق

آپ کی کمپنی اپنے کسٹمرز کو ان کے مستقبل کی مالی ضروریات پورا کرنے کے لیے روایتی لائف انشورنس، یونیورسل لائف اور پونٹ لنکڈ پلانز پیش کر رہی ہے۔ ہم نہایت سختی کے ساتھ SECP کی جانب سے رائج ضابطہ اخلاق پر عمل درآمد کرتے ہیں اور اپنی پروڈکٹس کے تمام مادی حقائق اپنے ممکنہ کلائنٹس کے ساتھ شیئر کرتے ہیں۔

کمپنی نے اپنے ملازمین کے لیے اخلاقیات کے اصول بھی متعارف کروائے ہیں جس پر عملدرآمد لازمی ہے اور ملازمین کو اس سال اس دستاویز پر دستخط بھی کرنے ہوتے ہیں۔

S. Am Khan

شیم احمد خان

چیئر مین

تاریخ: 29 مارچ 2019

Syed Hadeed Ali

سید حیدر علی

چیف ایگزیکٹو آفیسر

تاریخ: 29 مارچ 2019

ڈائریکٹر کا نام	بورڈ کمیٹی
منعقدہ کیے گئے اجلاس کی تعداد	4
سید حیدر علی	4
شمیم احمد خان	4
حسن عسکری *	4
سید یاور علی	3
محمد کمال سید	3
خرم رضا بختیاری	4
احسان اے ملک **	1
محترمہ ناز خان ***	1

بورڈ آف ڈائریکٹرز، آڈٹ، انڈر رائٹنگ، ای انشورنس، کلیئر، انویسٹمنٹ اور انسانی وسائل اور مشاہرے کی کمیٹیوں کے اجلاس شیڈیول کے مطابق منعقد کیے گئے۔ منعقد کی گئی کمیٹیوں کی تفصیل، ان میں ڈائریکٹرز کی حاضریاں اور ان کی ذیلی کمیٹیوں کی تفصیلات مندرجہ ذیل ہیں۔

بورڈ نے ان ڈائریکٹرز کو غیر حاضری کی اجازت تقویض کی جو بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے۔

** اس سال کے دوران بطور خود مختار ڈائریکٹر تقرری ہوئی، جس کا اطلاق 02 فروری 2018 سے ہوتا ہے۔

** اس سال کے دوران ڈائریکٹر شپ سے استعفیٰ دیا، جس کا اطلاق 13 جولائی 2018 سے ہوتا ہے۔

*** اس سال کے دوران بطور خود مختار ڈائریکٹر نامزدگی، جس کا اطلاق 13 نومبر 2018 سے ہوتا ہے۔

ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور بچوں کی جانب سے حصص کی خرید و فروخت

اس سال کے دوران، کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور بچوں کی جانب سے حصص میں کسی قسم کی کوئی خرید و فروخت نہیں ہوئی ہے، ماسوائے مندرجہ ذیل کے؛

- سید حیدر علی نے 476,200 حصص خریدے
- سیدہ گہت علی نے 10,000 حصص خریدے

بیٹرن آف شیئر ہولڈنگ

کمپنیز ایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورننس کے تحت 31 دسمبر 2018 تک کا پیٹرن آف شیئر ہولڈنگ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی چار نان ایگزیکٹو ڈائریکٹرز اور دو خود مختار ڈائریکٹرز پر مشتمل ہے۔ آڈٹ کمیٹی کے حوالے کی شرائط کوڈ آف کارپوریٹ گورننس کے ساتھ وابستہ ہیں۔ یہ کمیٹی ہر سہ ماہی میں کم از کم ایک بار ضرور اجلاس منعقد کرتی ہے۔

آراکین کے نام	آڈٹ کمیٹی
منعقدہ اجلاس کی تعداد	4
حسن عسکری *	4
سید یاور علی	3
محمد کمال سید	3
خرم رضا بختیاری	4
احسان اے ملک **	1

* اس سال کے دوران بطور خود مختار ڈائریکٹر تقرری ہوئی، جس کا اطلاق 02 فروری 2018 سے ہوتا ہے۔

** اس سال کے دوران ڈائریکٹر شپ سے استعفیٰ دیا، جس کا اطلاق 13 جولائی 2018 سے ہوتا ہے۔

کلیئر سیٹلمنٹ کمیٹی

یہ کمیٹی کمپنی کے لیے کلیئر سیٹلمنٹ پالیسی کی منظوری دیتی ہے۔ یہ کلیئر کے سلسلے میں کمپنی کی پوزیشن کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ مناسب کلیئر ریزرو برقرار ہیں۔ یہ غیر معمولی کلیئر پر بطور خاص توجہ مرکوز رکھتی ہے۔ کلیئر سیٹلمنٹ کمیٹی کلیئر کے فوری حل اور ادائیگی کو یقینی بناتی ہے۔ یہ کمیٹی عدالت، انشورنس محتسب اور ٹریبیونل میں پیش ہونے والے پیچیدہ کیس بھی دیکھتی ہے۔ یہ کمیٹی دھوکہ دہی پر مشتمل کیس کا جائزہ بھی لیتی ہے۔

آراکین کے نام	کلیئر سیٹلمنٹ کمیٹی
منعقدہ اجلاس کی تعداد	4
شمیم احمد خان	4
سید یاور علی	4

آپ کی کمپنی کے ڈائریکٹرز کے تحت:

- کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اس کے آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو منصفانہ انداز میں پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹ کی کتب کو باقاعدگی کے ساتھ برقرار رکھا گیا ہے۔
- فنانشل بیانات کی تیاری میں موزوں اکاؤنٹنگ کی پالیسی کو اطلاق کیا جاتا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے پر مبنی ہوتا ہے۔
- فنانشل گوشواروں کی کنٹینر ایکٹ 2017، انشورنس آرڈیننس 2000، فنانشل رپورٹنگ کے انٹرنیشنل معیارات اور دیگر ریگولیشن (بشمول شرعی ہدایات/اصولوں تک محدود نہیں) جو کہ پاکستان میں لاگو ہوتے ہیں، ان اصولوں کے مطابق تیار کیا جاتا ہے۔
- انٹرنل کنٹرول سسٹم ڈیزائن کے لحاظ سے اعلیٰ ہے اور اس کا موثر طریقے سے نفاذ اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے معاملات کو سرانجام دینے کے لیے کمپنی کی صلاحیتوں میں کوئی شک نہیں ہے۔
- کارپوریٹ گورننس کے بہتری عمل داری کے ساتھ کسی قسم کے بھی مواد اخراج نہیں کیا گیا ہے، جیسا کہ رول بک اور ریگولیشن کی فہرست میں واضح کیا گیا ہے۔
- 31 دسمبر 2018 تک ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے صورت میں کسی قسم کی بھی قانونی ادائیگی واجب الادا نہیں ہے، سوائے اس کے جس کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
- اسٹاف ریٹائرمنٹ فنڈ کی طرف سے انویسٹمنٹ کی قیمت کے حوالے سے ان کے 31 دسمبر 2018 تک غیر پڑتا شدہ فنانشل بیانات کے مطابق کام کیا جاتا ہے جو کہ مندرجہ ذیل ہیں:

ملازمین کا پروویڈنٹ فنڈ	49.329 ملین روپے
ملازمین کا گریجویٹ فنڈ	44.108 ملین روپے

- فی الحال، بورڈ کے 7 ڈائریکٹرز میں سے 4 ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام سرٹیفیکیشن حاصل کی ہے، جبکہ 2 ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے ڈائریکٹرز ٹریننگ پروگرام سے کوڈ آف کارپوریٹ گورننس کے قابل اطلاق ہونے کی صورت میں فہرست شدہ کنٹینر میں مقرر کردہ بورڈ پرکائی تعلیم اور تجربے کی بنیاد پر مستثنیٰ حاصل ہے۔ قابل اطلاق کوڈ 2017، دفعہ (c) 20 کے تحت بورڈ میں شامل تمام ڈائریکٹرز کو 30 جون 2021 تک مندرجہ بالا سرٹیفیکیشن یا اسٹاف حاصل کرنے کی ہدایت کی ہے۔ ہمارے ایک ڈائریکٹر کے لیے، بیان کردہ ٹائم فریم کے اندر مندرجہ بالا سرٹیفیکیشن یا اسٹاف حاصل کرنے کو کہا گیا ہے۔
- گزشتہ 6 سالوں کا مالیاتی ڈیٹا اور اہم عملیاتی سے متعلق ان مالیاتی گوشواروں کے ساتھ منسلک ہے۔

انشورنس آرڈیننس 2000 کے مطابق، ڈائریکٹرز تصدیق کرتے ہیں:

- ان کی رائے اور ان کے یقین کے مطابق کمپنی کی سالانہ قانونی صورت حال بیانات سے منسلک فارم میں درج کردی گئی ہے جو کہ انشورنس آرڈیننس 2000 کے مطابق ہے اور اس آرڈیننس کے تحت ہر قانون تشکیل دیا گیا ہے۔
- کمپنی نے ہمیشہ آرڈیننس کے دفعات کے تحت عمل کیا ہے اور اس آرڈیننس کے تحت جو قانون وضع کئے گئے ہیں وہ پبلیک کمپنل، قرض کی ادائیگی اور مجموعی بنیاد پرری انشورنس کے انتظامات، ان معاملات کے علاوہ، جن کا فنانشل گوشواروں میں نوٹ 40.1 میں انکشاف کیا گیا ہے، ان تمام عوامل سے متعلق ہیں، اور گوشواروں کے مقرر کردہ تاریخ تک کمپنی آرڈیننس کے دفعات اور اس کے قانون تحت جو کہ اوپر درج کئے گئے ہیں تعمیل کرنے میں مصروف عمل ہے۔

بورڈ کے اجلاس اور ڈائریکٹرز میں تبدیلی

کمپنی کا بورڈ آف ڈائریکٹرز تین خود مختار، ایک ایگزیکٹو اور تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

اس سال کے دوران ایک خود مختار ڈائریکٹر اور ایک نان ایگزیکٹو ڈائریکٹر کے مستعفی ہونے کے سبب کمپنی میں دو جگہیں خالی ہوئیں۔ جس پر مقررہ مدت کے اندر اندر خود مختار ڈائریکٹر کو مقرر کیا گیا جبکہ ایک خاتون خود مختار ڈائریکٹر (جیسا کہ سیکشن 2017 کے لیے کوڈ آف کارپوریٹ گورننس کی ضرورت کے تحت ہے) مقرر کی گئیں۔

آڈیٹرز

آڈٹ کمپنی کی تجویز پر، بورڈ آف ڈائریکٹرز نے میسرز اے۔ ایف فرگوسن اور کوچار ڈاٹا کنٹینٹس کی بطور کمپنی کے ایکسٹرنل آڈیٹرز تقرری کی سفارش کی تھی۔ کمپنی کے مالیاتی گوشواروں کو اہلیت کے ساتھ آڈٹ کیا گیا ہے، جس کے بارے میں سیکشن ”کولیفائڈ ایکسٹرنل آڈٹ رپورٹ“ سے متعلق مکمل طور پر وضاحت کی گئی ہے۔

ہولڈنگ کمپنی

یہ کمپنی آئی جی آئی ہولڈنگ لمیٹڈ (سابقہ آئی جی آئی انشورنس لمیٹڈ) کا ذیلی ادارہ ہے جس نے کمپنی کے 81.97 فیصد (2017: 81.97 فیصد) حصص کیپٹل حاصل کئے ہوئے ہیں۔

انشورنس کی مالیاتی استحکام کی ریٹنگ

اس سال کے دوران، کمپنی نے اپنی IFS ریٹنگ کو PACRA سے برقرار رکھا ہے۔ کمپنی کو مستحکم نقطہ نظر کے ساتھ A پلس IFS ریٹنگ دی گئی ہے۔

کارپوریٹ سماجی ذمہ داریاں

کارپوریٹ سماجی ذمہ داریاں (CSR) کمپنی کی پالیسی، کمپنی کے اقدار کے لیے رہنمائی کا فریم ورک فراہم کرتی ہے۔ یہ اپریل 2018 میں، کمپنی کی جانب سے انشورنس کے دن کے موقع پر بلڈ ڈونیشن ڈرائیو کا انعقاد کیا گیا تھا۔ یہ سرگرمی انڈس اسپتال کے تعاون کے ساتھ منعقد کی گئی تھی۔

آڈٹ کل

نئے آئی ٹی سسٹم کے نفاذ، جدید بننے پر ڈکٹ کے تعارف، تقسیم کاری میں توسیع اور مضبوط رسک مینجمنٹ فریم ورک کے ساتھ آپ کی کمپنی مارکیٹ میں مواقع کو حاصل کرنے کے لیے خاصی تیار ہے۔ کمپنی کی پر عزم افراد قوت اسٹرٹیجک اہداف سے پہنچنے کی بھرپور صلاحیت رکھتی ہے۔

اتہار تشکر

ہم اس موقع پر منسٹری آف کامرس، حکومت پاکستان، SECP کے تحت انشورنس کے محکمے کا ان کی قیمتی مدد، حمایت اور رہنمائی کے لیے شکریہ ادا کرتے ہیں۔ بورڈ آف ڈائریکٹرز اپنے مخلصانہ شکریے کا اظہار کرنا چاہتے ہیں اور ملازمین کی جانب سے ادا کئے کردار کے لیے ان کی تعریف کو ریکارڈ کرانے کے خواہش مند ہیں۔ آخر میں ہمارا شکریہ ان ہزاروں پالیسی ہولڈرز اور حصص داران کو جاتا ہے جن کا اعتماد، مسلسل حمایت کمپنی کی حوصلہ افزائی کا ذریعہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

شمین احمد خان

چیئر مین

تاریخ: 29 مارچ، 2019

سید حیدر علی

چیف ایگزیکٹو آفیسر

تاریخ: 29 مارچ، 2019

اس سال کے دوران، "IGI Vitality Life" کے تحت ایک نئی اور منفرد پروڈکٹ متعارف کروائی گئی ہے۔ یہ پروڈکٹ وائٹیلٹی گروپ انٹرنیشنل کے ساتھ شراکت داری کے تحت بنائی گئی ہے۔

IGI Life Vitality اپنے کسٹمرز کو صحت مند اور چست و توانا طرز زندگی برقرار رکھنے پر انعامات سے نوازتا ہے۔ یہ پروڈکٹ اپنے پالیسی ہولڈرز کو جسمانی سرگرمیوں کے ہدف پورا کرنے پر ہفتہ وار، ماہانہ اور سالانہ انعامات دیتی ہے۔

کمپنی نے بطور خاص وائٹیلٹی کے لیے کراچی اور لاہور میں دو شاخیں قائم کی ہیں وائٹیلٹی انشورنس کی تقسیم کے لیے ٹیمیں بھی مخصوص کی ہیں۔

اس کے علاوہ، کمپنی نے اپنے برانچ نیٹ ورک اور بینک انشورنس پارٹنر کی موجودہ پروڈکٹ ریجن اورڈسٹری بیوٹن چینل میں توسیع کی ہے۔

بورڈ کے خدوخال اور مشاہرہ

بورڈ کے خدوخال اور بورڈ کی ذیلی کمیٹیوں کے ممبرز کے ناموں کو صفحہ نمبر 22 اور 23 پر دیکھا جاسکتا ہے۔ کمپنی ایکٹ 2017 اور فہرست شدہ کمپنیز (کارپوریٹ گورننس کے ضابطے) 2017 کے قوانین کے مطابق، آپ کی کمپنی نے اپنے ڈائریکٹرز کے مشاہرے کے لیے شفاف فریم ورک وضع کیا ہے۔

انڈر رائٹنگ، ری انشورنس اور رسک مینجمنٹ

آپ کی کمپنی انڈر رائٹنگ کے مضابطہ طریقوں پر عمل داری کی پیروی کرتی ہے۔ کمپنی نے ہیومن کپٹل، ٹیکنالوجی اور انڈر رائٹنگ فنکشن کو تعاون فراہم کرنے والے انفراسٹرکچر میں اہم انویسٹمنٹ کی ہے۔

آپ کی کمپنی ری انشورنس پر احتیاط کے ساتھ ڈیڑھ ارب روگرام کے ذریعے لاحق خطرات پر رد عمل کو تیز کرنے کی پالیسی پر کاربند ہے۔ کمپنی کے قابل اعتماد انٹرنیشنل ری انشوررز کے ساتھ ری انشورنس کے معاہدے ہوئے ہیں تاکہ کمپنی کو نقصان سے اور ہمارے اوپر موجود خطرات سے بچایا جاسکے۔

کمپنیل مینجمنٹ اور لکچر ڈیٹ

کمپنی اپنے موجودہ اور کاروباری سرگرمیوں کی منصوبہ بندی کی مدد کے لیے اطمینان بخش سرمائے برقرار رکھتی ہے۔ کمپنی کے پیڈ اپ کیپٹل اور حاصل سرمایہ بالترتیب 706 ملین روپے اور 648 ملین روپے پر موجود ہے۔

کمپنی میں لکچر کی ادائیگیوں اور آپریٹنگ اخراجات کو پورا کرنے کے لیے مناسب لکچر ڈیٹ کو یقینی بنانے کے لیے فریم ورک بھی موجود ہے۔ جس کے ساتھ 31 دسمبر 2018 تک کمپنی کا کیش اور کیش مساوی 1.833 بلین روپے رہا جو کہ (2017 میں 898 ملین روپے) تھا۔

انفارمیشن ٹیکنالوجی اور آپریٹنگ کارکردگی

آپ کی کمپنی اپنے پالیسی ہولڈرز، شراکت داروں اور دیگر اسٹیک ہولڈرز کو اعلیٰ سطح کی کسٹمر سروس فراہم کرنے میں کوشاں ہے۔

کمپنی نے جزوی طور پر ایک عالمی سطح پر معروف فرم کا تیار کردہ نیا آئی ٹی سسٹم نافذ کیا ہے۔ یہ نیا سسٹم عملی طور پر آپریٹنگ کارکردگی، مارکیٹ کو تیز رفتار اور معیاری کسٹمر سروس کی فراہمی کو بہتر بناتا ہے۔ اس سسٹم کو 18 سے 24 مہینوں میں مکمل طور پر نافذ کر دیا جائے گا۔

اس کے علاوہ آپ کی کمپنی نے EPR کے نئے سسٹم کو بھی نافذ کیا ہے جس سے آپریٹنگ کارکردگی اور فنانشل اور مینجمنٹ رپورٹنگ میں شفافیت کو بہتر کرنے میں مدد ملے گی۔

متعلقہ پارٹی کی ٹرانزیکشنز

ہر بورڈ کی میٹنگ میں، بورڈ آف ڈائریکٹرز کمپنی کے ٹرانزیکشنز کی منظوری دے گا جسے شریک کمپنیوں اور آڈٹ کمیٹی کی سفارشات کی بنیاد پر متعلقہ پارٹیز کے ساتھ مل کر تیار کیا گیا ہے۔ ایسے تمام ٹرانزیکشنز آرمز لینتھ میٹھڈ پر انجام دیے جائیں گے، اس طریقہ کار کو موازنے کے قابل بے قابو قیمت کا طریقہ کار اور لاگتی اشتراک کے اختیارات کی بنیاد پر عمل میں لایا جائے گا۔

ہیومن ریسورس مینجمنٹ

موجودہ سال کے دوران، کمپنی نے اپنے ہیومن کپٹل کو مختلف محکموں سمیت سیلز اور مارکیٹنگ، انڈر رائٹنگ، لکچر، فنانس، ایکچوریل، ہیومن ریسورس اور کسٹمر سروس میں پیشہ ورانہ تعلیم یافتہ افراد کی بھرتیوں سے مضبوط کیا ہے۔ سال 2018 کے دوران، کمپنی نے اسٹاف اور سیلز فورس کے لیے متعدد ٹریننگ اور ان کی ترقی کے لیے پروگرام منعقد کرائے تھے۔

انٹرنل آڈٹ

آپ کی کمپنی میں انٹرنل آڈٹ کا فنکشن موجود ہے جس کی آڈٹ کمیٹی کی جانب سے نگرانی کی جاتی ہے۔ یہ انٹرنل آڈٹ فنکشن ریگولیٹری ذمہ داریوں کی تعمیل کی یقین دہانی کراتا ہے۔

نفع انسان

2017	2018	
روپے 000 میں		
225,975	(134,076)	نیٹ (نقصان) / بعد از ٹیکس منافع
68,204	(39,373)	ٹیکس (تفشیخ) / چارجڈ
157,771	(94,703)	نیٹ (نقصان) / بعد از ٹیکس
(127,283)	(37,766)	دیگر جامع آمدنی - منیئر
روپے میں		
2.24	(1.34)	(نقصان) / آمدنی فی حصص
21.88	19.19	فی شیئر بریک - اپ ویلیو (اس میں وہ رقم بھی شامل ہے جو انشورنس آرڈیننس کی ضروریات پوری کرنے کے لیے قانونی شیئرز میں موجود رہتی ہے)

کولیفائیڈ ایکٹرل آڈیٹرز رپورٹ

کمپنی کے ایکٹرل آڈیٹرز نے کولیفائیڈ آڈٹ رپورٹ کا اجراء کیا ہے، جس میں آڈیٹرز نے اپنی رائے کا اظہار کرتے ہوئے واضح کیا ہے کہ کمپنی نے مالی سال 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے لائف اینڈ ہیلتھ انشورنس کے پریم پر سیلز ٹیکس کی لائبلٹی ریکارڈ نہیں کی ہے۔ جیسا کہ 31 دسمبر 2018 کو ختم ہونے والے مالی سال کے لیے سالانہ پڑتا شدہ مالیاتی بیان کے نوٹ 25.1 میں مکمل طور پر واضح کیا گیا ہے کہ گروپ ہیلتھ انشورنس اور لائف انشورنس پریم پر صوبائی سیلز ٹیکس سے استثنیٰ متعدد تاریخوں سے منقطع / ختم کیا گیا ہے۔ کمپنی نے ناصرف 31 دسمبر 2018 کو ختم ہونے والے سال میں لائف انشورنس اور ہیلتھ انشورنس پریم کے لیے کسٹمرز کو استثنیٰ کے ختم ہونے کی متعلقہ تاریخوں سے صوبائی سیلز ٹیکس کی وصولیائی کی غرض سے نوٹس ارسال نہیں کیا ہے بلکہ صوبائی سیلز ٹیکس کے سلسلے میں کوئی شرط بھی عائد نہیں کی ہے۔

سیلز ٹیکس سے متعلق کمپنی یہ نظریہ رکھتی ہے کہ انشورنس کے کاروبار پر موجود سیلز ٹیکس کا بغور جائزہ لینا چاہئے تاکہ پاکستان میں لائف انشورنس برنس میں پائیدار اور مستحکم ترقی ممکن ہو سکے۔ انشورنس ایسوسی ایشن آف پاکستان نے استثنیٰ کی تجدید سے متعلق معاملے کو سندھ ریونیو بورڈ اور پنجاب ریونیو اتھارٹی میں بالترتیب صنعتی سطح پر اٹھایا۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بطور ایپیکس ریگولیٹر لائف اینڈ ہیلتھ انشورنس برنس پر سیلز ٹیکس کے نفاذ کے خلاف صوبائی ریونیو اتھارٹیز سے رابطہ کیا ہے۔ SECP نے اس بات پر زور دیا ہے کہ پاکستان میں انشورنس مارکیٹ کا رپورٹ سیلکس کو خطرات میں تخفیف مہیا کر کے معیشت کا لازمی جز بن چکی ہے۔ SECP نے اس جانب بھی اشارہ کیا ہے کہ پاکستان میں زیادہ تر فروخت کی جانے والی انفرادی لائف انشورنس پالیسیوں میں بچت کا عنصر کافی زیادہ نمایاں ہوتا ہے، لہذا پالیسی کے گروس پریم پر ٹیکس لگانے سے پالیسی ہولڈرز کی محنت سے جمع کی گئی بچت پر ٹیکس کی کوئی ہو جائے گی۔ اس حقیقت کو مد نظر رکھتے ہوئے کمپنی کو پورا یقین ہے کہ صوبائی اتھارٹیز کی جانب سے مثبت جواب موصول ہوگا اور 31 دسمبر 2018 کو ختم ہونے والے مالی سال کے مالیاتی بیانات میں کسی قسم کی شرائط عائد نہیں کی جائیں گی۔

اگر کمپنی 31 دسمبر 2018 کو ختم ہونے والے مالی سال میں لائف انشورنس اور ہیلتھ انشورنس پریم پر سیلز ٹیکس لائبلٹی ریکارڈ کرتی تو کمپنی کا بعد از ٹیکس نقصان 228.081 ملین روپے یا 3.23 روپے فی شیئر ہوتا جبکہ سیلز ٹیکس لائبلٹی میں 321.241 ملین روپے کا اضافہ ہوتا۔

تقررات اور قرض ادا کرنے کی صلاحیت

تقریر شدہ قانونی مشیر کی تجویز اور بورڈ کی منظوری پر، کمپنی نے قانونی فنڈز سے شیئرز ہولڈرز کے فنڈز میں 15.6 ملین روپے سرپلس ٹرانسفر کیا گیا۔

مزید، کمپنی نے SECP سے خاص طور پر منظوری حاصل کی ہے کہ وہ اپنی سالانہ سیاحت کی حیثیت کا انتظام مجموعی بنیاد پر طے کر سکے۔ جیسا کہ نوٹ 25.1 میں دیکھا جاسکتا ہے کہ سیلز ٹیکس کی شرائط اکاؤنٹ میں شامل کر دی گئی ہیں، کمپنی کی قرض ادا کرنے کی حیثیت کا مارجن قرض ادا کرنے کی حیثیت کی کم از کم سطح 144.806 ملین روپے کی سطح پر پہنچ چکی ہے۔ اس لحاظ سے، کمپنی کے اسپانسر کمپنی کی قرض ادا کرنے کی حیثیت کو مناسب سطح پر لانے کے لیے تعاون کرنے کی غرض سے مصروف عمل ہیں۔

لائف پارٹنر شپ فنانسنگ فنڈ

لائف پارٹنر شپ فنانسنگ فنڈ کے تحت فروخت ہونے والی پالیسیز، پالیسی ہولڈرز کو اس مدت کے دوران SECP کی جانب سے مقرر کردہ حد تک سرپلس پیدا کرنے میں حصہ لینے کا حقدار سمجھتا ہے۔ اس کی تقسیم کو پالیسی ہولڈرز کے لیے بونس کی شکل میں تیار کیا گیا ہے۔ تقسیم کیا جانے والا بونس مقرر کردہ بیمہ ماہر کی طرف سے تجویز کردہ اور بورڈ کی جانب سے منظوری شدہ ہوگا۔ سال 2018 کے دوران، پالیسی پوہولڈرز کو تقسیم کئے جانے والا بونس 140.4 ملین روپے جو کہ 2017 میں 317.6 ملین روپے تھا۔

کلیمر

کلیمر پر بروقت اور موثر کارروائی ہمیشہ سے کمپنی کی پہلی ترجیح ہے تاکہ خدمات کے شعبے میں اعلیٰ معیار کو قائم رکھا جاسکے۔ سالہا سال سے کمپنی کی یہی کوشش رہی ہے کہ اپنے کلیم سسٹمٹ پروس کو بہتر بنایا جائے تاکہ کلیم کیے جانے کے دوران ایک کو کم کیا جاسکے، اس سلسلے میں کلیم کی انتظامیہ کو موثر اختیارات بھی تفویض کیے گئے ہیں۔

اس سال کے دوران، کمپنی نے 1.21 بلین روپے (2017: 1.09 بلین روپے) کے کلیم ادا کیے تھے۔

ڈائریکٹرز کی رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 31 دسمبر 2018 کو ختم ہونے والے مالیاتی سال کے لیے کمپنی کی چوبیسویں سالانہ رپورٹ بمعہ آڈیٹڈ مالیاتی بیانات پیش کر رہے ہیں۔

کمپنی کی کارکردگی کا جائزہ برائے سال 2018

مجموعی پریمیئم

سال 2018 میں کمپنی کا تحریر شدہ مجموعی پریمیئم (بشمول تکافل شراکت داری) 4.79 بلین روپے پر موجود ہے۔ انفرادی لائف ریگولر پریمیئم (بشمول تکافل شراکت داری) 7.3 فیصد بڑھوار کے ساتھ 2.22 بلین روپے پر موجود ہے جو کہ مالی سال 2017 میں 2.07 بلین روپے تھی۔ رینیویبل پریمیئم میں 1.64 بلین روپے (2017: 1.46 بلین روپے) پر موجود ہے، جو کہ گزشتہ سال کے مقابلے میں 12.9 فیصد ترقی کو ظاہر کرتا ہے۔

انفرادی فیملی تکافل ریگولر کٹری بیوٹن 39.4 فیصد اضافہ کے ساتھ 650.96 بلین روپے پر موجود ہیں جو کہ گزشتہ مالی سال 2017 میں 467.07 بلین روپے تھے۔ کمپنی کی جانب سے ونڈو تکافل آپریشنز کا آغاز سال 2015 کی تیسری سہ ماہی میں کیا گیا تھا اور اپنے آغاز سے ہی اس میں ترقی کا سلسلہ جاری ہے۔

گروپ لائف اینڈ ہیلتھ پریمیئم (بشمول تکافل گروپ ہیلتھ اینڈ فیملی) 1.66 بلین روپے (2017: 1.26 بلین روپے) پر موجود ہے، جو کہ گزشتہ سال کے مقابلے میں 32 فیصد بڑھوار کو ظاہر کرتا ہے۔

کمپنی نے نئے دور کے تقاضوں کو سمجھتے ہوئے اپنی حکمت عملی کو صرف انفرادی پریمیئم پر توجہ مرکوز رکھنے سے ہٹایا (بشمول تکافل شراکت داری) اور اس طرح 909 بلین روپے (2017: 2.28 بلین روپے) کا پریمیئم / کٹری بیوٹن حاصل کیا۔ اب ہم زیادہ رسک پروفیکشن کے ساتھ پریمیئم / کٹری بیوٹن پروڈکٹس پر زیادہ توجہ مرکوز کر رہے ہیں جو کہ لائف انشورنس / فیملی تکافل کا بنیادی جز ہے۔

آپ کی کمپنی نے صارفین کی فلاح و بہبود کے لیے ٹیکنالوجی پر مبنی پروگرام بھی بھاری سرمایہ کاری کی ہے جس کے تحت پالیسی ہولڈرز کو ایک صحت مند طرز زندگی برقرار رکھنے پر انعامات دیئے جائیں گے۔ اس پروگرام کا نام "IGI Life Vitality" ہے اور اسے وائٹیلٹی گروپ انٹرنیشنل کے ساتھ شراکت داری میں شروع کیا گیا ہے، یہ پروگرام پالیسی ہولڈرز کی جسمانی سرگرمیوں کا بروقت ریکارڈ مرتب کرتے ہوئے انہیں مختصر اور طویل مدت کے لیے انعامات کا حقدار قرار دیتا ہے جو کہ ہدف پورا کرنے پر منحصر ہوتے ہیں۔ ہمارا عزم "صحت مند پاکستان" کے لیے "چست و چوبند لائف انشورنس" کو فروغ دینا ہے۔

سرمایہ کاریاں

آپ کی کمپنی نے 15.68 بلین (2017: 17.77 بلین روپے) کے انویسٹمنٹ پورٹ فولیو کے ساتھ مستحکم بیلنس شیڈ کو برقرار رکھا، جو کہ کمپنی کے ٹوٹل اثاثہ جات 84 فیصد (2017: 89%) کو ظاہر کرتا ہے۔ کمپنی پالیسی ہولڈرز کے فنڈز کو محفوظ بنانے اور سرمایہ کاری پر بہترین منافع کے یقینی حصول کے لیے محتاط اور محفوظ سرمایہ کاری پالیسی رکھتی ہے۔

انشورنس کے قواعد 2017 کے مطابق کمپنی نے سرمایہ کاری کے بعد اس کی پیش کش کے لیے اکاؤنٹنگ پالیسی میں تبدیلیاں کی ہیں جو کہ 31 دسمبر 2018 کو ختم ہونے والے سال کے سالانہ پڑتال شدہ مالیاتی بیانات کے نوٹ نمبر 4 میں وضاحت کے ساتھ بیان کیے گئے ہیں۔

کمپنی اپنے صارفین کو انشورنس کے روایتی کاروبار میں 14 یونٹ لکند فنڈز پیش کرتی ہے اور انفرادی فیملی تکافل آپریشنز میں شراکت 3 یونٹ لکند فنڈز پیش کیے جاتے ہیں۔ ان تمام فنڈز سے متعلق رسک اور خدشات مختلف ہیں اور اس کا انحصار صارفین پر ہوتا ہے کہ وہ اپنے فنڈز کے لیے کس حد تک منافع اور رسک کا سامنا کرنے کے لیے تیار ہیں۔

اس سال کے دوران، اشاک مارکیٹ تیزلی کا شکار رہی، جس کی عکاسی PSX 100 انڈیکس میں ہونے والی 8.86 فیصد کمی ہے۔ اس کے ساتھ تجارتی حجم میں بھی کمی واقع ہوئی ہے۔ فکسڈ انکم کی جانب، اسٹیٹ بینک آف پاکستان نے نظر ثانی کے بعد پالیسی ریٹ 5.75 فیصد اضافے کے بعد 10 فیصد کر دیا ہے، جس نے کمپنی کی جانب سے منعقدہ انویسٹمنٹ پورٹ فولیو کی کارکردگی کو بھی متاثر کیا ہے۔

کنوینشنل، ایگریسیو، بیلنسڈ، سیکورائیزڈ کنزرویٹو فنڈز نے اپنے آغاز سے بالترتیب 10.12 فیصد، 9.51 فیصد، 11.92 فیصد اور 7.03 فیصد مجموعی منافع کمایا۔ تاہم سال 2018 کے دوران اشاک مارکیٹ کی خراب صورتحال ان پر شدید اثر انداز ہوئی۔ اس سال کے دوران کنوینشنل، ایگریسیو، بیلنسڈ، سیکورائیزڈ کنزرویٹو فنڈز نے بالترتیب 5.48 فیصد، 2.7 فیصد، 5.23 فیصد اور 3.7 فیصد مجموعی منافع کمایا۔

کمپنی نے سال 2015 کے اختتام پر اپنی تکافل پروڈکٹس کا آغاز کیا تھا اور تین سال کی مدت کے دوران 1.6 بلین روپے کے فنڈز قائم کیے۔ تکافل ایگریسیو، بیلنسڈ اینڈ کنزرویٹو فنڈز نے اپنے آغاز سے بالترتیب 3.11 فیصد، 3.19 فیصد اور 3.92 فیصد مجموعی منافع حاصل کیا۔ اس سال تکافل ایگریسیو، بیلنسڈ اینڈ کنزرویٹو فنڈز نے بالترتیب 4.83 فیصد، 1.68 فیصد اور 4.94 فیصد منافع حاصل کیا۔

منافع

کمپنی کا بعد از ٹیکس 94.70 بلین روپے کا نقصان رہا، جبکہ بعد از ٹیکس منافع 157.77 بلین روپے رہا (بشمول سرپلس / اسٹیوری فنڈز کا خسارہ)۔ اس سال کے دوران کمپنی کے منافع میں کمی کا سبب سرمایہ کاری پر حاصل ہونے والا کم منافع اور انتظامی اخراجات میں اضافہ ہے۔ انتظامی اخراجات میں اضافے کا اہم سبب "IGI Life Vitality" کا متعارف کروانا اور ساتھ ہی آپ گریڈڈ ٹریڈنگ فیسلٹی کا قیام ہے جہاں انڈسٹری میں آنے والے نئے نوجوانوں کو ٹریڈنگ مہیا کرنا ہے تاکہ انڈسٹری میں موجود نئے ٹیلنٹ کی قوت کو پورا کیا جاسکے۔ یہ نئی سہولت آن لائن ٹریڈنگ اپنی میڈیٹریڈنگ ماڈیول کے ساتھ ساتھ نئے طریقے کار کیسے chat-bots وغیرہ بھی متعارف کروا رہی ہے۔ جس کی مزید تفصیلات ڈائریکٹرز کی جانب سے رپورٹ کے پروڈکٹ اینڈ سٹری بیوٹن سیکشن میں موجود ہیں۔ نتائج کی مختصر تفصیل مندرجہ ذیل ہے۔

[illegible]

Proxy Form

Shareholder's Folio No. _____ Number of shares held _____ I/We
_____ of (full address) _____ being a
member of IGI Life Insurance Limited, hereby appoint Mr./Ms. _____ of (full address) _____
_____ or failing him/her Mr./ Ms. _____ of (full address) _____
_____ as my/our proxy in my/our absence to attend and vote
for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 26th April, 2019 at 2:30 pm.
at the Sunflower Hall, Beach Luxury Hotel, M. T. Khan Road, Lalazar, Karachi- and at any adjournment thereof.

Signed this _____ day of _____ 2019

Signed by the member(s) in the presence of;

Witness:

Address:

CNIC No.: _____

Witness :

Address:

CNIC No.: _____

Please affix
Rupee Five
Revenue Stamp

Signature of Member

NOTES:

General:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a person as proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy should be signed by the appointer or his/her attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
3. The Proxy Form, duly completed together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof should be deposited at the Registrar of the Company "FAMCO Associates (Pvt.) Ltd", at 8-F, next to Hotel Faran, Nursery, Block - 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi as soon as possible but not later than forty-eight (48) hours before the time of holding the Meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Registrar, all such instruments of proxy shall be rendered invalid.
5. Applicable stamp duty shall be paid/affixed on the proxy form in accordance with the place of execution.

For CDC Account Holders:

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / Passport No. shall be mentioned on the form.
2. Attested copies of CNIC or the Passport of the beneficial owners of the proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original Passport at the time of the Meeting.
4. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

شیر ہولڈر کا فلیو نمبر _____ موجودہ شیرز کی تعداد _____
 میں/ہم _____ ساکن (مکمل پتہ) _____
 بحیثیت آئی جی آئی لائف انشورنس لمیٹڈ/ کے ایک ممبر بذریعہ ہذا التقرر کر رہا ہوں/ رہے ہیں۔

جناب/محترمہ _____ ساکن (مکمل پتہ) _____
 یا ان کی غیر حاضری کی صورت میں جناب/محترمہ _____ ساکن (مکمل پتہ) _____

کا بطور اپنا/ ہمارے پراکسی جو میری/ ہماری غیر موجودگی میں کمپنی کے سالانہ اجلاس عام منعقدہ 26 اپریل 2019 بوقت دن کے 2:30 بجے بمقام سن فلاور ہال، بیچ لگٹری ہوٹل، ایم۔ ٹی خان روڈ، لالازار، کراچی میں یا کسی زیر التوا تاریخ پر منعقدہ اجلاس میں شرکت کریں گے۔

دستخط مورخہ _____ 2019

مبران کی جانب سے درج ذیل کی موجودگی میں دستخط کئے گئے

گواہ: _____

پتہ: _____

شناختی کارڈ نمبر: _____

گواہ: _____

پتہ: _____

شناختی کارڈ نمبر: _____

برائے مہربانی 5 روپے کا

ریونیو اسٹیپ چسپاں کریں

ممبر کے دستخط

- 1۔ عام اجلاس میں شرکت کرنے اور ووٹ دینے کے اہل ممبر بطور پراکسی کسی فرد کو منتخب کرنے کے حقدار ہونگے جو ان کی جگہ اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا حقدار ہوگا/ ہوگی۔
- 2۔ پراکسی کو مقرر کرنے کے لیے لازمی ہے کہ اٹارنی کی جانب سے دستخط شدہ تحریری اجازت نامہ مہیا کیا جائے، کارپوریٹ ادارہ کی صورت میں اس ادارے کی مہر یا آفیسر یا اٹارنی کے دستخط لازمی ہونے چاہئیں۔
- 3۔ اٹارنی پاور کے ساتھ مل کر مکمل کیا جانے والا پراکسی فارم، اگر کوئی ہو، جس کے تحت اس پر دستخط یا تصدیق کی ہوئی سرٹیفیکٹ یا تصدیق کی ہوئی سرٹیفیکٹ کا پی ضروری ہے کہ یہ کمپنی کے رجسٹرار "فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ" بمقام 8- ایف متصل ہوٹل فاران، نرسری، بلاک-6، پی سی ایچ ایس، شاہراہ فیصل، کراچی کو فوری طور پر یا اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرادیا جائے۔
- 4۔ اگر ممبر ایک سے زائد پراکسی مقرر کرتا ہے، اور ایک سے زائد پراکسی کی درخواست رجسٹرار کے پاس جمع کرواتا ہے، تو ایسی صورت میں تمام پراکسی مسٹر تصور کئے جائیں گے۔
- 5۔ عمل درآمد کی جگہ کے مطابق پراکسی فارم پر لاگوڈ یوٹی اسٹیپ ادا/ چسپاں کیا جانا ضروری ہے۔

CDC اکاؤنٹ ہولڈرز کے لیے:

- 1۔ پراکسی فارم کا دو افراد کی جانب سے مشاہدہ کیا جائے گا، جن کے نام، پتے اور شناختی کارڈ/ پاسپورٹ نمبر فارم میں درج کئے جائیں گے۔
- 2۔ پراکسی کے بٹیفیشل آنر کے تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ لگانا لازمی ہے۔
- 3۔ پراکسی جناب/محترمہ کا اصل شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت بھی مہیا کر سکتا ہے۔
- 4۔ ایک کارپوریٹ ادارے کی صورت میں، کمپنی کو پراکسی فارم کے ساتھ (اگر یہ پہلے فراہم نہیں کیا گیا ہے) تو بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی نمونہ دستخط کیساتھ جمع کیا جائے گا۔

Investors' Education

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


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