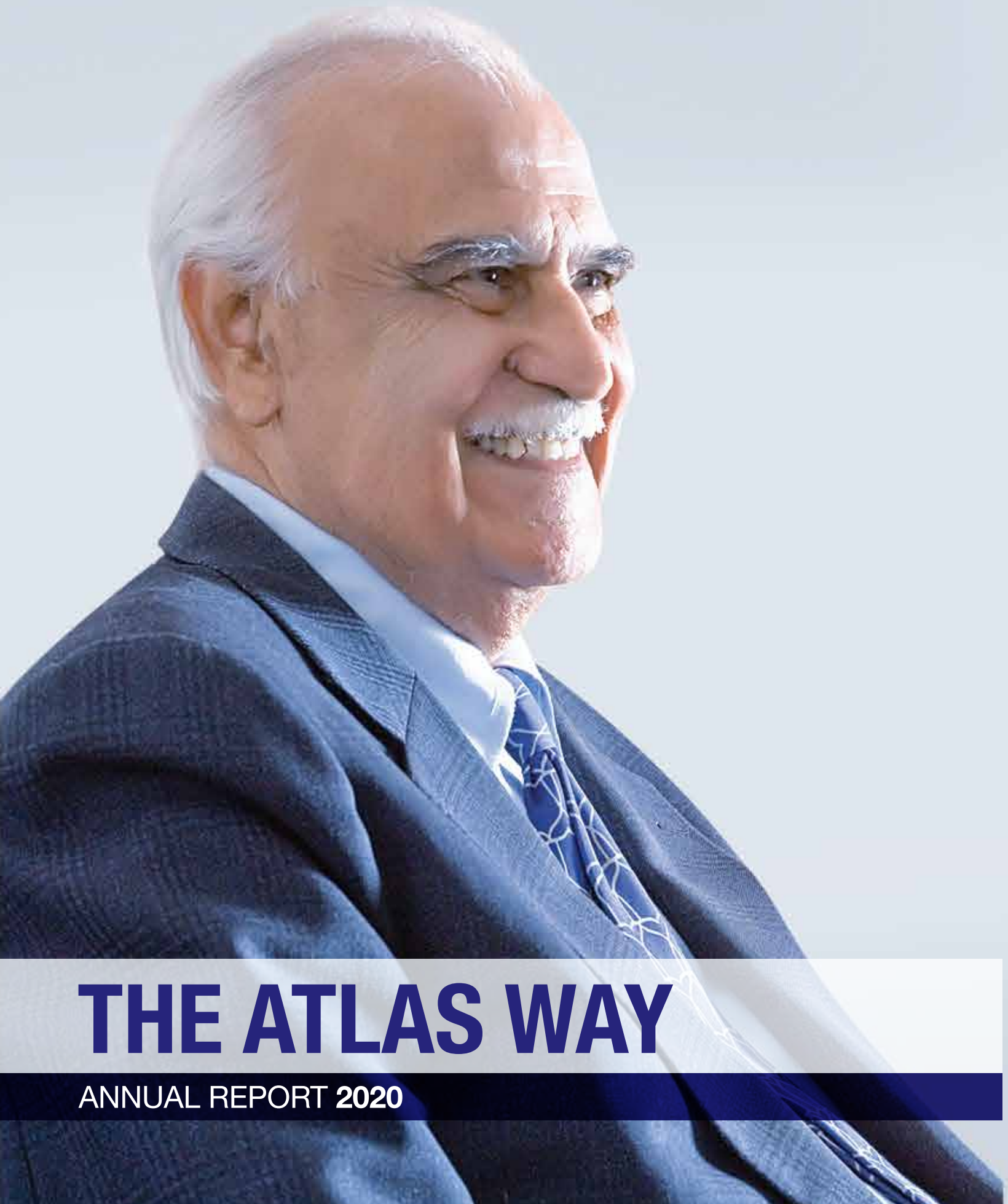
Atlas Insurance



THE ATLAS WAY

ANNUAL REPORT **2020**

ABOUT THE COVER

The Atlas Group pays tribute to its late Founder Chairman Mr. Yusuf H. Shirazi – a man of high principles and business acumen. The foundation of Atlas Group was laid in the year 1962 by Mr. Shirazi when "Shirazi Investments (Private) Limited" was formed with an initial capital of Rs. 500,000 and 3 men. By following the principles of **The Atlas Way** as articulated by the late Chairman, Atlas Group is known for its strong values and professionalism. The Group is amongst the largest tax payers and employers in the country. We are committed to upholding the legacy of our beloved founder as we forge ahead with renewed zeal and commitment.

RATED AA BY PACRA

GROW WITH
TRANSPARENT PROTECTION

A Company incorporated in 1934

A credible and conscious insurance company protecting all your business and personal insurance risks in the most transparent manner.

- Gross underwriting premium along with Takaful contribution over 3 billion rupees
- Insurer Financial Strength rating 'AA' by PACRA
- Awarded four times by the Insurance Journal for highest underwriting profitability
- Winner of KSE 25, SAFA, ICAP and ICMAP awards

Fire, Marine, Auto, Health, Travel, Home, Engineering, Crop, Livestock, etc.

Atlas Insurance

63/A, Block-XX, Phase III (Comercial), Khyaban-e-Iqbal, DHA, Lahore
UAN: 111-245-000 (KHI & LHR) **Tel:** (92-42) 37132611-18 **Fax:** (92-42) 37132622
Email: info@ail.atlas.pk **Website:** www.ail.atlas.pk

تکافل
TAKAFUL
Window Operation

Organisation
development
through
self development

Atlas Insurance

Accelerating to
Digital Success

When the physical world halted due to Coronavirus pandemic, the digital world was pushed into acceleration. The theme of "Accelerating to Digital Success" explores Atlas' journey throughout 2020 and highlights its dynamics of success during this "new normal". While evolving with the times, Atlas has stayed true to its core value of distinguished service to our customers and that is the essence behind its sustained success across all platforms, especially digital.

Financial Highlights 2020

Rs.
3,323
(In million)

Written Premium
& Contribution

Rs.
600
(In million)

Underwriting Profit

Rs.
908
(In million)

Profit Before Tax

Rs.
4,775
(In million)

Equity

Rs.
9,662
(In million)

Total Assets

70%

Cash Dividend

Cotents

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Vision

A first class insurance company that provides the highest level of quality service to its policyholders.

Mission

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders - employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.

Corporate Strategy

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards.

Focus on building long lasting relationships with our customers.

Create value for the stakeholders by maintaining and improving our competitive position in the market.

Adding value in our skills and services through training and development of our employees.

Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the Company business.

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect.

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of “Management By Objective”.

Monitoring performances of processes and taking timely action for their standardization and optimization.

ONLINE:USER A
Profits:
ANALYTICS DASHBOARD
Evolution:
Actual vs Target
Market Share
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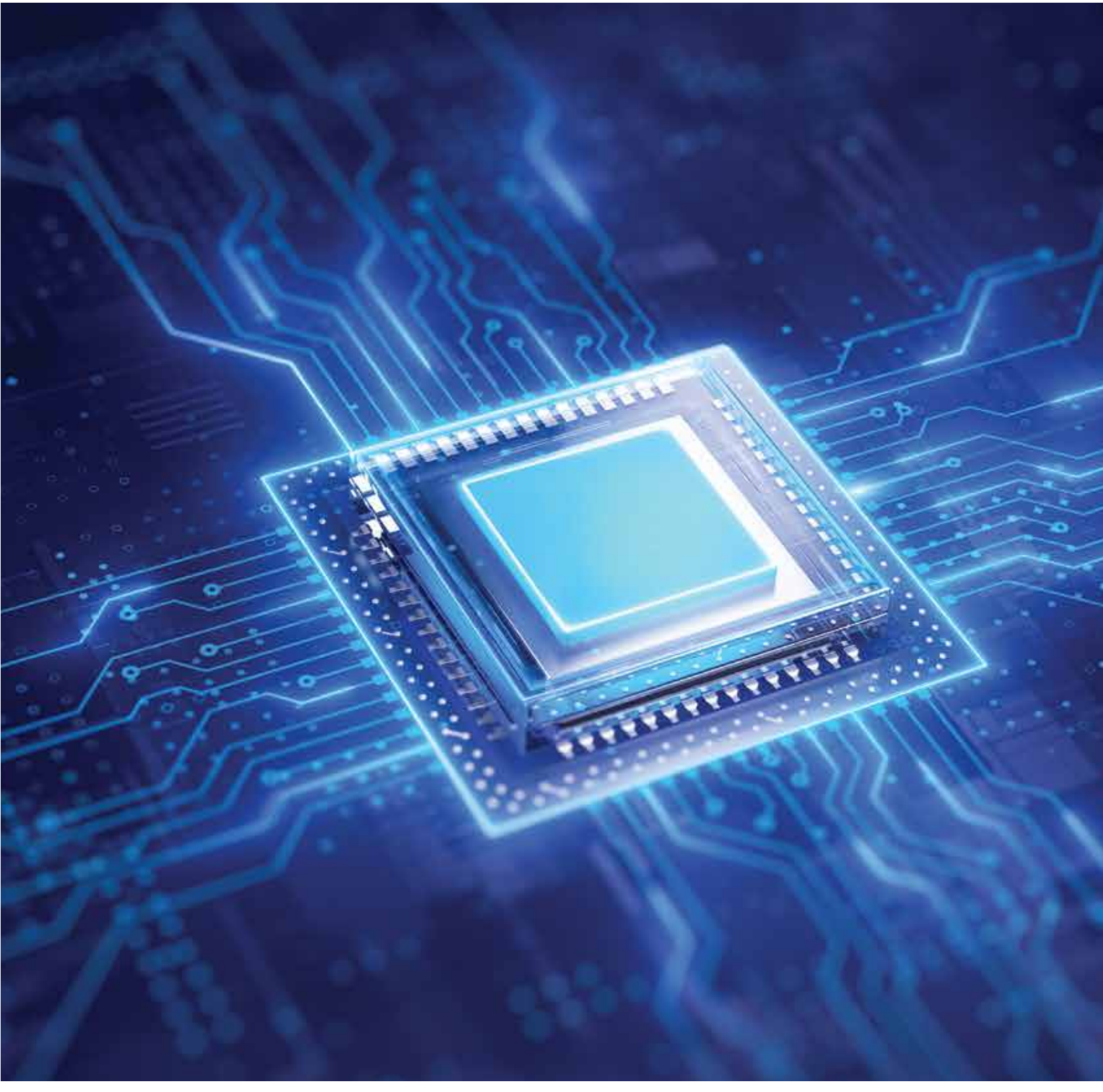


Core Values

Integrity and Ethics

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity.

Value of Time

We believe that time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period.

Respect, Recognition and Reward

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees.

Organization Development through Self Development

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'.

Team Work

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results.

Fairness

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior.

Code of Conduct

Standard of Conduct

We conduct our operations with honesty, integrity and openness, while respecting rights and interests of all stake holders including employees.

Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

Employees

- Company is committed in creating a working environment where there is mutual trust and respect.
- We recruit, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- We are committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- We are committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- We respect the dignity of employees and the right of individual to express freely.
- The Company maintains good communication link with employees through strong MIS and regular interactions – physical and virtual.

Insured

Company is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

Shareholders

Company conducts its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

Public Activities

- Company will promote and defend its legitimate business interests.
- It will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

The Environment

- Company is committed to make continuous improvement in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Competition

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

Business Integrity

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflict of Interests

Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the Company. They must not seek gain for themselves or for others through misuse of their positions.

Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in our business success. The Company's Board of Directors (the Board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The Board expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

Risk Identification and Management

Risk management ensures an integrated pre-emptive approach to mitigate existing and emerging business risks. The Company is committed to effectively manage its risk through formulation of risk management policy and system. The management continuously monitors and controls risks to the business. Following are the major risks faced by the Company and their mitigating factors:

Economic and Political Risk

Volatile economic, political and financial market conditions in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario.

The Company has cautious underwriting and marketing approach to deal with such risks and keeps working on developing innovative products to maintain and increase its market share without compromising its underwriting profitability.

Insurance Risk

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

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

Credit Risk

Credit risk represents the accounting loss that would be recognized if counter parties failed completely to perform as contracted.

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of the counter parties.

Liquidity Risk

To avoid any possibility of encountering difficulty at any point of time in meeting obligations associated with insurance and reinsurance contracts, the Company ensures that it has sufficient liquidity available to meet its claims and other liabilities under both normal and stressed conditions. It includes measuring and monitoring of future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

Market Risk

The changes in interest rates and stock market trends may possibly affect future cash flows.

The Company limits investment risk by maintaining a diversified portfolio and by continuously monitoring development in debt and equity markets. In addition, the Company actively keeps a close watch on the key factors that could affect the underlying value of these securities.

Reinsurance Risk

Reinsurance ceded does not relieve the Company from its obligation to the insured and as a result the Company remains liable for the portion of claims reinsured in case of any delay or possible problem of any reinsurer to discharge its obligation in time.

The Company has diversified reinsurance arrangements. It is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health with good international rating. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and including cover of any catastrophic event.

Health, Safety and Environment

Atlas Insurance Limited, recognizes its responsibilities for the occupational safety, health and environment of its associates and asset in all business areas of the Company and society as a whole. Among our top priorities is to promote good health, high level of safety and meticulous care of environment. Meeting our business targets, in compliance with appropriate HSE standards is of prime importance to us and it is the continuation of a long legacy of Atlas Group's responsible business practices that reflect our corporate culture.

Atlas Insurance Limited is committed to:

- Implement and maintain a comprehensive HSE Management System to mitigate risk to human capital, equipment and assets.
- Comply with all the applicable laws / regulations to implement HSE standards in all areas and activities of organization.
- Provide safe and healthy workplaces for our employees, contractors, visitors and other service providers.
- Establish challenging targets and measures and repost progress to ensure continuous improvement in HSE performance.
- Minimize impact on environment by following best environmental friendly practices.
- Regularly provide HSE related information and training to associates to enable them to effectively discharge their responsibilities and contribute towards compliance with the Group's HSE policy.

Whistle Blowing Policy

The Company is committed to create an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality.

The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program.

Policy and Procedures for Engagement of Stakeholders

Institutional Investors

Annual General Meetings are convened in accordance with the requirements of the Companies Act, 2017. Financial reports of the Company are published in every quarter and are timely placed on Company's website for the benefit of existing shareholders and potential investors.

Dates of the Board meetings and closed periods, financial results and any material information is being timely communicated to the Stock Exchange in the manner prescribed by the Listed Companies Regulations, 2017, the Code of Corporate Governance and the listing regulations of the Stock Exchange, which helps the shareholders to remain connected with the Company.

Customers

Customers' trust and satisfaction has been management's upmost priority over the years. Feedback from customers is sought on regular basis to further improve customers service and to meet their expectations. The Company has come a long way in continuously strengthening its image in terms of policyholder services and will continue to strive to win the customer minds through its efficient service levels.

Banks

Company understands the importance of relationship with banks and other financial institutions and ensures continuous interaction with them to cement this ever growing relationship.

Media

Company believes in development of robust relationship with the media, which includes representation through electronic, print, online and social media. Key information is shared with the media to deepen understanding of the Company's business.

Regulators

It includes regulatory authorities both at federal and provincial levels and the Stock Exchange. In order to maintain compliance with applicable laws and regulations, statutory returns and assessments are timely filed with regulatory bodies, federal and provincial authorities including taxation authorities.

Company's Profile

Wings of Confidence

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, Hakeem-ul-Ummat, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. The Company has made steady progress since its acquisition by the Atlas Group. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 4.775 billion in 2020, total assets having grown to over Rs. 9.662 billion and investments from Rs. 4.594 million to over Rs. 6.229 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Fire & Nichido Marine, Sompo from Japan, Luban Re from Malaysia, koreen Re from koreea and Kuwait Re from Kuwait among others.

After obtaining license from Securities and Exchange Commission of Pakistan, the Company launched its Window Takaful Operations in the year, 2016. Under the supervision of certified and experienced Shariah Advisor, the General Takaful products are designed. Takaful helps not only to cater the requirements of our existing clientele but also reach out to new market segments.

Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "AA" which denotes a very strong capacity to meet policyholders and contract obligations.

Atlas Insurance Limited, a financially sound and professional managed Company, has been awarded the Top Five Companies "Best Corporate Report Award" eight times, between 2003 to 2015, by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company was awarded merit certificate in the Best Corporate Report Award - 2019 by this joint committee. Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. The Company is also recipient of "KSE Top 25 Companies Award". Atlas Insurance Limited was awarded the "Insurance Journal Performance Awards" for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of results for the years 2012, 2013, 2014 and 2015 by the Insurance Journal. This award reflects the fundamental strength of the Company and its prudent underwriting policies.

The Company's results have consistently been yielding profits. This has been made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls. Consistency, hard work, dedication, adherence to the Company policies and procedures and code of conduct has contributed towards the growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers. It serves its customers through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products for conventional and Takaful are offered by Atlas which includes:

- Fire & allied perils
- Marine & Hull
- Motor
- Personal accident
- Contractors all risk
- Erection all risk
- Machinery breakdown
- Boiler & pressure vessel
- Product liability
- Fidelity guarantee
- Cash in transit / cash in safe
- Bankers' blanket bond
- Loss of profit
- Computer all risk
- Travel insurance
- Credit insurance
- Crop insurance
- Health insurance
- Terrorism
- Public liability
- Profesional liability
- Bond insurance

Fire & Allied Perils

This covers property and assets; it provides coverage against fire and lightning and can be extended to provide coverage for perils including impact damage, earthquake, fire & shock, atmospheric disturbance, malicious damage, explosion, flood, electric fluctuation, riot & strike and burglary etc.

Marine

Marine cargo insurance covers loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils.

Motor

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, theft and third party liability etc. to our corporate and individual customers.

Contractors' All Risk (CAR)

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

Erection All Risk (EAR)

Similar cover to CAR insurance but while CAR cover refers mainly to building and civil engineering work. EAR is used for coverage of loss or damage to machinery in the course of erection etc.

Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdowns.

Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.

Fidelity Guarantee

Fidelity guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in transit from one premise to another in a given location or lying in the safe at assured premises.

Bankers' Blanket Bond

Covers banks and provide protection which includes loss due to theft and fidelity guarantee risks etc.

Loss of Profit

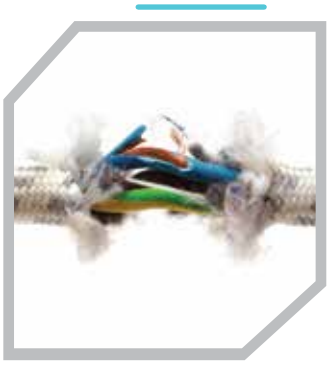
Provides protection against business interruptions and its consequential losses followed by incident of fire etc.

Boiler & Pressure Vessel

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.

Crop Insurance

Covers financial loss due to damage to crop caused by natural calamities.



Product Liability

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.

Travel Insurance

This policy provides protection like personal accident, medical, loss of luggage and money while insured is traveling out of home country.

Computer All Risk

This insurance is specially designed to cover high value computer equipments on all risk basis covering sudden and unforeseen losses including various insured perils like fire, burglary and accidental damage. With rapid improvements in technology the useful lives of computers are reducing, creating demand for early changes in such sensitive equipments, resulting in increased requirement for this insurance.

Health Insurance

Atlas Insurance health plan - 'Atlas Care' provides coverage against hospitalization, maternity, critical illness, OPD and specialized investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases ailments, surgery, operations and out patient care. The group medical insurance curtails the administrative burden and financial pressures.

Board of Directors

The Board of Directors (the Board) belives in efficient discharge of duties under relevant statutes and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence.

The Board has approved all the significant policies of the Company including but not limited to policies relating to human resource, risk management, business operations and investments etc.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for good governance practices, financial reporting and disclosure, Atlas Insurance believe in timeliness and accuracy to enable informed decision making by our investors.

All the directors represent rich exposure of diverse fields of business and professions and possess the necessary skills and understanding to deal with various business and corporate issues and have the ability to review, analyze and challenge the management performance.

During the year, five meetings of the Board were held to review and approve matters referred to it by the Audit and other committees of the Board including financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

For all the meetings the agenda and details of each item of the agenda were circulated to the Board at least seven days before the meeting. Minutes of the Board meetings were appropriately recorded and timely circulated. An actions item list was also prepared and status of each action item was presented to the Board in the next meeting.

The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by the law and Articles of Association of the Company, as well as role assigned by the Board. The Chairman coordinates the activities of the directors and various committees of the Board, and presides over the meetings of the Board.

Chief Executive Officer (CEO) is responsible for the operations of the Company and conduct of its business in accordance with the powers vested in him by the law, Articles of Association of the Company, authorities delegated to him through a general power of attorney and Board resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget to the Board and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business.

Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving authority to the Chief Executive Officer to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the directors for continuous development and progress. The Chief Executive Officer attends every Board meeting and provides detailed explanation on each item of the agenda and addresses queries of the Board. The performance of the Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financial results, employees, clients and stakeholders.

Board and Management Committees

As envisaged by the Code of Corporate Governance for Insurers, 2016, (the Code), the Board has formed Audit Committee, Ethics, Human Resource & Remuneration Committee and Investment Committee. The Board has also established management committees namely; Underwriting, Reinsurance & Co-insurance Committee, Claims Settlement Committee and Risk Management & Compliance Committee. In addition to the regulatory requirements, the Board has also formed Information Technology Committee. A Management Committee comprising of all the departmental heads headed by the Chief Executive Officer is also in place for operational coordination.

Board Audit Committee

The Committee consists of one independent and two non-executive directors, presided by the independent director. The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal control is maintained. The ultimate responsibility for approving the annual and interim financial statements, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance consisting on the following:

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of annual and interim financial statements of the Company, prior to their approval by the Board, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with these regulations and other statutory and regulatory requirements; and
- all related party transactions.

c) Review of preliminary announcements of results prior to external communication and publication;

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with these regulations and identification of significant violations thereof;

n) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

p) Consideration of any other issue or matter as may be assigned by the Board.

Five meetings of the Committee were held during the year.

Ethics, Human Resource and Remuneration Committee

The Committee consists of three members. Majority of the members are non-executive directors including the Chairperson who is independent director. Committee is responsible for:

- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer. Recommending to the Board the selection and evaluation of Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;

- Consideration and approval on recommendations of the Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer;
- Proposing a remuneration approach and related policies for the Company covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- Reviewing and making recommendations to the Board regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit. However, at all times, the Committee shall ensure that the remuneration approach is consistent with the performance and risk management framework of the Company.

One meeting of the Committee was held during the year.

Investment Committee

The Committee consists of five members including three non-executive directors, Chief Executive Officer and Chief Financial Officer. The primary responsibility of the Committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:

- Developing, reviewing and recommending to the Board investment strategies and investment guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines.
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements.
- Reviewing all investment transactions.

Four meetings of the Committee were held during the year.

Underwriting, Reinsurance and Co-insurance Committee

The Committee consists of three members; chaired by a non-executive director.

Following Terms of Reference (TORs) for the Underwriting, Reinsurance & Co-insurance Committee have been finalized by the Board:

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers.
- Regularly review the underwriting and premium policies of the Company with regard to relevant factors such as its business portfolio and the market development.
- Develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000 and shall ensure that adequate reinsurance arrangements are made for the business of the Company.
- Review the reinsurance arrangements from time to time, and subject to the consent of the participating reinsurers, make appropriate adjustments to the arrangements in the light of the market development.
- Assess the effectiveness of the reinsurance program for the future reference.

Four meetings of the Committee were held during the year.

Claims Settlement Committee

The Committee consists of three members, chaired by a non-executive director. The Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

Four meetings of the Committee were held during the year.

Risk Management and Compliance Committee

The Committee consists of three members, chaired by the Chief Executive Officer.

Following TORs for the Committee have been finalized by the Board:

- Oversee the activities of the risk management function of the Company and shall make appropriate recommendations to the Board.
- Assist the Board in implementation of the decisions taken by the Board to mitigate probable risks falling within the purview of the risk management function.
- Monitoring the compliance function and Company's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedure.
- Prepare reports detailing Company's risk profile and the compliance activities undertaken proactively aiming at determination of the Company's ability to meet its legal and ethical obligations, as well as report on identified weaknesses, lapses, breaches or violations of the areas within its purview and the controls and other measures in place to help detect and address the same.
- Supervise and monitor matters reported using the Company's Whistle Blowing policy for employees and others to report compliance concerns or potential breaches, violations or frauds within the areas under its purview.
- Assist the Board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds within the areas under its purview

Four meetings of the Committee were held during the year.

Information Technology (IT) Committee

The Committee consists of three members and chaired by the Chief Executive Officer. The TORs of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support.
- Identify opportunities where IT can help to achieve Company's goals and recommend priorities.
- Ensure a coordinated implementation of Company's IT projects.
- Review significant IT investments and expenditures.
- Review and as appropriate, make recommendations to the Board regarding significant IT investments in support of Company's IT strategy.
- Review and discuss Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities

Three meetings of the Committee were held during the year.

Management Committee

The Management Committee acts at the operating level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the Company as well as outside the Company through channeling its financing and investment to projects, producing environments friendly products. It contributes to further strengthen the team work to achieve Company's objectives, effectively and efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

Board of Directors

Mr. Iftikhar H. Shirazi
Chairman / Non-Executive Director

Mr. Iftikhar H. Shirazi graduated with a Bachelor of Science in Finance from Notre Dame De Namur University (formerly College of Notre Dame), USA, and completed his OPM from Harvard Business School, USA. He has over 30 years of corporate management experience, more particularly in the financial and trading sectors. He has to his credit, work experience at Bank of Tokyo-Mitsubishi, Yamaichi Securities, and Toyota Tsusho Corporation.

He is currently Chairman of Shirazi Investments (Pvt) Limited, Atlas Asset Management Limited, Atlas Insurance Limited, Shirazi Trading Company (Private) Limited, Atlas Foundation and Atlas Information Technology Resource Centre. He is also a member of the SAARC Chamber of Commerce & Industry, Karachi Chamber of Commerce & Industry (KCCI) and Pakistan Japan Business Forum. He is also serving on the Board of the Forman Christian College, Ghulam Ishaq Khan Institute of Engineering Science and Technology, British Overseas Association and Employers Federation of Pakistan. He was also a member of the Aga Khan Resource Development Committee and life member of Federation of Pakistan Chambers of Commerce & Industry (FPCCI). He has also served the Management Association of Pakistan as their Vice President.

He also enjoys membership of several other prestigious associations that include, Harvard Club of New York and Pakistan, Young Presidents Organization, Aitchison College Old Boys Association, Government College of Commerce & Economics Old Students Association and English Speaking Union. He was also President of International Club, Notre Dame De Namur University (formerly College of Notre Dame), USA.

Mr. Ali H. Shirazi
Non-Executive Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, USA in 2000 and thereafter completed his Masters in Law from Bristol University, UK in 2005. During this period he worked for the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is Group Director Financial Service and President / Chief Executive of Atlas Battery Limited. He serves on the Board of Atlas Asset Management Limited, Shirazi Investments (Pvt.) Limited, Shirazi Trading (Private) Limited, Atlas Foundation, National Management Foundation (sponsoring body of LUMS), Cherat Packaging Limited, Young President Organization-Pakistan (YPO) and Pakistan Society for Training and Development (President). Previously he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner / President Management Program (OPM) from Harvard Business School.

Mr. Frahim Ali Khan
Non-Executive Director

Mr. Frahim Ali Khan is a Law graduate from Karachi University. He has also attended Senior Managers' Program at Harvard University, USA, Financial Management Program at Stanford University, USA and Board of Director's Program at Insead University, France.

He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently his other directorships include Atlas Battery Limited, Atlas Asset Management Limited, Atlas Engineering (Private) Limited, Atlas Power Limited, Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Energy (Private) Limited, Atlas Autos (Private) Limited, Atlas Metal (Private) Limited and the Atlas Foundation.

Earlier, he has also served on the boards of Atlas Honda Limited and former Atlas Bank Limited and has been CEO of Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management Limited and former Atlas Investment Bank Limited.

Mr. Hasan Reza ur Rahim
Independent Director

Mr. Rahim is an accomplished professional who has over 30 years of domestic and international experience in the Banking and Financial Services industry. In addition to being the Chairman of Cyan Limited he serves on the Boards of Hascol Petroleum Limited, Dawood Hercules Corporation Limited, and Dawood Lawrencepur Limited. Previously, he was the Executive Director in-charge of the Chairman's Corporate Office of the Dawood Hercules Group ("DHG"). DHG consists of several listed and unlisted companies, is one of the largest entrepreneurial groups in Pakistan that has a market capitalization exceeding USD 3.5 Billion for companies listed on the Pakistan Stock Exchange.

During his 15-year career with JPMorgan, Mr. Rahim held several senior roles in Pakistan and abroad. He assisted in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, was Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil & Gas and Petrochemical industries.

Mr. Rahim, previously also held senior roles with Mashreq Bank psc, ANZ Grindlays Bank plc and commenced his career with Exxon Chemical Pakistan Limited. He was also posted and lived in Zurich, Singapore, Bahrain and Dubai and received his Bachelor's degree from the University of Delaware in USA.

Mr. M. Habib-ur-Rahman
Non-Executive Director

Mr. Mohammad Habib-ur-Rahman, a chartered accountant from Institute of Chartered Accountants in England & Wales has over 50 years of corporate management experience in financial and manufacturing sectors. He formerly worked with National Investment Trust Limited as General Manager Finance and Investment, Atlas Honda Limited as executive director, ABAMCO Limited as chief executive and Atlas Asset Management Limited as chief executive.

He is member of Atlas Group Advisory Board and is responsible for preparation of Group strategy plan.

Mr. Habib-ur-Rahman has acted as Securities and Exchange Commission of Pakistan (SECP) nominee director on the Board of Karachi Stock Exchange in 2000, 2001 & 2003. He has also been a member of Advisory Group on Capital Market constituted by SECP. He was a member of Enquiry Committee constituted by SECP to enquire about the management of exposure rules and another Enquiry Committee to study the 2008 Financial Crisis.

Mr. Habib-ur-Rahman has contributed to the formation and development of Mutual Funds Association of Pakistan, a trade body representing asset management companies in Pakistan and represented the association in international conferences. Mr. Habib-ur-Rahman has represented the association as director, chairman and chairman of taxation committee.

Mrs. Roohi Raees Khan
Independent Director

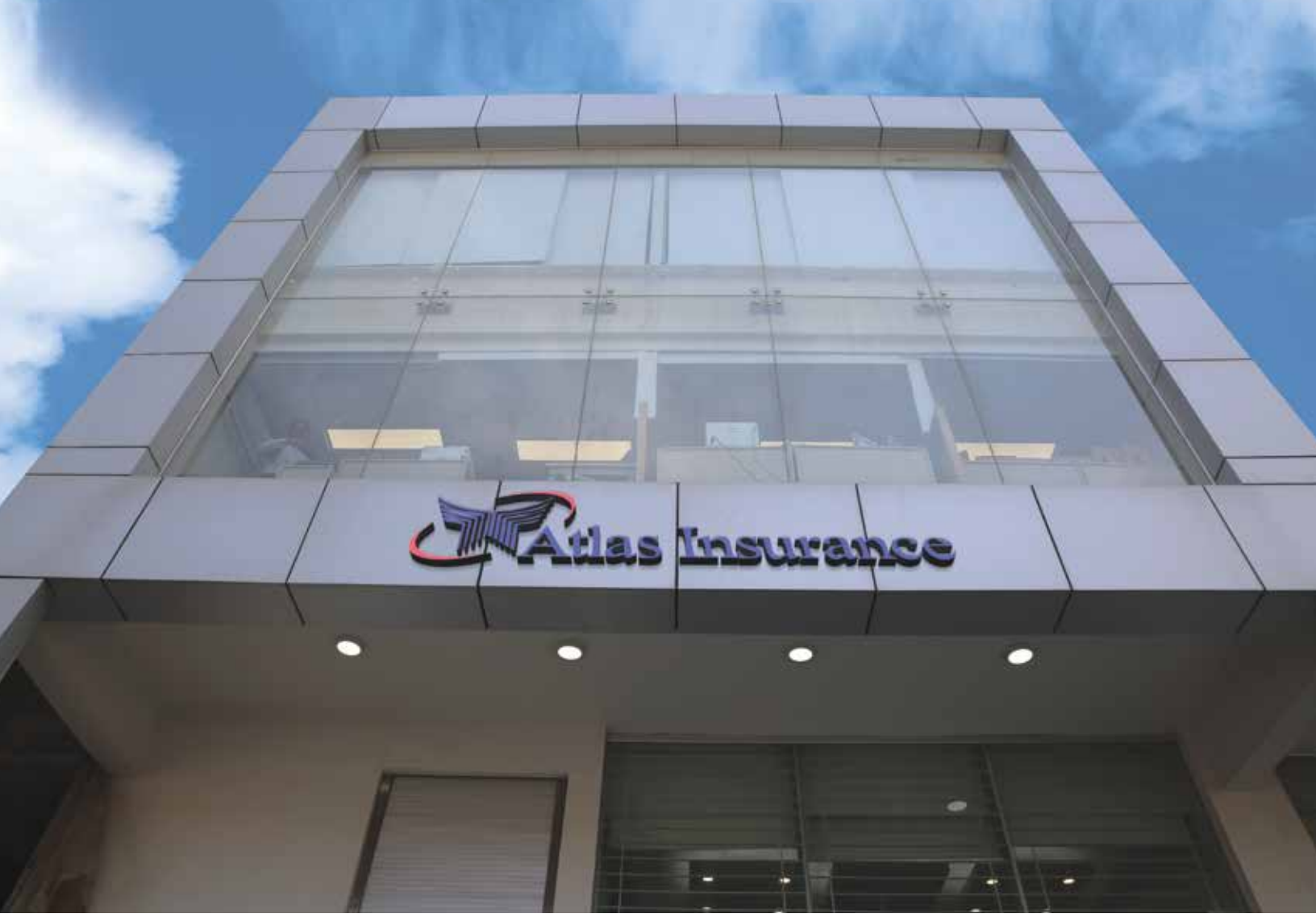
Mrs. Roohi Raees Khan is an MBA from IBA, Karachi. She completed her B.A. (Economics & Mathematics) from Punjab University. She has over 36 years of experience in various banking segments like Development Banking, Lease Financing, Housing Finance, SME Financing, Islamic Banking, Investment Banking etc. She has about 20 years of experience at senior management level, as well as Chief Executive and Chief Operating Officer and Director on the Boards of various Financial Institutions having dealt with policy making, strategic planning and systems refinement, implementation of control functions, revamping / restructuring and mergers. She has dealt with international lending Institutions like World Bank, Asian Development Bank, Islamic Development Bank and other multilateral lenders. She represented NDFC for successful negotiation, of credit line to financial sector, from Asian Development Bank.

Mrs. Khan is the Chairperson of SNGPL and has served on the Boards of Asian Leasing, Lahore Stock Exchange, International Housing Finance Limited, Mashreq Bank (now Samba Bank), PICIC etc. She was also the Chairperson of an Investment Bank before it was merged with a local commercial Bank. She has also served at senior management level in various organizations. She has been Group Head, Textiles, in National Development Finance Corporation, Chief Executive Officer of Asian Leasing, Chief Operating Officer of Trust Investment Bank and Zarai Taraqiati Bank Limited (ZTBL). She had also been acting President of ZTBL during 2011 / 2012 when she was instrumental in bringing about many changes with positive impact on its profitability.

She has constantly devoted time over the past 30 years to various social sector institutions working for the betterment of downtrodden and deprived strata of the society and is an advocate of improving the fate of the deprived mainly by catering to the basic right to health, education and equal opportunity to all.

Mr. Babar Mahmood Mirza
Chief Executive / Executive Director

Mr. Babar Mirza is an MBA from University of Glasgow, UK. He has over 20 years of experience in the insurance industry. He had been associated with Habib Insurance as General Manager (from 1999 to 2009), worked for Adamjee Insurance as Deputy General Manager Reinsurance and Head of Claims between 2010 and 2013 before joining UBL Insurers as Chief Operating Officer in 2013. He was appointed Chief Executive Officer of UBL Insurers in 2014 and spent around four (4) years in that position before joining Atlas Insurance Limited in April 2018.



Company Information

Board of Directors

Iftikhar H. Shirazi
Chairman / Non-Executive Director

Ali H. Shirazi
Non-Executive Director

Frahim Ali Khan
Non-Executive Director

Hasan Reza ur Rahim
Independent Director

M. Habib-ur-Rahman
Non-Executive Director

Roohi Raees Khan
Independent Director

Babar Mahmood Mirza
Chief Executive / Executive Director

Muhammad Afzal
Company Secretary

Audit Committee

Hasan Reza ur Rahim
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Ethics, Human Resource & Remuneration Committee

Roohi Raees Khan
Chairperson

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Babar Mahmood Mirza
Member

Qudsia Naheed
Secretary

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

M. Habib-ur-Rahman
Member

Babar Mahmood Mirza
Member

Rashid Amin
Member

Muhammad Afzal
Secretary

Underwriting, Reinsurance & Co-insurance Committee

Ali H. Shirazi
Chairman

Babar Mahmood Mirza
Member

Rashid Amin
Member

Muhammad Saeed
Member

Syed Irtiza Kazmi
Secretary

Claims Settlement Committee

Frahim Ali Khan
Chairman

Babar Mahmood Mirza
Member

Syed Irtiza Kazmi
Member

Muhammad Saeed
Secretary

Risk Management & Compliance Committee

Babar Mahmood Mirza
Chairman

Rashid Amin
Member

Muhammad Saeed
Member

Muhammad Aasim Gul
Secretary

Information Technology (IT) Committee

Babar Mahmood Mirza
Chairman

Rashid Amin
Member

Muhammad Saeed
Member

Wasim Ahmed
Secretary

Management Committee

Babar Mahmood Mirza
Chief Executive Officer

Rashid Amin
Chief Financial Officer

Abbas Sajjad
General Manager Sales & Marketing

Muhammad Saeed
Head of Claims

Qudsia Naheed
Head of HR & Admin

Abdul Razzaq Ghauri
Head of IT & CISO

Syed Irtiza Kazmi
Head of Underwriting

Syed Nasir Hussain
Vice President Reinsurance

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Compliance Officer

Muhammad Aasim Gul

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal Barrister at Law
Haroon Dugal Law Chambers

Tax Advisor

EY Ford Rhodes
Chartered Accountants

Share Registrar

Hameed Majeed Associates (Pvt) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NRSP Microfinance Bank
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
FINCA Microfinance Bank Limited
Mobilink Microfinance Bank Limited

Registered & Head Office

63/A, Block - XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore.
Tel: (92-42) 37132611-18,
Fax: (92-42) 37132622
E mail: info@ail.atlas.pk
Website: www.ail.atlas.pk

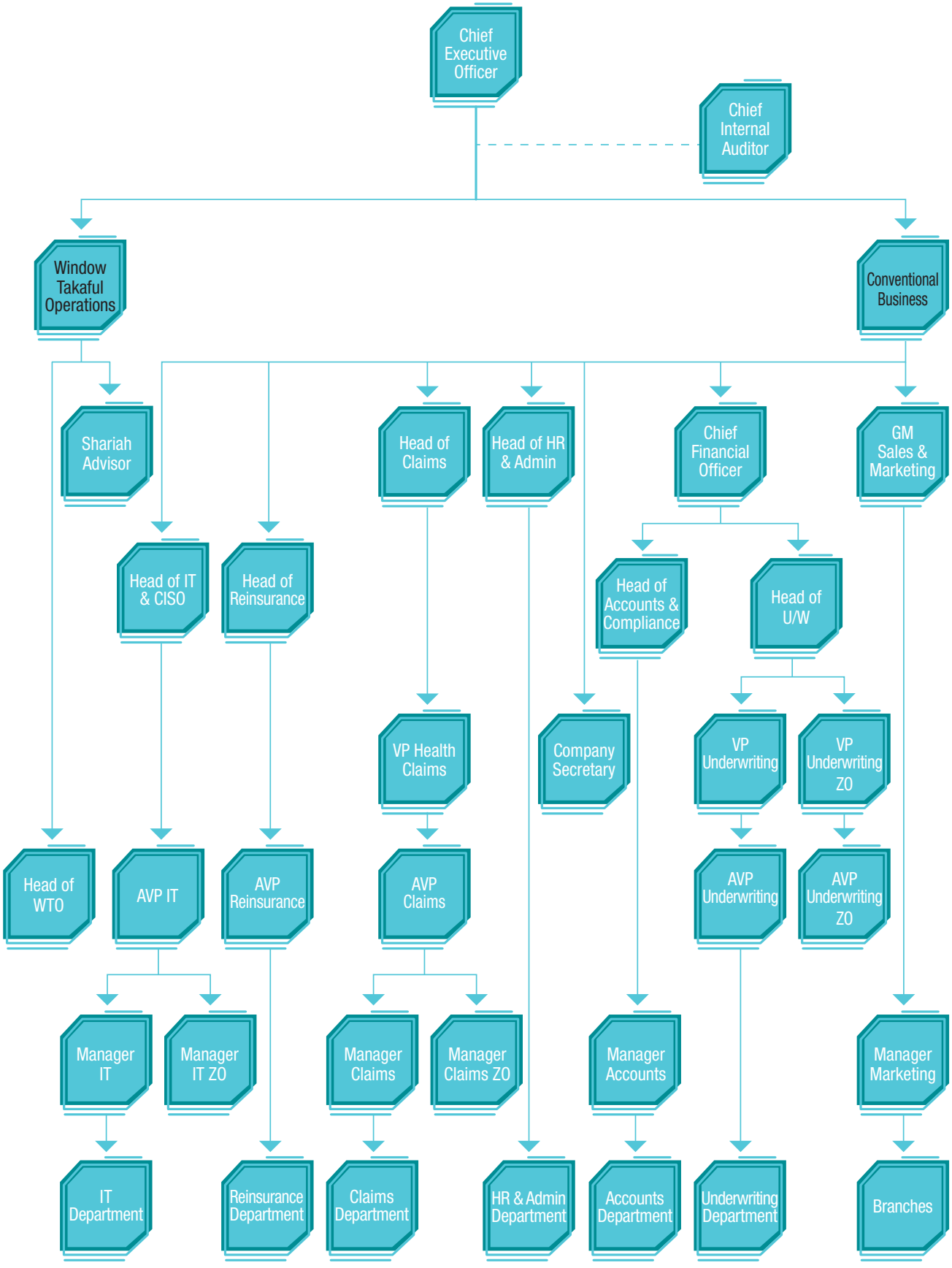
Geographical Presence

Branch Network

The complete branch network of the Company is available at www.ail.atlas.pk

Head Office | Zonal Office | Registered Office | Branch Office

Organogram


Chief Executive Officer
Chief Internal Auditor
Window Takaful Operations
Conventional Business
Shariah Advisor
Head of Claims
Head of HR & Admin
Chief Financial Officer
GM Sales & Marketing
Head of IT & CISO
Head of Reinsurance
Head of Accounts & Compliance
Head of U/W
VP Health Claims
Company Secretary
VP Underwriting
VP Underwriting ZO
Head of WTO
AVP IT
AVP Reinsurance
AVP Claims
AVP Underwriting
AVP Underwriting ZO
Manager IT
Manager IT ZO
Manager Claims
Manager Claims ZO
Manager Accounts
Manager Marketing
IT Department
Reinsurance Department
Claims Department
HR & Admin Department
Accounts Department
Underwriting Department
Branches

Major Events

1st Quarter

January

Annual Sales Conference
Field executives of the Company, Group President and Group Director Financial Services attended the Annual Sales Conference held on January 30 and 31, 2020 in Islamabad.

February

BOD Meeting for the Year Ended December 31, 2019
The Board of Directors approved the audited financial statements of the Company for the year ended December 31, 2019 in their meeting held on February 26, 2020.

2nd Quarter

April

BOD Meeting for the 1st Quarter
BOD meeting for the 1st quarter ended March 31, 2020 was held on April 27, 2020 to approve the unaudited financial statements of the Company.

May

Annual General Meeting
85th Annual General Meeting of the Company was held on May 14, 2020 to consider and adopt the audited financial statements, to consider and approve cash dividend @ 70%, bonus shares @ 10% and to appoint auditors for the year 2021.

Disbursement of Cash Dividend
Cash dividend was disbursed on May 15, 2020.

June

Disbursement of Bonus Shares
Bonus shares were disbursed on June 25, 2020.

3rd Quarter

July

Mid Year Sales Conference
Mid year Sales Conference was held on July 27, 2020, and was attended by the Group President, Group Director Financial Services and filed executives of the Company.

August

BOD Meeting for the 2nd Quarter
The meeting of the BOD was held on August 27, 2020 for approval of the unaudited half year financial statements, reviewed by the auditors, for the period ended June 30, 2020.

Financial Strength Rating
The Pakistan Credit Rating Agency Limited maintained Insurer Financial Strength rating of the Company to 'AA' with stable outlook, which denotes a very strong capacity to meet policyholders and contract obligations.

4th Quarter

October

BOD Meeting for the 3rd Quarter
BOD in their meeting held on October 23, 2020 approved the unaudited financial statements of the Company for the nine months period ended September 30, 2020.

December

BOD Meeting for Approval of Annual Budget 2021
The Board of Directors meeting was held on December 24, 2020 in which budget for the year ending December 31, 2021 was approved.

Notice of Annual General Meeting

Notice is hereby given that the 86th Annual General Meeting of the members of Atlas Insurance Limited will be held on Friday, April 09, 2021 at 10:00 a.m. at the registered office of the Company situated at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on May 14, 2020.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020, together with the Directors' and Auditors' Reports thereon.

3. To consider and approve cash dividend @ 70% for the year ended December 31, 2020, as recommended by the Board of Directors.

4. To elect directors of the Company for a period of three years, in accordance with the provisions of Section 159 of the Companies Act, 2017. The retiring directors are:

   i) Mr. Iftikhar H. Shirazi
   ii) Mr. Ali H. Shirazi
   iii) Mr. Frahim Ali Khan
   iv) Mr. Hasan Reza ur Rahim
   v) Mr. M. Habib-ur-Rahman
   vi) Mrs. Roohi Raees Khan
   vii) Mr. Babar Mahmood Mirza

   The Board of Directors has fixed the number of directors to be elected as seven. All the retiring directors are eligible to offer themselves for re-election.

   In terms of Section 159 (3) of the Companies Act, 2017, any person who seeks to contest an election to the office of director, whether he / she is a retiring director or otherwise, shall file with the Company, not later than fourteen days before the date of the meeting, a notice of his / her intention to offer himself / herself for election as a director.

5. To appoint Auditors and fix their remuneration for the year ending December 31, 2021. The retiring Auditors, A.F. Ferguson & Co., Chartered Accountants, have completed five years as Auditors of the Company and are no longer eligible for appointment. The Board of Directors has recommended that EY Ford Rhodes, Chartered Accountants, be appointed as Auditors of the Company.

Special Business

6. To consider and, if thought fit, pass the following resolution as ordinary resolution:

Resolved:

"that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2021, be and is hereby approved."

7. To consider and, if thought fit, pass with or without modification, the following resolutions as special resolutions:

Resolved:

7.1 “that the transactions carried out by the Company in the normal course of business with Atlas Foundation and Atlas Asset Management Limited (AAML), related parties, during the year 2020 be and are hereby ratified, approved and confirmed.”

Further Resolved:

7.2 “that the Board of Directors be and is hereby authorized to approve all the transactions carried out in the normal course of business with Atlas Foundation and AAML during the ensuing year ending December 31, 2021.”

Other Business

8. To consider any other business with the permission of the Chair.

The Statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.

By Order of the Board

Muhammad Afzal
Company Secretary

Lahore: March 18, 2021

Notes:

1) The share transfer books of the Company will remain closed from April 02, 2021 to April 09, 2021 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company’s share registrar, Hameed Majeed Associates (Pvt.) Limited, 7 – Bank Square Sharah-e-Quaid-e-Azam, Lahore by the close of business on April 01, 2021 will be treated in time for the purpose of transfer of shares to the transferees.

2) Any person who seeks to contest the election of directors shall, whether he / she is retiring or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of election / above said meeting:

a) Notice of his / her intention to offer himself / herself for the election of directors in terms of Section 159 (3) of the Companies Act, 2017.

b) Consent to act as director on Form 28 under Section 167 (1) of the Companies Act, 2017.

c) Detailed profile along with his / her office address for placement on Company's website seven days prior to the date of election in terms of SRO 1196(1) / 2019 dated October 03, 2019;

d) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria, as set out in Section 153 of the Companies Act, 2017 to act as director of a listed company;

e) Declaration by independent director under Clause 6 (3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019;

f) Undertaking by independent director on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

g) Attested copy of valid CNIC / Passport, NTN and his / her folio number / CDC Account number.

h) Information on Annexure A and affidavit on Annexure B required under the Insurance Companies (Sound and Prudent Management) Regulation 2012 notified by the SECP. Annexure A and B are available at SECP website and can, also be obtained from the registered office of the Company.

3) A member entitled to attend, speak and vote at the AGM is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the AGM as are available to the member.

4) Duly completed instrument of proxy, and the other authority under which it is signed, or a notarial certified copy thereof, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the time of meeting.

5) Any change of address of members should be immediately notified to the Company's share registrar.

6) CDC Account Holders will further have to follow the following guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP):

A. For Attending the Meeting:

i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit the proxy form as per the above requirement showing the original Computerized National 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 the meeting.

B. For Appointing Proxies:

i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit proxy form as per the above requirement.

ii. The proxy form shall be witnessed by the person whose name, address and CNIC number 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 CNIC or original passport at the time of the meeting.

v. In case of 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.

7) Coronavirus Related Contingency Planning for the AGM

In line with the directions issued to the listed companies by the SECP vide Circular No. 4 of 2021 dated February 15, 2021, the Company has also made arrangements for the shareholders to attend the AGM through electronic means.

Shareholders who are interested in attending the AGM through video link are requested to get themselves registered with the Company at least 48 hours before the time of the Meeting at **muhammad.afzal@ail.atlas.pk** or WhatsApp Number 0300-2261915, by providing the following details:

Name	CNIC No.	Folio/CDC No.	Cell No.	Email Address

8) Availability of Audited Financial Statements at the Company's website

The audited financial statements of the Company for the year ended December 31, 2020, have been made available on the Company's website www.ail.atlas.pk in addition to the annual and quarterly financial statements of prior years.

9) Voting

If the number of persons who offer themselves to be elected is more than the number of directors fixed i.e. seven under Section 159 (1) of the Companies Act, 2017 then the Company will provide its members with the voting options. Members can exercise their right to poll subject to meeting of requirements of Section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

10) E-Dividend Mandate (Mandatory)

In compliance of the Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholder. Therefore, the shareholders who have still not provided their Bank Account Number / IBAN and other banking details are requested to provide the same to the Company at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by the Company.

11) Unclaimed Dividend

As per the provision of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it were due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claims. The details of the shares issued and dividend declared by the Company which have remained due for more than three years were sent to shareholders, uploaded on the Company website and final notice was issued in the newspapers. In case, if no claim is lodged, the Company shall proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

12) Electronic Transmission of Annual Financial Statements and Notices

Pursuant to Notification vide SRO 787(1) / 2014 of September 8, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.ail.atlas.pk. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 10 MB file in size. Further, it is the responsibility of the members to timely update the share registrar of any change in the registered email address.

13) Deduction of Withholding Tax on the Amount of Dividend

Pursuant to the directives vide Circular No. 19 / 2014 dated October 24, 2014, the SECP has directed all the companies to inform their shareholders about the changes made in Section 150 of the Income Tax Ordinance, 2001 for deduction of withholding tax on the amount dividend and accordingly the shareholders are advised as under:

The government of Pakistan through Finance Act 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. For the tax year 2020-21 these tax rates are as under:

a) For persons appearing in the Active Tax payers List (ATL) 15%
b) For persons not appearing in the ATL 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not appearing in the ATL available at the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL for future payment of dividends, if any.

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its share registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

14) Deduction of Withholding Tax on Joint Account Holder(s)

The joint account holders whose shareholding details as to principal shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's share registrar, the shareholding details of yourself as principal shareholder and your joint holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly.

CDC Account No. / Folio No.	Name of Principal Shareholder / Joint Holder	Shareholding Proportion (%)	CNIC Number (Copy attached)	Signature

Kindly note that in case of non-receipt of the information each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

Statement under Section 166(3) of the Companies Act, 2017

Section 166 of the Companies Act, 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee as independent director. The Company will ensure that the independent directors are elected in accordance with the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Any person who is eligible to be appointed as independent director shall file the following with the registered office of the Company / share registrar, not later than fourteen days before the date of the meeting:

- Declaration under Clause 6 (3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 confirming complying with criteria of independence as notified under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019;

- Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

The present directors are interested to the extent that they are eligible for re-election as directors of the Company.

Statement under Section 134(3) of the Companies Act, 2017

This Statement is annexed to the Notice of the 86th Annual General Meeting of Atlas Insurance Limited to be held on April 9, 2021, at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

Item No.6 of the Agenda

Approval is being sought for the annual increase in the remuneration of the Chief Executive working whole time with the Company. The Board has fixed the monthly gross remuneration of the Chief Executive at Rs. 2,148,960 per month, for the year ending December 31, 2021, in addition to all the perquisites and other benefits as admissible under the Company's rules.

The Chief Executive is interested only in the remuneration payable to him.

Item No. 7 of the Agenda

The transactions carried out in normal course of business with the associated companies (related parties) are recommended by the Audit Committee and approved by the Board on quarterly basis.

In the case of Atlas Foundation and AAML, a majority of the directors were interested and in accordance with the provisions of Section 208 of the Companies Act, 2017, and Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, such transactions shall be placed before the general meeting for approval.

In view of the above, the following normal business transactions carried out during the year 2020 with Atlas Foundation and AAML are being placed before the shareholders for approval / ratification:

(Rupees in thousand)

Nature of Transactions	Atlas Foundation	Atlas Asset Management Limited
Premium underwritten	3,855	8,249
Premium collected	4,070	8,612
Claims paid	556	2,270
Lease paid	1,550	-
Fee paid	-	599
Dividend paid	14,856	-
Donations paid	8,603	-
Investments in mutual funds	-	2,321,406
Redemptions of mutual funds	-	1,914,951
Dividend received from mutual funds	-	29,404

Names of the Directors with interest as Directors in the related parties:

Mr. Iftikhar H. Shirazi, Mr. Ali H. Shirazi, Mr. Frahim Ali Khan and Mr. M. Habib-ur-Rahman, the directors of AIL are also directors of Atlas Foundation and AAML.

Corporate Information

Registered Office

63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.
Tel: (92-42) 3713261-18
Fax: (92-42) 37132622

Listing on Stock Exchange

Atlas Insurance Limited is listed on Pakistan Stock Exchange.

Stock Symbol

The stock symbol for Atlas Insurance at the Stock Exchange is ATIL.

Listing Fee

The annual listing fee for the financial year 2020-21 was paid to the Pakistan Stock Exchange and Central Depository Company within the prescribed time.

Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Act, 2017, the Insurance Ordinance, 2000, the Code of Corporate Governance, listing requirements and regulations prescribed by the SECP.

86th Annual General Meeting

Date: April 9, 2021
Time: 10:00 a.m.
Venue: 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.

Financial Calendar

Audited annual results for year ended December 31, 2020
- Second half of February

Mailing of annual reports
- Second half of March

Annual General Meeting
- First half of April

Unaudited first quarter financial results
- Second half of April

Unaudited half year financial results
- Second half of August

Unaudited nine months financial results
- Second half of October

Dividend Announcement

The Board of directors of the Company has proposed a final cash dividend of Rs. 7.0 per share for the financial year ended December 31, 2020, subject to approval by the shareholders of the Company at the Annual General Meeting.

70% cash dividend and 10% bonus shares were disbursed to the shareholders for the year ended December 31, 2019.

Closure of Share Transfer Books

The share transfer books of the Company will remain closed from April 02, 2021 to April 09, 2021 (both days inclusive).

E-Dividend

In compliance of the Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholder. Therefore, the shareholders who have still not provided their Bank Account Number / IBAN and other banking details are requested to provide the same to the Company at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by the Company.

Annual General Meetings

Pursuant to Section 132 of the Companies Act, 2017, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

Communication

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 – Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore.
Tel: (92-42) 37235081 - 82
Fax: (92-42) 37358817

Zakat Declarations

Members are requested to submit declaration for Zakat on the required format and to advise change in address, if any.

Share Price at the Pakistan Stock Exchange

Month-wise share price movement of the Company, at the Pakistan Stock Exchange, during the year 2020 was as follows:

Months	High	Low	Volume
January	65.00	61.90	49,000
February	69.50	62.00	238,500
March	68.45	55.05	444,000
April	65.50	58.15	342,000
May	67.90	59.02	266,500
June	64.00	51.00	253,000
July	56.20	50.57	385,500
August	57.73	54.00	439,500
September	60.50	55.50	354,500
October	59.00	54.25	89,500
November	57.49	54.25	61,500
December	62.00	57.45	216,500

Report of the Board Audit Committee

The Committee comprises of one independent and two non-executive directors and is presided by the independent director. The Board has delegated the Committee function of review of the effectiveness of Company's internal controls and risk management systems. During the year, the Committee discharged this responsibility and reports the following:

- Composition of the Audit Committee meets all applicable independence requirements.
- Each member of the Committee is equipped with professional qualification and experience. Members have expert knowledge of finance and accounting.
- Five meetings of the Audit Committee were held during the year.
- The Company's internal audit function which reports to the Audit Committee, performed independent audits of selected controls through desktop reviews and on-site re-performance of tests to ensure compliance with pre-defined policies and procedures. The Chief Internal Auditor reports directly to the Audit Committee, functionally.
- The Committee approved the annual audit plan for the internal audit function. The Committee reviewed internal audit reports and issued necessary instructions to establish better controls over the areas highlighted in the reports.
- The Committee reviewed and recommended the interim and annual financial statements for consideration and approval of the Board of directors.
- The Committee reviewed preliminary announcements of financial results prior to publication.
- The Committee ensured that the financial statements were prepared in accordance with the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2017, the Companies Act, 2017 and approved accounting standards as applicable in Pakistan.
- The Committee monitored the effectiveness of the internal controls, including risk management and proactively proposed improvement measures.
- The Committee reviewed and recommended the related party transactions for consideration of the Board of directors.
- The external auditors have been allowed direct access to the Audit Committee to ensure their effectiveness, independence and objectivity.
- The Committee had met external auditors with and without presence of the management and has reviewed and discussed points of improvements highlighted by the external auditors.
- The Committee reviewed Management Letter issued by the external auditors.
- The Committee recommended appointment and remuneration of the external auditors.

Access to Reports and Enquiries

Annual Reports

Annual Reports can be downloaded from the Company's website: www.ail.atlas.pk or printed copies can be obtained by writing to:

The Company Secretary,
Atlas Insurance Limited,
63/A, Block-XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore

Quarterly Reports

The interim reports are published at the end of first, second and third quarters of the financial year. The interim reports for the year 2020 can be accessed at Atlas Insurance's website or printed copies can be obtained by writing to the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries regarding status of their shareholdings, dividends, bonus or any other matter may be directed to the share registrar at the following address:

Hameed Majeed Associates (Pvt.) Limited,
H. M. House, 7 - Bank Square,
Sharah-e-Quaid-e-Azam, Lahore.
Tel: 042-37235081-82

Decisions taken at the Last Annual General Meeting

No significant issues were raised by the shareholders during the Annual General Meeting held on May 14, 2020. As per the agenda the following matters were discussed and approved in the meeting:

1. Approval of the minutes of the last Annual General Meeting held on April 26, 2019.
2. Approval of the audited financial statements for the year ended December 31, 2019 along with Directors' and Auditors' reports.
3. Appointment of A.F. Ferguson & Co as auditors of the Company for the year 2020 and fixation of their remuneration.
4. Approval of 70% cash dividend for the year ended December 31, 2019.
5. Approval of increase in authorized capital of the Company.
6. Approval of 10% bonus for the year ended December 31, 2019.
7. Approval of remuneration of the Chief Executive Officer of the Company for the year 2020.
8. Approval for availing investment advisory services for management of Company's investment portfolio.
9. Approval of related party transactions.

Profile of the Shariah Advisor

Mufti Zeeshan Abdul Aziz is a recognised Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and specialised in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom, Karachi, Pakistan, having Takhassus Fil Ifta (Specialisation in Islamic Jurisprudence) with majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Atlas Insurance Limited - Window Takaful Operator" since its commencement and looking after the transactions, day-to-day Shariah matters and services provided by Atlas Window Takaful Operator. His specialties include Shariah Compliant investments, development of general takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Atlas Window Takaful Operator on Takaful, its Shariah related issues and requirements in the light of Takaful Rules 2012.

He has been associated with several Islamic Financial Institutions and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Board Member of Sindh Bank-Islamic Banking Division, Jubilee General & Family Takaful, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan is also managing Al-Hikmah Shariah Advisory Services (Pvt) Ltd., a Firm licensed by SECP as a registered Shariah Advisor, specialized in Shariah related services for the Islamic Financial Industry. He is also looking after International Halal Certification (Pvt) Ltd. in several countries and has performed around 800 Halal Certification audits of different food, beverages, cosmetics and pharmaceuticals companies in different parts of the world.

Share Price Sensitivity Analysis

Key Sensitivities
Company's financial performance has a positive correlation with its share price. As such the factors that influence Company's performance can also be expected to have an impact on its share price. Following factors can be considered as sensitive to affect Company's share price:

Earnings
News released on earnings, profits and future estimated earnings develop investor interest in the stock of the Company.

Dividend Announcement
Consistency in dividend pay outs will reflect the expectations of shareholders and this affects the share price.

Introduction of New Insurance Products
This could lead to positive topline growth which could have an impact on bottom line affecting the share price.

Industry Performance
Government policies specific to industry like Takaful business could result in movement of the share price.

Investor Confidence
Positive economic reforms can attract investors.

Economic Indicators
An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and share price.

Law and Order
Unstable law and order situation impacts disturbance and interruptions in business process. An act of terrorism can also lead to a downturn in economic activity and a fall in share price.

Change in Government Policies
Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect share price.

Investor Sentiment
Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- Bull market - a strong market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- Bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high with rising inflation.

Six Years at a Glance

(Rupees in million)

Description		2020	2019	2018	2017	2016	2015
Financial Data							
Paid-up capital		849.0	771.8	701.6	701.6	701.6	701.6
Reserves & retained earnings		3,926.3	2,935.0	2,759.3	3,345.4	4,025.7	1,144.3
Equity		4,775.2	3,706.7	3,460.9	4,047.0	4,727.3	1,845.9
Underwriting provisions		2,747.6	1,837.2	1,905.3	1,295.6	1,471.7	1,347.9
Liabilities including WTO operations		2,139.0	1,490.2	1,299.5	1,419.4	1,875.8	1,951.1
Investments - at cost (net of impairment)		3,296.2	3,192.1	2,311.9	2,365.8	2,608.6	2,124.5
Investments - at market value		6,229.4	4,775.4	3,712.6	4,933.7	6,439.1	4,408.6
Fixed assets - net		159.8	120.6	82.1	89.1	59.2	56.2
Prepayments, loans and other receivables		674.2	771.8	564.7	437.3	557.7	426.3
Total assets from general takaful operations - OPF		195.3	138.3	108.5	74.9	69.3	-
Cash and bank deposits		882.8	650.2	1,328.0	702.3	250.4	428.3
Total assets		9,661.7	7,034.1	6,665.7	6,762.1	8,074.8	3,797.0
Operating Data							
Conventional							
Gross premium revenue		3,046.4	2,911.8	2,849.5	2,379.3	2,333.6	1,964.5
Net premium revenue		1,405.3	1,455.4	1,473.9	1,274.5	1,044.2	959.2
Net claims		449.6	468.7	488.3	432.5	268.9	203.9
Management expenses		539.8	534.6	461.3	429.1	358.5	356.5
Net commission		183.6	144.7	160.0	165.6	67.3	63.9
Underwriting result		599.5	596.8	684.3	578.5	484.2	462.7
Investment income		239.7	224.8	230.9	321.5	458.1	357.0
Profit before tax (PBT)		907.8	895.2	989.0	988.8	916.8	797.8
Income tax		262.3	272.0	323.5	324.9	298.7	196.7
Profit after tax (PAT)		645.4	623.3	665.6	664.0	618.2	601.2
Window Takaful Operations							
Gross contribution revenue		276.7	289.8	206.8	123.4	61.5	-
Net contribution revenue		112.4	135.7	113.3	78.8	20.3	-
Surplus / (deficit) - PTF		27.0	27.5	(25.0)	7.3	(5.6)	-
Profit / (loss) OPF		44.4	38.9	17.1	0.8	(2.3)	-
Cash Flow Summary							
Operating activities		635.4	534.7	725.5	363.8	300.4	300.0
Investing activates		160.4	(721.5)	349.0	535.6	(67.9)	104.8
Financing activities		(563.2)	(491.0)	(448.8)	(447.7)	(410.3)	(409.7)
Cash & cash equivalents at the year end		882.8	650.2	1,328.0	702.3	250.4	428.3
Free cash flow		613.4	494.4	692.7	307.8	280.3	275.9
Financial Ratios							
Profitability							
Profit before tax / Gross premium	%	29.8	30.7	34.7	41.6	39.3	40.6
Profit before tax / Net premium	%	64.6	61.5	67.1	77.6	87.8	83.2
Profit after tax / Gross premium	%	21.2	21.4	23.4	27.9	26.5	30.6
Profit after tax / Net premium	%	45.9	42.8	45.2	52.1	59.2	62.7
Underwriting result / Net premium	%	42.7	41.0	46.4	45.4	46.4	48.2
Management expenses / Gross premium	%	17.7	18.4	16.2	18.0	15.4	18.1
Management expenses / Net premium	%	38.4	36.7	31.3	33.7	34.3	37.2
Commission / Net Premium	%	13.1	9.9	10.9	13.0	6.4	6.7
Net claims / Net premium	%	32.0	32.2	33.1	33.9	25.7	21.3
Combined ratio	%	70.4	68.9	64.4	67.6	60.9	58.4

(Rupees in million)

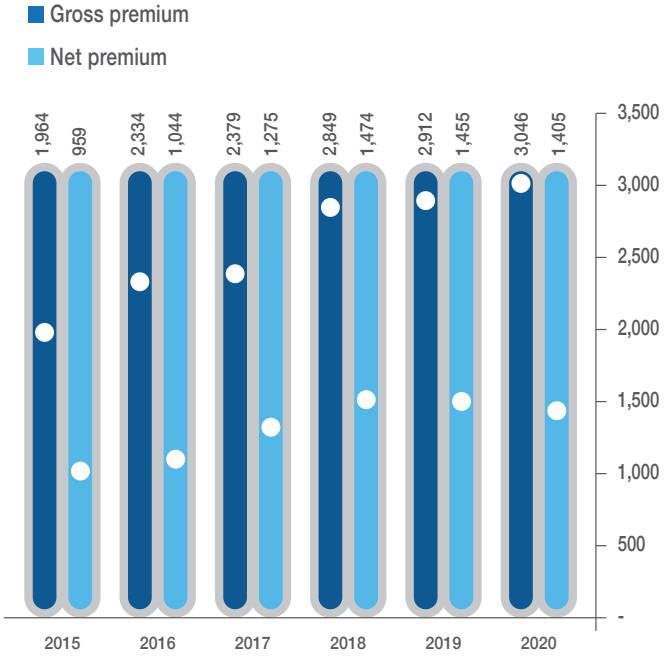
Description		2020	2019	2018	2017	2016	2015
Financial Ratios							
Return to Shareholders							
Return on equity - PBT	%	19.0	24.2	28.6	24.4	19.4	43.2
Return on equity - PAT	%	13.5	16.8	19.2	16.4	13.1	32.6
Earnings growth	%	3.6	(6.4)	0.2	7.4	2.8	10.3
Earning per share - PBT	Rs.	10.7	11.6	14.1	14.1	13.1	11.4
Earning per share - PAT	Rs.	7.6	8.1	9.5	9.5	8.8	8.6
Return on assets	%	6.7	8.9	10.0	9.8	7.7	15.8
Investment Yield	%	7.4	8.2	9.9	12.9	19.4	17.9
Earnings assets / Total assets	%	43.3	54.6	54.6	45.4	35.4	67.2
Liquidity / Leverage							
Current ratio	Times	2.3	2.4	2.3	3.4	3.6	1.9
Cash to current liabilities	Times	0.2	0.2	0.5	0.4	0.1	0.2
Total assets turnover	Times	0.4	0.4	0.4	0.3	0.4	0.6
Fixed assets turnover	Times	21.7	28.7	33.3	32.1	40.4	36.4
Total liabilities / equity	Times	1.0	0.9	0.9	0.7	0.7	1.1
Acid test ratio	Times	1.7	1.8	1.8	2.7	2.6	2.2
Return on capital employed	%	13.2	15.1	17.4	13.8	10.6	22.3
Paid-up capital / total assets	%	8.8	11.0	10.5	10.4	8.7	18.5
Equity / Total assets	%	49.4	52.7	51.9	59.8	58.5	48.6
Price to book ratio	Rs.	1.1	1.3	1.2	1.3	1.3	2.9
Market Data							
Price earning ratio	Times	8.1	7.9	6.5	8.1	9.6	8.8
Face value - per share	Rs.	10.0	10.0	10.0	10.0	10.0	10.0
Market value per share	Rs.						
Market value at the end of the year	Rs.	61.5	64.0	61.2	76.4	84.7	75.0
Highest value during the year	Rs.	69.5	78.8	81.8	85.8	88.7	82.0
Lowest value during the year	Rs.	50.6	42.7	51.5	67.0	59.1	60.3
Pakistan / Karachi stock exchange index	Points	43,755	40,435	37,067	40,471	47,807	32,816
Market capitalization	Rs.	5,224.5	4,939.4	4,293.9	5,360.3	5,942.7	5,262.1
Net assets per share	Times	56.2	48.0	49.3	57.7	67.4	26.3
Distribution							
Cash dividend	Rs.	594.3	540.2	491.1	456.0	456.0	421.0
Cash dividend	%	70%	70%	70%	65%	65%	60%
Bonus shares	Rs.	-	77.2	70.2	-	-	-
Bonus shares	%	0%	10%	10%	0%	0%	0%
Cash dividend per share	Rs.	7.0	7.0	7.0	6.5	6.5	6.0
Stock dividend per share	Rs.	-	1.0	1.0	-	-	-
Dividend yield	%	11.4	10.9	11.4	8.5	7.7	8.0
Dividend pay out	%	92.1	86.7	73.8	68.7	73.8	70.0
Dividend cover	Times	1.1	1.2	1.4	1.5	1.4	1.4
Breakup value per share	Rs.	56.2	48.0	49.3	57.7	67.4	26.3

Performance at a Glance

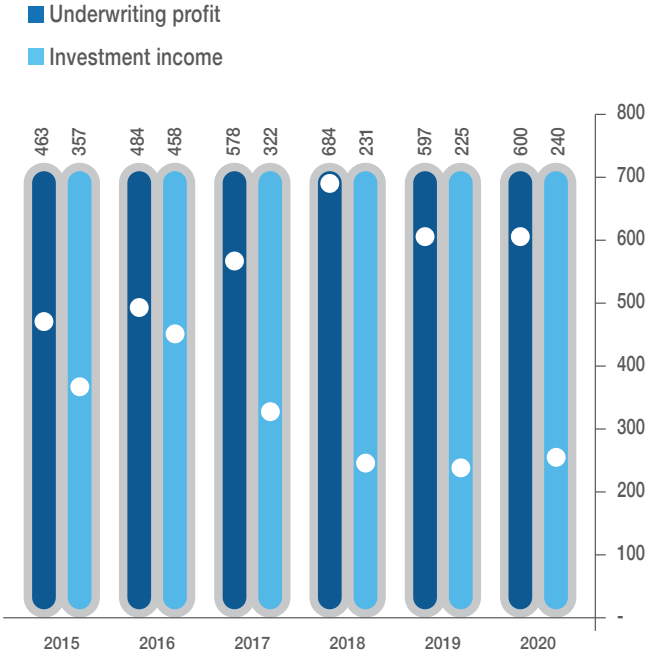
Graphical Presentation

(Rupees in million)

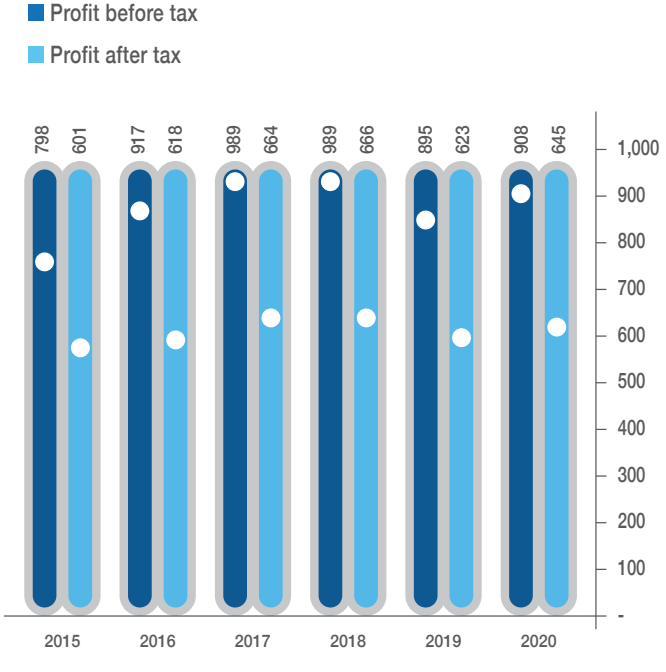
Gross Premium and Net Premium



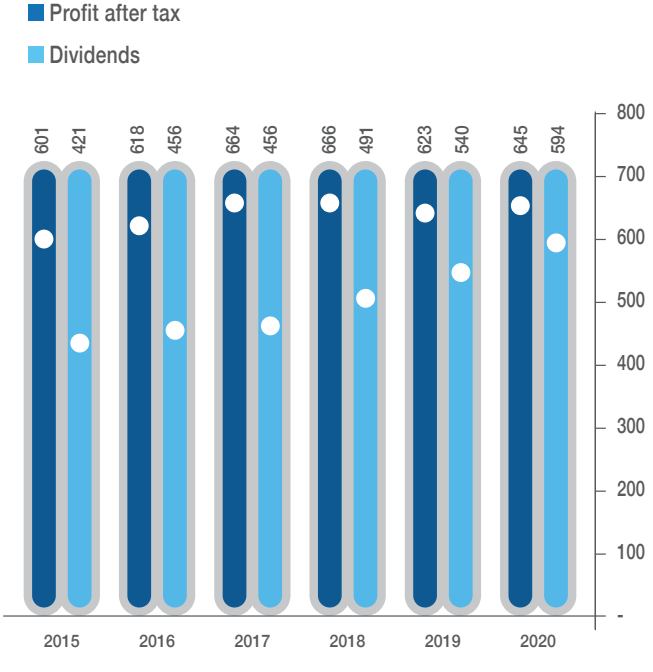
Underwriting Profit and Investment Income



Profitability



Profit After Tax and Dividends

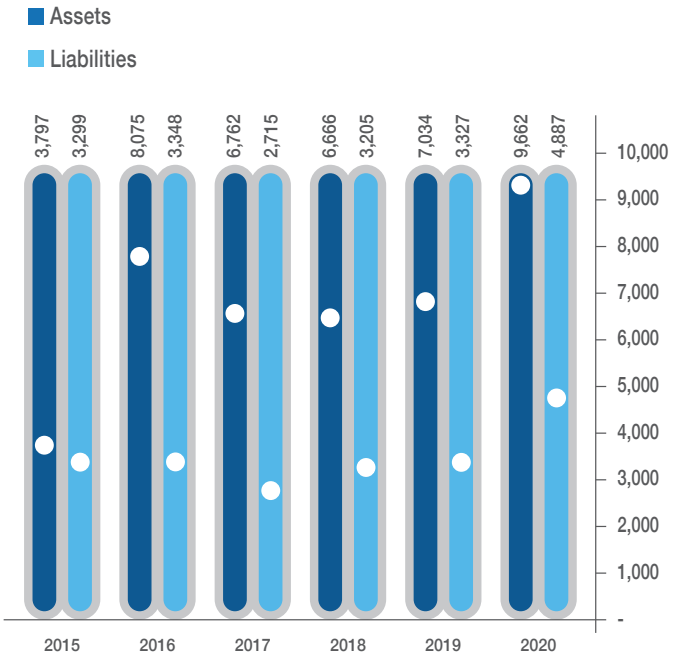


Performance at a Glance

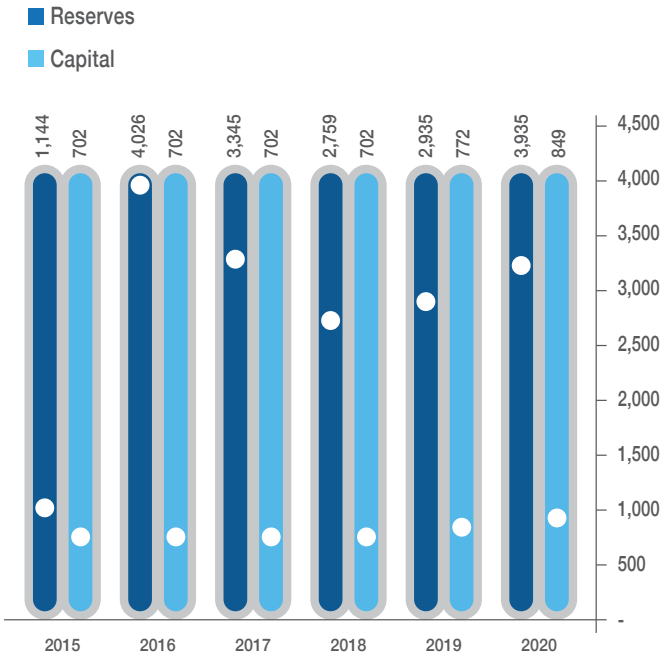
Graphical Presentation

(Rupees in million)

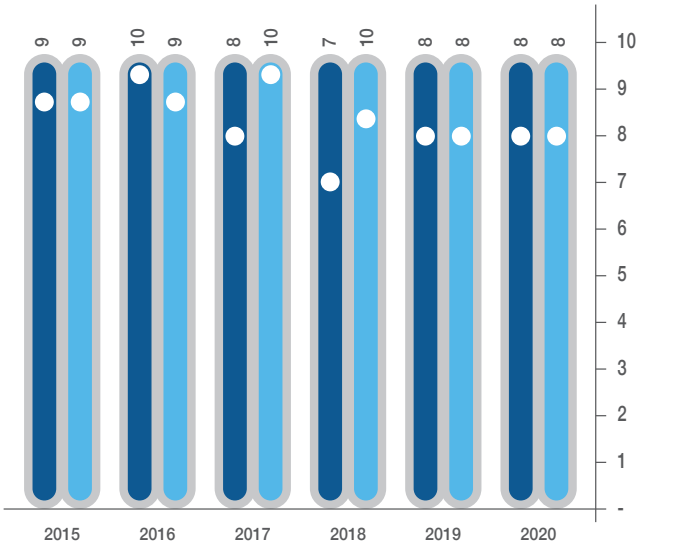
Assets and Liabilities



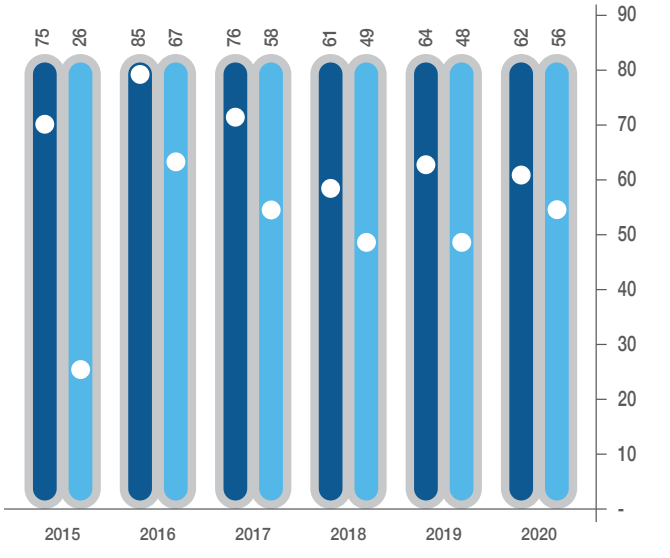
Capital and Reserves



Price Earnings Ratio and Earnings Per Share



Market and Breakup Value Per Share



Comments on Key Financial Data and Ratios

Performance Ratios

- Net commission to net premium ratio was 13.1% for the year which is highest in last few years. The ratio denotes the Company's decent arrangements with reinsurers managing to earn sizeable commission income.
- The net claims ratio improved to 32.0% from 33.9% of the year 2017 due to prudent underwriting policy of the Company. The combined ratio of 70% was marginally better than the last year ratio of 69% despite inflation and pressure on premium rates.
- The Company is able to reduce the gross management expense ratio to 17.7% in 2020 as against 18.4% of 2019 and 18.1% of the year 2015. The reduction in ratio was due better control of management expenses.
- Profit after tax to net premium ratio increased from 42.8% to 45.9% in 2020 compared to 2019 showing strength of the company in core earnings with increase in underwriting result ratio to net premium to 42.7% in 2020 from 41.0% of last year.
- Cash dividend to the shareholders remained at 70% in consistent with the years 2019 and 2018 and high compared to 65% of the years 2016 and 2017, which reflects consistency in sharing prosperity with the shareholders.

Balance Sheet

- The growth in business can be analyzed through financial position of the Company as the assets have increased to Rs. 9.66 billion in 2020 from Rs. 3.8 billion of 2015 an increase of Rs. 5.86 billion over the period of six years.
- Increase of 41% was witnessed in the market value of the total investments of the Company which was Rs. 6.23 billion in 2020 compared to Rs. 4.41 billion of 2015.
- The total equity of the Company, including reserves, rose to Rs. 4.78 billion as at December 31, 2020 compared to Rs. 1.85 billion as at December 31, 2015, an increase of 158% over the last six years, which reflects strong financial base of the Company.

Profit and Loss Account

- Gross premium increased by 56% over the last six years from Rs. 1.96 billion in 2015 to Rs. 3.05 billion in the year 2020.
- Increase in net premium from Rs. 959.2 million in 2015 to Rs. 1.41 billion in 2020 promulgate an increase of 47% over the six years period.
- Underwriting profit increased to Rs. 599.5 million in 2020 from Rs. 462.7 million of 2015, posting growth of 30%, reflecting Company's focus on earning from the core business.
- Despite the difficult situations due to COVID-19, the Company still managed to earn more profit compared to the last year, posting profit before tax of Rs. 907.8 million compared to Rs. 895.2.

Cash Flows

- Cash Inflow from from operating activities increased by 112% over the period of six years from Rs. 300 million in 2015 to Rs. 635 million in 2020, showing competency of the management in timely conversion of receivable premium into cash.
- The increase in cash outflow of financing activities is mainly to Company's consistency of paying healthy dividend to the shareholders in the present as well as in the past years.
- Cash & bank deposits have increased to Rs. 882.8 million as at December 31, 2020 from Rs. 428.3 million of the year 2015, reflects Company's strong liquidity position.

Solvency

Net admissible assets were in excess by Rs. 3.9 billion over the minimum regulatory requirements mainly due to better cash management.

Comments on Free Cash Flow

Free Cash Flow increased to Rs. 613.45 million in 2020, up 24% against the last year mainly due to timely conversion of receivable premium into cash.

Performance Measurement

Performance measurement is key to evaluate how well an organisation is managed and the value it deliveres for stakeholders. As a listed company, our most important stakeholders are shareholders and as such the value deliveres by the Company to them is imperative. In the Company, performance measurement is an ongoing monitoring process. Furthermore, to evaluate performance, besides traditional and most commonly used methods of performance evaluation i.e. ratio analysis, calculation of returns on various categories of assets, horizontal & vertical analysis of financial statements and various comparative statements etc., modern techniques and tools are also considered particularly with reference to the value addition for the shareholders. Following are advance techniques / tools to measure performance of the Company.

Economic Value Added

Economic value added (EVA) is a measurement of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis. EVA is also known as economic profit, aims to calculate the true economic profit of a company. It is also used to measure the value a company generates from funds invested in it. Atlas Insurance was successful to add economic value from its operations in the year ended December 31, 2020 too, by generating economic value of Rs. 114.75 million against Rs. 129.77 million of last year.

Market Value Added

To measure the external performance, Market Value Added (MVA) is calculated to see how the investor evaluate the performance of the Company in term of market value of its shares against book value. In Atlas Insurance Limited (AIL), MVA is calculated to evaluate the management performance with reference to market value of AIL's shares in the stock market against its book value.

As at December 31, 2020, the market capitalization of the Company was Rs. 5.224 billion as compared with Rs. 4.939 billion of 2019 and the total book value of outstanding shares as at December 31, 2020 stood at Rs. 4.775 billion against Rs. 3.707 billion of 2019. Hence, the market value was better than book value of the Company in 2020 by 9%.

Major Capital and IT Expenditures

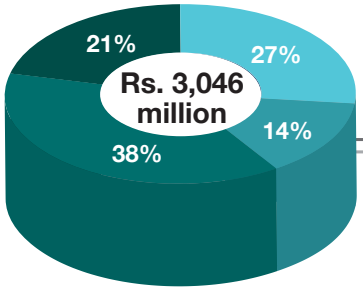
The Company continues to enhance the alignment of IT services with the strategy to improve business and to support day-to-day business operations. Deployment and enhancement in IT infrastructure, secured and speedy communication, increase customer relations (B2B) through web-portals, mobile Apps and prudent MIS are the plans set for the future foundation.

The modern business environment is becoming paperless rapidly. To create a paperless environment in the organisation, the Company has implemented digitalization of documents to avoid pile of documents and made the relevant documents available on a single click.

To work efficiently in the modern era, it is necessary to equip the staff with modern business working tools. During the year, the Company has incurred on IT related expense including capital expenditure of Rs. 15.5 million which shows the commitment of the Company to equipped itself with modern IT tools, software along with communication tools to further enhance the efficiency and effectiveness of its customer service.

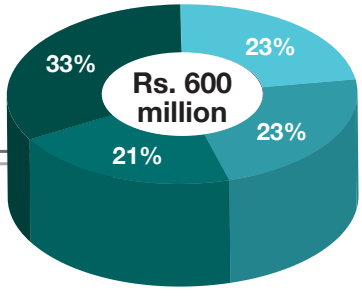
Quarterly Performance Analysis

Gross Premium



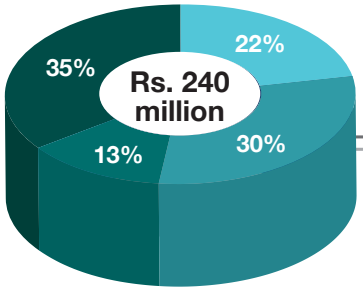
The trend of underwriting gross premium reflects the firmness of the Company's underwriting policy towards accepting business. Renewals and new business during third quarter kept the weightage of gross premium high. Slight change was observed in timming of underwriting gross premium due to lockdown situation in the country. Company underwrote gross premium of Rs. 3.046 billion during the year.

Underwriting Profit



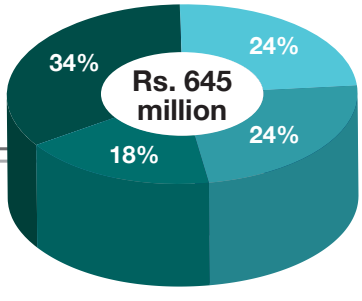
The core activities i.e. net premium, net claims, net commission and management expenses constitute the underwriting profit of an insurance company. The fourth quarter witnessed increase in underwriting profit compared to other quarters due to increase in retention and net commission and improvement in management expenses.

Investment Income



Investment income is a significant component of an insurer's profitability. During the year, despite the volatility in the stock market, the Company earned investment income of Rs. 240 million. Increase in investment income was observed in the second and fourth quarters due to timming of dividends accrued on Company's investments.

Profit After Tax



Profit after tax witnessed growth in the last quarter due to increase in underwriting profitability and investment income.

1st Qtr. 2nd Qtr.
3rd Qtr. 4th Qtr.

Analysis of Financial Statements

Statement of Financial Position

Particulars	2020	2019	2018	2017	2016	2015	Vertical Analysis Composition of Statement of Financial Position 2020	2019	2018	2017	2016	2015	Horizontal Analysis % Change Year to Year 2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
Assets																		
Property and equipment	159,789	120,565	82,080	89,078	59,210	56,231	1.7	1.7	1.2	1.3	0.7	1.5	32.5	46.9	(7.9)	50.4	5.3	8.4
Investments	6,229,415	4,775,442	3,712,647	4,933,698	6,437,759	2,124,477	64.5	67.9	55.7	73.0	79.7	56.0	30.4	28.6	(24.7)	(23.4)	203.0	13.7
Loan and other receivables	22,029	110,348	14,052	24,130	32,300	38,436	0.2	1.6	0.2	0.4	0.4	1.0	(80.0)	685.3	(41.8)	(25.3)	(16.0)	(19.1)
Insurance / reinsurance receivables	311,009	246,245	332,681	308,500	321,782	255,368	3.2	3.5	5.0	4.6	4.0	6.7	26.3	(26.0)	7.8	(4.1)	26.0	(21.4)
Reinsurance recoveries against outstanding claims	1,087,723	246,582	454,431	150,668	300,469	400,562	11.3	3.5	6.8	2.2	3.7	10.5	341.1	(45.7)	201.6	(49.9)	(25.0)	122.9
Salvage recoveries accrued	8,627	3,435	2,435	3,942	3,235	4,110	0.1	0.0	0.0	0.1	0.0	0.1	151.1	41.1	(38.2)	21.9	(21.3)	(27.7)
Retirement benefit	9,266	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Deferred commission expense	92,418	81,519	80,233	61,735	74,971	70,325	1.0	1.2	1.2	0.9	0.9	1.9	13.4	1.6	30.0	(17.7)	6.6	39.0
Prepayments	652,126	661,451	550,697	413,156	525,404	419,221	6.7	9.4	8.3	6.1	6.5	11.0	(1.4)	20.1	33.3	(21.4)	25.3	9.8
Taxation - provision less payments	11,220	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Cash and bank	882,778	650,207	1,327,987	702,252	250,436	428,284	9.1	9.2	19.9	10.4	3.1	11.3	35.8	(51.0)	89.1	180.4	(41.5)	(1.1)
	9,466,400	6,895,794	6,557,243	6,687,158	8,005,566	3,797,014	98.0	98.0	98.4	98.9	99.1	100.0	37.3	5.2	(1.9)	(16.5)	110.8	13.5
Total assets from general takaful operations - OPF	195,345	138,326	108,484	74,963	69,255	-	2.0	2.0	1.6	1.1	0.9	-	41.2	27.5	44.7	8.2	100.0	-
Total assets	9,661,745	7,034,120	6,665,727	6,762,121	8,074,821	3,797,014	100.0	100.0	100.0	100.0	100.0	100.0	37.4	5.5	(1.4)	(16.3)	112.7	13.5
Liabilities																		
Capital and reserves attributable to Company's equity holders																		
Ordinary share capital	848,953	771,775	701,614	701,614	701,614	701,614	17.8	20.8	20.3	17.3	14.8	38.0	10.0	10.0	-	-	-	-
Reserves	3,277,641	2,313,255	2,104,563	2,685,644	3,406,850	545,064	68.6	62.4	60.8	66.4	72.1	29.5	41.7	9.9	(21.6)	(21.2)	525.0	29.4
Unappropriated profit	648,633	621,710	654,699	659,785	618,860	599,221	13.6	16.8	18.9	16.3	13.1	32.5	4.3	(5.0)	(0.8)	6.6	3.3	10.0
Total equity	4,775,227	3,706,740	3,460,876	4,047,043	4,727,324	1,845,899	49.4	52.7	51.9	59.8	58.5	48.6	28.8	7.1	(14.5)	(14.4)	156.1	10.7
Underwriting provisions	2,747,565	1,837,226	1,905,341	1,295,647	1,471,658	1,347,868	28.4	26.1	28.6	19.2	18.2	35.5	49.5	(3.6)	47.1	(12.0)	9.2	27.5
Retirement benefit	-	6,926	9,249	3,920	-	2,653	-	0.1	0.1	0.1	-	0.1	(100.0)	(25.1)	135.9	100.0	(100.0)	(470.5)
Deferred taxation	833,774	426,871	358,875	760,303	1,116,284	-	8.6	6.1	5.4	11.2	13.8	-	95.3	18.9	(52.8)	(31.9)	100.0	-
Premium received in advance	137,351	105,498	178,520	65,966	53,009	51,695	1.4	1.5	2.7	1.0	0.7	1.4	30.2	(40.9)	170.6	24.4	2.5	(8.4)
Borrowings	73,016	25,771	-	-	-	-	0.8	0.4	-	-	-	-	183.2	100.0	-	-	-	-
Insurance / reinsurance payable	511,309	428,669	330,450	255,654	279,308	266,036	5.3	6.1	5.0	3.8	3.5	7.0	19.3	29.7	29.3	(8.5)	5.0	(15.6)
Other creditors and accruals	537,097	461,820	357,361	286,559	344,751	282,863	5.6	6.6	5.4	4.2	4.3	7.4	16.3	29.2	24.7	(16.9)	21.9	22.0
Taxation - provision less payments	-	790	22,218	20,677	61,269	-	-	0.0	0.3	0.3	0.8	-	(100.0)	(96.4)	7.5	(66.3)	100.0	(100.0)
Total liabilities	4,840,112	3,293,571	3,162,014	2,688,726	3,326,279	1,951,115	50.1	46.8	47.4	39.8	41.2	51.4	47.0	4.2	17.6	(19.2)	70.5	16.4
Total liabilities from general takaful operations - OPF	46,406	33,809	42,837	26,352	21,218	-	0.5	0.5	0.6	0.4	0.3	-	37.3	(21.1)	62.6	24.2	100.0	-
Total equity and liabilities	9,661,745	7,034,120	6,665,727	6,762,121	8,074,821	3,797,014	100.0	100.0	100.0	100.0	100.0	100.0	37.4	5.5	(1.4)	(16.3)	112.7	13.5

Analysis of Financial Statements

Profit and Loss Account

Particulars	2020	2019	2018	2017	2016	2015	Vertical Analysis Composition of Profit & Loss Account 2020	2019	2018	2017	2016	2015	Horizontal Analysis % Change Year to Year 2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
Gross premium revenue	3,046,399	2,911,830	2,849,455	2,379,272	2,333,644	1,964,485	100.0	100.0	100.0	100.0	100.0	100.0	4.6	2.2	19.8	2.0	18.8	19.0
Revenue account																		
Net insurance premium	1,405,342	1,455,416	1,473,915	1,274,543	1,044,230	959,230	46.1	50.0	51.7	53.6	44.7	48.8	(3.4)	(1.3)	15.6	22.1	8.9	9.2
Net insurance claims expenses	(449,595)	(468,715)	(488,305)	(432,519)	(268,889)	(203,946)	(32.0)	(32.2)	(33.1)	(33.9)	(25.7)	(21.3)	4.1	4.0	(12.9)	(60.9)	(31.8)	3.1
Net commission and other acquisition income	183,595	144,684	159,963	165,556	67,334	63,947	13.1	9.9	10.9	13.0	6.4	6.7	26.9	(9.6)	(3.4)	145.9	5.3	28.2
Management expenses	(539,822)	(534,634)	(461,250)	(429,085)	(358,472)	(356,523)	(38.4)	(36.7)	(31.3)	(33.7)	(34.3)	(37.2)	(1.0)	(15.9)	(7.5)	(19.7)	(0.5)	(14.6)
Underwriting results	599,520	596,751	684,323	578,495	484,203	462,708	66.0	66.7	69.2	58.5	52.8	58.0	0.5	(12.8)	18.3	19.5	4.6	13.8
Investment income	239,702	224,805	230,857	321,547	458,140	357,016	26.4	25.1	23.3	32.5	50.0	44.7	6.6	(2.6)	(28.2)	(29.8)	28.3	21.2
Rental income	-	-	1,235	2,570	8,327	6,864	-	-	0.1	0.3	0.9	0.9	-	(100.0)	(51.9)	(69.1)	21.3	1.6
Other income	47,950	52,796	73,710	98,953	15,995	12,255	5.3	5.9	7.5	10.0	1.7	1.5	(9.2)	(28.4)	(25.5)	518.6	30.5	(31.4)
Other expenses	(13,865)	(14,037)	(16,576)	(13,428)	(47,512)	(41,024)	(1.5)	(1.6)	(1.7)	(1.4)	(5.2)	(5.1)	1.2	15.3	(23.4)	71.7	(15.8)	(16.5)
	273,787	263,564	289,226	409,642	434,950	335,111	30.2	29.4	29.2	41.4	47.4	42.0	3.9	(8.9)	(29.4)	(5.8)	29.8	18.0
Finance costs	(9,954)	(3,944)	(1,627)	(137)	-	-	(1.1)	(0.4)	(0.2)	(0.0)	-	-	(152.4)	(142.4)	(1,087.6)	(100.0)	-	-
Profit / (loss) from window takaful operations	44,422	38,870	17,107	847	(2,307)	-	4.9	4.3	1.7	0.1	(0.3)	-	14.3	127.2	(1,919.7)	136.7	(100.0)	-
Profit before tax	907,775	895,241	989,029	988,847	916,846	797,819	29.80	30.74	34.71	41.56	39.29	40.61	1.4	(9.5)	0.0	7.9	14.9	15.5
Income tax expense	(262,348)	(271,985)	(323,461)	(324,860)	(298,672)	(196,662)	(28.90)	(30.38)	(32.70)	(32.85)	(32.58)	(24.65)	3.5	15.9	0.4	(8.8)	(51.9)	(34.8)
Profit after tax	645,427	623,256	665,568	663,987	618,174	601,157	21.2	21.4	23.4	27.9	26.5	30.6	3.6	(6.4)	0.2	7.4	2.8	10.3

Summary of Cash Flow Statement

(Rupees in thousand)

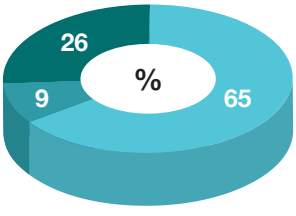
Description	2020	2019	2018	2017	2016	2015
Total cash generated from all operating activities	635,396	534,734	725,505	363,836	300,395	299,951
Total cash (used in) / generated from all investing activites	160,403	(721,546)	349,045	535,633	(67,949)	104,847
Total cash used in financing activities	(563,228)	(490,968)	(448,815)	(447,653)	(410,294)	(409,684)
Net cash (used in) / generated from all activites	232,571	(677,780)	625,735	451,816	(177,848)	(4,886)
Cash and cash equivalents at the beginning of the year	650,207	1,327,987	702,252	250,436	428,284	433,170
Cash and cash equivalents at the end of the year	882,778	650,207	1,327,987	702,252	250,436	428,284

Analysis of Financial Statements

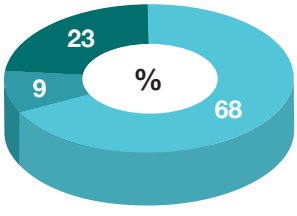
Graphical Presentation (Statement of Financial Position)

Assets

2020



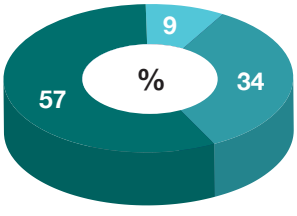
2019



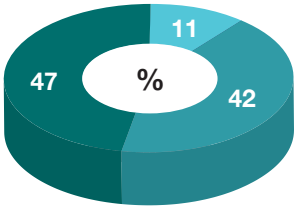
- Investments
- Cash and bank balances
- Other assets

Share Capital, Reserves & Liabilities

2020



2019

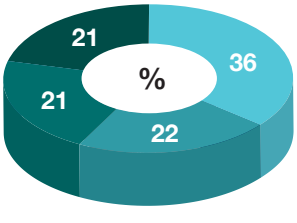


- Share capital
- Reserves & unappropriated profit
- Other liabilities

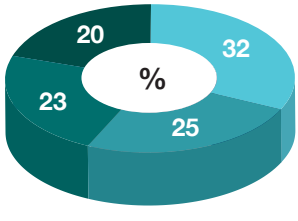
Graphical Presentation (Profit & Loss Account)

Gross Premium

2020



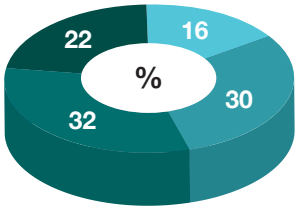
2019



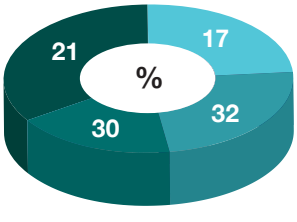
- Fire
- Marine
- Motor
- Miscellaneous

Net Premium

2020



2019



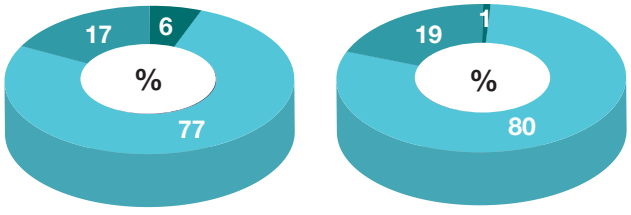
- Fire
- Marine
- Motor
- Miscellaneous

Analysis of Financial Statements

Graphical Presentation (Profit & Loss Account)

Investment Income & Return on Bank Deposits

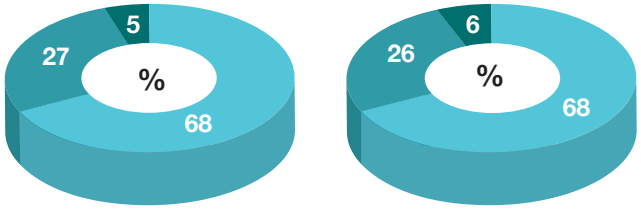
2020 2019



- Dividend and interest income
- Capital gain
- Return on bank deposits

Underwriting Profit, Investment & Other Income

2020 2019

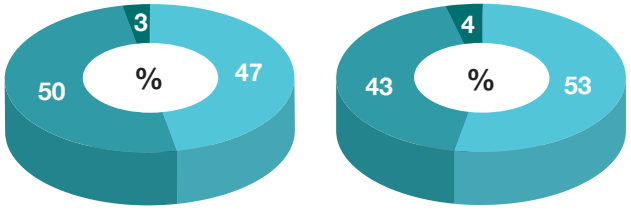


- Underwriting profit
- Investment income
- Other income

Graphical Presentation (Cash Flow)

Cash Generated

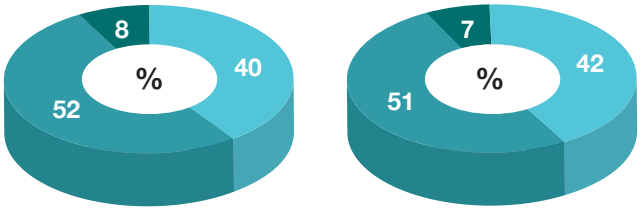
2020 2019



- Operating activities
- From disposal of investments
- Dividends, rental & other income

Cash Utilized

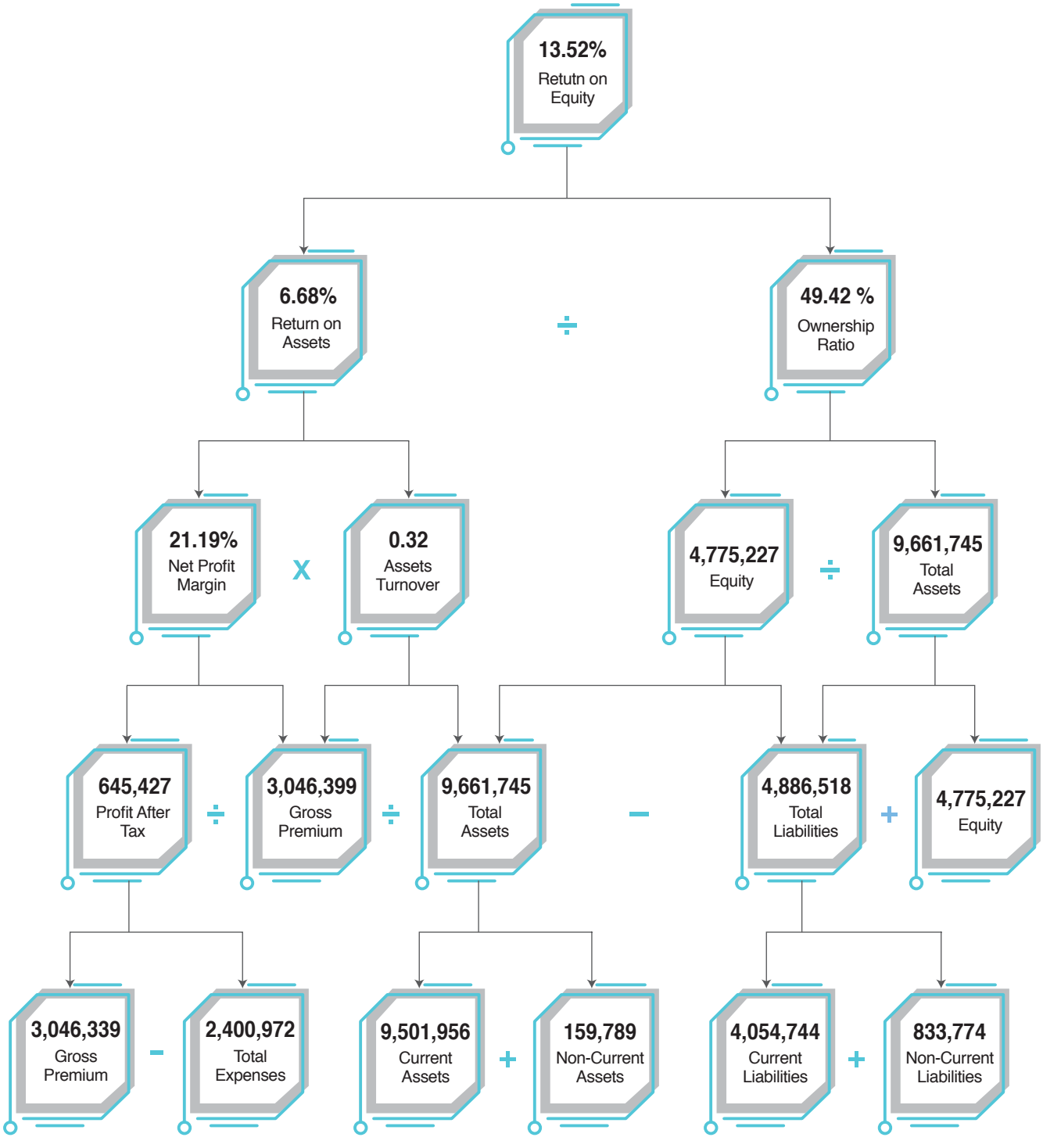
2020 2019



- Operating activities
- For purchase of investments
- Dividends & other payments

DuPont Analysis

(Rupees in thousand)



Statement of Value Addition

	2020		2019	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Wealth Generated				
Net premium (including FED & FIF)	1,831,191		1,883,748	
Commission income	183,595		144,684	
Income from investment	239,702		224,805	
Takaful and other income	92,372		91,666	
	2,346,860		2,344,903	
Claims, management and other expenses (excluding employee benefit cost, depriciation and donations)	625,142		649,540	
Net wealth generated	1,721,718	100.00%	1,695,363	100.00%
Wealth Distributed				
To Employees				
Employees benefit cost	335,501	19.26%	331,270	19.54%
To Government				
Company taxation	262,348	15.06%	271,985	16.04%
Levies (Including FED and FIF)	425,849	25.62%	428,332	25.26%
	688,197	40.68%	700,317	41.31%
To Shareholders				
Cash dividend	594,267	34.11%	540,243	31.87%
Stock dividend	-	0.00%	77,178	4.55%
	594,267	34.11%	617,421	36.42%
Financial charges				
To providers of finance	-		-	
To Society				
Endowment, donation etc.	9,100	0.52%	9,500	0.56%
Retained in business				
Depreciation and amortization	43,493	2.50%	31,020	1.83%
Retained profit and general reserves	51,160	2.94%	5,835	0.34%
	94,653	5.43%	36,855	2.17%
	1,721,718	100.00%	1,695,363	100.00%

Chairman's Review

It is my pleasure to present the 86th Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2020.

The Economy

The global economy is emerging from one of its deepest recessions and has started to demonstrate slow recovery after the crisis caused by COVID-19. Unlike other countries, Pakistan has shown great resilience and was fortunate enough to successfully elude severe effects of the pandemic. The domestic recovery has gradually gained traction, in line with expectations for growth of slightly above 2% in FY21. On the inflation front, recent out-turns have been on the higher side, due to increase in food prices. However, these supply-side pressures are likely to be temporary and average inflation is expected to fall below 8% for FY21. Revenue collection was recorded at Rs. 1.7 trillion during 5MFY21, slightly higher than the target set for the period.

The external position continued to strengthen as the country posted its first half-yearly Current Account surplus in more than five years. The cumulative surplus was recorded at USD 1.6 billion in December 2020 against last year's deficit of USD 2.2 billion. Exports registered an impressive growth of 5% in 6M FY21 with highest ever monthly figure of USD 2.4 billion in December 2020. However, this was still not sufficient to match the surge in imports which resulted in widening of trade deficit by 6.4%. The turnaround in CA balance, however, was supported by an upturn in remittances, which reached an all-time high level of USD 14.2 billion. This was primarily due to supportive policy measures, travel restrictions and increased use of formal channels. The progress on the external front helped Pak Rupee to appreciate by 3.8% against USD, since September 2020. This reinforced external buffers as State Bank of Pakistan's foreign exchange reserves rose to USD 13.4 billion, highest since February 2018. Moreover, to support the emerging recovery, SBP has maintained the policy rate at 7% since June 2020. The overall positive momentum reflected in improved valuations at Pakistan Stock Exchange which continued its upward trajectory, and the 100-index closed at 43,755 points at the year end.

Pakistar's agriculture sector is targeted to grow by 2.8%. Apart from the cotton crop which partially suffered due to heavy monsoon rains, the sector's performance during the Kharif season was broadly encouraging. Estimates of sugarcane and rice production indicate a noteworthy improvement from last year. The upward revision in support prices and subsidies on fertilizer are likely to aid recovery and result in enhanced farm income. Consequently, demand for consumer durables is expected to remain upbeat in rural areas.

The Large-scale manufacturing (LSM), which constitutes 10.7% of the overall GDP, recorded growth of over 8.0% during 6M FY21 against last year's contraction of 6.0%. The uptick reflects a revival in economic activities across all sub-sectors. This recovery is being supported by stimulus provided by the Government and SBP's rounds of policy rate cuts together with other timely measures.

Industry Analysis

In the current age the need and importance of insurance cannot be overemphasized as the insurers continue making a substantial contribution towards the GDP. As the world is battling the novel coronavirus pandemic, the impact has been felt on every sector including the insurance.

Insurance industry is undergoing significant changes both in terms of its size and products. Takaful companies and Window Takaful operators are gaining market acceptance. Life insurance which was a preserve for public sector only is now flourishing in private sector as well. Insurers have adapted well to a rapidly changing regulatory and business landscape and have set their sights on growth. Despite all, the gross premiums are a paltry 0.9% of GDP, compared with the regional average of 2.2% and the global average of 6.6%.

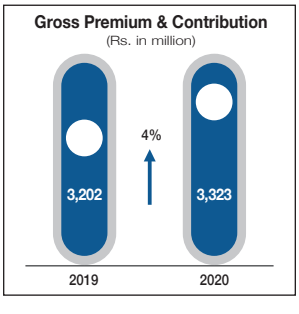
The prime reason for this low-level penetration is that the industry has yet to look at its services from the customers' lens. The product, sales as well as the claim process have some bottlenecks which need to be addressed by the industry. The affordability of insurance products is the main barrier to the growth as household incomes are low. There is also a lack of awareness of the benefits of cover and persistent cultural barriers to further uptake of insurance. However, insurers are increasingly educating the population and reaching first-time users through leveraging digital solutions. New generation is entering the marketplace with different perspectives, while existing customers are keen to take advantage of more flexible options. There is enormous long-term potential for Pakistan's insurance industry in light of the large, young population and the growing economy which is likely to boost incomes and increase demand for insurance.

The Company Results

Premium and Contribution

During the year your Company reported gross direct premium and Takaful contribution of Rs. 3.32 billion compared to Rs. 3.20 billion of last year registering 4% growth. Takaful contribution was Rs. 277 million compared to Rs. 290 million of 2019. Net premium and Takaful contribution revenue was Rs. 1.52 billion against Rs. 1.59 billion of 2019.

Segments at a Glance



Fire and Property Damage

The Company continued to expand into Fire segment as its business share increased to 37% compared to 32% of last year. The segment reported 20% growth with premium of Rs. 1.11 billion against Rs. 929.68 million of 2019. Net premium was Rs. 221.27 million compared to Rs. 247.59 million of last year. Despite increase in gross premium, the net claims remained low, resulting in healthy underwriting profit, which increased to Rs. 156.72 million compared to Rs. 139.63 million of last year, up 12%.

Marine, Aviation and Transport

The segment remained under pressure during most part of the year primarily due to pandemic situation globally. Gross premium of Rs. 680.82 million was underwritten by the Company in Marine segment compared to Rs. 732.51 million of 2019, down 7%. Similar trend prevailed in net premium which stood at Rs. 427.10 million compared to Rs. 472.13 million of 2019, reflecting a dip of 10%. Net claims decreased by 49% to Rs. 20.15 million from Rs. 39.17 million of last year. Underwriting profit was Rs. 329.76 million against Rs. 366.81 million of 2019.

Motor

Gross premium of Rs. 625.79 million was underwritten in Motor segment against Rs. 659.90 million of 2019, down 5%. The net premium increased to Rs. 448.39 million from Rs. 435.04 million of last year, up 3%. The net claims ratio was 39% compared to 41% of last year, one of the best in the industry. After adjustment of commission and allocating the expenses, the underwriting profit stood at Rs. 134.47million compared to Rs. 81.73 million of 2019, posting a decent growth of 65%.

Miscellaneous

The segment generated gross underwritten premium of Rs. 627.81 million against Rs. 589.74 million of 2019, registering 6% growth. The net premium increased to Rs. 308.59 million against Rs. 300.66 million of 2019. The net claims ratio was 82% against 76% of the corresponding year. The segment posted loss of Rs. 21.43 million compared to profit of Rs. 8.59 million of 2019, mainly due to increased reported claims.

Window Takaful Operations

Due to lockdown situation in the country the Motor segment was affected which has the major contribution in the Window Takaful portfolio. The gross contribution decreased to Rs. 276.68 million compared to Rs. 289.75 million of 2019, mainly due to decrease in Motor business. Net contribution decreased by 17% to Rs. 112.39 million against Rs. 135.67 million of 2019. Participants' Takaful Fund posted surplus of Rs. 27.01 million compared to Rs. 27.45 million of corresponding year while Operator's Fund posted profit of Rs. 44.42 million against Rs. 38.87 million of 2019.

Investment Management

The management under the guidance and advice of the Investment Committee monitored the portfolio closely during the year. Midway during 2020 the Company entered into a contract with Atlas Asset Management Limited (AAML) for management of Company's investment portfolio. AAML holds license from the SECP to carry out investment advisory services. Separately Managed Accounts (SMA) are designed by AAML for managing portfolios for their clients under this advisory service. AAML's professional portfolio management team is utilizing its research and experience to help achieve better return on Company's investments. Decisions for investments are based on investment objectives, permissible instrument choice, asset allocation and risk profile set forth by Atlas Insurance. AAML is prudently investing the Company funds and managing the portfolio efficiently. Investment Committee is reviewing the performance of Investment Advisor and reporting to the Board periodically.

During the year under review, the Company earned investment income of Rs. 239.70 million compared to Rs. 224.81 million of last year. Dividend income was Rs. 159.56 million compared to Rs. 196.54 million of last year. The book value of investment as at December 31, 2020 stood at Rs. 3.33 billion (market value Rs. 6.23 billion) against Rs. 3.25 billion (market value Rs. 4.78 billion) of 2019. This reflects strong financial base of your Company as well as better utilization of Company funds.

Profitability

Underwriting profit increased to Rs. 599.52 million from Rs. 596.75 million of last year. Profit before tax stood at Rs. 907.78 million against Rs. 895.24 million of last year. After providing for taxes aggregating to Rs. 262.35 million, the profit after tax stood at Rs. 645.43 million compared to Rs. 623.26 million of 2019, up 4% in a challenging COVID-19 environment.

Capital Management

For future expansion and growth an organization needs to have a strong capital base. Your Company is committed to maintain a strong financial profile which gives financial flexibility to achieve growth and portfolio optimization goals. The Company has a paid up capital of Rs. 848.96 million and an equity base of Rs. 4.78 billion as at December 31, 2020.

Reinsurance

Your Company keeps striving to increase capacities for underwriting traditional insurance as well as non-conventional lines of insurance and Takaful business.

Reinsurance market has been tough owing to global catastrophic and pandemic losses. This year your Company again negotiated the reinsurance arrangements on improved terms in almost all the segments. Your Company has reinsurance arrangements with prestigious and world renowned reinsurers, having strong financial strength ratings, including Swiss Reinsurance Company, Hannover Reinsurance Company, Tokyo Marine and Nichido Fire Insurance Company, Sompo Japan Insurance Inc, Malaysian Reinsurance Company, Labuan Reinsurance Company, Kuwait Re and Korean Re. It is pertinent to mention that Hannover Re and Kuwait Re are also providing non-proportional treaties in conventional and non-conventional segments.

Solvency

Solvency requirements are very important for an insurance company as it indicates how the insurer is prepared to meet the unforeseen exigencies. Your Company believes in maintaining a strong cash position and asset base to meet any sudden liquidity requirements and comfortably meets the solvency requirements prescribed by the SECP.

Information Technology

The nature of trade is undergoing a profound shift in an increasingly digital, interconnected cyber world. During the lockdown situation, your Company adapted quickly to new ways of working, new methods to engage with customers, workforce, and the community. The IT team responded quickly and put in place the facilities for 'Work From Home' via a variety of digital channels, creating efficient connectivity between colleagues and customers.

Your Company continues to enhance the alignment of IT services with the strategy to improve business and to support day-to-day business operations. Deployment and enhancement in IT infrastructure, secured and speedy communication, increase customer relations (B2B) through web-portals & mobile Apps and prudent MIS are the plans set for the future foundation.

Human Resource and Associate Development

The human resource management is vital in the success of any organization. Company culture, policies, benefits, compensation, and employee relation are maintained with the aid of human resource management. The prevailing unprecedented circumstances emerging from the corona virus pandemic has thrown more challenges on handling the Human Resource.

Your Company has always emphasized on training and development of the staff to meet the future needs. Employees are nominated for in house trainings as well as outside formal training courses. With the view to improve the productivity the Company continuously encourages the employees to acquire professional qualification. Presently a sizeable number of employees are appearing in Associate of Chartered Insurance Institute, London, examinations which is financed by the Company. Some employees are doing EMBA from reputable institutes of Pakistan. Selected employees are also sent for training in reputable institutions such as IBA Karachi, PIMS and LUMS.

Atlas Insurance strongly believes in the core value of 3R's- *Respect, Recognition and Reward* and Atlas Group philosophy of Organization development through continuous human resource development which accelerates productivity, increases employee effectiveness & efficiency, provides job satisfaction and promotes self-respect, dignity and integrity. The Company has a well-established process for career development. The Individual Development Profile is designed to improve knowledge, skill and growth of high potential incumbents. Being strong believer of Management by Objectives, your Company management sets objectives of individual team member at the beginning of the year with defined success criteria, review these objectives periodically and at the year-end evaluate it against individual performance to reward accordingly. Mentorship program for development and retention of young and talented employees has a beneficial impact on Company' s human resource.

Risk Management System

Your Company has developed an internal risk management framework, enabling the concerns to take timely and appropriate measures to minimize the risks. The Company has also formed a Risk Management & Compliance Committee dealing with system and processes to manage risks and seize the business opportunities.

Role of Compliance Function

Insurers are now operating in a complex and increasingly-regulated economic environment. It requires them to cope with new risks and make more substantial commitments to innovate. Compliance function within your Company is an integrated tool of the internal controls system against risks and threats, particularly with respect to regulatory compliance.

The Compliance Officer heads the compliance function. He is responsible for Company's effective compliance relating to the applicable laws and regulations. He works in close liaison with other departments and ensures compliance of regulatory requirements, internal policies and procedures with specific emphasis on SECP's regulations, particularly AML / CFT regulations.

Corporate Social Responsibility

Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit. By adopting the Atlas Group philosophy the Company is committed to act ethically towards society and aims to contribute to the social development in the country. During the year 2020, the Company paid Rs. 8.603 million to its associated concern Atlas Foundation, which carries out different welfare projects predominantly focused on education with the commitment that what has come from the society should be shared with the society.

Rating by PACRA

Pakistan Credit Rating Agency Limited (PACRA), has maintained the Insurer Financial Strength (IFS) rating of your Company at "AA" with stable outlook. The rating reflects financial soundness of the Company. The rating takes into account robust liquidity profile, providing strong coverage to the Company's obligations. PACRA has also acknowledged that the Company has a strong panel of re insurers with favorable treaty terms and prudent risk retention policies.

Performance Evaluation of the Board and Committees of the Board

The Board has laid down policies and procedures that ensure a professional corporate environment that promotes timely disclosures, accountability, high ethical standards, compliance with applicable laws, regulations and corporate governance. The Board has also placed a mechanism to evaluate its performance as required by the Code of Corporate Governance.

During the year under review, the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs diligently. The Board also played a key role in monitoring of management performance and focus on major areas. The Board has also reviewed and approved the Company's financial budget and capital expenditures requirements for the year 2021.

The Audit Committee, the Investment Committee and the Ethics, Human Resource & Remuneration Committee have also discharged their responsibilities throughout the year. The Board carefully monitors their performance on periodic basis.

Contribution to the National Exchequer

Your Company's contribution to the national exchequer has been increasing. During the year your Company contributed a sum of Rs. 712.55 million towards government exchequer on account of direct and indirect taxes. The Atlas Group, of which your Company is a constituent member, contributed Rs. 55.0 billion in all towards the national exchequer. This makes Atlas Group one of the highest tax payers in the country.

Accolades

ICAP-ICMAP Best Corporate Report Award

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) annually hold the competition with the aim to encourage and give recognition to excellence in annual reporting. Your Company was awarded the merit certificate for 'Best Corporate Report Awards 2019' in 'Insurance' sector by the joint committee of the ICAP and ICMAP this year. It is pertinent to mention that your Company has been recipient of "Best Corporate Report Award" eight times between 2003 – 2015 from this joint committee.

Future Outlook

Pakistan's economy has started CY21 with a positive outlook reflected by decent growth prospects and improved business sentiments. The actual performance, however, hinges upon a number of factors. These include intensity & duration of the second wave of COVID-19 and the extent of recovery in the world economy following the widespread use of vaccines. On the external front, the current account deficit is expected to remain within 2% of GDP. A gradual revival of exports and upward trend in remittances on account of steps taken by the SBP will keep supporting external account. This, together with expected private and official flows, should continue to keep Pakistan's external position stable in FY21. On the other hand, once IMF program restarts, austerity measures may limit Government's ability to expand fiscal support and spending. The above situation calls for development of time-sensitive plans and formulation of an effective mechanism to support the domestic recovery. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to the insurance sector as well.

Your Company has successfully adopted the "new normal" with emphasis on safety and well-being of all stakeholders while ensuring business continuity amid COVID-19. The Company has demonstrated its ability to avail emerging opportunities and execute appropriate strategies. Moreover, the Company is well-poised to keep building long term business proposition and increasing stakeholders' value. For this, principles of the Atlas Way will continue to provide a solid foundation:

ے تندیِ بادِ مخالف سے نہ گھبرا اے عقاب
یہ تو چلتی ہے تجھے اونچا اڑانے کے لیے

(Tough times do not last, tough people do)

Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer, Mr. Babar Mahmood Mirza and his team for their efforts, dedication and sincerity of purpose.

Iftikhar H. Shirazi
Chairman

بورڈ اور بورڈ کی کمیٹی کی کارکردگی

بورڈ نے پیشہ ورانہ کاروباری فضا کو یقینی بنانے کے لیے مخصوص پالیسیاں اور طریقہ کار وضع کر رکھے ہیں جو حقائق کے بروقت اظہار، احتساب، اعلیٰ اخلاقی معیار، قابل اطلاق قوانین، ضوابط اور کاروباری عملداری کی تعمیل کو فروغ دیتے ہیں۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کے تحت اپنی کارکردگی کے جائزے کے لیے ایک طریقہ کار بھی وضع کیا ہوا ہے۔

زیرِ جائزہ سال کے دوران، بورڈ نے کمپنی کے لیے اپنی ذمہ داریاں مؤثر انداز میں نبھائی ہیں اور تمام کلیدی معاملات میں فعال انداز میں شرکت کی ہے۔ تمام سہ ماہی، ششماہی اور سالانہ مالیاتی نتائج کا جامع انداز میں جائزہ لیا گیا اور منظوری دی گئی۔ بورڈ نے مینجمنٹ کو باقاعدگی سے راہنمائی فراہم کی۔ بورڈ نے سال 2021 کے لیے کمپنی کے مالیاتی بجٹ کی بھی منظوری دی ہے۔

بورڈ کی آڈٹ کمیٹی، سرمایہ کاری کمیٹی اور ہیومن ریسورس کمیٹی نے بھی سال بھر متعلقہ قوانین کے مطابق اپنی ذمہ داریاں انجام دیں۔ بورڈ، میعادی بنیاد پر ان کی کارکردگی کی بغور نگرانی کرتا ہے۔

قومی خزانے میں حصہ

قومی خزانے میں آپ کی کمپنی کی حصہ داری میں اضافہ ہو رہا ہے۔ اس سال آپ کی کمپنی نے سیلز ٹیکس، انکم ٹیکس، فیڈرل ایکسائز ڈیوٹی، فیڈرل انشورنس فیس، پالیسی اسٹیمپس اور دیگر محصولات کے ضمن میں حکومتی خزانے میں 712.55 ملین روپے کی رقم جمع کروائی۔ اٹلس گروپ، جس کا آپ کی کمپنی ایک اہم حصہ ہے، اس نے مجموعی طور پر قومی خزانے میں ٹیکس کی مد میں 55 بلین روپے فراہم کیے ہیں۔ جو اٹلس گروپ کو پاکستان میں چند سب سے زیادہ ٹیکس ادا کرنے والے اداروں میں شامل کرواتا ہے۔

اعزازات

اکاؤنٹنگ کے دو معروف ادارے، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان (ICAP) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس پاکستان (ICMAP) کی جانب سے ہر سال، بہترین سالانہ کارپوریٹ رپورٹنگ کی حوصلہ افزائی کے لئے ایک مقابلہ ہوتا ہے۔ کمپنی کی سالانہ رپورٹ 2019 کو ICAP اور ICMAP کی مشترکہ کمیٹی نے بہترین کارپوریٹ ایوارڈ میں میرٹ سرٹیفکیٹ سے نوازا۔ یہاں اس بات کا ذکر بھی ضروری ہے کہ آپ کی کمپنی نے اس مشترکہ کمیٹی کی جانب سے منعقدہ سال 2015-2003 کے دوران آٹھ مرتبہ "بیسٹ کارپوریٹ ایوارڈ" جیتا ہے۔

مستقبل کا منظر نامہ

پاکستانی معیشت نے سال 2021 کا آغاز مثبت آؤٹ لک کے ساتھ کیا ہے اور ترقی کے روشن امکانات اور کاروباری ماحول میں بہتری کی عکاسی کی۔ تاہم اصل کارکردگی متعدد عناصر پر منحصر ہے۔ جس میں COVID-19 کی شدت اور دورانیہ اور ویکسین کے بڑے پیمانے پر استعمال کے بعد عالمی معیشت میں بحالی کے امکانات شامل ہیں۔ بیرونی محاذ پر، کرنٹ اکاؤنٹ خسارہ شرح نمو کے 2 فیصد کے اندر رہنے کا امکان ہے۔ برآمدات میں بتدریج بحالی اور ترسیلات میں اضافے کے ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے اٹھائے جانے والے اقدامات بیرونی محاذ کو معاونت فراہم کرتے رہیں گے۔ متوقع نجی اور سرکاری رقم کی آمدورفت کی وجہ سے پاکستان کو بیرونی محاذ پر سال 2021 کے دوران مستحکم رہنا چاہئے۔ دوسری جانب، آئی ایم ایف کا پروگرام شروع ہونے کے بعد سخت گیر اقدامات حکومت کے سپورٹ اقدامات اور اخراجات میں توسیع کرنے کی اہلیت کو محدود کر سکتے ہیں۔ ضرورت اس امر کی ہے کہ ایسے بروقت اور برجستہ اقدامات متعارف کروائے جائیں جو موجودہ وقت کے مطابق سپلائی اور ڈیمانڈ کا باریک بینی سے مشاہدہ کرتے ہوئے موثر طریقہ کار واضح کریں جو کہ مقامی سطح پر معیشت کو بحال کریں۔ معاشی سرگرمیوں کے معمول پر آنے اور وبائی بیماری کے اثرات کم ہونے کے بعد توقع کی جا رہی ہے کہ ملک میں بڑے پیمانے پر تمام شعبوں میں بحالی ترقی کا عمل شروع ہوگا جو کہ انشورنس کے شعبے کو بھی تقویت فراہم کرے گا۔

اٹلس انشورنس نے کاروباری تسلسل کو یقینی بناتے ہوئے تمام اسٹیک ہولڈرز کی حفاظت اور فلاح و بہبود پر توجہ مرکوز رکھتے ہوئے کامیابی کے ساتھ "نیا معمول" اپنا لیا ہے۔ کمپنی نے ابھرتے ہوئے مواقعوں سے فائدہ اٹھانے اور مناسب حکمتِ عملی پر عمل کرنے کی اپنی صلاحیت کا مظاہرہ کیا ہے۔ مزید یہ کہ کمپنی طویل المدتی کاروباری تجویز کو برقرار رکھنے اور اسٹیک ہولڈرز کی قدر میں اضافہ کرنے کے لیے ہمیشہ تیار ہے جس کے لیے "اٹلس وے" کے اصول کمپنی کی مستقبل کی تمام تر کاوشوں کے لیے مستحکم بنیاد فراہم کرتے رہیں گے۔

تندیِ بادِ مخالف سے نہ گھبرا اے عقاب
یہ تو چلتی ہے تجھے اونچا اڑانے کے لیے

اظہارِ تشکر

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشورزز، SECP اور مالیاتی اداروں کی دلی قدر کرتا ہوں جن کے سالوں پر محیط تعاون اور حمایت سے ہمارا تعلق مضبوط ہوا اور ہماری خدمات و مصنوعات میں بہتری لانے اور معاشرے اور قومی معیشت میں شراکت داری کرنے میں معاونت کی۔

میں انتظامیہ کی رہنمائی میں بورڈ آف ڈائریکٹرز کی قابل قدر شرکت اور فعال کردار کی بھی تعریف کرتا ہوں۔ میں چیف ایگزیکٹو آفیسر جناب بابر محمود مرزا اور ان کی ٹیم کی کوششوں، عزم اور مقصد کے حصول میں مخلصی پر تہہ دل سے شکر گزار ہوں۔

افتخار ایچ شیرازی
چیئرمین

قابلیت ادائے قرضہ

انشورنس کمپنی کے لیے قابلیت ادائے قرضہ کی ضروریات نہایت اہم ہیں کیونکہ اس سے یہ ظاہر ہوتا ہے کہ انشورنس کمپنی غیر متوقع صورتحال کا سامنا کرنے کے لیے تیار ہے۔ آپ کی کمپنی نقدی کی اچانک ضرورت کو پورا کرنے کے لیے ایک مضبوط نقد پوزیشن اور اثاثوں کی بنیاد کو برقرار رکھنے پر یقین رکھتی ہے اور اس سلسلے میں SECP کے تجویز کردہ قابلیت ادائے قرضہ کی ضروریات کو آسانی سے پورا کرتی ہے۔

انفارمیشن ٹیکنالوجی

آج کل کے ڈیجیٹل دور میں جب ہم سب ایک دوسرے کے ساتھ بذریعہ انٹرنیٹ منسلک ہیں تو ایسے میں ہمارا کاروباری ڈھانچہ ایک اہم تبدیلی کے مرحلے سے گزر رہا ہے۔ لاک ڈاؤن کی صورتحال کے دوران، آپ کی کمپنی نے تیزی سے نئے انداز، ورک فورس، کسٹمرز اور کمیونٹی کے ساتھ روابط برقرار رکھنے کے نئے اور موثر طریقوں پر عمل کیا۔ انفارمیشن ٹیکنالوجی ٹیم نے مستعدی کے ساتھ " گھر سے کام" کرنے کے ماڈل کو نافذ العمل کیا اور اس سلسلے میں ڈیجیٹل چینلز کو استعمال کرتے ہوئے اسٹاف اور کسٹمرز کے مابین روابط کو بحال رکھا۔

آپ کی کمپنی آئی ٹی کی خدمات میں اضافہ کرنے کے لیے حکمتِ عملی کے ساتھ کاروبار میں بہتری لانے اور روزانہ کے کاروباری کاموں میں مدد فراہم کرتی ہے۔ آئی ٹی کے انفرااسٹرکچر میں ترقی اور بہتری، محفوظ اور تیز رفتار مواصلات، ویب پورٹل اور موبائل ایپ کے ذریعے کسٹمرز کے ساتھ تعلقات میں اضافہ (B2B) اور MIS کی منصوبہ بندی مستقبل میں ادارے کی ہموار ترقی کے طے شدہ منصوبے ہیں۔

ہیومن ریسورس اور ایسوسی ایٹ ڈویلپمنٹ

ہیومن ریسورس مینجمنٹ کسی بھی تنظیم کی کامیابی میں اہم کردار ادا کرتی ہے۔ انسانی وسائل کے انتظام کی مدد سے کمپنی کی ثقافت، پالیسیاں، فوائد، معاوضہ اور ملازمین کا رشتہ برقرار رہتا ہے۔ عالمی وبائی مرض کرونا وائرس سے پیدا ہونے والی غیر یقینی اور غیر متوقع صورتحال کے پیشِ نظر انسانی وسائل کو سنبھالنا ایک بڑا چیلنج بن گیا ہے۔

آپ کی کمپنی مستقبل کی ضروریات کو پورا کرنے کے لیے اسٹاف کی ٹریننگ اور تعلیم پر توجہ مرکوز رکھتی ہے۔ ملازمین کو کمپنی کے اندر اور باہر منعقد ہونے والی ٹریننگز کے لیے نامزد کیا جاتا ہے۔ پیداواری صلاحیتوں میں اضافے کے لیے ملازمین کی حوصلہ افزائی کی جاتی ہے کہ وہ زیادہ سے زیادہ ٹریننگ سیشنز میں شرکت کریں اور اپنی صلاحیتوں میں اضافہ کریں۔ فی الوقت، ملازمین کی نمایاں تعداد، کمپنی کی کفالت پر، اپنی ACII تعلیم مکمل کرنے کے لیے ایسوسی ایٹ آف چارٹرڈ انشورنس انسٹیٹیوٹ، لندن، کے ہونے والے امتحانات میں شرکت کر رہی ہے۔ کچھ ملازمین پاکستان کے نامور اداروں سے EMBA بھی کر رہے ہیں۔ ہر سطح کے ملازمین کو ادارے کے اندر تربیت اور ساتھ ساتھ باضابطہ تربیتی کورسز کے لیے منتخب کیا جاتا ہے۔ منتخب کردہ ملازمین کو معروف اداروں IBA کراچی، PIMS اور LUMS میں تربیت کے لیے بھی بھیجا جاتا ہے۔

اٹلس انشورنس تین بنیادی اقدار پر پختہ یقین رکھتی ہے یعنی احترام، اعتراف اور انعام۔ ملازمت کے لیے موزوں افراد کو تعینات کرنے کو بڑی اہمیت دی جاتی ہے اور انسانی وسائل کی ترقی کے ذریعے ادارے کی ترقی کے اٹلس گروپ کے فلسفے پر مستحکم یقین رکھتے ہوئے کمپنی اس پالیسی پر کاربند ہے جو پیداوار، ملازمین پر اثرات اور کارکردگی میں اضافہ، ملازمت پر اطمینان اور خودداری، وقار اور سالمیت کے فروغ کو توسیع دیتی ہے۔ کیئر ئیر کی ترقی کے لیے کمپنی میں پہلے سے تعین کردہ ایک طریقہ کار موجود ہے۔ انفرادی ترقیاتی پروفائل اعلیٰ صلاحیت کے حامل افراد کی مہارت اور ترقی کو بہتر بنانے کے لیے ڈیزائن کیا گیا ہے۔ سال کے آغاز میں ہی اہداف کا تعین کر لیا جاتا ہے اور اس کے بعد سارا سال کارکردگی کا جائزہ اور اہداف کی تکمیل دیکھنے کے بعد انفرادی افراد کو انعام و اکرام سے نوازا جاتا ہے۔ نوجوان اور باصلاحیت ملازمین کی ترقی اور انہیں کمپنی میں برقرار رکھنے کے لیے نگران پروگرام پر عمل کرنے سے انسانی وسائل پر فائدہ مند اثرات مرتب ہوتے ہیں۔

ممکنہ خطرات سے نمٹنے کا نظام (رسک مینجمنٹ سسٹم)

آپ کی کمپنی کے پاس ممکنہ خطرات سے نمٹنے اور کاروباری مقاصد کے حصول سے متعلق مواقعوں سے فائدہ اٹھانے کے لیے طریقہ کار، نظام اور عمل درآمد کرنے کا مناسب فریم ورک موجود ہے۔ کمپنی نے، کاروباری مقاصد کے حصول کے لیے ادارے میں رسک مینجمنٹ کے مجموعی عمل کی نگرانی کے لیے ایک رسک مینجمنٹ اور کمپلائنس کمیٹی بھی تشکیل دے رکھی ہے۔ یہ طریقہ کار متعلقہ افراد کو ممکنہ خطرات کی تخفیف کے لیے بروقت اور موزوں اقدامات کرنے کے قابل بناتا ہے۔

کمپلائنس فنکشن کا کردار

اس وقت انشورز ایک پیچیدہ اور بڑھتے ہوئے ریگولیٹڈ معاشی ماحول میں خدمات انجام دے رہے ہیں۔ اس وقت اِن کی ضرورت نئے خطرات سے نبرد آزما ہونا اور جدت طرازی سے زیادہ بہتر عزم کا مظاہرہ کرنا ہے۔ آپ کی کمپنی میں کمپلائنس فنکشن بطورِ خاص ریگولیٹری تعمیل کے سلسلے میں ممکنہ خطرات اور خدشات کے خلاف اندرونی کنٹرول سسٹم کا ایک مربوط آلہ کار ہے۔

کمپلائنس فنکشن کا سربراہ کمپلائنس آفیسر ہے۔ وہ قابل اطلاق قوانین اور ضوابط سے متعلق کمپنی میں اُس کی موثر تعمیل کے لیے ذمہ دار ہوتا ہے۔ یہ کمپلائنس آفیسر دوسرے محکموں کے ساتھ قریبی رابطہ میں اپنے امور سرانجام دیتا ہے اور SECP کے قوائد وضوابط بطورِ خاص AML/CFT ریگولیشنز کے انضباطی تقاضوں، داخلی پالیسیوں اور طریقہ کار پر عمل درآمد کو یقینی بناتا ہے۔

ادارے کی سطح پر سماجی ذمہ داری

آپ کی کمپنی نسل، مذہب اور پس منظر سے قطع نظر صرف اور صرف قابلیت کی بنیاد پر کام کرنے کے لیے پرعزم ہے۔ اٹلس گروپ کے فلسفہ کو اپناتے ہوئے کمپنی معاشرے کے لیے اخلاقی طور پر کام کرنے کے لیے پرعزم ہے اور اس کا بنیادی مقصد ملک کی معاشرتی ترقی میں اپنا حصہ ادا کرنا ہے۔ سال 2020 کے دوران، کمپنی نے اپنے متعلقہ ادارے اٹلس فاؤنڈیشن کو 8.603 ملین روپے فراہم کیے جو کہ تعلیم کے میدان میں مختلف پروجیکٹس پر خدمات انجام دے رہا ہے۔ کمپنی کا ماننا ہے کہ ہمیں معاشرے میں فلاح و بہبود کے امور ضرور انجام دینے چاہئیں۔

PACRA کی جانب سے درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے آپ کی کمپنی کے مالیاتی استحکام کے اعتراف میں اس کی انشورر فنانشل اسٹرینتھ (IFS) ریٹنگ کو برقرار رکھتے ہوئے اسے مستحکم ادارے کے طور پر "AA" کا درجہ دیا ہے۔ یہ درجہ بندی اس بات کا اظہار ہے کہ کمپنی اپنے پالیسی ہولڈرز اور معاہدے کی ذمہ داریوں سے عہدہ برآ ہونے کی اچھی صلاحیت رکھتی ہے۔ یہ درجہ بندی عمدہ لیکوئڈیٹی پروفائل کا مظہر ہے، جو کہ کمپنی کی ذمہ داریوں کو مستحکم کوریج فراہم کرتی ہے۔ PACRA نے اس بات کا بھی اعتراف کیا ہے کہ اٹلس انشورنس کے پاس معاہدے کی مثبت شرائط اور ممکنہ خطرات سے تحفظ کی پالیسیوں کے ساتھ دوہرے بیمہ کاروں کا ایک مضبوط پینل ہے۔

221.27 ملین روپے رہا۔ گروس پریمیم میں اضافے کے باوجود، نیٹ کلیمز کی سطح کافی کم رہی جس سے اس شعبے کے انڈر رائٹنگ منافع میں خاطر خواہ اضافہ ہوا جو کہ گزشتہ سال کے 139.63 ملین روپے کے مقابلے میں 12 فیصد اضافے کے ساتھ 156.72 ملین روپے رہا،

آبی، فضائی اور ذرائع آمدورفت

وبائی مرض کے سبب عالمی سطح پر مشکلات کے سبب اس سال کے دوران آبی، فضائی اور ذرائع آمدورفت کا شعبہ دباؤ کا شکار رہا۔ گروس پریمیم 680.82 ملین روپے رہا جو کہ گزشتہ سال 2019 کے 732.51 ملین روپے کے مقابلے میں 7 فیصد کم ہے۔ نیٹ پریمیم 427.10 ملین روپے رہا جو کہ سال 2019 کے 472.13 ملین کے مقابلے میں 10 فیصد کم ہے۔ نیٹ کلیمز 49 فیصد کمی کے ساتھ 20.15 ملین روپے رہے جو کہ گزشتہ سال 39.17 ملین روپے تھے۔ انڈر رائٹنگ پرافٹ 329.76 ملین روپے رہا جو کہ سال 2019 میں 366.18 ملین روپے تھا۔

موٹر

موٹر کے شعبے میں 625.79 ملین روپے گروس پریمیم رہا جو کہ سال 2019 کے 659.90 ملین روپے کے مقابلے میں 5 فیصد کم ہے۔ نیٹ پریمیم 448.39 ملین روپے رہا جو کہ گزشتہ سال کے 435.04 ملین روپے کے مقابلے میں 3 فیصد زیادہ ہے۔ نیٹ کلیم کا تناسب سال گزشتہ سال کے 41 فیصد کے مقابلے میں 39 فیصد رہا ہے جو کہ انڈسٹری کے مقابلے میں ایک بہتر تناسب ہے۔ کمیشن اور اخراجات کے بعد، انڈر رائٹنگ منافع 134.47 ملین روپے رہا جو کہ سال 2019 میں 81.73 ملین روپے تھا اور اس میں 65 فیصد ترقی ریکارڈ کی گئی ہے۔

متفرقات

گروس پریمیم سال 2019 کے 589.74 ملین روپے سے بڑھ کر 627.81 ملین روپے رہا جو کہ 6 فیصد اضافہ ہے۔ نیٹ پریمیم سال 2019 کے 300.66 ملین روپے کے مقابلے میں 308.59 ملین روپے رہا۔ نیٹ کلیمز کی شرح سال 2019 کے 76 فیصد کے مقابلے میں 82 فیصد رہی، انڈر رائٹنگ نقصان 21.43 ملین روپے رہا جو کہ گزشتہ سال 8.59 ملین روپے منافع تھا۔ جس کی اہم وجہ کلیمز میں اضافہ ہے۔

ونڈو تکافل آپریشنز

ملک بھر میں لاک ڈاؤن کی صورتحال کے سبب موٹر کا شعبہ کافی متاثر ہوا جو کہ ونڈو تکافل پورٹ فولیو میں اہم حصہ رکھتا ہے۔ گروس کنٹری بیوشن سال 2019 کے 289.75 ملین روپے کے مقابلے میں کمی کے ساتھ 276.68 ملین روپے رہی، جس کی اہم وجہ موٹر کے کاروبار میں کمی ہے۔ نیٹ کنٹری بیوشن 17 فیصد کمی کے ساتھ 112.39 ملین روپے رہی جو کہ سال 2019 میں 135.67 ملین روپے تھی۔ پارٹسپنٹ تکافل فنڈ نے 27.01 ملین روپے کا سرپلس ظاہر کیا جو کہ گزشتہ سال 27.45 ملین روپے تھا جبکہ آپریٹرز کے فنڈ نے 44.42 ملین روپے منافع ظاہر کیا جو کہ گزشتہ سال 2019 میں 38.87 ملین روپے تھا۔

سرمایہ کاری کا انتظام

اس سال کے دوران سرمایہ کاری کمیٹی کی رہنمائی اور مشورے کے زیر انتظام سرمایہ کاری پورٹ فولیو کا باریکی سے جائزہ لیا گیا۔ سال کے درمیانی حصے میں کمپنی نے اٹلس ایسیٹ مینجمنٹ لمیٹڈ (AAML) کے ساتھ کمپنی کے انویسٹمنٹ پورٹ فولیو کے انتظامی امور کی دیکھ بھال کے لیے معاہدہ کیا۔ AAML انویسٹمنٹ ایڈوائزری سروسز کے لیے SECP سے باقاعدہ لائسنس یافتہ ہے۔ Separately Managed Accounts (SMA) کو AAML کی جانب سے کلائنٹس کے پورٹ فولیو کا انتظام سنبھالنے کے لیے ایڈوائزری سروس کے تحت ڈیزائن کیا گیا ہے۔ AAML کی پروفیشنل پورٹ فولیو مینجمنٹ ٹیم اپنے تجربے اور ریسرچ کو استعمال کرتے ہوئے کمپنی کو اُس کی سرمایہ کاری پر بہتر منافع فراہم کرنے کے لیے سرگرمِ عمل ہے۔ سرمایہ کاری کے فیصلے AIL طے کردہ سرمایہ کاری کے مقاصد، انسٹرومنٹس چوائس، ایسیٹ ایلوکیشن اور رسک پروفائل کے تحت طے کیے جاتے ہیں۔ AAML سمجھداری کے ساتھ کمپنی کے فنڈز اور پورٹ فولیوز کا انتظام سنبھال رہی ہے۔ انویسٹمنٹ کمیٹی انویسٹمنٹ ایڈوائزرز کی کارکردگی کا جائزہ لیتی رہی ہے اور وقتاً فوقتاً بورڈ کو بھی اس سے آگاہ کرتی رہتی ہے۔

زیر جائزہ مدت کے دوران سرمایہ کاری کی مد میں آمدنی گزشتہ سال کے 224.81 ملین روپے کے مقابلے میں 239.70 ملین روپے رہی۔ ڈیویڈنڈ آمدنی گزشتہ سال کی 196.54 ملین روپے کے مقابلے میں 159.56 ملین روپے رہی۔ 31 دسمبر 2020 تک انویسٹمنٹ کی بک ویلیو 3.33 بلین روپے تھی (مارکیٹ قدر 6.23 بلین روپے) جو کہ سال 2019 میں 3.25 بلین روپے (مارکیٹ قدر 4.78 بلین روپے) تھی جو کہ آپ کی کمپنی کی مضبوط مالیاتی بنیاد اور کمپنی کے فنڈز کے بہتر استعمال کو ظاہر کرتی ہے۔

منافع

انڈر رائٹنگ منافع گزشتہ سال کے 596.75 ملین روپے کے مقابلے میں بڑھ کر 599.52 روپے رہا۔ قبل از ٹیکس منافع گزشتہ سال کے 895.24 ملین روپے کے مقابلے میں 907.78 ملین روپے رہا۔ 262.35 ملین روپے ٹیکس کی ادائیگیوں کے بعد، بعد از ٹیکس منافع 645.43 ملین روپے رہا جو کہ گزشتہ سال 623.26 ملین روپے کے مقابلے میں 4 فیصد زیادہ ہے جو کہ COVID-19 کے مشکل سال میں ایک قابلِ قدر کارکردگی ہے۔

سرمائے کا انتظام

مستقبل میں توسیع اور ادارے کی تعمیر و ترقی کے لیے کسی بھی ادارے کو مضبوط سرمائے کی ضرورت رہتی ہے۔ آپ کی کمپنی مضبوط مالیاتی پروفائل برقرار رکھنے کے لیے پرعزم ہے جو ترقی اور پورٹ فولیو کی اصلاح کے اہداف کے حصول کے لیے مالی لچک فراہم کرتی ہے۔ 31 دسمبر 2020 تک کمپنی کا پیڈ اپ کیپٹل 848.96 ملین روپے اور ایکویٹی 4.78 بلین روپے پر موجود ہے۔

دوہرا بیمہ

آپ کی کمپنی روایتی انشورنس کے ساتھ تکافل بزنس کی نان کنونشنل لائنز میں صلاحیتوں کے اضافے کے لیے سرگرداں رہتی ہے۔

عالمی وبائی مرض اور اس سے ہونے والے نقصانات کے سبب دوہرے بیمہ کی مارکیٹ کو کافی مشکلات کا سامنا کرنا پڑا۔ اس سال کمپنی نے تقریباً تمام شعبوں میں دوہرے بیمہ کے معاہدے بہتر شرائط کے ساتھ انجام دیئے۔ آپ کی کمپنی اعلیٰ ساکھ کے حامل اور دنیا کے معروف دوہرے بیمہ کاروں کے ساتھ دوہری بیمہ کاری کے معاہدے زیرِ عمل لاتی ہے جو مضبوط مالیاتی استحکام کی درجہ بندیوں کے حامل ہیں، ان میں سوئس ری انشورنس کمپنی، ہین اوور ری انشورنس کمپنی، ٹوکیو میرین اور نچیڈ و آتشزدگی بیمہ کمپنی، سومپو جاپان، ملائیشین ری انشورنس کمپنی اور لیبوان ری انشورنس کمپنی، کویت ری، اور کورین ری شامل ہیں۔ یہاں اس بات کا ذکر کرنا مناسب ہوگا کہ ہین اوور ری اور کویت ری دونوں ہی روایتی اور غیر روایتی معاہدوں میں نان پروپوشنل معاہدے فراہم کرتے ہیں۔

چیئرمین کی جانب سے جائزہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے بورڈ کی جانب سے کمپنی کی 86ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کر رہا ہوں۔

معیشت

COVID-19 کے سبب پیدا ہونے والے بحران کے بعد عالمی معیشت آہستہ آہستہ کساد بازاری سے بحالی کی جانب جا رہی ہے۔ دیگر ممالک کے برعکس، پاکستان کی خوش قسمتی ہے کہ یہاں سے وبائی مرض کے شدید اثرات کامیابی سے خارج ہو گئے ہیں۔ مقامی سطح پر معاشی بحالی نے تیزی کا رجحان پکڑ لیا ہے، اور توقع ہے کہ مالی سال 2021 میں ترقی کی شرح 2 فیصد سے کچھ زیادہ رہے گی۔ افراطِ زر کے محاذ پر حالیہ نتائج اشیائے خورد و نوش کی قیمتوں میں اضافے کے سبب بلندی کی جانب گامزن ہیں۔ تاہم، امکان ہے کہ سپلائی سائیڈ پر یہ دباؤ عارضی ہوگا اور مالی سال 2021 کے لیے اوسطاً افراطِ زر 8 فیصد سے کچھ کم رہے۔ مالی سال 2021 کے پانچ ماہ میں محصولات کی وصولی 1.7 ٹریلین روپے رہی، جو اس مدت کے طے شدہ ہدف سے کچھ زیادہ ہے۔

ملک کی بیرونی پوزیشن مستحکم ہوتی جا رہی ہے اور گزشتہ پانچ سالوں سے زیادہ عرصے کے مقابلے میں اس ششماہی کے دوران کرنٹ اکاؤنٹ سرپلس پہلی بار دیکھنے میں آیا ہے۔ دسمبر 2020 تک مجموعی سرپلس 1.6 بلین ڈالر رہا جبکہ گزشتہ سال کی اسی مدت میں 2.2 بلین ڈالر خسارہ تھا۔ مالی سال 2021 کے 6 ماہ کے دوران برآمدات میں 5 فیصد کی متاثر کن ترقی ریکارڈ کی گئی، صرف دسمبر کے مہینے میں 2.4 بلین ڈالر کی برآمدات کی گئیں جو کہ ماہانہ بنیاد پر تاریخ کی بلند ترین سطح ہے۔ تاہم، برآمدات میں ہونے والا اضافہ بھی بڑھتی ہوئی درآمدات کے فرق کو پورا نہیں کر سکا، جس کے نتیجے میں تجارتی خسارہ 6.4 فیصد بڑھ گیا۔ اس تجارتی خسارے کے توازن کو ترسیلاتِ زر میں ہونے والے اضافے نے پورا کیا، جو کہ اب تک کی سب سے بلند سطح 14.2 بلین روپے پر پہنچ گئیں۔ اس کی بنیادی وجہ سپورٹ مہیا کرنے والے پالیسی اقدامات، سفری پابندیاں اور باضابطہ چینلز کے استعمال میں اضافہ ہے۔ بیرونی محاذ پر ہونے والی پیش رفت سے پاکستانی روپے کو ستمبر 2020 کے بعد سے امریکی ڈالر کے مقابلے میں 3.8 فیصد کی قدر میں اضافے میں معاونت ملی۔ اس سے بیرونی بفرز کو بھی تقویت ملی کیونکہ اس سے اسٹیٹ بینک آف پاکستان کے زرِمبادلہ کے ذخائر فروری 2018 کے بعد سے سب سے زیادہ یعنی 13.4 بلین ڈالر کی سطح پر پہنچ گئے۔ مزید یہ کہ ابھرتی ہوئی معاشی بحالی کو سپورٹ کرتے ہوئے اسٹیٹ بینک آف پاکستان نے جون 2020 کے بعد سے پالیسی ریٹ کو 7 فیصد پر برقرار رکھا ہے۔ مجموعی طور پر جاری شبت رجحان پاکستان اسٹاک ایکسچینج کی بہتر ویلیویشن سے بھی ظاہر ہوتا ہے جہاں سفر اوپر کی جانب گامزن ہے اور 100 انڈیکس سال کے اختتام پر 43,755 پر بند ہوا۔

پاکستان کے زرعی شعبے میں ترقی کا ہدف 2.8 فیصد رکھا گیا ہے۔ اگرچہ مون سون کی شدید بارشوں کے سبب کپاس کی فصل کو جزوی طور پر نقصان اٹھانا پڑا لیکن خریف سیزن کے دوران اس شعبے کی کارکردگی مجموعی طور پر حوصلہ افزاء رہی۔ گنے اور چاول کی پیداوار کا تخمینہ گزشتہ سال کے مقابلے میں بہتری کی نشاندہی کر رہا ہے۔ سپورٹ قیمتوں میں اوپر کی جانب نظرِ ثانی اور فرٹیلائزر پر سبسڈی کاشتکاروں کی آمدنی میں اضافے کا باعث بنیں گی۔ جس کے نتیجے میں دیہی علاقوں کے اندر صارفین کی اشیائے استعمال کی طلب میں اضافہ متوقع ہے۔

بڑے پیمانے پر مینوفیکچرنگ جو کہ مجموعی طور پر شرح نمو کا 10.7 فیصد ہے، اس میں گزشتہ سال واقع ہونے والی 6 فیصد کمی کے مقابلے میں مالی سال 2021 کے چھ ماہ میں 8.0 فیصد ترقی ریکارڈ کی گئی۔ ترقی کی بحالی کو حکومتی اقدامات اور اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ کے متعدد راؤنڈز اور بروقت اقدامات نے بھرپور سپورٹ مہیا کی ہے۔

صنعتی تجزیہ

موجودہ دور میں انشورنس کی ضرورت اور اہمیت سے انکار نہیں کیا جا سکتا ہے کیونکہ انشورز مستقل طور پر شرح نمو کی ترقی میں اپنا اہم کردار ادا کر رہے ہیں۔ جیسا کہ دنیا اس وقت ایک عالمی وبائی مرض سے لڑ رہی ہے لہذا دنیا کے تمام شعبوں کی طرح انشورنس کے شعبے میں بھی اس کے اثرات محسوس کیے گئے ہیں۔

انشورنس انڈسٹری اپنے حجم اور پروڈکٹس کے حوالے سے اہم تبدیلیوں کا سامنا کر رہی ہے۔ تکافل کمپنیاں اور ونڈو تکافل آپریٹرز کو مارکیٹ میں تیزی سے تسلیم کیا جانے لگا ہے۔ لائف انشورنس یعنی کہ زندگی کا بیمہ جس کو پہلے صرف پبلک سیکٹر میں اہمیت حاصل تھی آج پرائیوٹ سیکٹر میں بھی تیزی سے مقبولیت حاصل کر رہا ہے۔ انشورز نے تیزی سے تبدیل ہوتی کاروباری اور ریگولیٹری صورتحال کو تسلیم کرتے ہوئے ترقی پر اپنی نگاہ مرکوز رکھی ہوئی ہے۔ ان تمام کے باوجود گروس پریمیم شرح نمو کا صرف 0.9 فیصد حصہ ہے جبکہ علاقائی سطح پر اوسط شرح 2.2 فیصد اور عالمی سطح پر 6.6 فیصد ہے۔

اس شرح میں کمی کا ایک سبب یہ بھی کہ اس وقت بھی انڈسٹری کسٹمرز کی ضروریات کے مطابق خود کو ڈھالنے اور اُن کی ضروریات کو مکمل سمجھنے میں پوری طرح کامیاب نہیں ہوئی ہے۔ پروڈکٹ، سیلز اور اس کے ساتھ ساتھ کلیم پروسس میں جو دشواریاں پیش آتی ہیں انہیں حل کرنے کی اشد ضرورت ہے۔ چونکہ لوگوں کی گھریلو آمدنی کم ہے لہذا یہ امر بھی انشورنس کی ترقی کی راہ میں ایک بڑی رکاوٹ ہے۔ بیمہ کے فوائد کے بارے میں آگاہی میں کمی اور چند ثقافتی رکاوٹیں بھی اس سلسلے میں مشکلات کا باعث ہیں۔ تاہم انشورز آبادی کو تیزی کے ساتھ آگاہی فراہم کرنے کے ساتھ، ایسے لوگوں تک ڈیجیٹل میڈیا کے ذریعے رسائی حاصل کر رہے ہیں جو انشورنس کے استعمال کنندہ نہیں ہیں۔ نئی نسل نئی اور مثبت سوچ کے ساتھ مارکیٹ میں داخل ہو رہی ہے جبکہ موجودہ کسٹمرز نئے آپشنز سے فائدہ اٹھانے کے لیے تیار ہیں۔ چونکہ پاکستانی آبادی کا بڑا حصہ نوجوان لوگوں پر مشتمل ہے اس لیے بڑھتی ہوئی معیشت کی روشنی میں انشورنس کی ترقی کے طویل المدت امکانات موجود ہیں، جس سے ممکنہ طور پر آمدنی اور انشورنس کی طلب میں اضافہ متوقع ہے۔

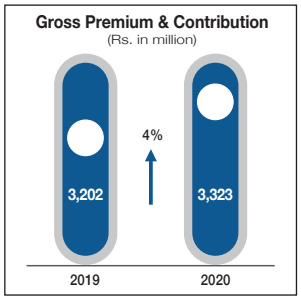
کمپنی نتائج

پریمیم اور کنٹری بیوشن

اس سال کے دوران کمپنی نے 3.32 بلین روپے کا گروس ڈائریکٹ پریمیم اور تکافل کنٹری بیوشن حاصل کیا جو کہ گزشتہ سال کے 3.20 بلین روپے کے مقابلے میں 4 فیصد زیادہ ہے۔ تکافل کنٹری بیوشن 277 ملین روپے رہا جو کہ گزشتہ سال 2019 میں 290 ملین روپے تھا۔ نیٹ پریمیم اور تکافل کنٹری بیوشن ریونیو سال 2019 کے 1.66 بلین روپے کے مقابلے میں 1.58 بلین روپے رہا۔

شعبہ جات پر ایک نظر

آتشزدگی اور املاک کا نقصان



کمپنی نے آتشزدگی کے شعبے میں توسیع کا عمل جاری رکھا ہے اور اس کاروبار میں گزشتہ سال کے 32 فیصد کے مقابلے میں 37 فیصد بزنس شیئر میں اضافہ ریکارڈ کیا گیا ہے۔ اس شعبے میں 20 فیصد ترقی دیکھی گئی اور گروس پریمیم 1.11 بلین روپے رہا جو کہ گزشتہ سال 2019 میں 929.68 ملین روپے تھا۔ نیٹ پریمیم گزشتہ سال کے 247.59 ملین روپے کے مقابلے میں

Directors' Report

The directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2020. The Director's Report prepared under Section 227 of the Companies Act, 2017 and Clause (xxvi) of the Code of Corporate Governance, for Insurers, 2016, will be put forward to the members at the eighty sixth Annual General Meeting of the Company to be held on April 09, 2021.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2020:

	2020	2019
	(Rupees in thousand)	
Gross premium	3,046,399	2,911,830
Gross contribution from Window Takaful Operations	276,684	289,752
Profit for the year before tax	907,775	895,241
Income tax expense	(262,348)	(271,985)
Profit for the year after tax	645,427	623,256
Un-appropriated profit brought forward	11,234	11,399
Profit availatble for appropriation	656,661	634,655
***Appropriations:**		
Transferred to general reserve	(50,000)	(6,000)
Proposed cash dividend @ 70% (2019: @ 70%)	(594,267)	(540,243)
Proposed bonus shares Nil (2019: @ 10%)	-	(77,178)
	(644,267)	(623,421)
Unappropriated balance carried forward	12,394	11,234

* The Board of Directors has recommended cash dividend of Rs. 7 per share i.e. 70% for the year ended December 31, 2020. The financial statements do not reflect these appropriations in compliance with the Companies Act, 2017.

Earnings per share

The earnings per share after tax is Rs. 7.60 as against Rs. 7.34 (re-stated) in 2019.

Chairman's Review

The Chairman's Review included in the annual report deals inter alia with the performance of the Company for the year ended December 31, 2020 and future prospects. The directors endorse the contents of the review.

Board of Directors

The Board of directors consists of seven individuals having the knowledge, skill and experience required to provide oversight and strategic guidelines to the Company. All the directors, except the Chief Executive Officer, are non-executive directors, including two who are also independent directors, and one of them is a female director. None of the directors on the Board is a director of more than seven (7) listed companies including this Company. All the directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board has set-up following sub-committees:

Audit Committee:

Names	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary

Ethics, Human Resource & Remuneration Committee:

Names	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali KHan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

Investment Committee:

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Rashid Amin	Member
Mr. Muhammad Afzal	Secretary

The Board had six (6) and Audit Committee had five (5) meetings during the year. Attendance by each director / member was as follows:

S. No.	Directors	Directorship in listed companies including Atlas Insurance Limited	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Iftikhar H. Shirazi	1	6/6	N/A
2	Mr. Ali H. Shirazi	3	6/6	5/5
3	Mr. Frahim Ali Khan	2	6/6	5/5
4	Mr. Hasan Reza ur Rahim	5	6/6	5/5
5	Mr. M. Habib-ur-Rahman	1	6/6	N/A
6	Mrs. Roohi Raees Khan	2	6/6	N/A
7	Babar Mahmood Mirza	1	6/6	N/A

Before each meeting of the Board of Directors a closed period is determined by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in the Company shares.

No transaction in the company's shares has been reported by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year, except disclosed in the pattern of shareholding.

Holding Company

Shirazi Investments (Pvt.) Limited, incorporated in Pakistan, is the holding company of Atlas Insurance Limited with 75.33% shares.

Directors' Remuneration

The remuneration of the directors is approved by the Board. However, no director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee to independent directors for attending the meetings. Company's remuneration policy is structured in line with prevailing industry trends and business practices. Details of remuneration paid to the directors are disclosed in note 34 of the financial statements.

Internal Audit

The Company has an independent Internal Audit function. The Board Audit Committee quarterly reviews the appropriateness and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports the findings to the Board Audit Committee.

Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

Statement of Value Addition and its Distribution

The statement of value addition and its distribution is annexed to this report.

External Auditors

The present Auditors, M/s. A.F. Ferguson & Co, Chartered Accountants have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board and management letters. Audit Committee recommended appointment and remuneration of the external auditors for the financial year ended December 31, 2020, for consideration of the Board.

Employees' Retirement Benefits

The Company operates defined contribution plans for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.
- The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective accounts is as follows:

Provident Fund	Rs. 51.532 million (as at December 31, 2020)
Gratuity Fund	
Management Staff	Rs. 35.167 million (as at June 30, 2020)
Non-Management Staff	Rs. 20.660 million (as at December 31, 2020)

Compliance with the Code of Corporate Governance

The directors confirm the compliance of the requirements of the Code of Corporate Governance relevant to the year ended December 31, 2020. Separate statements to these effects are annexed.

Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in light of the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has been in compliance with the provisions set out by the SECP and the listing rules of the Pakistan Stock Exchange. There has been no material departure from the best practices of corporate governance.

Financial Statements
The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account
The Company has maintained proper books of account.

Accounting Policies
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards
International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System
The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern
There is no doubt about the company's ability to continue as a going concern.

Operating and Financial Data
Operating and financial data and key ratios of the Company for last six years are annexed.

Best Practices of Corporate Governance
There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Taxes and Levies
Information about taxes and levies is given in notes to the financial statements.

Related Party Transactions

Related party transactions are placed before the Audit Committee. These transactions are reviewed / recommended by the Audit Committee and approved by the Board of Directors on quarterly basis. Details of related party transactions are disclosed in note 35 of the financial statements and note 32 of the Window Takaful Operation financial statements.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

Code of Conduct

The Company has prepared a 'Code of Conduct', which has been approved by the Board of Directors. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all those with whom it has relationship - government, employees, clients, shareholders and society. The Code has been placed on Company's website.

Compliance with this Code is essential element in business savvies. The Board of Directors is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Code of Corporate Governance for Insurers, 2016, as part of the annual return certifying that the secretarial and corporate requirements of the Companies Act, 2017 and Listing Regulations have been complied with.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance, which enable the Board members to play more effective role in progress of the Company.

Liquidity Management

During the year an amount of Rs. 635.396 million (2019: Rs. 534.734 million) was generated from operating activities which was utilized in investment activities and payment of dividend to the shareholders. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations more efficiently.

Material Changes

There have been no material changes since December 31, 2020 to date of the report and the Company has not entered into any commitment during this period, which would have any adverse impact on financial position of the Company.

Safeguarding of Records

The Company emphasize for storage and safe custody of its financial records. The Company is using oracle based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix.

Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for non-life insurance companies for the year ended December 31, 2019, the market share of the Company was 3.48%. Status for the year 2020 will be known once statistics of all the companies are compiled by the IAP.

Directors Training Programs

Four directors have successfully completed Directors Training Program (DTP). Three directors possess the minimum qualification and experience criteria for the exemption of DTP as stipulated in the Code of Corporate Governance.

Whistle Blowing Policy

Whistle Blowing Policy is annexed to this report.

Communication

Communication with the shareholders is given a high priority. Annual reports are circulated to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Act, 2017. The Company also has a web site, www.ail.atlas.pk, which contains up-to-date information on Company's activities and financial reports.

Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

For and on behalf of the Board of Directors

Babar Mahmood Mirza
Chief Executive

Ali H. Shirazi
Director

Lahore: February 26, 2021

سیکرٹری عمل داری کی تعمیل

کمپنی سیکریٹری نے انشورزز کے لیے کوڈ آف کارپوریٹ گورننس 2016 کے تحت مجوزہ شکل میں سیکریٹرل کمپلائنس سرٹیفکیٹ جاری کیا ہے۔ جس میں اس بات کی تصدیق کی گئی ہے کہ کمپنیز ایکٹ 2017 اور لسٹنگ ریگولیشنز کی سیکریٹریل اور کارپوریٹ تقاضوں کے تحت تعمیل کی گئی ہے۔

بورڈ کی کارکردگی کی تشخیص

بورڈ نے بذریعہ سوالنامہ خود تشخیصی کے اصولوں کو اپناتے ہوئے اپنی کارکردگی کی جانچ کا طریقہ کار مرتب کیا ہے، جس میں بورڈ کے عمل درآمد کے بنیادی شعبوں کا احاطہ کیا گیا ہے۔ اس تشخیص کا بنیادی مقصد بورڈ کو اپنی گورننس کے معیار کا جائزہ لینا ہے۔ جس کے ذریعے بورڈ اراکین کمپنی کی ترقی میں زیادہ موثر کردار ادا کرنے کے قابل ہوسکیں گے۔

لیکیوڈیٹی انتظامات

سال کے دوران آپریشنز کی کارروائیوں سے 635.396 ملین روپے (2019ء میں 534.734 ملین روپے) حاصل کئے گئے جو کہ سرمایہ کاری کی کارروائیوں اور حصص داران کو منافع دینے کے لئے استعمال کئے گئے۔ کمپنی لیکویڈٹی انتظامات کو احتیاط سے اپنی معاہدی ذمہ داریوں کو نبھانے کے لئے استعمال کرتی ہے۔

مادی تبدیلیاں

31 دسمبر 2020ء سے لے کر اب تک کسی قسم کی مادی تبدیلی نہیں ہوئی اور اس عرصے کے دوران کمپنی نے کسی قسم کا معاہدہ نہیں کیا ہے جس سے کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع ہوئی ہو۔

ریکارڈز کی حفاظت

کمپنی اپنے ریکارڈز/مندرجات کی باحفاظت تحویل پر یقین رکھتی ہے۔ کمپنی اپنی مالی معلومات کو Oracle پروگرام کے ذریعے GIS نظام مرتب کرتی ہے اور الیکٹرانک دستاویز تک رسائی کے لئے جامع پاس ورڈ سے محفوظ کردہ میٹرکس استعمال کرتی ہے۔

مارکیٹ شیئر کی معلومات

31 دسمبر 2019 کو ختم ہونے والے سال کے لیے انشورنس ایسوسی ایشن آف پاکستان کے اعداد و شمار کے مطابق نان لائف انشورنس کمپنیوں میں ہماری کمپنی کا حصہ 3.48 فیصد ہے۔ سال 2020 کی صورتحال اس وقت واضح ہوگی جب IAP کی جانب سے اعداد و شمار جاری کیے جائیں گے۔

ڈائریکٹرز ٹریننگ پروگرام

چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام (DTP) مکمل کرلیا ہے۔ تین ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے مطابق تعلیم اور تجربے کے معیار کی بنیاد پر DTP سے استثنیٰ حاصل کرنے کے مجاز ہیں۔

Whistle Blowing پالیسی

Whistle Blowing پالیسی اس رپورٹ کے ساتھ منسلک ہے۔

بات چیت

حصص داران کو مطلع کرنا کمپنی کی اولین ترجیح ہے۔ سالانہ رپورٹس اراکین کو بذریعہ ڈاک ارسال کی جاتی ہیں اور کمپنیز ایکٹ 2017 کے ضابطہ کے متعینہ عرصہ کے دوران ششماہی اور سہ ماہی رپورٹس کمپنی کی ویب سائٹ پر دستیاب کی جاتی ہیں۔ کمپنی کی اپنی ویب سائٹ www.ail.atlas.pk ہے جس میں کمپنی کے کام اور اس کی مالیاتی رپورٹس کی تازہ ترین معلومات موجود ہیں۔

واجب الادا قانونی ادائیگیاں

تمام واجب الادا رقوم معمول کے مطابق ہیں۔

منجانب بورڈ آف ڈائریکٹرز

بابر محمود مرزا	علی ایچ شیرازی
چیف ایگزیکٹو آفیسر	ڈائریکٹر

لاہور: 26 فروری، 2021

ڈائریکٹر کی ذمہ داریوں کی تفصیلات

بورڈ باقاعدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ چیف ایگزیکٹو سالانہ منصوبے اور کاروبار کی کارکردگی کے اہداف کو مرتب کرتا ہے۔ اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ اس کا جائزہ لیتا ہے۔ بورڈ کمپنی کی اعلیٰ کارپوریٹ گورننس کے معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹاک ایکسچینج کے مرتب کردہ قوانین کے تحت کاربند رہتی ہے۔ اعلیٰ کارپوریٹ گورننس میں کسی قسم کی کمی نہیں ہے۔

مالی تفصیلات

کمپنی کی انتظامیہ کی جانب سے مرتب کردہ مالی تفصیلات، کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو غیر جانبدارانہ طور پر پیش کیا جاتا ہے۔

اکاؤنٹس کی کتب

کمپنی نے اکاؤنٹس کی درست کتب مرتب کی ہیں۔

حساب داری پالیسیاں

مالی تفصیلات اور بہی تخمینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔

بین الاقوامی حساب داری معیار

مالی تفصیلات کو مرتب کرنے کے لئے بین الاقوامی حساب داری معیار، جو کہ پاکستان میں لاگو ہیں، کو مدنظر رکھا جاتا ہے۔

اندرونی کنٹرول کا نظام

اندرونی کنٹرول کا نظام بہترین ہے اور اس کو مؤثر طریقے سے لاگو کیا جاتا ہے اور نگرانی کی جاتی ہے۔

جاری کاروباری خدشات

کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیتوں میں کوئی شک نہیں۔

آپریٹنگ اور مالی اعداد و شمار

کمپنی کے گزشتہ چھ سالوں کے کلیدی تناسب، آپریٹنگ اور مالی اعداد و شمار منسلک ہیں۔

کارپوریٹ گورننس پر اعلیٰ عمل درآمد

اعلیٰ کارپوریٹ گورننس میں کسی بھی قسم کا شک نہیں ہے۔

ٹیکس اور محصول

مالی تفصیلات کے نوٹس میں ٹیکس اور محصول کی معلومات درج ہیں۔

متعلقہ پارٹیز سے لین دین

تمام متعلقہ پارٹیز سے لین دین کی تفصیلات آڈٹ کمیٹی کو جائزے اور سفارشات کے لیے پیش کی جاتی ہیں اور متعلقہ اجلاس میں بورڈ آف ڈائریکٹرز اس کی منظوری دیتا ہے۔ متعلقہ پارٹیز سے لین دین کی تفصیلات مالی تفصیلات کے نوٹ نمبر 35 اور WTO مالی تفصیلات کے نوٹ نمبر 32 پر درج ہیں۔

پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ منسلک ہے۔

ضابطۂ اخلاق

کمپنی نے بورڈ آف ڈائریکٹرز سے منظور شدہ ایک ضابطۂ اخلاق مرتب کیا ہے۔ اس ضابطے کا اطلاق کمپنی بھر میں ہے۔

اس ضابطہ کا بنیادی مقصد کاروباری معمولات کو ایمانداری، دیانت داری اور کشادگی سے چلانا ہے تاکہ ملازمین کے مفادات اور انسانی حقوق کا تحفظ کیا جا سکے۔ کمپنی ان لوگوں کے تمام جائز مفادات کا احترام کرتی ہے جن کا تعلق حکومت، ملازمین، گاہک حصص داران اور معاشرے سے ہے۔ کمپنی کی ویب سائٹ پر یہ ضابطہ اخلاق موجود ہے۔

کاروبار کو چلانے کے لئے یہ ضابطہ بہت اہمیت کا حامل ہے۔ اس ضابطے کو مناسب طریقے سے ملازمین کو سمجھایا گیا ہے اور اس پر عمل درآمد کیا جا رہا ہے۔ اس ضابطے پر عمل درآمد کے لیے اعلیٰ انتظامیہ اپنی ذمہ داریاں نبھا رہی ہے۔

ہولڈنگ کمپنی

پاکستان کی شیرازی انویسٹمنٹ پرائیوٹ لمیٹڈ 75.33% شیئرز کے ساتھ اٹلس انشورنس لمیٹڈ کی ہولڈنگ کمپنی ہے۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ بورڈ کی جانب سے منظور کیا جاتا ہے تاہم، کوئی ڈائریکٹر اپنا مشاہرہ طے کرنے میں حصہ نہیں لیتا ہے۔ کمپنی آزاد ڈائریکٹرز کو اجلاس میں شرکت کی فیس کے علاوہ کسی نان ایگزیکٹو ڈائریکٹر کو معاوضے کی ادائیگی نہیں کرتی۔ کمپنی کے مشاہرے کی پالیسی موجودہ صنعتی رجحانات اور کاروباری امور کی انجام دہی پر منحصر ہے۔ ڈائریکٹرز کو معاوضے کی ادائیگی کی تفصیلات نوٹ 34 میں ظاہر کی گئی ہیں۔

انٹرنل آڈٹ

کمپنی میں خود مختار انٹرنل آڈٹ کا باضابطہ طریقہ کار موجود ہے۔ بورڈ کی آڈٹ کمیٹی سہ ماہی بنیادوں پر اس کی موزونیت، اور طریقہ کار کے اختیار کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کا ہیڈ باضابطہ طور پر آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی کی سالانہ اور سہ ماہی تشخیص پر مبنی آڈٹ پلان کی منظوری دیتی ہے۔ انٹرنل آڈٹ فنکشن باضابطہ طریقہ کار کے مطابق مالیاتی، آپریشنل اور کنٹرولز کی تعمیل کا جائزہ لیتا ہے اور بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

صحت، حفاظت اور ماحولیات

ہم صحت، تحفظ اور ماحول کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ اپنے ساتھ کام کرنے والے لوگوں اور جہاں ہم کام کو انجام دیتے ہیں اُن کمیونٹیز کی فلاح و بہبود کو یقینی بنا سکیں۔

ویلیوایڈیشن کا اسٹیٹمنٹ اور اس کی ڈسٹری بیوشن

ویلیوایڈیشن کا اسٹیٹمنٹ اور اس کی ڈسٹری بیوشن اس رپورٹ کے ساتھ منسلک ہے۔

بیرونی آڈیٹرز

موجودہ پڑتال کنندہ میسرز اے۔ ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول پروگرام کے تحت تسلی بخش درجہ بندی دی گئی ہے۔ بیرونی آڈیٹرز نے واضح کیا کہ ان کا ادارہ/فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات اور ICAP کے مروجہ اقدار کے مطابق کام کر رہی ہے۔ بیرونی آڈیٹرز کو لسٹنگ ریگولیشنز میں موجود خدمات کے علاوہ دوسری خدمات فراہم کرنے کے لئے مقرر نہیں کیا گیا ہے۔ اور اس ضمن میں انہوں نے تصدیق کی کہ ان کا ادارہ IFAC کے ہدایات پر عمل درآمد کر رہا ہے۔

بیرونی پڑتال کنندگان نے اُن آڈٹ کمیٹی کے اجلاس میں شرکت کی جن میں آڈٹ کمیٹی کی جانب سے پڑتال شدہ/نظر ثانی شدہ مالی تفصیلات کو زیرِ غور لایا گیا۔ آڈیٹرز نے تصدیق کی کہ اُنہیں آزادی کا کوئی مسئلہ نہیں ہے اور انہوں نے اپنے تمام تر خدشات کو بورڈ کو لکھے گئے خطوط میں واضح کر دیا ہے۔ آڈٹ کمیٹی نے بورڈ کی جانب سے غور و خوض کے لیے بیرونی آڈیٹرز کی تقرری اور مشاہرے کی سفارش کی ہے۔

ملازمین کی ریٹائرمنٹ کے فوائد

کمپنی اپنے مستقل ملازمین کے لئے ایک منظّم تقسیمی منصوبہ پر مندرجہ ذیل میں سے کسی ایک طریقے سے عمل کر رہی ہے۔

- ایک تسلیم شدہ پراویڈنٹ فنڈ۔
- اٹلس ایسٹ مینجمنٹ لمیٹڈ (ایک متعلقہ کمپنی) کی جانب سے رضا کارانہ پنشن سسٹم قوانین 2005ء کے تحت رضا کارانہ پنشن سکیم متعارف کرائی گئی ہے۔ یعنی اٹلس پینشن فنڈ اور اٹلس پینشن اسلامک فنڈ
- نومنتخب ملازمین کو رضا کارانہ پنشن سکیم پیش کی جاتی ہے۔ تاہم جو ملازمین پراویڈنٹ فنڈ ٹرسٹ کا حصہ ہیں انہیں مندرجہ بالا دو تقسیمی منصوبوں میں سے کسی ایک کو منتخب کرنے کا اختیار ہے۔

کمپنی نے اپنے انتظامی ملازمین کے لئے غیر تقسیمی گریجویٹی فنڈ سکیم بھی متعارف کروائی ہے۔

سرمایہ کاری کی مالیت، اُن کے متعلقہ کھاتہ داری کے مطابق مندرجہ ذیل ہیں۔

پراویڈنٹ فنڈ	51.532 ملین روپے (31 دسمبر 2020ء کو)
گریجویٹی فنڈ	
برائے مینجمنٹ اسٹاف	35.167 ملین روپے (30 جون 2020ء کو)
برائے نان مینجمنٹ اسٹاف	20.660 ملین روپے (31 دسمبر 2020ء کو)

کوڈ آف کارپوریٹ گورننس کی تعمیل

ڈائریکٹرز نے 31 دسمبر 2020 کو اختتام پذیر سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کی ضروریات کی تعمیل کی تصدیق کی ہے۔ ان بیانات کو علیحدہ طور پر منسلک بھی کیا گیا ہے۔

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں تشکیل دی ہیں؛

آڈٹ کمیٹی:

نام	کیٹیگری
جناب حسن رضا الرحیم	چیئرمین
جناب علی ایچ شیرازی	ممبر
جناب فراہیم علی خان	ممبر
جناب محمد افضل	سیکریٹری

اخلاقی، ہیومن ریسورس اور مشاہرے کی کمیٹی:

نام	کیٹیگری
محترمہ روحی رئیس خان	چیئرپرسن
جناب علی ایچ شیرازی	ممبر
جناب فراہیم علی خان	ممبر
جناب بابر محمود مرزا	ممبر
محترمہ قدسیہ ناہید	سیکریٹری

سرمایہ کاری کمیٹی:

نام	کیٹیگری
جناب علی ایچ شیرازی	چیئرمین
جناب فراہیم علی خان	ممبر
جناب محمد حبیب الرحمان	ممبر
جناب بابر محمود مرزا	ممبر
جناب راشد امین	ممبر
جناب محمد افضل	سیکریٹری

سال کے دوران بورڈ کے چھ (6) اور آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد کیے گئے۔ ہر ڈائریکٹر/رکن کی حاضری مندرجہ ذیل ہے۔

سیریل نمبر	ڈائریکٹرز	لسٹڈ کمپنیز میں ڈائریکٹرشپ بشمول اٹلس انشورنس	اجلاس میں حاضری	
			بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی
1	جناب افتخار ایچ شیرازی	1	6/6	N/A
2	جناب علی ایچ شیرازی	3	6/6	5/5
3	جناب فراہیم علی خان	2	6/6	5/5
4	جناب حسن رضا الرحیم	5	6/6	5/5
5	جناب محمد حبیب الرحمان	1	6/6	N/A
6	محترمہ روحی رئیس خان	2	6/6	N/A
7	جناب بابر محمود مرزا	1	6/6	N/A

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے پہلے کمپنی کی جانب سے ایک بند عرصہ متعین کیا جاتا ہے، جس کے دوران ڈائریکٹرز، CEO، کمپنی کے ایگزیکٹو اور اُن کے شریکِ حیات کے لیے کمپنی کے حصص کی لین دین بل واسطہ یا بلا واسطہ طور پر ممنوع قرار دے دی جاتی ہے۔ بورڈ نے ایگزیکٹوز کی حیثیت کا تعین کر رکھا ہے۔ جس کی بناء پر ان پر کمپنی کے حصص کے لین دین کو افشاء کرنے کی اضافی انضباطی ضروریات کے مطابق عمل کرنا ضروری ہے۔

سال کے دوران ڈائریکٹرز، CEO, CFO، کمپنی سیکریٹری اور ان کے شریکِ حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص کا کوئی لین دین سامنے نہیں آیا، سوائے اس لین دین کے جو کہ شیئر ہولڈنگ کے پیٹرن میں ظاہر کیے گئے ہیں۔

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 31 دسمبر 2020 کو اختتام پذیر سال کے لئے پڑتال شدہ مالی تفصیلات، پڑتال کنندگان کی رپورٹ سمیت پیش کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورننس برائے انشورنس 2016 کی شق (xxvi) کے مطابق تیار کی گئی ہے جو کہ 09 اپریل 2021 کو منعقدہ کمپنی کے 86 ویں سالانہ اجلاسِ عام میں ارکان کو پیش کی جائے گی۔

مالی نتائج

31 دسمبر، 2020 کو اختتام پذیر سال میں کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

	2020	2019
	(روپے ہزاروں میں)	
گروس پریمیم	3,046,399	2,911,830
ونڈو تکافل آپریشنز سے مجموعی زرِتعاون	276,684	289,752
قبل از ٹیکس منافع	907,775	895,241
انکم ٹیکس کے اخراجات	(262,348)	(271,985)
سال کا منافع بعد از ٹیکس	645,427	623,256
آگے لایا گیا ناوقف شدہ منافع	11,234	11,399
موجودہ منافع برائے وقف شدہ	656,661	634,655
*وقف بجانب		
عمومی ذخائر کو منتقل کردہ	(50,000)	(6,000)
مجوزہ نقد ڈیویڈنڈ 70% (2019: @70%)	(594,267)	(540,243)
مجوزہ بونس حصص Nil (2019: @10%)	-	(77,178)
	(644,267)	(623,421)
آگے بھیجا گیا غیر وقف شدہ بقایا	12,394	11,234

*31 دسمبر 2020 کو اختتام پذیر سال میں بورڈ کے ڈائریکٹرز نے کیش ڈیویڈنڈ 7 روپے فی حصص یعنی 70% تجویز کیا ہے۔ مالی تفصیلات ان وقف شدہ رقوم کو کمپنیز ایکٹ 2017ء کی تعمیل کے مطابق ظاہر نہیں کرتی ہیں۔

فی حصص آمدنی

سال 2019 کے 7.34 روپے (re-stated) کے مقابلے میں سال 2020 میں فی حصص آمدنی 7.60 روپے ہے۔

چیئرمین کی جانب سے تجزیہ

31 دسمبر 2020ء کو اختتام پذیر سال کے لئے اور مستقبل کے امکانات کے لئے کمپنی کی کارکردگی پر سالانہ رپورٹ میں چیئرمین کا تجزیہ شامل کیا گیا ہے۔ ڈائریکٹرز تجزیے کے مندرجات سے متفق ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 7 افراد پر مشتمل ہے، جن کے پاس کمپنی کو نگرانی اور حکمت عملی کی رہنمائی دینے کا علم، مہارت اور تجربہ ہے۔ تمام ڈائریکٹرز، ماسوائے چیف ایگزیکٹو آفیسر کے نان ایگزیکٹو ڈائریکٹر ہیں بشمول دو (2) ڈائریکٹرز کے جو کہ آزاد ڈائریکٹر بھی ہیں اور اُن میں سے ایک خاتون ڈائریکٹر ہیں۔ بورڈ کا کوئی بھی ڈائریکٹر 7 سے زیادہ لسٹڈ کمپنیوں بشمول اس کمپنی کے ڈائریکٹر نہیں ہے۔ تمام ڈائریکٹرز متعدد شعبہ جات/ پیشوں کی نمائندگی کرتے ہیں اور متعدد کاروباری معمولات سے نمٹنے کے لئے تمام ضروری مہارتوں اور مفاہمتوں سے واقف ہیں اور انتظامی کارکردگی کے جائزے کی صلاحیت رکھتے ہیں۔

Distribution of Shareholding in Central Depository Company of Pakistan Limited

As at December 31, 2020

Number of shareholders	Shareholding From	Shareholding To	Shares held
198	1	100	4,006
106	101	500	28,626
100	501	1000	74,955
279	1001	5000	678,196
84	5001	10000	608,355
39	10001	15000	486,880
24	15001	20000	416,571
11	20001	25000	253,774
5	25001	30000	142,989
16	30001	35000	517,617
6	35001	40000	224,940
5	40001	45000	215,382
5	45001	50000	242,021
2	50001	55000	108,441
3	55001	60000	175,884
3	65001	70000	204,798
4	70001	75000	290,087
2	75001	80000	155,104
1	80001	85000	83,462
2	90001	95000	188,791
3	95001	100000	289,351
3	100001	105000	302,833
1	110001	115000	112,125
1	115001	120000	116,842
1	120001	125000	124,025
1	135001	140000	137,571
1	140001	145000	141,000
1	160001	165000	165,000
2	170001	175000	342,165
1	175001	180000	180,000
2	190001	195000	384,026
1	195001	200000	200,000
1	205001	210000	205,700
2	215001	220000	440,000
1	235001	240000	236,700
2	245001	250000	496,749
1	295001	300000	295,970
1	315001	320000	317,007
1	440001	445000	441,650
1	475001	480000	476,740
1	510001	515000	513,550
1	1640001	1645000	1,643,606
1	2390001	2395000	2,394,486
1	63950000	63955000	63,951,038
927			79,009,013

Pattern of Shareholding

As at December 31, 2020

Number of shareholders	Shareholding From	Shareholding To	Shares held
248	1	100	5,354
155	101	500	41,439
114	501	1000	84,752
334	1001	5000	826,789
115	5001	10000	832,723
55	10001	15000	687,399
44	15001	20000	769,413
17	20001	25000	390,669
5	25001	30000	142,989
23	30001	35000	751,034
11	35001	40000	413,233
7	40001	45000	297,935
7	45001	50000	335,670
4	50001	55000	215,740
4	55001	60000	232,888
5	65001	70000	340,358
4	70001	75000	290,087
3	75001	80000	230,201
3	80001	85000	252,976
3	90001	95000	282,296
5	95001	100000	484,220
3	100001	105000	302,833
1	110001	115000	112,125
1	115001	120000	116,842
1	120001	125000	124,025
1	135001	140000	137,571
2	140001	145000	282,422
1	155001	160000	157,954
1	160001	165000	165,000
2	165001	170000	339,418
2	170001	175000	342,165
1	175001	180000	180,000
1	180001	185000	181,102
2	190001	195000	384,026
1	195001	200000	200,000
1	205001	210000	205,700
1	210001	215000	213,931
2	215001	220000	440,000
1	235001	240000	236,700
2	245001	250000	496,749
1	295001	300000	295,970
1	315001	320000	317,007
1	440001	445000	441,650
1	475001	480000	476,740
1	510001	515000	513,550
1	1640001	1645000	1,643,606
1	2330001	2335000	2,334,495
1	2390001	2395000	2,394,486
1	63950000	63955000	63,951,038
1,202			84,895,270

The slabs representing nil holding have been omitted.

Categories of shareholders	Number of shareholders	Number of shares held	Percentage of shares held
Directors, CEO their spouse and minor children	8	39,242	0.05%
Associated Companies, undertakings & related parties	3	66,285,534	78.08%
NIT and IDBP	1	94	0.00%
Banks, DFIs & NBFIs	3	1,286,260	1.52%
Insurance Companies	1	193,600	0.23%
Public Sector Companies & Corporations	1	2,394,486	2.82%
* Shareholders holding 5% or more voting interest in the Company	1	63,951,038	75.33%
Individuals	1,169	12,886,526	15.18%
Others:			
Joints Stock Companies	11	86,753	0.10%
Others	5	1,722,775	2.03%
Total	1,202	84,895,270	100.00%

* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore, not included in the total.

Pattern of Shareholding as at December 31, 2020
Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail)			
Shirazi Investments (Pvt) Limited	1	63,951,038	75.33%
Atlas Foundation	1	2,334,495	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
NIT and ICP			
IDBP - (ICP Unit)	1	94	0.00%
Director, Chief Executive and their spouses and minor children			
Mr. Iftikhar H. Shirazi	1	1	0.00%
Mr. Ali H. Shirazi	1	606	0.00%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Hasan Reza ur Rahim	1	121	0.00%
Mr. M. Habib-ur-Rahman	1	5,500	0.01%
Mrs. Roohi Raees Khan	1	1	0.00%
Mr. Babar Mahmood Mirza	1	12	0.00%
Mrs. Sabiha Frahim	1	33,000	0.04%
Executives	2	17,253	0.02%
Public Sector Companies & Corporation			
State Life Insurance Corporation of Pakistan	1	2,394,486	2.82%
Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds			
Deutsche Bank Suisse S.A	1	513,550	0.60%
Habib Insurance Company	1	193,600	0.23%
National Bank of Pakisan	1	476,740	0.56%
Pak Libya Holding Company (Pvt.) Limited	1	295,970	0.35%
* **Shareholders holding 5% or more voting interest**	1	63,951,038	75.33%
Individuals	1,167	12,869,273	15.16%
Others	16	1,809,528	2.13%
Total	1,202	84,895,270	100.00%

* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore not included in the total.

No transaction was reported by the Directors, CEO, CFO, Company Secretary and their spouses during the year.

Statement of Compliance with

a) The Code of Corporate Governance for Insurers, 2016
b) Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2020

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019, (the Regulations) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the Code and the Regulations in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. Total number of directors are seven as per the following:

Male	Six
Female	One

Category	Names
Independent Director	Mr. Hasan Reza ur Rahim
Independent Female Director	Mrs. Roohi Raees Khan
Non-Executive Directors	Mr. Iftikhar H. Shirazi
	Mr. Ali H. Shirazi
	Mr. Frahim Ali Khan
	Mr. M. Habib-ur-Rahman
Executive Director	Mr. Babar Mahmood Mirza

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company which includes directors and employees along with its supporting policies and procedures.
6. 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.
7. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations. Decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board 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 minutes of meeting were appropriately recorded and circulated. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
9. 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.
10. Four directors have already successfully completed Directors Training Program (DTP). Three directors possess the minimum qualification and experience criteria for exemption of DTP as stipulated in the Code of Corporate Governance (the Code).
11. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of these Regulations.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Syed Irtiza Kazmi	Secretary

Claims Settlement Committee:

Name of the Members	Category
Mr. Frahim Ali H. Khan	Chairman
Mr. Babar Mahmood Mirza	Member
Syed Irtiza Kazmi	Member
Mr. Muhammad Saeed	Secretary

Risk Management & Compliance Committee:

Name of the Members	Category
Mr. Babar Mahmood Mirza	Chairman
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Muhammad Aasim Gul	Secretary

Information Technology (IT) Committee:

Name of the Members	Category
Mr. Babar Mahmood Mirza	Chairman
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Wasim Ahmed	Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Members	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

Investment Committee:

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Rashid Amin	Member
Mr. Muhammad Afzal	Secretary

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

Name of the Members	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary
Mr. Saleem Mahmood Akhtar	Chief Internal Auditor

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. One meeting of Ethics, Human Resource and Remuneration Committee was held during the year. The terms of references of the Committees have been formed, documented and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and the internal auditors are involved in the internal audit function on a regular basis.

21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover the persons heading the underwriting, claims, reinsurance, risk management and grievance function 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 Members	Designation
Mr. Babar Mahmood Mirza	Chief Executive Officer
Mr. Rashid Amin	Chief Financial Officer
Mr. Muhammad Aasim Gul	Compliance Officer
Nauman Associates	Actuary
Mr. Muhammad Afzal	Company Secretary
Mr. Saleem Mahmood Akhtar	Head of Internal Audit
Syed Irtiza Kazmi	Head of Underwriting and Risk Management
Mr. Muhammad Saeed	Head of Claims and Grievance
Syed Nasir Hussain	Vice President Reinsurance

22. 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 program of the Institute of Chartered Accounts 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.

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

24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.

25. The Board ensures that the appointed Actuary, complies with the requirements set out for him in the Code.

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

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

28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on August 28, 2020 is 'AA' with stable outlook.

30. The Board has set up a grievance function, which fully complies with the requirements of the Code.

31. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code.

32. The frequency of meetings of the committees were as per following:

a)	Audit Committee	05 meetings
b)	Ethics, HR and Remuneration Committee	01 yearly meeting
c)	Risk Management & Compliance Committee	04 quarterly meetings

33. The Company has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.

34. We confirm that all other material principles contained in the Code and the Regulations No. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors

Babar Mahmood Mirza
Chief Executive Officer

Iftikhar H. Shirazi
Chairman

Lahore: February 26, 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Atlas Insurance Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 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, 2019 and Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'Regulations') prepared by the Board of Directors of Atlas Insurance Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 the Listed Companies (Code of Corporate Governance) Regulations, 2019 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. 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.

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, 2020.

Chartered Accountants
Lahore
Date: March 1, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Atlas Insurance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Atlas Insurance Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Outstanding claims including IBNR** *(Refer note 3.21 and 24 to the annexed financial statements)* The Company's liability relating to outstanding claims including IBNR represent a material balance of its total liabilities at the current reporting date. Valuation of these claim liabilities involves significant management judgement regarding uncertainty in the estimation of claims payments, and assessment of frequency and severity of claims. Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.	Our audit procedures included the following: • Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims, and recoveries from reinsurance arrangements; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Obtained an understanding of the work performed by the management for determining provision for claims Incurred But Not Reported and tested underlying data used; • Tested, on sample basis, claims transactions with underlying documentations to evaluate that whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities;

S. No.	Key audit matters	How the matter was addressed in our audit
	Furthermore, the Company also maintains a provision for claims Incurred But Not Reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions. Due to the significant level of judgment and estimation required to determine the liability relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.	• Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Examined the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

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

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

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

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

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad

Chartered Accountants
Lahore
Date: March 10, 2021

Statement of Financial Position

As at December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
Assets			
Property and equipment	6	159,789	120,565
Investments			
Equity securities	8	5,643,357	4,141,871
Debt securities	9	436,058	108,571
Term deposits	10	150,000	525,000
Loan and other receivables	11	22,029	110,348
Insurance / reinsurance receivables	12	311,009	246,245
Reinsurance recoveries against outstanding claims	24	1,087,723	246,582
Retirement benefits	18	9,266	-
Salvage recoveries accrued		8,627	3,435
Deferred commission expense / acquisition cost	25	92,418	81,519
Prepayments	13	652,126	661,451
Taxation - provision less payment		11,220	-
Cash and bank	14	882,778	650,207
		9,466,400	6,895,794
Total assets from window takaful operations - Operator's fund		195,345	138,326
Total assets		9,661,745	7,034,120
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	848,953	771,775
Reserves	16	3,277,641	2,313,255
Unappropriated profit		648,633	621,710
Total equity		4,775,227	3,706,740
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	1,412,100	545,169
Unearned premium reserves	23	1,197,061	1,139,098
Unearned reinsurance commission	25	138,404	152,959
Retirement benefits	18	-	6,926
Deferred taxation	17	833,774	426,871
Premium received in advance		137,351	105,498
Borrowings	19	73,016	25,771
Insurance / reinsurance payable	20	511,309	428,669
Other creditors and accruals	21	537,097	461,820
Taxation - provision less payment		-	790
Total liabilities		4,840,112	3,293,571
Total liabilities from window takaful operations - Operator's fund		46,406	33,809
Total equity and liabilities		9,661,745	7,034,120
Contingencies and commitments	22		

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Profit and Loss Account

For the year ended December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
Net insurance premium	23	1,405,342	1,455,416
Net insurance claims expense	24	(449,595)	(468,715)
Net commission and other acquisition income	25	183,595	144,684
Insurance claims and acquisition expenses		(266,000)	(324,031)
Management expenses	26	(539,822)	(534,634)
Underwriting results		599,520	596,751
Investment income	27	239,702	224,805
Other income	28	47,950	52,796
Other expenses	29	(13,865)	(14,037)
Results of operating activities		873,307	860,315
Finance costs	30	(9,954)	(3,944)
Profit before tax from window takaful operations - Operator's fund	33	44,422	38,870
Profit before tax		907,775	895,241
Income tax expense	31	(262,348)	(271,985)
Profit after tax		645,427	623,256
			Re-stated
Earnings (after tax) per share - Rupees	32	7.60	7.34

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	(Rupees in thousand)	
Profit after tax	645,427	623,256
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss account:		
Un-realized gain on available for sale investments - net of deferred tax	958,386	115,692
Other comprehensive loss from window takaful operations - Operator's fund	-	-
	958,386	115,692
Items that will not be subsequently reclassified to profit and loss account:		
Re-measurement gain / (loss) on defined benefit obligation - net of deferred tax	4,917	(1,954)
Other comprehensive income for the year	963,303	113,738
Total comprehensive income for the year	1,608,730	736,994

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Statement of Changes in Equity

For the year ended December 31, 2020

	Attributable to equity holders of the Company					
		Capital Reserve	Revenue Reserve			
	Share capital	Investment fair value reserve	General reserve	Investment fluctuation reserve	Unappropriated profit	Total
	(Rupees in thousand)					
Balance as at December 31, 2018	701,614	1,008,499	1,093,064	3,000	654,699	3,460,876
Profit after tax for the year ended December 31, 2019	-	-	-	-	623,256	623,256
Re-measurement loss on defined benefit obligation - net of deferred tax	-	-	-	-	(1,954)	(1,954)
Net unrealised gain on revaluation of available for sale investments - net of deferred tax	-	115,692	-	-	-	115,692
Total comprehensive income for the year ended December 31, 2019	-	115,692	-	-	621,302	736,994
Transferred to general reserve	-	-	93,000	-	(93,000)	-
Bonus shares issued for the year ended December 31, 2018 @ 10% per share	70,161	-	-	-	(70,161)	-
Final dividend for the year ended December 31, 2018 @ 70% (Rs. 7.0 per share)	-	-	-	-	(491,130)	(491,130)
Balance as at December 31, 2019	771,775	1,124,191	1,186,064	3,000	621,710	3,706,740
Profit after tax for the year ended December 31, 2020	-	-	-	-	645,427	645,427
Re-measurement gain on defined benefit obligation - net of deferred tax	-	-	-	-	4,917	4,917
Net unrealised gain on revaluation of available for sale investments - net of deferred tax	-	958,386	-	-	-	958,386
Total comprehensive income for the year ended December 31, 2020	-	958,386	-	-	650,344	1,608,730
Transferred to general reserve	-	-	6,000	-	(6,000)	-
Bonus shares issued for the year ended December 31, 2019 @ 10% per share	77,178	-	-	-	(77,178)	-
Final dividend for the year ended December 31, 2019 @ 70% (Rs. 7.0 per share)	-	-	-	-	(540,243)	(540,243)
Balance as at December 31, 2020	848,953	2,082,577	1,192,064	3,000	648,633	4,775,227

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Cash Flow Statement

For the year ended December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
Operating cash flows			
a) Underwriting activities			
Insurance premium received		2,989,414	2,869,059
Reinsurance premiums paid		(1,495,682)	(1,395,567)
Claims paid		(800,109)	(1,009,501)
Reinsurance and other recoveries received		371,387	593,050
Commissions paid		(188,091)	(167,232)
Commissions received		350,278	360,660
Management expenses paid		(366,301)	(482,576)
Other underwriting payments		(11,802)	(7,198)
Other underwriting receipts		29,791	30,717
Net cash generated from underwriting activities		878,885	791,412
b) Other operating activities			
Income tax paid		(260,917)	(291,601)
Other operating payments		(23,416)	(14,427)
Other operating receipts		40,841	49,337
Loan repayment received		3	13
Net cash used in other operating activities		(243,489)	(256,678)
Total cash generated from all operating activities		635,396	534,734
Investing activities			
Profit / return received		78,450	66,243
Dividend received		154,121	196,542
Payments for investments		(4,072,143)	(4,168,224)
Proceeds from investments		4,014,964	3,219,127
Fixed capital expenditure		(21,947)	(40,309)
Proceeds from sale of property and equipment	6.1.1	6,958	5,075
Total cash generated from / (used in) investing activities		160,403	(721,546)
Financing activities			
Dividends paid		(531,433)	(481,428)
Payment of lease liability against right-of-use assets		(31,795)	(9,540)
Total cash used in financing activities		(563,228)	(490,968)
Net cash generated from / (used in) all activities		232,571	(677,780)
Cash and cash equivalents at the beginning of the year		650,207	1,327,987
Cash and cash equivalents at the end of the year	14	882,778	650,207

Reconciliation to profit and loss account

	Note	2020	2019
		(Rupees in thousand)	
Operating cash flows		635,396	534,734
Depreciation expense	26	(21,649)	(21,733)
Depreciation right of use assets	26	(21,844)	(9,287)
Gain on disposal of property and equipment	28	360	453
Gain on disposal of right of use asset	28	106	-
Finance cost	30	(9,954)	(3,944)
Reversal for impairment in value of available for sale securities	27	26,935	10,411
Profit on disposal of investments	27	17,215	1,940
Dividend income	27	159,561	196,542
Other investment income		83,475	68,255
Increase / (decrease) in assets other than cash		865,829	(231,592)
(Increase) / decrease in liabilities other than borrowings		(1,091,152)	38,926
Other adjustments			
(Increase) / decrease in provision for unearned premium		(68,727)	34,706
Decrease / (increase) in commission income unearned		14,555	(36,311)
Increase in provision for deferred commission expense		10,899	1,286
Profit from window takaful operations for the year - Operator's Fund		44,422	38,870
Profit after tax for the year		645,427	623,256

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

1. Legal status and nature of business

1.1 Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

1.2 Impact of COVID-19 on the financial statements

The COVID-19 pandemic had spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. This crisis continues to have a significant impact on individuals, society, business and the wider economy across the globe. The Company has not escaped its impact but has responded quickly to the crisis by providing the facilities to its employees to work from home, informing employees regularly about the risk of infection, good hygiene standards and ways to manage customer contact at Company offices. Consequently, at this stage, impact on the Company's business and results is limited. Gross premium for the year ended December 31, 2020 stood at Rs. 3,046 million with a 5% increase from the last year of Rs. 2,912 million. Similarly, an increase is also witnessed in profit before tax of Rs. 908 million against Rs. 895 million of the last year.

Company believes their current liquidity availability provides them with sufficient financial resources to meet their obligations as they come due and no such indication exists for the Company that triggered impairment of its assets.

Potential valuation adjustments to asset / liability base, as a result of the possible impact of COVID-19 on Company's future profitability and cash flow generation, were assessed and no significant adjustments were required.

According to management’s assessment, there is no material accounting impact of the effects of COVID-19 in these financial statements.

2. Basis of preparation and statement of compliance

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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

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

2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through Insurance Rules, 2017 vide S.R.O. 89(I)/2017 dated February 9, 2017.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund (OPF) have been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015 issued by the SECP. Further, a separate set of the financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of Takaful Rules, 2012.

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

2.4 Functional and presentation currency

These financial statements have been presented in Pakistani rupees, which is the Company's functional and presentation currency.

2.5 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current year and are relevant

2.5.1 There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.6 Standards, amendments and interpretations to accounting and reporting standards that are not effective at year end

2.6.1 IFRS 17 'Insurance contracts'

This standard has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grand fathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is currently in the process of assessing the impact of changes laid down by the standard on its financial statements.

2.6.2 IFRS 9 'Financial Instruments' and IFRS 4 'Insurance Contracts'

This standard was notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective from annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model.

The Company has continued to take advantage of an election under IFRS 4 that permits an insurer which meets certain conditions to temporarily be exempt from adopting IFRS 9 'Financial Instruments', that would have otherwise become effective from January 1, 2019, until January 1, 2023. Disclosures required under the temporarily exemption have been made by the Company and detailed in note 4 to these financial statements.

2.6.3 Other Standards, amendments and interpretations

	Effective date (period beginning on or after)
IAS 16 – Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 – Onerous contracts (Amendments)	January 1, 2022
IAS 1 – Presentation of financial statements', definition of materiality and classification of liabilities (Amendment)	January 1, 2023

2.6.4 In addition to the above, there are certain new standards, amendments and interpretations to accounting and reporting standards that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. Summary of significant accounting policies

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

3.1 Property and equipment

3.1.1 Operating assets - owned

Operating assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible operating assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income, through the profit and loss account, by applying the reducing balance method at the rates given in note 6.1 to write off the cost of operating assets over their expected useful life. Depreciation on addition to operating assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal. Management judgement and estimates are involved in determining the residual values and useful lives of assets that best reflects the expected pattern of consumption of the future economic benefits embodied in the asset by the Company.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense, in the profit and loss account.

The operating assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating asset as at December 31, 2020 has not required any adjustment as its impact is considered insignificant.

3.1.2 Operating assets - leased

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

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

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned operating assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

3.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, and represents expenditure incurred on assets during the construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant categories as and when assets are available for use.

3.1.4 Right-of-use asset and lease liability

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

These include an assessment of:

- Whether, there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses.

The Company has also elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets which comprise tracking devices installed in the vehicles. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term. Low-value assets comprise trackers installed

3.2 Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset i.e. retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

3.4 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the insurance contract holders by agreeing to compensate the insurance contract holder on the occurrence of a specified uncertain future event (the insured event) that adversely affects the insurance contract holder under the terms and conditions of the contract. Insurance contracts issued by the Company are generally classified in four basic categories i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The classification of an insurance contract / policy into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) insured under the insurance contract. The Company performs its segment reporting activities based on the classifications of insurance contracts made, as disclosed in note 36 to these financial statements.

a) Fire and property damage insurance:

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport insurance:

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one month period, premium written relating tp last month is taken to the provision for unearned premium at the reporting date.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor insurance:

i) Insurance risks and events insured

Insurance is provided to the assets of the insurance contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally provided to individual customers. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

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

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous insurance:

i) Insurance risks and events insured

Insurance is provided to the assets of insurance contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross premium revenue are clubbed together under this class of insurance contract. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of loss of cash in safe, cash in transit and cash on counter and health are provided to commercial organizations.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of reinsurance contracts held, receivables / payables related to insurance contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 3.8, 3.9 and 3.21, respectively.

3.5 Deferred commission expense / acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of the insurance coverage at the reporting date. The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related premium revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of premium revenue.

The Company maintains its provision for deferred commission expense by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in the Insurance Accounting Regulations, 2017 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

3.6 Unearned premium reserves

Provision for unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Company maintains its provision for unearned premium by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017. However, in case of marine, aviation and transport, premium written during last month is taken to the provision for unearned premium.

3.7 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each operating segment, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after reinsurance, for claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in premium is recognized in the current reporting period.

As per management's assessment and in line with the provisions of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017, a premium deficiency reserve is not required as on December 31, 2020 and accordingly no provision for the same has been made in these financial statements of the current year.

3.8 Reinsurance contracts held

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each operating segment are stated in note 3.4 to these financial statements.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include reinsurance receivables as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities.

Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policyholders.

Premium ceded to reinsurers is recognized as follows:

a) for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognised on attachment of the underlying policies reinsured, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies; and

b) for reinsurance contracts operating on a non-proportional basis, a liability is recognised on inception of the reinsurance contract, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of indemnity.

3.9 Receivables and payables related to insurance contracts

Insurance / reinsurance receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These include amounts due to and from agents, brokers, insurance contract holders and other insurance companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

3.10 Segment reporting

The Company accounts for segment reporting based on the guidelines of the Insurance Accounting Regulations, 2017 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 3.4, to these financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.12 Revenue recognition

a) Premium income earned

Premium income under an insurance contract is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates to its expiry as detailed in note 3.4 to these financial statements.

b) Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance contract by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

c) Investment income

Following are recognised as investment income:

- Income on held to maturity investments is recognized in the profit and loss account on a time proportion basis taking into account the effective yield on investments; and

- Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

d) Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividends and bonus shares is established.

e) Rent and other income

Rental and other income is recognized on accrual basis.

f) Administration surcharge

Administrative surcharge includes documentation and other charges recovered by the Company from insurance contact holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy.

For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

3.13 Investments

3.13.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity; and

- Available for sale

3.13.2 Investments in subsidiary and associate

A subsidiary is an entity controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not having control or joint control over those policies.

Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any.

At each reporting date, the carrying amounts of investments if any, in subsidiary and associates is reviewed to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit and loss account.

Currently the Company has no investments that classify as investments in subsidiaries and associates at any of the reporting dates, presented in these financial statements.

3.13.3 Investments other than subsidiary and associates

(i) Equity securities

Currently the company classifies investment in equity securities such as listed / unlisted shares in other companies, mutual fund units / investments, etc. as 'Available for sale'.

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 3.18 to these financial statements.

(ii) Debt securities and term deposits

The Company classifies its investment in debt securities and term deposits, as either 'Held to maturity' or 'Available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale'. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Company has classified debt investments in Pakistan Investment Bonds and Term Deposits as 'Held to maturity', whereas debt investments in Term Finance Certificates having a perpetual maturity have been classified as 'Available for sale' at the reporting date.

3.14 Off-setting of financial assets and financial liabilities

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

3.15 Provisions

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

3.16 Taxation

3.16.1 Current tax

Provision for 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 framed during the current year for such years.

3.16.2 Deferred tax

Deferred tax is accounted for using the 'balance sheet liability method' in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to other comprehensive income (OCI) or equity in which case it is included in other comprehensive income or equity, as applicable.

3.17 Staff retirement benefits

3.17.1 Defined benefit plan

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of the all permanent employees (management and non-management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2020, using the 'Projected Unit Credit Method'.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

3.17.2 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

3.17.3 Compensated absences

The Company provides for liability in respect of employees' compensated absences in the year in which these are earned.

3.18 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment.

Impairment losses are reversed when there is an indication that impairment loss may no longer exist i.e. upon disposal of investment, or when there has been a change in the estimate used to determine the recoverable amount.

3.19 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

3.20 Management expenses

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross premium written. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.

Allocation of management expenses effects the underwriting results of the operating segments, as disclosed in note 36 to these financial statements.

3.21 Provision for outstanding claims including Incurred But Not Reported (IBNR)

The Company recognizes a liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Company engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance arrangements.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

3.22 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

3.23 Provision for doubtful receivables

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any, provision for impairment of premium receivables is established when the chances of recovery are less. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis. The provision is made while taking into consideration of expected recoveries, if any.

3.24 Unearned reinsurance commission

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

3.25 Creditors and accruals

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

3.26 Loan to employees

These are recognized at cost, which is the fair value of the consideration given.

3.27 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.28 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

3.29 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position include cash and bank deposits, loans and other receivables, investments, insurance / reinsurance receivables, salvage recoveries accrued, reinsurance recoveries against outstanding claims, provision for outstanding claims, insurance / reinsurance payables and other creditors and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

In addition to the classifications mentioned in note 3.13.1, financial assets are also classified as follows:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise cash and bank deposits, loans and other receivables, insurance / reinsurance receivables, salvage recoveries accrued, reinsurance recoveries against outstanding claims and total assets from window takaful operations - Operator's fund in the statement of financial position.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non current.

The Company has no financial assets classified as financial assets at fair value through profit or loss on any of the reporting dates, presented in these financial statements.

4. Temporary exemption from application of IFRS 9 - financial instruments

4.1 Company's activities are predominantly connected with insurance

As allowed by the International Accounting Standards Board (IASB) the Company's management has continued to opt for temporary exemption from IFRS 9 on the basis that its activities are predominantly connected with insurance.

The Company qualifies for temporary exemption from applying IFRS 9 'Financial Instruments' on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance, with the carrying amount of its liabilities within the scope of IFRS 4 being greater than the required threshold of the total carrying amount of all its liabilities at December 31, 2015, and with no subsequent change in its activities that warrant a reassessment of the same.

Furthermore, the amendment of IFRS 4 - Insurance Contracts requires entities to disclose the fair value at the end of the reporting period and the change in fair value during the period for groups of financial assets with contractual cash flows that are solely payments of principal and interest (SPPI) and other financial assets separately. The fair value measurement of investments has been documented in note 37.1 and credit exposure of assets that pass the SPPI test has been documented in note 39.3 to these financial statements.

Atlas Insurance Limited has assessed that the following financial asset have contractual cash flows that meet the SPPI criteria:

a) Investments in debt securities - Pakistan Investment Bonds

b) Investments in Term Deposits

c) Insurance debtors and other short term receivables

d) Balances with banks

The remaining financial assets held by the entity have contractual cash flows that do not represent solely payments of principal and interest. The group includes the following financial assets

a) Investments in equity securities - Shares in listed / unlisted companies

b) Investments in equity securities - Mutual funds

c) Investments in debt securities - Term Finance Certificates

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The major areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to these financial statements are as follows:

a) determining the residual values and useful lives of property and equipment (note 3.1);

b) extension and termination options to determine the lease term for right-of-use asset (note 3.1.4).

c) classification of insurance contracts (note 3.4);

d) deferred commission expense / acquisition cost (note 3.5);

e) unearned premium reserves (note 3.6);

f) premium deficiency reserve (note 3.7);

g) segment reporting (note 3.10);

h) classification and measurement of investments (note 3.13);

i) recognition of taxation and deferred tax (note 3.16);

j) accounting for retirement benefit obligations (note 3.17);

k) impairment of assets (note 3.18);

l) allocation of management expenses (note 3.20); and

m) provision for outstanding claims, including IBNR (note 3.21).

6. Property and equipment

	Note	2020	2019
		(Rupees in thousand)	
Operating assets	6.1	87,190	93,490
Right-of-use assets	6.2	72,599	24,531
Capital work in progress	6.3	-	2,544
		159,789	120,565

6.1 Operating assets

	2020									
	Cost				Accumulated depreciation				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions / (disposals)	Adjustments	As at December 31	As at January 01	Charge for the year / (disposals)	Adjustments	As at December 31		
	(Rupees in thousand)									
Freehold land	-	-	-	-	-	-	-	-	-	-
Freehold building	8,500	-	-	8,500	6,672	92	-	6,764	1,736	5
Lease hold improvements	20,725	-		20,725	8,782	2,390	-	11,172	9,553	20
Furniture and fixtures	11,403	1,135	-	12,100	5,058	1,250	-	6,042	6,058	10 - 20
		(438)				(266)				
Office equipment	29,403	1,360	-	23,826	14,356	2,715	-	12,320	11,506	15 - 20
		(6,937)				(4,751)				
Computers equipment	34,898	3,870	-	34,049	22,533	3,956	-	23,176	10,873	30
		(4,719)				(3,313)				
Vehicles	62,322	15,582	-	73,531	16,360	11,246	-	26,067	47,464	20
		(4,373)				(1,539)				
	167,251	5,480	-	172,731	73,761	11,780	-	85,541	87,190	

	2019									
	Cost				Accumulated depreciation				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions / (disposals)	Adjustments	As at December 31	As at January 01	Charge for the year / (disposals)	Adjustments	As at December 31		
	(Rupees in thousand)									
Freehold land	-	-	-	-	-	-	-	-	-	-
Freehold building	8,500	-	-	8,500	6,575	97	-	6,672	1,828	5
Lease hold improvements	20,725	-	-	20,725	5,795	2,987	-	8,782	11,943	20
Furniture and fixtures	9,910	1,637	-	11,403	3,798	1,346	-	5,058	6,345	10 - 20
		(144)				(86)				
Office equipment	26,809	3,189	-	29,403	11,558	3,195	-	14,356	15,047	15 - 20
		(595)				(397)				
Computers equipment	31,548	5,300	-	34,898	19,810	4,443	-	22,533	12,365	30
		(1,950)				(1,720)				
Vehicles	44,197	27,674	-	62,322	12,108	9,665	-	16,360	45,962	20
		(9,549)				(5,413)				
	141,689	25,562	-	167,251	59,644	14,117	-	73,761	93,490	

6.1.1 Disposal of fixed assets

Particulars of the assets	Particulars of the buyer	Cost	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)			
Vehicles					
Honda City LEC-19-7769	Ms. Qudsia Naheed - a related party	2,180	1,756	1,756	Company's policy
Suzuki Cultus LED-16-5879	Mr. Athar Maqsood Paracha	1,099	488	488	Company's policy
Suzuki Mehran BEC-841	Mr. Muhammad Shamsudin	683	321	321	Company's policy
Honda CB-150 LEN-19A-1377	Syed Mubasshir Mohsin	185	128	128	Company's policy
Honda Delux-125 LEP-18A-9912	Mr. Sakhawat Hussain	123	85	85	Company's policy
Honda CG-125 LEW-18A-6991	Not applicable	104	60	60	Insurance claim settlement
Computers equipment					
Aska Diesel Generator	Shirazi Investment - a related party	3,688	1,135	1,250	Negotiation
Fire Suppression System	Shirazi Investment - a related party	1,698	566	559	Negotiation
Fire Suppression System	Shirazi Investment - a related party	660	220	217	Negotiation
Fire Suppression System	Shirazi Investment - a related party	381	127	125	Negotiation
Firewall Fortinet	Shirazi Investment - a related party	983	860	896	Negotiation
HP Server	Shirazi Investment - a related party	469	223	216	Negotiation
Switch EATON STS16	Shirazi Investment - a related party	100	59	58	Negotiation
Furniture					
Door Closer	Shirazi Investment - a related party	120	54	54	Negotiation
Atlas logo & Glass Plaques	Shirazi Investment - a related party	120	54	53	Negotiation
Other fixed assets with book value less than Rs. 50,000		3,874	462	692	
December 31, 2020		16,467	6,598	6,958	
December 31, 2019		12,238	4,622	5,075	

6.1.2 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 26.

6.2 Right-of-use assets

	Note	2020	2019
		(Rupees in thousand)	
Opening book value		24,531	-
Impact of initial adoption of IFRS 16		-	31,365
Additions during the year	6.2.1	70,484	2,453
Disposals during the year		(572)	-
Depreciation charged during the year	26	(21,844)	(9,287)
Closing book value		72,599	24,531

6.2.1 Right-of-use assets include Rs. 1,317 thousand (2019: Rs. 3,129 thousand) recognized against buildings rented from related parties.

6.2.2 The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits.

6.3 Capital work-in-progress

	Note	2020	2019
		(Rupees in thousand)	
Advance to suppliers	6.3.1	-	2,544

6.3.1 This includes advances given to related parties amounting to Rs. Nil (2019: Rs. 2,517 thousand).

7. Intangible assets

The Company has fully amortized computer software costing Rs. 6,458 thousand (2019: Rs. 6,458 thousand) which are still in use at the reporting date.

8. Investments in equity securities

	Note	2020 Cost	2020 Impairment / provision	2020 Carrying value	2019 Cost	2019 Impairment / provision	2019 Carrying value
		(Rupees in thousand)					
Available for sale							
Related parties							
Listed shares	8.2 & 8.4	643,711	-	643,711	645,173	-	645,173
Mutual funds	8.5	467,407	-	467,407	488,957	-	488,957
		1,111,118	-	1,111,118	1,134,130	-	1,134,130
Unrealized gain on revaluation as on				2,552,425			1,431,068
				3,663,543			2,565,198
Others							
Listed shares	8.2 & 8.6	1,572,732	(35,303)	1,537,429	1,403,801	(62,238)	1,341,563
Unlisted shares	8.7	500	(500)	-	500	(500)	-
Mutual funds	8.3 & 8.8	61,604	-	61,604	82,812	-	82,812
		1,634,836	(35,803)	1,599,033	1,487,113	(62,738)	1,424,375
Unrealized gain on revaluation as on				380,781			152,298
				1,979,814			1,576,673
				5,643,357			4,141,871

8.1 Particulars of impairment / provision

	2020	2019
	(Rupees in thousand)	
Opening balance	62,738	73,148
Charge during the year	10,190	-
Reversal on disposal of securities	(32,253)	(947)
Other reversal made during the year	(4,872)	(9,463)
	(26,935)	(10,410)
Closing balance	35,803	62,738

8.2 Listed securities include an amount of Rs. 4,333,617 thousand (2019: Rs. 2,922,033 thousand) being the market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 1,510,159 thousand (2019: Rs. 1,377,144 thousand).

8.3 Mutual funds include an amount of Rs. 359,354 thousand (2019: Rs. 26,485 thousand) being the market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 268,665 thousand (2019: Rs. 23,589 thousand).

8.4 Listed shares - related parties

Number of shares 2020	Number of shares 2019	Face value	Company's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
3,518,073	3,518,073	10	Atlas Honda Limited Equity held: 2.84% (2019: 2.84%)	215,296	215,296	1,759,037	1,336,868
424,788	424,788	10	Atlas Battery Limited Equity held: 1.74% (2019: 1.74%)	11,376	11,376	113,107	77,111
850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2019: 0.60%)	9,795	9,795	278,894	186,099
3,912,145	3,912,145	10	Cherat Packaging Limited Equity held: 10.58% (2019: 10.58%)	407,244	407,244	927,883	475,052
-	217,000	1	Hum Network Limited	-	1,462	-	705
				643,711	645,173	3,078,921	2,075,835

8.5 Mutual funds - related parties

Number of units 2020	Number of units 2019	Face value	Fund's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
253,753	-	500	Atlas Stock Market Fund	148,066	-	172,157	-
616,093	-	500	Atlas Islamic Stock Fund	268,665	-	359,355	-
98,569	-	500	Atlas Income Fund	50,676	-	53,111	-
-	4,513,588	500	Atlas Sovereign Fund	-	488,957	-	489,363
				467,407	488,957	584,623	489,363

8.6 Listed shares - others

Number of shares 2020	Number of shares 2019	Face value	Company's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
			Banks				
381,405	2,788,605	10	Bank Alfalah Limited	15,217	111,249	13,475	127,439
518,850	1,205,350	10	Bank Al-Habib Limited	31,379	71,959	36,112	91,800
856,269	888,463	10	United Bank Limited	135,242	148,838	107,770	146,152
853,013	388,467	10	Meezan Bank Limited	65,549	25,752	89,089	36,955
851,500	851,500	10	Habib Metropolitan Bank Limited	30,178	30,178	33,200	30,952
642,795	197,595	10	Habib Bank Limited	91,231	32,435	85,029	31,106
140,000	60,000	10	MCB Bank Limited	26,658	12,444	25,939	12,296
			Insurance companies				
898,747	898,747	10	Adamjee Insurance Company Limited	47,054	47,054	35,339	37,828
			Construction and material				
91,380	91,380	10	Attock Cement (Pakistan) Limited	11,726	11,726	13,712	9,446
3,535,580	3,535,580	10	Cherat Cement Company Limited	91,761	91,761	516,865	187,562
147,700	627,700	10	D.G. Khan Cement Company Limited	19,063	81,012	16,923	46,619
			C/F	565,058	664,408	973,453	758,155

Number of shares 2020	Number of shares 2019	Face value	Company's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
			B/F	565,058	664,408	973,453	758,155
			Construction and material				
107,700	46,000	10	Lucky Cement Limited	63,255	22,637	74,969	19,706
276,000	276,000	10	Fauji Cement Company Limited	6,963	6,963	5,981	4,295
			Electricity				
1,053,727	1,053,727	10	The Hub Power Company Limited	98,293	98,293	83,592	98,366
361,778	361,778	10	Kot Addu Power Company Limited	20,410	20,410	9,840	11,407
-	272,000	10	Nishat Power Limited	-	8,585	-	7,412
-	609,000	10	Nishat Chunian Power Limited	-	18,613	-	11,693
400,000	-	10	Lalpir Power	5,373	-	5,128	-
265,500	-	10	Pakgen Power	5,088	-	5,230	-
			Oil and gas				
168,800	128,800	10	Pakistan Oilfields Limited	71,790	54,438	66,745	57,538
711,385	540,385	10	Pakistan Petroleum Limited	90,950	73,807	64,259	74,108
35,880	35,880	10	Attock Petroleum Limited	15,702	15,702	12,007	13,268
25,260	-	10	Mari Petroleum	34,122	-	33,844	-
1,149,660	838,700	10	Oil & Gas Development Company Limited	165,669	130,616	119,300	119,364
174,902	174,902	10	Pakistan State Oil Limited	36,703	36,703	37,656	33,518
			Chemicals				
314,020	394,020	10	Engro Corporation Limited	85,468	107,245	96,517	136,035
278,415	278,415	10	Fauji Fertilizer Company Limited	22,178	22,178	30,208	28,251
464,016	1,071,521	10	Engro Fertilizers Limited	32,566	75,201	29,340	78,682
289,000	-	10	Engro Polymer & Chemicals	12,560	-	13,730	-
800,000	-	10	Lotte Chemical Pakistan Limited	10,537	-	12,048	-
33,000	-	10	Sitara Chemicals Industries	11,423	-	10,230	-
			Industrial metals and mining				
200,000	200,000	10	International Steels Limited	24,397	24,396	18,646	11,578
			General industries				
130,000	130,000	10	Nishat Mills Limited	13,354	13,354	13,230	13,798
247,200	247,200	10	Nishat (Chunian) Limited	10,254	10,254	10,405	10,543
305,000	-	10	Gul Ahmed Textile Mills Limited	11,826	-	11,209	-
199,000	-	10	Kohinoor Textile Mills Limited	12,081	-	13,576	-
590,700	-	10	At-Tahur Limited	11,909	-	11,909	-
			C/F	1,437,929	1,403,803	1,763,052	1,487,717

Number of shares 2020	Number of shares 2019	Face value	Company's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
			B/F	1,437,929	1,403,803	1,763,052	1,487,717
			General industries				
250,000	-	10	Unity Foods Limited	5,621	-	8,015	-
175,000	-	10	Avanceon Limited	11,772	-	16,249	-
105,500	-	10	Systems Limited	31,424	-	44,229	-
8,800	-	10	Bata Pakistan Limited	14,651	-	13,480	-
38,000	-	10	Highnoon Laboratries	23,857	-	22,793	-
43,000	-	10	The Searle Company Limited	11,670	-	10,717	-
23,000	-	10	Packages Limited	12,066	-	13,729	-
29,000	-	10	Thall Limited	12,348	-	13,708	-
1,100,000	-	10	TPL Properties Limited	11,394	-	10,241	-
Impairment in value of available for sale investments				(35,303)	(62,238)	-	-
				1,537,429	1,341,565	1,916,213	1,487,717

8.7 Unlisted shares - others

Number of shares 2020	Number of shares 2019	Face value	Company's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
50,000	50,000	10	Arabian Sea Country Club (Private) Limited	500	500	-	-
Impairment in value of available for sale investment				(500)	(500)	-	-
				-	-	-	-

8.7.1 The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. (10.22) per share based on audited accounts for the year ended June 30, 2018.

8.8 Mutual funds - others

Number of units 2020	Number of units 2019	Face value	Fund's name	Cost 2020	Cost 2019	Carrying value 2020	Carrying value 2019
		Rupees		(Rupees in thousand)			
29,006	28,553	10	National Investment (Unit) Trust - note 8.8.1	1,012	1,012	2,014	1,814
302,080	280,282	100	Lakson Money Market Fund	30,246	28,054	30,302	28,208
300,209	268,559	100	Lakson Income Fund	30,346	27,147	31,285	29,001
-	2,120,500	10	Dolmen City REIT	-	23,589	-	26,485
-	246,000	10	HBL Growth Fund - Class A (Formerly PICIC Growth Fund)	-	2,537	-	2,814
-	154,500	10	HBL Investment Fund - Class A (Formerly PICIC Investment Fund)	-	474	-	633
				61,604	82,813	63,601	88,955

8.8.1 This includes 29,006 (2019: 28,553) units held as statutory deposit with The State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000 amounting to Rs. 1,012 thousand (2019: Rs. 1,012 thousand). The market value of these deposits amounted to Rs. 2,014 thousand (2019: Rs. 1,814 thousand).

9. Investments in debt securities

	Note	2020 Cost	2020 Impairment / provision	2020 Carrying value	2019 Cost	2019 Impairment / provision	2019 Carrying value
		(Rupees in thousand)					
Others							
Held to maturity							
Pakistan Investment Bonds	9.1.1 & 9.2	90,536	-	90,536	88,571	-	88,571
Treasury Bills	9.1.2	325,522	-	325,522	-	-	-
Available for sale							
Term Finance Certificates	9.1.3	20,000	-	20,000	20,000	-	20,000
		436,058	-	436,058	108,571	-	108,571

9.1 Particulars of debt securities are as follow:

9.1.1 Pakistan Investment Bonds

Face value	Type of security	Profit payment	Profit rate	Maturity date	Carrying value 2020	Carrying value 2019
Rupees					(Rupees in thousand)	
94,500,000	3 year Pakistan Investment Bond	Bi-annually	11.75%	September 19, 2022	90,536	88,571

9.1.2 Treasury Bills

Face value	Type of security	Profit payment	Profit rate	Maturity date	Carrying value 2020	Carrying value 2019
Rupees					(Rupees in thousand)	
330,000,000	3 month Treasury Bill	On maturity	7.1138%	March 11, 2021	325,522	-

9.1.3 Term Finance Certificates

No. of certificates 2020	No. of certificates 2019	Face value	Company's name	Effective rate	Maturity date	Carrying value 2020	Carrying value 2019
		(Rupees in thousand)				(Rupees in thousand)	
1	1	20,000	Habib Bank Limited	3 Month Kibor + 160 bps	Perpetual	20,000	20,000

9.2 This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

10. Investments in term deposits

	Note	2020	2019
		(Rupees in thousand)	
Held to maturity			
Deposits maturing within 12 months	10.1	150,000	525,000

10.1 These represent term deposit receipts carrying markup at 6.75% to 12.70% (2019: 8.25% to 12.7%) per annum.

11. Loan and other receivables - considered good

	Note	2020	2019
		(Rupees in thousand)	
Loan to related parties	11.1	1,403	306
Receivable from related parties		-	5,678
Accrued investment income		9,830	4,802
Security deposits		5,109	4,446
Loans to employees		-	3
Other receivable	11.2	5,687	95,113
		22,029	110,348

11.1 This includes interest free amounts due from executives of Rs. 1,403 thousand (2019: Rs. 306 thousand). Loans and other receivables are carried at amortized cost using the effective interest rate method.

11.2 This includes balances due from a financial institution to the Company, amounting to Rs. Nil (2019: 81,600 thousand), against maturity of debt investment in Pakistan Investment Bonds during the year.

	Note	2020	2019
		(Rupees in thousand)	
12. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		181,810	128,294
Less: Provision for impairment of receivable from insurance contract holders		(2,859)	(2,859)
		178,951	125,435
Due from other insurers / reinsurers		134,017	122,769
Less: Provision for impairment of due from other insurers / reinsurers		(1,959)	(1,959)
		132,058	120,810
		311,009	246,245
13. Prepayments			
Prepaid reinsurance premium ceded		648,553	659,317
Prepaid rent	13.1	195	1,337
Prepaid miscellaneous expenses		1,153	797
Prepaid IT support service charges	13.2	2,225	-
		652,126	661,451

13.1 Prepaid rent includes an amount of Rs. Nil (2019: Rs. 1,335 thousand) paid to a related party.

13.2 Prepaid IT support service charges includes an amount of Rs. 2,225 thousand (2019: Rs. Nil) paid to a related party.

	Note	2020	2019
		(Rupees in thousand)	
14. Cash and bank			
Cash and cash equivalents			
Cash at bank			
- Current accounts		-	14,903
- Saving accounts	14.1	882,778	635,304
		882,778	650,207

14.1 The balance in savings accounts bears mark-up which ranges from 4% to 12.25% (2019: 6.5% to 12%) per annum.

14.2 Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.

15. Share capital

15.1 Authorised capital

2020	2019		2020	2019
(Number of shares)			(Rupees in thousand)	
150,000,000	80,000,000	Ordinary shares of Rs. 10/- each	1,500,000	800,000

15.2 Issued, subscribed and paid up share capital

2020	2019		2020	2019
(Number of shares)			(Rupees in thousand)	
70,161,381	70,161,381	Ordinary shares of Rs. 10/- each fully paid in cash	701,614	701,614
14,733,890	7,016,138	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	147,339	70,161
84,895,271	77,177,519		848,953	771,775

16. Reserves

	Note	2020	2019
		(Rupees in thousand)	
Capital reserves			
Investment fair value reserve	16.1	2,082,577	1,124,191
Revenue reserves			
General reserve		1,192,064	1,186,064
Investment fluctuation reserve		3,000	3,000
		1,195,064	1,189,064
		3,277,641	2,313,255

16.1 This represents unrealised gain on re-measurement of available for sale investments at fair value and is not available for distribution. This shall be transferred to profit and loss account on de-recognition of investments, as permitted under IAS 39.

17. Deferred taxation

	2020	2019
	(Rupees in thousand)	
Deferred debits arising in respect of:		
Provision for bonus to staff	(7,322)	(12,401)
Provision for doubtful receivables - insurance / reinsurance receivables	(1,397)	(1,397)
Impairment in value of available for sale securities	(10,383)	(18,194)
Liabilities outstanding for more than three years	(374)	-
Provision for retirement benefits	-	(2,009)
Borrowings	(21,175)	(7,474)
	(40,651)	(41,475)
Deferred credits arising due to:		
Accelerated tax depreciation	54	2,056
Provision for retirement benefits	2,687	-
Unrealised gain on remeasurement of investment	850,630	459,176
Right-of-use assets	21,054	7,114
	874,425	468,346
Net deferred tax liability	833,774	426,871

18. Retirement benefits

The Company operates separate defined benefit plans for management and non-management staff. Description of the retirement benefit plans and related accounting policies are stated in note 3.17.

As per IAS 19, the Company has used the 'Projected Unit Credit Method' to determine the present value of its defined benefit obligations and the related current service costs. Actuarial gains and losses on obligation result from increases or decreases in the present value of the defined benefit obligation arising because of changes in financial assumptions, demographic assumptions and experience adjustments.

The Company makes contribution to the Fund based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions to the Fund should remain within the limits laid down in the Income Tax Rules, 2002. Details of the defined benefit plans are:

	Note	2020	2019
		(Rupees in thousand)	
Gratuity			
- Management staff	18.1	(8,433)	6,890
- Non-management staff	18.1	(833)	36
(Asset) / liability		(9,266)	6,926

	Note	Management staff 2020	Management staff 2019	Non-management staff 2020	Non-management staff 2019
		(Rupees in thousand)			
18.1 Reconciliation - Statement of financial position					
Fair value of plan assets	18.1.1	(53,773)	(30,876)	(20,689)	(19,071)
Present value of defined benefit obligations	18.1.2	45,340	37,766	19,856	19,107
Funded status		(8,433)	6,890	(833)	36
Payable in respect of inter group transfers / outgoing employees		-	-	-	-
Unrecognised net actuarial loss		-	-	-	-
Recognised (asset) / liability		(8,433)	6,890	(833)	36
18.1.1 Movement in the fair value of plan assets					
Fair value as at January 01		30,876	21,196	19,071	17,434
Expected return on plan assets		3,587	2,929	2,142	2,272
Actuarial gain / (loss)		6,677	(2,418)	(560)	(635)
Employer contributions		12,633	9,169	1,622	1,228
Benefits paid		-	-	(1,586)	(1,228)
Fair value as at December 31	18.1	53,773	30,876	20,689	19,071
18.1.2 Movement in the defined benefit obligations					
Obligation as at January 01		37,766	30,365	19,107	17,514
Service cost		2,850	3,002	1,399	1,167
Interest cost		4,322	4,071	2,146	2,282
Actuarial losses / (gain)		402	328	(1,210)	(628)
Benefits paid		-	-	(1,586)	(1,228)
Obligation as at December 31	18.1	45,340	37,766	19,856	19,107
18.1.3 Number of staff covered under the defined benefit plan		101	86	90	103
18.1.4 Cost					
Current service cost		2,850	3,002	1,399	1,167
Interest cost		4,322	4,071	2,146	2,282
Expected return on plan assets		(3,587)	(2,929)	(2,142)	(2,272)
Expense		3,585	4,144	1,403	1,177
Actual return on plan assets		10,264	512	1,582	1,558

18.1.5 Principal actuarial assumptions used are as follows:

	2020	2019
Management staff		
Discount rate	9.75% per annum	11.25% per annum
Future long term salary increases	8.75% per annum	10.25% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate
Non-management staff		
Discount rate	9.75% per annum	11.25% per annum
Future long term salary increases	8.75% per annum	10.25% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Light	Light

	Management staff 2020	Management staff 2019	Non-management staff 2020	Non-management staff 2019
	(Rupees in thousand)			
18.1.6 Expected costs for the next year are as follows:				
Current service cost	3,250	2,850	1,380	1,399
Interest cost	4,453	4,322	1,871	2,146
Expected return on plan assets	(5,238)	(3,587)	(1,948)	(2,142)
Expense	2,465	3,585	1,303	1,403

	2020	2019	2018	2017	2016
		(Rupees in thousand)			
18.1.7 Comparison for five year					
Management staff as at December 31					
Fair value of plan assets	(53,773)	(30,876)	(21,196) -	(43,136)	(39,622)
Defined benefit obligation	45,340	37,766	30,365 -	44,340	37,513
(Deficit) / surplus	(8,433)	6,890	9,169	1,204	(2,109)
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	12.4%	-7.8%	-19.1%	-1.0%	10.0%
Loss on obligations (as percentage of obligations)	0.9%	0.9%	8.9%	5.0%	4.0%
Non-Management staff As at December 31					
Fair value of plan assets	(20,689)	(19,071)	(17,434)	(15,142)	(17,803)
Defined benefit obligation	19,856	19,107	17,514	17,603	15,432
(Deficit) / surplus	(833)	36	80	2,461	(2,371)
Experience adjustments					
(Loss) / gain on plan assets (as percentage of plan assets)	-2.7%	-3.3%	-7.8%	-27.0%	17.0%
(Gain) / loss on obligations (as percentage of obligations)	-6.1%	-3.3%	6.1%	4.0%	3.0%

	2019		2018	
	(Rupees in thousand)	%	(Rupees in thousand)	%
18.1.8 Plan assets comprises of the following				
Management staff				
Debt	27,570	51%	21,716	70%
Mutual funds	25,469	47%	8,891	29%
Cash and bank balances	941	2%	269	1%
Other Payable	(207)	0%	-	0%
	53,773	100%	30,876	100%
Non-Management staff				
Debt	7,970	39%	6,784	35%
Mutual funds	12,690	61%	11,974	63%
Cash and bank balances	30	0%	313	2%
	20,690	100%	19,071	100%

19. Borrowings

	2020	2019
	(Rupees in thousand)	
19.1 Commitments in relation to finance leases recognized under IFRS 16 are payable as follows:		
Within one year	17,866	8,824
Later than one year but not later than five years	67,604	19,550
Later than five years	5,762	5,013
Minimum lease payments	91,232	33,387
Future finance charges	(18,216)	(7,616)
Total lease liabilities	73,016	25,771
19.2 The present values of finance lease liabilities is as follows:		
Within one year	10,610	6,286
Later than one year but not later than five years	57,137	15,300
Later than five years	5,269	4,185
Minimum lease payments	73,016	25,771

	Note	2020	2019
		(Rupees in thousand)	

19.3 Profit and loss account shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	6.2 & 26	21,844	9,287
Interest expense (included in finance cost)		9,234	3,297
Expense relating to short-term leases (included in management expenses)		3,874	19,520
Gain on disposal of right of use asset	28	106	-
		35,058	32,104

20. Insurance / reinsurance payable

Due to other insurers / reinsurers	511,309	428,669

21. Other creditors and accruals

Agent commission payable		59,923	55,877
Federal Excise Duty / Sales tax		55,089	31,278
Federal Insurance Fee		2,922	2,282
Payable to related parties	21.1	11,163	10,165
Accrued expenses		34,371	27,763
Other tax payable		4,128	3,365
Unpaid and unclaimed dividend		98,509	89,699
Deposit against performance bonds		174,216	133,375
Bonus payable to staff		25,249	42,763
Leave encashment payable		34,204	28,167
Profit commission payable		14,067	18,136
Others		23,256	18,950
		537,097	461,820

21.1 This includes donation payable to a related party amounting to Rs. 10,048 thousand (2019: Rs. 9,551 thousand).

22. Contingencies and commitments

22.1 Contingencies

22.1.1 The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

22.1.2 For the tax year 2017, the Deputy Commissioner Inland Revenue created an additional tax demand of Rs. 654.473 million. The tax demand mainly pertained to disallowances due to need of underlying evidence from the Company and disallowance of certain expenses due to non-deduction of withholding tax.

Being aggrieved, the Company is in the process of filing for appeal before the CIR (A) against the aforesaid order. No provision has been recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

22.1.3 For tax year 2005, the Tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand). The Company filed appeal before CIR(A) which was decided in favor of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication. No provision has been recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

	2020	2019
	(Rupees in thousand)	

22.1.4 Other contingencies

Claims against the Company not acknowledged as debt	46,569	101,677

22.2 Commitments

22.2.1 Commitments in respect of operating leases

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	2020	2019
		(Rupees in thousand)	
Not later than one year		15,002	28,815
Later than one year and not later than five years		14,066	22,779
	22.2.2	29,068	51,594

22.2.2 These include commitments in respect of operating leases of buildings and trackers. Leasing arrangements with respect to buildings, carry varying terms and are renewable upon expiry with mutual consent of parties to the arrangement. In identification of operating leases, the Company has applied the practical expedients under IFRS 16 as detailed in note 3.1.4 to these financial statements

23. Net insurance premium

	2020	2019
	(Rupees in thousand)	
Written gross premium	3,046,399	2,911,830
Add: Unearned premium reserve - opening	1,139,098	1,060,806
Less: Unearned premium reserve - closing	(1,197,061)	(1,139,098)
Premium earned	2,988,436	2,833,538
Less: Reinsurance premium ceded	1,572,330	1,491,120
Add: Prepaid reinsurance premium - opening	659,317	546,319
Less: Prepaid reinsurance premium - closing	(648,553)	(659,317)
Reinsurance expense	1,583,094	1,378,122
	1,405,342	1,455,416

24. Net insurance claims expense

Claims paid	794,917	1,008,501
Add: Outstanding claims including IBNR - closing	1,412,100	545,169
Less: Outstanding claims including IBNR - opening	(545,169)	(727,887)
Claims expense	1,661,848	825,783
Less: Reinsurance and other recoveries received	371,112	564,917
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	1,087,723	246,582
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(246,582)	(454,431)
	1,212,253	357,068
Reinsurance and other recoveries revenue	449,595	468,715

24.1 Claim development

The following table shows the development of fire and property damage, marine, aviation and transport and others including miscellaneous intimated claims compared to the last four years excluding provinson for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2016	2017	2018	2019	2020
	(Rupees in thousand)				
Estimate of ultimate claims costs:					
At end of accident year	219,614	223,465	603,695	384,469	1,859,228
One year later	171,235	198,426	503,933	272,887	-
Two years later	156,544	170,683	421,719	-	-
Three years later	171,986	168,055	-	-	-
Four years later	169,613	-	-	-	-
Current estimate of cumulative claims	169,613	168,055	421,719	272,887	1,859,228
Cumulative payments to date	(168,757)	(155,057)	(418,686)	(144,019)	(637,863)
Liability recognized in statement of financial position	856	12,998	3,033	128,868	1,221,365

	Note	2020	2019
		(Rupees in thousand)	

25. Net commission and acquisition expense / (income)

Commission paid or payable	192,137	180,951
Add: Deferred commission expense - opening	81,519	80,233
Less: Deferred commission expense - closing	(92,418)	(81,519)
Net commission expense	181,238	179,665
Less: Commission received or recoverable	350,278	360,660
Add: Unearned reinsurance commission - opening	152,959	116,648
Less: Unearned reinsurance commission - closing	(138,404)	(152,959)
Commission from reinsurers	364,833	324,349
	(183,595)	(144,684)

26. Management expenses

Employee benefit cost	26.1	335,501	331,270
Travelling expenses		5,171	13,266
Advertisements and sales promotion		13,868	14,656
Printing and stationery		6,227	7,070
Depreciation	6.1	21,649	21,733
Depreciation right-of-use assets	6.2	21,844	9,287
Rent, rates and taxes		4,274	19,520
Electricity, gas and water		6,086	6,322
Entertainment		1,347	1,744
Vehicle running expenses		18,494	18,764
Office repairs and maintenance		6,056	5,849
Bank charges		703	642
Postages, telegrams and telephone		9,537	9,400
Annual supervision fee SECP		4,659	5,699
Trackers expense		20,995	25,153
Fee and subscriptions	26.2 & 26.3	24,712	10,511
Insurance expense		4,428	630
Office expenses		6,019	6,393
Service charges - net		11,802	7,198
Miscellaneous		16,450	19,527
		539,822	534,634

26.1 Employee benefit cost

Salaries, allowances and other benefits		317,548	314,380
Charges for post employment benefit	26.1.1	17,953	16,890
		335,501	331,270

26.1.1 This includes Company's contribution to defined contribution plans amounting to Rs. 12,960 thousand (2019: Rs. 10,397 thousand).

26.2 This includes service charges amounting to Rs. 3,476 thousand (2019: Rs. Nil) paid to Shirazi Investment Limited, a related party, for providing IT support services.

26.3 This includes portfolio management fee amounting to Rs. 1,849 thousand (2019: Rs. Nil) paid to Atlas Asset Management, a related party, for the management of mandated investment portfolio.

	Note	2020	2019
		(Rupees in thousand)	

27. Investment income

Income from equity securities		
Available for sale		
Dividend income	159,561	196,542
Income from debt securities		
Held to maturity		
Return on debt securities	25,620	6,692
Available for sale		
Interest on term finance certificate	1,757	1,500
Income from term deposits		
Return on term deposits	8,614	7,720
	195,552	212,454
Net realised gains on investments		
Available for sale financial assets		
Realised gains on		
- Equity securities	17,766	2,040
Total investment income	213,318	214,494
Add reversal in impairment in value of available for sale securities		
- Equity securities	26,935	10,411
Less: Investment related expenses	(551)	(100)
	239,702	224,805

28. Other income

Return on bank balances	47,484	52,343
Gain on sale of fixed assets	360	453
Gain on disposal of right of use asset	106	-
	47,950	52,796

29. Other expenses

Legal and professional fee other than business related		1,497	1,479
Auditor's remuneration	29.2	2,411	2,351
Donations	29.1	9,100	9,500
Director's fee		850	700
Zakat expense		7	7
		13,865	14,037

29.1 This amount represents Rs. 9,100 thousand (2019: Rs. 9,500 thousand) donation to Atlas Foundation, a related party, situated at 2nd Floor, Federation House, Clifton, Karachi - 74000. The following Directors of the Company are members of its Board of Directors:

Name of Directors

Mr. Iftikhar H. Shirazi

Mr. Frahim Ali Khan

Mr. M. Habib-ur-Rahman

Mr. Ali H. Shirazi

With the exception of their directorship, the Directors and their spouses have no interest in the donee.

	2020	2019
	(Rupees in thousand)	

29.2 Auditor's remuneration

Audit fee	1,249	1,135
Fee for audit of provident fund, gratuity funds and other certifications	923	839
Special certifications and sundry advisory services	-	160
Out of pocket expenses	239	217
	2,411	2,351

30. Finance costs

	2020	2019
	(Rupees in thousand)	
Interest on lease liability	9,234	3,297
Exchange loss	720	647
	9,954	3,944

31. Taxation

For the year		
Current	248,003	256,839
Deferred		
- Relating to origination of temporary differences	13,441	3,001
- (Income) resulting from change in tax rate	-	(1,189)
	13,441	1,812
For prior years		
- Current	904	13,334
	262,348	271,985

31.1 Relationship between tax expense and accounting profit

Numerical reconciliation between the average effective tax rate and the applicable tax rate

	2020	2019
	%	%
Applicable tax rate	29	29
Tax effect of amounts that are:		
- Effective prior year adjustment	0.10	1.49
- Permanent differences	(0.20)	0.02
- Effect of rate change	-	(0.13)
Average effective tax rate	28.90	30.38

31.2 Applicable tax rate represents the tax rate applicable to Insurance Companies under part-I of Fourth Schedule of the Finance Act, 2020 and 2019, respectively.

32. Earnings per share

	2020	2019
	(Rupees in thousand)	
Profit (after tax) for the year	645,427	623,256

	Number of shares thousand	
		Re-stated
Weighted average number of ordinary shares	84,895	84,895

		Re-stated
	Rupees	
Earnings per share - (basic / diluted)	7.60	7.34

There is no dilutive effect on basic earnings per share.

33. Window takaful operations - OPF

	2020	2019
	(Rupees in thousand)	
Wakala fee	61,610	64,975
General, administrative and management expenses	(11,994)	(12,160)
Commission expense	(18,460)	(19,120)
Modarib's share of PTF investment income	3,833	4,313
Investment income	10,129	1,059
Direct expenses	(951)	(864)
Other income	255	667
Profit for the year	44,422	38,870

34. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
			(Rupees in thousand)			
Fee - note 34.1	-	-	850	700	-	-
Managerial remuneration	15,716	14,287	-	-	106,864	78,014
Leave encashment paid	-	-	-	-	1,321	1,638
Bonus / profit commission paid	6,864	4,388	-	-	32,511	30,570
Contribution to defined benefit plan	569	518	-	-	3,555	2,711
Contribution to defined contribution plan	1,503	1,367	-	-	9,185	6,886
Rent and house maintenance	6,150	5,591	-	-	41,816	32,089
Utilities	1,367	1,242	-	-	9,293	7,286
Medical	180	206	-	-	732	4,818
Conveyance paid	-	-	-	-	18	10,297
Others (membership fee, petrol, telephone, newspaper, etc.)	917	1,586	-	-	4,579	14,360
Total	33,266	29,185	850	700	209,874	188,669
Number of persons	1	1	2	2	65	61

34.1 Fees paid to 2 (2019: 2) Non-Executive Directors for attending meetings during the year amounts to Rs. 850 thousand (2019: Rs. 700 thousand). In addition, the Chief Executive and some of the executives are also provided with use of the Company cars, in accordance with the policy of the Company.

34.2 Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

35 Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

		2020	2019
		(Rupees in thousand)	
Parent Company	**Year end balances**		
	Provision for outstanding claims	1,600	1,627
	Due from insurance contract holders	3,461	-
	Premium received in advance	-	166

		2020	2019
		(Rupees in thousand)	
	Transactions during the year		
	Premium underwritten	21,418	19,596
	Premium collected	20,279	22,864
	Claims paid	5,142	5,286
	Computer Equipment sold	1,358	-
	Office Equipment sold	2,203	-
	Furniture sold	145	-
	Rent paid	1,353	2,642
	IT support service charges paid	3,476	-
Associated Companies	**Year end balances**		
	Provision for outstanding claims	93,111	38,903
	Premium received in advance	33,447	69,063
	Due from insurance contract holders	119,864	73,192
	Lease liability	1,934	3,188
	Transactions during the year		
	Premium underwritten	1,326,557	1,321,776
	Premium collected	1,529,765	1,572,017
	Claims paid	141,683	388,390
	Vehicles purchased	11,041	24,366
	Office equipment purchased	-	292
	Computer equipment purchased	-	149
	Lease liability paid	1,550	1,409
	Expenses paid	1,128	1,156
	Dividends received	78,432	100,417
	Donations paid	8,603	9,891
	Investments purchased	2,246,406	3,047,283
	Investments sold at sale price	1,839,951	2,748,870
	Finance cost charged	296	425
Post employment benefit plans	**Transactions during the year**		
	Contributions in respect of post employment benefit plans (including contributions to provident fund)	27,221	21,887
Key management personnel	**Year end balances**		
	Provision for outstanding claims	30	1,055
	Due from insurance contract holders	82	42
	Transactions during the year		
	Premium underwritten	1,904	1,790
	Premium collected	2,103	2,103
	Computer equipment sold	28	18
	Vehicles sold	1,756	3,184
	Claims Paid	278	421

36. Segment reporting

The Company has identified four (2019: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

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

	December 31, 2020				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	1,285,617	779,222	719,941	687,468	3,472,248
Less: Federal Excise Duty	162,394	91,765	88,390	53,285	395,834
Federal Insurance Fee	11,240	6,639	5,759	6,377	30,015
Gross written premium (inclusive of Administrative Surcharge)	1,111,983	680,818	625,792	627,806	3,046,399
Gross direct premium	1,097,449	667,055	562,326	621,086	2,947,916
Facultative inward premium	8,886	237	57,137	2,430	68,690
Administrative surcharge	5,648	13,526	6,329	4,290	29,793
	1,111,983	680,818	625,792	627,806	3,046,399
Insurance premium earned	1,037,102	649,438	640,954	660,942	2,988,436
Insurance premium ceded to reinsurers	(815,830)	(222,341)	(192,567)	(352,356)	(1,583,094)
Net insurance premium	221,272	427,097	448,387	308,586	1,405,342
Commission income	196,225	68,350	38,444	61,814	364,833
Net underwriting income	417,497	495,447	486,831	370,400	1,770,175
Insurance claims	(349,727)	(52,026)	(258,118)	(1,001,977)	(1,661,848)
Insurance claims recovered from reinsurers	351,046	31,875	81,850	747,482	1,212,253
Net claims	1,319	(20,151)	(176,268)	(254,495)	(449,595)
Commission expense	(72,727)	(29,574)	(48,532)	(30,405)	(181,238)
Management expenses	(189,372)	(115,958)	(127,562)	(106,930)	(539,822)
Net insurance claims and expenses	(260,780)	(165,683)	(352,362)	(391,830)	(1,170,655)
Underwriting results	156,717	329,764	134,469	(21,430)	599,520
Net investment income					239,702
Other income					47,950
Other expenses					(13,865)
Finance cost					(9,954)
Profit before taxation from window takaful operations - OPF					44,422
Profit before tax					907,775
Segment assets - Conventional	784,140	480,152	441,267	442,771	2,148,330
Segment assets - Takaful OPF	9,989	4,371	46,824	1,249	62,433
Unallocated assets - Conventional					7,318,070
Unallocated assets - Takaful OPF					132,912
					9,661,745
Segment liabilities - Conventional	1,303,212	797,993	733,368	735,868	3,570,441
Segment liabilities - Takaful OPF	7,424	3,249	34,805	928	46,406
Unallocated liabilities - Conventional					1,269,671
Unallocated liabilities - Takaful OPF					-
					4,886,518

	December 31, 2019				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	1,078,658	840,732	750,919	669,853	3,340,162
Less: Federal Excise Duty	139,449	100,999	85,461	74,044	399,953
Federal Insurance Fee	9,530	7,227	5,557	6,065	28,379
Gross written premium (inclusive of Administrative Surcharge)	929,679	732,506	659,901	589,744	2,911,830
Gross direct premium	908,225	717,837	534,866	581,581	2,742,509
Facultative inward premium	15,298	-	119,414	3,888	138,600
Administrative surcharge	6,156	14,669	5,621	4,275	30,721
	929,679	732,506	659,901	589,744	2,911,830
Insurance premium earned	856,991	746,584	669,221	560,742	2,833,538
Insurance premium ceded to reinsurers	(609,399)	(274,458)	(234,184)	(260,081)	(1,378,122)
Net insurance premium	247,592	472,126	435,037	300,661	1,455,416
Commission income	145,057	85,902	26,724	66,666	324,349
Net underwriting income	392,649	558,028	461,761	367,327	1,779,765
Insurance claims	(137,371)	(99,056)	(293,077)	(296,279)	(825,783)
Insurance claims recovered from reinsurers	115,730	59,883	115,013	66,442	357,068
Net claims	(21,641)	(39,173)	(178,064)	(229,837)	(468,715)
Commission expense	(68,705)	(23,864)	(61,363)	(25,733)	(179,665)
Management expenses	(162,677)	(128,185)	(140,601)	(103,171)	(534,634)
Net insurance claims and expenses	(253,023)	(191,222)	(380,028)	(358,741)	(1,183,014)
Underwriting results	139,626	366,806	81,733	8,586	596,751
Net investment income					224,805
Other income					52,796
Other expenses					(14,037)
Finance cost					(3,944)
Profit before taxation from window takaful operations - OPF					38,870
Profit before tax					895,241
Segment assets - Conventional	395,006	311,253	280,325	250,514	1,237,098
Segment assets - Takaful OPF	3,089	1,539	18,473	464	23,565
Unallocated assets - Conventional					5,658,696
Unallocated assets - Takaful OPF					114,761
					7,034,120
Segment liabilities - Conventional	799,773	630,199	567,581	507,214	2,504,767
Segment liabilities - Takaful OPF	4,433	2,208	26,503	665	33,809
Unallocated liabilities - Conventional					788,804
Unallocated liabilities - Takaful OPF					-
					3,327,380

As the operations of the Company are carried out in Pakistan, information relating to geographical segment is not considered relevant.

37. Movement in investments

	Held to maturity	Available for sale	Total
		(Rupees in thousand)	
As at beginning of previous year	73,704	3,638,943	3,712,647
Additions	950,064	3,218,160	4,168,224
Disposals (sales and redemptions)	(410,470)	(2,888,317)	(3,298,787)
Fair value net losses (excluding net realised losses)	-	182,675	182,675
Unwinding on debt securities	273	-	273
Reversal of impairment	-	10,410	10,410
As at beginning of current year	613,571	4,161,871	4,775,442
Additions	1,790,135	2,282,008	4,072,143
Disposals (sales and redemptions)	(1,840,451)	(2,157,298)	(3,997,749)
Fair value net losses (excluding net realised losses)	-	1,349,841	1,349,841
Unwinding on debt securities	2,803	-	2,803
Reversal of impairment	-	26,935	26,935
As at end of current year	566,058	5,663,357	6,229,415

37.1 Fair value measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2020 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2020:

	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			
	Amortised cost*	Fair value through OCI	Total	Other financial instrument
		(Rupees in thousand)		
Pakistan Investment Bonds				
Opening fair value - December 31, 2019	88,571	-	88,571	-
Additions	-	-	-	-
Unwinding on debt securities	1,965	-	1,965	-
Disposals	-		-	
Closing fair value - December 31, 2020	90,536	-	90,536	-
Treasury Bills				
Opening fair value - December 31, 2019	-	-	-	-
Additions	1,000,135	-	1,000,135	-
Unwinding on debt securities	838	-	838	-
Disposals	(675,451)	-	(675,451)	-
Closing fair value - December 31, 2020	325,522	-	325,522	-
Term Finance Certificates				
Opening fair value - December 31, 2019	-	-	-	20,000
Additions	-	-	-	-
Disposals	-	-	-	-
Closing fair value - December 31, 2020	-	-	-	20,000
Shares in listed / unlisted equity securities				
Opening fair value - December 31, 2019	-	-	-	3,563,552
Additions	-	-	-	519,169
Increase in fair value - net	-	-	-	1,237,177
Reversal of impairment				26,935
Disposals	-	-	-	(351,700)
Closing fair value - December 31, 2020	-	-	-	4,995,133
Mutual fund investments				
Opening fair value - December 31, 2019	-	-	-	578,319
Additions	-	-	-	1,762,839
Increase in fair value - net	-	-	-	112,664
Disposals	-	-	-	(1,805,598)
Closing fair value - December 31, 2020	-	-	-	648,224

	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			
	Amortised cost*	Fair value through OCI	Total	Other financial instrument
	(Rupees in thousand)			
Term Deposits				
Opening fair value - December 31, 2019	525,000	-	525,000	-
Additions	790,000	-	790,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(1,165,000)	-	(1,165,000)	-
Closing fair value - December 31, 2020	150,000	-	150,000	-

*The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 1,624,733 thousand (2019: Rs. 744,936 thousand) and balances with banks amounting to Rs. 882,778 thousand (2019: Rs. 650,207 thousand), respectively.

37.1.1 Other financial instruments are measured at fair value by the Company in accordance with the accounting policies as disclosed in note 3.13.3 to these financial statements.

38. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The salient information of the fund is as follow:

	Note	2020	2019
		(Rupees in thousand)	
Size of the fund		52,706	46,821
Percentage of investments made		97.8%	93.9%
Fair value of investments	38.1	51,532	43,949
Cost of investments made		51,516	42,261

38.1 Breakup of investments at fair value

	Investment as a % size of fund		Investments	
	2020	2019	2020	2019
			(Rupees in thousand)	
Government Securities	61%	68%	32,054	32,049
Listed securities and mutual funds	37%	25%	19,478	11,900
			51,532	43,949

The information for the financial year 2020 is based on un-audited financial statements of the provident fund.

39. Management of insurance risk and financial risk

39.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

(a) **Frequency and severity of claims**

Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc. are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. These include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and reinsurance personnel's in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments the Company's retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interface of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

Following is a quantitative representation of the risk mitigation applied by the entity by reinsuring its exposures:

	Maximum insured loss		Loss ceded		Net retention	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Fire and property damage	625,396,775	544,579,228	613,762,228	528,979,367	11,634,547	15,599,861
Marine, aviation and transport	79,156,116	30,931,432	19,654,209	4,316,785	59,501,907	26,614,647
Motor	36,847,393	42,828,344	7,326,779	12,019,456	29,520,614	30,808,888
Miscellaneous	237,286,339	184,463,793	226,918,694	159,057,950	10,367,645	25,405,843
	978,686,623	802,802,797	867,661,910	704,373,558	111,024,713	98,429,239

(b) **Sources of uncertainty in estimation of future claim payments**

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims whether reported or not. The Company recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported and expected claim settlement costs including but not limited to the expenses incurred by the surveyors.

Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

The details of estimation of outstanding claims (including IBNR) are given under note 3.21.

(c) **Process used to decide on assumptions**

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. Each notified claim is assessed on a separate, case to case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available. Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

The Company engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016". The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

(d) Changes in assumptions

During the year, the company has changed its threshold of one off claims that are not considered while developing an estimate of the IBNR reserve as per the chain ladder method. Segment wise change is as follows:

	2020	2019
	(Rupees in thousand)	
Fire and property damage	50,000	5,000
Marine, aviation and transport	-	5,000
Miscellaneous and personal accident	5,000	-

(e) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end. The Company has reviewed the individual contracts and in particular the types of customers to whom the Company issues contract and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Company. However, this information is used to develop scenarios related to claims that are used for the projection.

As the Company normally enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on underwriting results and shareholder's equity, net of reinsurance:

	Net impact of increase / decrease in average claims by 10% on			
	Underwriting results		Shareholder's equity	
	2020	2019	2020	2019
	(Rupees in thousand)			
Fire and property damage	(132)	2,164	(94)	1,536
Marine, aviation and transport	2,015	3,917	1,431	2,781
Motor	17,627	17,806	12,515	12,642
Miscellaneous	25,449	22,984	18,069	16,319
Total	44,959	46,871	31,921	33,278

39.2 Financial risk

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity profile of financial assets and liabilities at the reporting dates is as follows:

	2020						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Investments							
Equity securities	-	-	-	5,643,357	-	5,643,357	5,643,357
Debt securities	345,522	90,536	436,058	-	-	-	436,058
Term deposits	150,000	-	150,000	-	-	-	150,000
Loans and other receivables	-	-	-	22,029	-	22,029	22,029
Insurance / reinsurance receivables	-	-	-	311,009	-	311,009	311,009
Reinsurance recoveries against outstanding claims	-	-	-	1,087,723	-	1,087,723	1,087,723
Retirement benefit obligations	-	-	-	9,266	-	9,266	9,266
Salvage recoveries accrued	-	-	-	8,627	-	8,627	8,627
Cash and bank	882,778	-	882,778	-	-	-	882,778
Total assets from window takaful operations - Operator's fund	-	-	-	195,345	-	195,345	195,345
Total	1,378,300	90,536	1,468,836	7,277,356	-	7,277,356	8,746,192

	2020						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	1,412,100	-	1,412,100	1,412,100
Borrowings	10,610	62,406	73,016	-	-	-	73,016
Insurance / reinsurance payables	-	-	-	511,309	-	511,309	511,309
Other creditors and accruals	-	-	-	474,958	-	474,958	474,958
Total liabilities from window takaful operations - Operator's fund	-	-	-	46,406	-	46,406	46,406
Total	10,610	62,406	73,016	2,444,773	-	2,444,773	2,517,789
On balance sheet gap	1,367,690	28,130	1,395,820	4,832,583	-	4,832,583	6,228,403

	2019						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Investments							
Equity securities	-	-	-	4,141,871	-	4,141,871	4,141,871
Debt securities	20,000	88,571	108,571	-	-	-	108,571
Term deposits	525,000	-	525,000	-	-	-	525,000
Loans and other receivables	-	-	-	110,348	-	110,348	110,348
Insurance / reinsurance receivables	-	-	-	246,245	-	246,245	246,245
Reinsurance recoveries against outstanding claims	-	-	-	246,582	-	246,582	246,582
Salvage recoveries accrued	-	-	-	3,435	-	3,435	3,435
Cash and bank	635,304	-	635,304	14,903	-	14,903	650,207
Total assets from window takaful operations - Operator's fund	-	-	-	138,326	-	138,326	138,326
Total	1,180,304	88,571	1,268,875	4,901,710	-	4,901,710	6,170,585
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	545,169	-	545,169	545,169
Retirement benefit obligations	-	-	-	6,926	-	6,926	6,926
Borrowings	6,286	19,485	25,771	-	-	-	25,771
Insurance / reinsurance payables	-	-	-	428,669	-	428,669	428,669
Other creditors and accruals	-	-	-	424,895	-	424,895	424,895
Total liabilities from window takaful operations - Operator's fund	-	-	-	33,809	-	33,809	33,809
Total	6,286	19,485	25,771	1,439,468	-	1,439,468	1,465,239
On balance sheet gap	1,174,018	69,086	1,243,104	3,462,242	-	3,462,242	4,705,346

(a) Sensitivity analysis - interest rate risk

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks.

	Note	2020	2019
		(Rupees in thousand)	
Fixed rate instruments			
Financial assets			
Pakistan Investment Bonds - held to maturity	9	90,536	88,571
Treasury Bills - held to maturity	9	325,522	-
Term finance certificate - available for sale	9	20,000	20,000
Term deposits receipt - held to maturity	10	150,000	525,000
Variable rate instruments			
Financial assets			
Cash at bank - saving accounts	14	882,778	635,304
Total exposure		1,468,836	1,268,875

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to these financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 4,748 thousand (2019: Rs. 5,234 thousand) and impact on shareholder's equity would have been higher / lower by Rs. 3,371 thousand (2019: Rs. 3,716 thousand).

(b) Sensitivity analysis - equity risk

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

The Company is exposed to equity securities price risk because of it has invested its funds in ordinary shares, mutual funds and National Investment (Unit) Trust units, resulting in exposure due to the fluctuation in the dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

Since there is uncertainty as to how a particular security or the stock market as a whole will perform in the future, therefore it cannot be known precisely. It can be estimated as a backward-looking measure by observing stock market and government bond performance over a defined period of time.

The Company minimizes such risk by having a diversified investment portfolio. In addition, the Company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee. The Company's certain investments, in equity instruments of other entities, are publicly traded on the Pakistan Stock Exchange Limited. Breakup of investments is disclosed in note 8 to these financial statements.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any material currency risk as no material amount of the financial assets and liabilities are payable in foreign currency, at the end of the year.

39.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 8,746,192 thousand (2019: Rs. 6,170,585 thousand) the financial assets which are subject to credit risk amounted to Rs. 8,746,192 thousand (2019: Rs. 6,170,585 thousand). The Company believes that it is not exposed to major concentration of credit risk.

(i) Concentration of credit risk

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

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2020	2019
		(Rupees in thousand)	
Investments			
Equity securities	8	5,643,357	4,141,871
Debt securities	9	436,058	108,571
Term deposits	10	150,000	525,000
Loan and other receivable	11	22,029	110,348
Insurance / reinsurance receivables	12	311,009	246,245
Reinsurance recoveries against outstanding claims	24	1,087,723	246,582
Retirement benefit obligations	18	9,266	-
Salvage recoveries accrued		8,627	3,435
Cash and bank	14	882,778	650,207
Total assets from window takaful operations - Operator's fund		195,345	138,326
		8,746,192	6,170,585

The Company maintains a general provision against doubtful receivables. The Company has assessed that past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

Age analysis of amounts due from insurance contract holders is as follows:

	2020			2019		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
- Up to one year	116,010	53,004	169,014	72,542	50,373	122,915
- Past one but less than three years	7,397	5,399	12,796	658	4,721	5,379
- Less provision	-	(2,859)	(2,859)	-	(2,859)	(2,859)
	123,407	55,544	178,951	73,200	52,235	125,435

(iii) Credit quality of bank accounts

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2020	2019
	Short term	Long term		(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	-	184
Bank Alfalah Limited	A1+	AA+	PACRA	558,636	335,642
Bank of Punjab	A1+	AA	PACRA	1	2
Faysal Bank Limited	A1+	AA	PACRA	31,784	7,756
FINCA Microfinance Bank Limited	A1	A	PACRA	1	387
Habib Bank Limited	A1+	AAA	JCR-VIS	43,918	47,122
JS Bank Limited	A1+	AA-	PACRA	-	1
MCB Bank Limited	A1+	AAA	PACRA	201,294	147,902
National Bank of Pakistan	A1+	AAA	PACRA	-	30
NRSP Microfinance Bank Limited	A1	A	PACRA	-	2
Sindh Bank Limited	A1	A+	JCR-VIS	1,037	61,010
Soneri Bank Limited	A1+	AA-	PACRA	42,481	12,708
Summit Bank Limited	Unrated	Unrated	N/A	3,626	37,461
				882,778	650,207

(iv) Credit risk exposure for assets that pass the SPPI test - IFRS 9

The following table represents the Company's exposure to credit risk on financial assets that meet the SPPI criteria:

	2020		
	Credit rating		
	A1+	Unrated	Total
	(Rupees in thousand)		
Pakistan Investment Bonds	-	90,536	90,536
Treasury Bills	-	325,522	325,522
Term deposits	150,000	-	150,000
Insurance debtors and other short term receivables	-	515,955	515,955
Total	150,000	932,013	1,082,013

	2019				
	Credit rating				
	AA	A	BBB	Unrated	Total
	(Rupees in thousand)				
Pakistan Investment Bonds	-	-	-	88,571	88,571
Term deposits	400,000	100,000	25,000	-	525,000
Insurance debtors and other short term receivables	-	-	-	467,758	467,758
Total	400,000	100,000	25,000	556,329	1,081,329

39.3.1 The credit rating of balances with reinsurers amounting to Rs. 1,181,044 thousand (2019: Rs. 277,178 thousand) is separately disclosed in note 39.4 to these financial statements, and therefore not included in the balances due from insurance debtors and other short term receivables.

The credit rating of balances with banks amounting to Rs. 882,778 thousand (2019: Rs. 650,207 thousand) is separately disclosed in note 39.3 (iii) to these financial statements, and therefore not included in this amount.

39.4 Reinsurance risk

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of premium. A significant portion of the reinsurance is effected under treaty, facultative and also under excess-of-loss reinsurance contracts to protect the Company's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

Credit quality of reinsurance assets

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

Ratings	Reinsurance receivables		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
A or above	-	251	807,290	168,816	429,670	445,075
A- or below	-	-	30,721	4,152	17,151	19,847
Others	30,321	30,345	249,712	73,614	201,732	194,395
	30,321	30,596	1,087,723	246,582	648,553	659,317

39.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's objective when managing capital are:

- to be in compliance with the paid-up capital requirement set by the SECP. The Company's current paid-up capital is in excess of the limit prescribed by the SECP vide SRO 828 (I) 2015.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders.

The Company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

40. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)

- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

	Note	Carrying amount						Fair value			
		Available for sale	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in thousand)					
December 31, 2020											
Financial assets											
Investments											
Equity securities	8	5,643,357	-	-	-	-	5,643,357	5,643,357	-	-	5,643,357
Debt securities*	9	20,000	416,058	-	-	-	436,058	-	-	-	-
Term deposits*	10	-	150,000	-	-	-	150,000	-	-	-	-
Loans and other receivables*	11	-	-	22,029	-	-	22,029	-	-	-	-
Insurance / reinsurance receivables*	12	-	-	311,009	-	-	311,009				-
Reinsurance recoveries against outstanding claims*	24	-	-	1,087,723	-	-	1,087,723	-	-	-	-
Retirement benefit obligations	18	-	-	-	-	9,266	9,266	-	-	-	-
Salvage recoveries accrued*		-	-	8,627	-	-	8,627	-	-	-	-
Cash and bank*	14	-	-	-	882,778	-	882,778	-	-	-	-
Total assets from window takaful operations - Operator's fund*		-	-	195,345	-	-	195,345	-	-	-	-
		5,663,357	566,058	1,624,733	882,778	9,266	8,746,192	5,643,357	-	-	5,643,357
Financial liabilities											
Outstanding claims (including IBNR)*	24	-	-	-	-	1,412,100	1,412,100	-	-	-	-
Borrowings	19	-	-	-	-	73,016	73,016	-	-	-	-
Insurance / reinsurance payables*	20	-	-	-	-	511,309	511,309	-	-	-	-
Other creditors and accruals*	21	-	-	-	-	474,958	474,958	-	-	-	-
Total liabilities from window takaful operations - Operator's fund*		-	-	-	-	46,406	46,406	-	-	-	-
		-	-	-	-	2,517,789	2,517,789	-	-	-	-

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

December 31, 2019											
Financial assets											
Investments											
Equity securities	8	4,141,871	-	-	-	-	4,141,871	4,141,871	-	-	4,141,871
Debt securities*	9	20,000	88,571	-	-	-	108,571	-	-	-	-
Term deposits*	10	-	525,000	-	-	-	525,000	-	-	-	-
Loans and other receivables*	11	-	-	110,348	-	-	110,348	-	-	-	-
Insurance / reinsurance receivables*	12	-	-	246,245	-	-	246,245	-	-	-	-
Reinsurance recoveries against outstanding claims*	24	-	-	246,582	-	-	246,582	-	-	-	-
Salvage recoveries accrued*		-	-	3,435	-	-	3,435	-	-	-	-
Cash and bank*	14	-	-	-	650,207	-	650,207	-	-	-	-
Total assets from window takaful operations - Operator's fund*		-	-	138,326	-	-	138,326	-	-	-	-
		4,161,871	613,571	744,936	650,207	-	6,170,585	4,141,871	-	-	4,141,871
Financial liabilities											
Outstanding claims (including IBNR)*	24	-	-	-	-	545,169	545,169	-	-	-	-
Retirement benefit obligations	18	-	-	-	-	-	-	-	-	-	-
Borrowings	19	-	-	-	-	25,771	25,771	-	-	-	-
Insurance / reinsurance payables*	20	-	-	-	-	428,669	428,669	-	-	-	-
Other creditors and accruals*	21	-	-	-	-	424,895	424,895	-	-	-	-
Total liabilities from window takaful operations - Operator's fund*		-	-	-	-	33,809	33,809	-	-	-	-
		-	-	-	-	1,458,313	1,458,313	-	-	-	-

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

41. Statement of solvency

		2020 (Rupees in thousand)
Assets		
Property and equipment		159,789
Investments		-
Equity securities		5,643,357
Debt securities		436,058
Term deposits		150,000
Loan and other receivable		22,029
Insurance / reinsurance receivables		311,009
Reinsurance recoveries against outstanding claims		1,087,723
Retirement benefits		9,266
Salvage recoveries accrued		8,627
Deferred commission expense / acquisition cost		92,418
Prepayments		652,126
Taxation - provision less payment		11,220
Cash and bank		882,778
		9,466,400
Total assets from window takaful operations - Operator's fund		195,345
Total Assets (A)		9,661,745
Inadmissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(d)	Loans and advances to employees	3,266
(g) and (h)	Insurance / reinsurance receivables	199,445
(l)	Assets subject to encumbrances	174,216
(u)	Vehicles, furniture and fixtures, office equipment and computers equipment	148,500
(i), (h) and (u)	Assets from window takaful operations - Operator's fund	47,037
Total of in-admissible assets (B)		572,464
Total admissible assets (C=A-B)		9,089,281
Total liabilities		
Underwriting provisions		
Outstanding claims including IBNR		1,412,100
Unearned premium reserves		1,197,061
Unearned reinsurance commission		138,404
Deferred taxation		833,774
Premium received in advance		137,351
Borrowings		73,016
Insurance / reinsurance payable		511,309
Other creditors and accruals		537,097
		4,840,112
Total liabilities from window takaful operations - Operator's fund		46,406
Total liabilities (D)		4,886,518
Total net admissible assets (E=C-D)		4,202,763
Minimum Solvency Requirement (higher of the following)		298,844
Method A - U/s 36(3)(a)	150,000	
Method A - U/s 36(3)(b)	298,844	
Method A - U/s 36(3)(c)	260,916	
Excess in net admissible assets over minimum requirements		3,903,919

41.1 The value of assets has been determined in accordance with the Company's accounting policies for such assets and the method of assigning values to investments provided for in the Insurance Accounting Regulations, 2017, while the value of admissible assets has been limited to the amount to which these are admissible under the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

42. Subsequent events

The Board of Directors of the Company in its meeting held on February 26, 2021 has proposed a final cash dividend of Rs. 7 per share (2019: Rs. 7 per share) and no bonus shares (2019: 10%) in respect of the year ended December 31, 2020. Furthermore, Rs. 50,000 thousand (2019: Rs. 6,000 thousand) were also approved for transfer to general reserves from the unappropriated profit of the Company. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

43. Date of authorization for issue

These financial statements were authorised for issue on February 26, 2021 by the Board of Directors of the Company.

44. General

Figures in these financial statements have been rounded off to the nearest thousand rupees.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

تكافل

TAKAFUL

Atlas Insurance

Window Takaful Operations

Annual Report 2020

Shariah Advisor's Report to the Board of Directors

For the year ended December 31, 2020

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين

و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Atlas Insurance Limited - Window Takaful Operations (hereafter referred to as Takaful Operator) for the year ended December 31, 2020.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules, 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, Re-Takaful arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the period under review; Atlas Insurance Limited - Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Alhamdulillah, Atlas Insurance Limited - Window Takaful Operations has retained its position as one of the prominent General Takaful Operator of the country.

2. Under the guidance of undersigned and after getting Shariah approval, Takaful Operator has developed and offered various types of Takaful coverage products to its Customers / Participants.

3. Divisions and Branches of the Company have fully participated in the business growth of Takaful from different locations of the country, despite the challenges due to COVID 19 pandemic.

4. Significant success has been achieved in the Takaful coverage agreements with Islamic Banks for their leasing & financing portfolios. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Atlas Insurance Limited - WTO's Takaful Products and Services.

Shariah Certification:

I confirm that in my opinion and to the best of my understanding based on the provided information and explanations:

i. transactions undertaken and the Takaful business written by the Takaful Operator for the year ended December 31, 2020 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules, 2012;

ii. for the investment purpose of Takaful Funds, a Shari'ah Compliant Investment Policy has been drafted with the consultation of undersigned and the investments have been done from the Operator's Fund & Participant Takaful Fund into Shariah Compliant avenues, including Islamic Banks and Islamic Mutual Funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval which are completely separate from the conventional insurance business;

iii. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);

While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Atlas Insurance Limited - WTO during the year. I am grateful to the Board of Directors of Atlas Insurance Limited, Management, Head of Window Takaful Operations, Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices.

"And Allah Knows Best"

Date: February 26, 2021

Mufti Zeeshan Abdul Aziz
Shariah Advisor

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlas Insurance Limited Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Atlas Insurance Limited – Window Takaful Operations (the Operator), which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator fund and participants' takaful fund and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders equity and participants' takaful fund and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2020 and of the profit, total comprehensive income, the changes in operator fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial 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 Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders equity and participants' takaful fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

Chartered Accountants
Lahore
Date: March 10, 2021

Window Takaful Operations

Statement of Financial Position

As at December 31, 2020

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in thousand)			
Assets					
Property and equipment	6	987	1,240	-	-
Investments					
Term deposits	8	-	25,000	100,000	155,000
Loans and other receivables	9	-	45	-	-
Takaful / retakaful receivables	10	-	-	16,210	14,727
Deferred wakala fee	23	-	-	36,610	22,309
Receivable from OPF / PTF	12	46,050	11,721	-	-
Accrued investment income		622	278	853	2,238
Retakaful recoveries against outstanding claims	21	-	-	29,784	9,581
Deferred commission expense	22	8,376	8,530	-	-
Prepayments	13	7,382	2,992	31,952	27,420
Cash and bank	14	131,928	88,520	118,042	21,021
		195,345	138,326	333,451	252,296
Total assets		195,345	138,326	333,451	252,296
Equity and Liabilities					
Operator's Takaful Fund					
Capital reserve		50,000	50,000	-	-
Accumulated profit		98,939	54,517	-	-
Total Operator's Fund		148,939	104,517	-	-
Participants' Takaful Fund					
Seed money		-	-	500	500
Accumulated surplus		-	-	31,112	4,107
Balance of Participants' Takaful Fund		-	-	31,612	4,607
Liabilities					
PTF Underwriting provisions					
Outstanding claims including IBNR	21	-	-	67,372	51,704
Unearned contribution reserves	19	-	-	132,865	127,278
Reserve for unearned retakaful rebate	20	-	-	5,552	4,339
		-	-	205,789	183,321
Retirement benefit obligations	11	681	494	-	-
Unearned wakala fee	23	36,610	22,309	-	-
Contribution received in advance		-	-	4,538	3,023
Takaful / retakaful payables	16	-	-	41,157	46,635
Other creditors and accruals	17	9,115	11,006	4,305	2,989
Payable to OPF / PTF	12	-	-	46,050	11,721
Total liabilities		46,406	33,809	301,839	247,689
Total Equity and Liabilities		195,345	138,326	333,451	252,296
Contingencies and commitments	18				

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

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Window Takaful Operations

Profit and Loss Account

For the year ended December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
PTF			
Contribution earned	19	209,487	203,753
Less: Contribution ceded to retakaful	19	(97,102)	(68,081)
Net contributions revenue		112,385	135,672
Retakaful rebate earned	20	11,384	11,047
Net underwriting income		123,769	146,719
Net claims - Reported / settled		(91,102)	(99,837)
- IBNR		(761)	(9,496)
	21	(91,863)	(109,333)
Other direct expenses	28	(16,401)	(23,194)
Surplus before investment income		15,505	14,192
Investment income	25	15,333	17,253
Other income	26	-	335
Less: Modarib's share of investment income		(3,833)	(4,313)
Finance cost	30	-	(13)
Surplus transferred to accumulated surplus		27,005	27,454
OPF			
Wakala fee	23	61,610	64,975
Commission expense	22	(18,460)	(19,120)
General, administrative and management expenses	24	(11,994)	(12,160)
		31,156	33,695
Modarib's share of PTF investment income		3,833	4,313
Investment income	25	10,129	1,059
Direct expenses	29	(951)	(864)
Other income	26	255	667
Profit for the year		44,422	38,870

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

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Window Takaful Operations

Statement of Comprehensive Income

For the year ended December 31, 2020

	2020	2019
	(Rupees in thousand)	
PTF		
Surplus transferred to accumulated surplus	27,005	27,454
Other comprehensive income:		
Un-realized income on available for sale investments - net of deferred tax	-	-
Total comprehensive income for the year	27,005	27,454
OPF		
Profit for the year	44,422	38,870
Other comprehensive income:		
Un-realized income on available for sale investments - net of deferred tax	-	-
Total comprehensive income for the year	44,422	38,870

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

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Window Takaful Operations

Statement of Changes in Operator Fund and Participants' Takaful Fund

For the year ended December 31, 2020

	Attributable to Operator Fund		
	Statutory fund	Accumulated profit	Total
	(Rupees in thousand)		
Balance as at December 31, 2018	50,000	15,647	65,647
Profit for the year ended December 31, 2019	-	38,870	38,870
Total comprehensive income for the year	-	38,870	38,870
Balance as at December 31, 2019	50,000	54,517	104,517
Profit for the year ended December 31, 2020	-	44,422	44,422
Total comprehensive income for the year	-	44,422	44,422
Balance as at December 31, 2020	50,000	98,939	148,939

	Attributable to participants of the PTF		
	Seed Money	Accumulated Surplus / (deficit)	Total
	(Rupees in thousand)		
Balance as at December 31, 2018	500	(23,347)	(22,847)
Surplus for the year ended December 31, 2019	-	27,454	27,454
Total comprehensive income for the year	-	27,454	27,454
Balance as at December 31, 2019	500	4,107	4,607
Surplus for the year ended December 31, 2020	-	27,005	27,005
Total comprehensive income for the year	-	27,005	27,005
Balance as at December 31, 2020	500	31,112	31,612

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

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Window Takaful Operations

Cash Flow Statement

For the year ended December 31, 2020

	OPF		PTF	
	2020	2019	2020	2019
Operating Cash flows	(Rupees in thousand)			
a) Takaful activities				
Contributions received	-	-	264,870	265,175
Retakaful contributions paid	-	-	(104,789)	(57,996)
Claims paid	-	-	(112,914)	(105,082)
Retakaful and other recoveries received	-	-	29,113	22,648
Commissions paid	(18,585)	(17,147)	-	-
Wakala fees received / (paid)	45,415	75,771	(45,415)	(75,771)
Management expenses paid	(13,109)	(13,857)	(15,036)	(21,243)
Other underwriting receipts	255	667	7,147	7,039
Net cash generated from takaful activities	13,976	45,434	22,976	34,770
b) Other operating activities				
Income tax paid	(5,353)	(651)	2,327	(1,879)
Net cash (used in) / generated from other operating activities	(5,353)	(651)	2,327	(1,879)
Total cash generated from all operating activities	8,623	44,783	25,303	32,891
c) Investment activities				
Profit / return received	8,829	3,124	16,718	11,377
Payments for investments	(175,000)	(121,824)	(460,000)	(390,000)
Proceeds from investments	200,956	96,583	515,000	235,000
Fixed capital expenditure	-	(1,410)	-	-
Proceeds from disposal of property, plant and equipment	-	2,078	-	-
Total cash generated / (used in) investing activities	34,785	(21,449)	71,718	(143,623)
d) Financing activities				
Finance cost paid	-	-	-	(13)
Qard-e-Hasna received / (paid)	-	25,000	-	(25,000)
Total cash generated from/ (used in) financing activities	-	25,000	-	(25,013)
Total cash generated from/ (used in) all activities	43,408	48,334	97,021	(135,745)
Cash and cash equivalents at the beginning of year	88,520	40,186	21,021	156,766
Cash and cash equivalents at the end of year	131,928	88,520	118,042	21,021

Reconciliation to Profit and Loss Account

	OPF		PTF	
	2020	2019	2020	2019
	(Rupees in thousand)			
Operating cash flows	8,623	44,783	25,303	32,891
Depreciation expense	(253)	(249)	-	-
Amortization expense	-	(245)	-	-
Financial charges expense	-	-	-	(13)
Gain / (loss) on disposal of investments	956	(241)	-	-
Dividend income	-	499	-	-
Other investment income	9,173	5,114	15,333	12,940
Increase in unearned contribution	-	-	(5,587)	(21,024)
Increase / (decrease) in assets other than cash	38,674	(21,352)	40,519	8,221
(Increase) / decrease in liabilities other than borrowings	(12,597)	9,028	(49,776)	(6,540)
Other adjustments				
Increase in reserve for unearned retakaful rebate	-	-	1,213	644
(Decrease) / increase in deferred commission expense	(154)	1,533	-	-
Provision for impairment of receivable from takaful contract holders	-	-	-	335
Profit / surplus for the year	44,422	38,870	27,005	27,454
Attributed to				
Surplus in Participants' Takaful Fund	-	-	27,005	27,454
Profit before tax attributable to Operator Fund	44,422	38,870	-	-
	44,422	38,870	27,005	27,454

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

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

1 Legal status and nature of business

1.1 Atlas Insurance Limited (the Operator) was granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the seed money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

1.2 Impact of COVID-19 on the financial statements

The COVID-19 pandemic had spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. This crisis continues to have a significant impact on individuals, society, business and the wider economy across the globe. The Operator has not escaped its impact but has responded quickly to the crisis by providing the facilities to its employees to work from home, informing employees regularly about the risk of infection, good hygiene standards and ways to manage customer contact at Operator offices. Consequently, at this stage, impact on the Operator's business and results is limited. Gross contribution for year ended December 31, 2020 stood at Rs. 276,684 thousand with a 4.5% decline from the last year of Rs. 289,752 thousand. Similarly, a decrease is also witnessed in surplus of Rs. 27,005 thousand transferred to accumulated fund against Rs. 27,454 thousand in the last year.

Operator believes their current liquidity availability provides them with sufficient financial resources to meet their obligations as they come due and no such indication exists for the Operator that triggered impairment of its assets. Potential valuation adjustments to asset / liability base, as a result of the possible impact of COVID-19 on Operator's future profitability and cash flow generation, were assessed and no significant adjustments were required.

According to Operator’s assessment, there is no material accounting impact of the effects of COVID-19 in these financial statements.

Further, the Operator will continue to follow the policies and advice published by the Government of Pakistan and in parallel will do the utmost to continue its operations in the best and safest way possible without jeopardizing the health of its staff.

2. Basis of preparation and statement of compliance

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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019, shall prevail.

2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through General Takaful Accounting Regulations, 2019 vide S.R.O. 1416(I)/2019 dated November 20, 2019.

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

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentation currency.

2.5 Standards, amendments and interpretations to accounting and reporting standards that are effective in the current year and are relevant

2.5.1 General Takaful Accounting Regulations, 2019

The Securities and Exchange Commission of Pakistan (SECP) issued the General Takaful Accounting Regulations, 2019 (the Regulations), through S.R.O. 1416 (I)/2019 dated November 20, 2019. These Regulations came into force for the accounting periods commencing on or after January 1, 2020.

The Regulations provide the principles based on which accounting and reporting of general takaful business of general takaful operators and window general takaful operators shall be made. The Regulations also contain the formats for reporting of published financial statements and regulatory returns of general takaful / window takaful operators.

As per the Regulations, the provision of Rule 19 of the Insurance Rules, 2017 along with Annexure – II and the provision of the Insurance Accounting Regulations, 2017 shall stand applicable on the window Takaful operator to the extent of its conventional insurance business modified to the extent stated at regulation 6 of these Regulations in respect of its Window Takaful business.

In accordance, with directives of SECP, with effect from January 1, 2020 the Operator has adopted these Regulations and changed its accounting policy in respect of the presentation of its financial statements, as explained in note 3.1 to these financial statements.

2.5.2 Standards, interpretations and amendments effective in the current period but are not relevant

There are certain new and amended standards and interpretations that are mandatory for the Operator's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Operator's operations and are therefore not detailed in these financial statements.

2.6 Standards, amendments and interpretations to accounting and reporting standards that are not effective at year end

2.6.1 IFRS 9 'Financial Instruments' and IFRS 4 'Insurance Contracts'

This standard was notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective from annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Key changes in the new standard include requirements on the classification, measurement and derecognition of financial assets and liabilities. The standard also contains new requirements for hedge accounting and replaces the current incurred loss impairment model with an expected credit loss model.

The Operator has continued to take advantage of an election under IFRS 4 that permits an insurer which meets certain conditions to temporarily be exempt from adopting IFRS 9 'Financial Instruments', that would have otherwise become effective from January 1, 2019, until January 1, 2023. Disclosures required under the temporarily exemption have been made by the Operator and detailed in note 4 to these financial statements.

2.6.2 IFRS 17 'Insurance contracts'

This standard has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grand fathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the contribution allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is in the process of assessing the impact of changes laid down by the standard on its financial statements.

2.6.3 Other Standards, amendments and interpretations

	Effective date (period beginning on or after)
- IAS 16 – Property, Plant and Equipment (Amendments)	January 1, 2022
- IAS 37 – Onerous contracts (Amendments)	January 1, 2022
- IAS 1 – Presentation of financial statements', definition of materiality and classification of liabilities (Amendment)	January 1, 2023

2.6.4 In addition to the above, there are certain new standards, amendments and interpretations to accounting and reporting standards that are mandatory for the Operator's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or to have any significant effect on the Operator's operations and are, therefore, not detailed in these financial statements.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for change in accounting policy relating to presentation and disclosure as mentioned below in note 3.1 to these financial statements. Further, a change in presentation has been made in accordance with the revised accounting and reporting standards as detailed in note 2.5.1 to these financial statements.

3.1 Change in presentation and disclosure of financial statements

As per General Takaful Accounting Regulations, 2019 (the Regulations), the presentation and disclosure requirements of the financial statements were changed for general and window takaful operators for accounting periods commencing on or after January 1, 2020. Accordingly, with effect from January 01, 2020 the format prescribed in the Regulation has been adopted, and changes to the presentation and disclosures in these financial statements have been applied.

Key changes in the prescribed Annexure include a change in the presentation of assets / liabilities in the statement of financial position. Disaggregation of underwriting results and other elements of the profit and loss account. Other than these there have also been certain changes in the nomenclature of various elements of the financial statements. These do not have any financial impact on the profitability and opening retained earnings. Some of the key changes resulting from the change in accounting policy, as aforementioned, on the prior period financial statements have been summarized below:

1. Statement of financial position **(Rupees in thousand)**

Serial No.	New classification and presentation	Previous classification and presentation	December 31, 2019
(a)	Separately disclosed in the statement of financial position, as "Accrued investment income".	Classified under "Loans and other receivables"	4,591
(b)	Classified under "Receivable from PTF", as "Wakala fee receivable".	Separately disclosed in the financial position, as "Wakala fees receivable".	7,408
(c)	Classified under "Payable to OPF", as "Wakala fee payable".	Separately disclosed in the financial position, as "Wakala fee payable".	7,408
(d)	Classified under "Receivable from PTF", as "Modarib's share receivable".	Classified under "Loans and other receivable", as part of "Accrued investment income".	4,313
(e)	Classified under "Payable to OPF", as "Modarib's share payable".	Classified under "Other creditors and accruals", as "Modarib share of investment".	4,313

2. Profit and loss account **(Rupees in thousand)**

Serial No.	New classification and presentation	Previous classification and presentation	December 31, 2019
(a)	Classified and deducted from "Contribution earned" in the profit and loss account for PTF, as "Wakala fee".	Disclosed separately in the profit and loss account for PTF as "Wakala expense".	64,975
(b)	Separately disclosed in the profit and loss account for PTF, as "Contributions ceded to retakaful".	Deducted from contribution earned under "Net Contribution Revenue" in the profit and loss account for PTF, as "Retakaful expense".	68,081
(c)	Separately disclosed in the profit and loss account for PTF / OPF, as "Modarib's share of investment income".	Classified under "Investment (loss) / income" in the profit and loss account for PTF / OPF.	4,313

3.2 Property and equipment

3.2.1 Operating assets - owned

Operating assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible operating assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income, through the profit and loss account, by applying the reducing balance method at the rates given in note 6.1 to write off the cost of operating assets over their expected useful life. Depreciation on addition to operating assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal. Management judgement and estimates are involved in determining the residual values and useful lives of assets that best reflects the expected pattern of consumption of the future economic benefits embodied in the asset by the Operator.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense, in the profit and loss account.

The operating assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Operator's estimate of the residual value of its operating asset as at December 31, 2020 has not required any adjustment as its impact is considered insignificant.

3.2.2 Operating assets - leased

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

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

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned operating assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

3.4 Takaful contracts

Takaful contracts are based on the principles of Wakala where the Participants' Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. Once a contract has been classified as a Takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

The Operator underwrites non-life takaful contracts categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. The contracts may have a fixed term of one year or less and in some cases for more than one year. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator based on its assessment of the takaful risk involved.

The classification of a takaful contract into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) covered under the takaful contract. The Operator performs its segment reporting activities based on the classifications of takaful contracts made, as disclosed in note 33 to these financial statements.

a) Fire and property damage takaful:

i) Takaful risks and events insured

Cover is provided to the takaful contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These takaful contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct takaful business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport takaful:

i) Takaful risks and events insured

Cover is provided upon the assets of the takaful contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These takaful contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contribution for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one month period, contribution written during last month is taken to the provision for unearned contribution at the reporting date.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor takaful:

i) Takaful risks and events insured

Cover is provided to assets of the takaful contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally availed by individual customers, however are available to both commercial organization and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous takaful:

i) Takaful risks and events insured

Cover is provided to assets of the takaful contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross contribution revenue are clubbed together under this class of takaful contract. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of loss of cash in safe, cash in transit and cash on counter and health,etc. are provided to commercial organizations.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) **Claims recognition**

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of retakaful contracts held, receivables / payables related to takaful contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 3.8, 3.9 and 3.18 respectively.

3.5 Deferred commission expense

Commission expenses incurred in obtaining and recording takaful are deferred and recognised as an asset. The deferred amount represents the portion of commission expense relating to the unexpired period of the takaful coverage at the reporting date.

The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related contribution revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of contribution revenue.

The Operator maintains its provision for deferred commission expense by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in the General Takaful Accounting Regulations, 2019 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

3.6 Reserve for unearned contribution

The unearned portion of contribution written is set aside as an unearned contribution reserve. The provision for unearned contribution accordingly, represents the portion of contribution written relating to the unexpired period of takaful coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Operator maintains its provision for unearned contribution by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in Regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019. However, in case of marine, aviation and transport, contribution written during last month is taken to the provision for unearned contribution.

3.7 Contribution deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a contribution deficiency reserve is maintained for each operating segment, where the unearned contribution liability for any class of business is not adequate to meet the expected future liability, after retakaful, for claims, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the contribution deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in contribution is recognized in the current reporting period.

As per operator's assessment and in line with the provisions of the Insurance Ordinance, 2000, the Insurance Rules 2017 and the General Takaful Accounting Regulations, 2019, a contribution deficiency reserve is not required as on December 31, 2020 and accordingly no provision for the same has been made in financial statements of the current year.

3.8 Retakaful contracts held

The Operator enters into retakaful contracts with retakaful companies by arranging treaty retakaful, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times retakaful of excess of capacity is also placed on case to case basis under facultative retakaful arrangement. The Operator also accepts facultative retakaful from other local takaful companies provided the risk meets the underwriting requirements of the Operator.

The risks undertaken by the Operator under these contracts for each operating segment are stated in note 3.4 to the financial statements.

The benefits to which the Operator is entitled under retakaful contracts held are recognized as retakaful assets. These assets include retakaful receivables as well as receivables that are dependent on the expected claims and benefits arising under the related retakaful contracts. Retakaful liabilities primarily include contribution payable and retakaful rebate payable (in case of facultative acceptance). Retakaful assets and liabilities are measured consistently with the terms of the underlying retakaful contracts.

Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, Retakaful assets are not offset against related takaful liabilities.

Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

3.9 Amount due to / from retakaful operators

Takaful / retakaful receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These include amounts due to and from agents, brokers, takaful contract holders and other takaful companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

3.10 Segment reporting

The Operator accounts for segment reporting based on the guidelines of the General Takaful Accounting Regulations, 2019 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Operator's practice of internal reporting to the management on the same basis. The Operator has determined its primary segments based on takaful risks covered under four types of takaful contracts as stated in note 3.4 to the financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

3.12 Revenue recognition

a) Contribution income earned

Contribution income under a takaful contract is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry as detailed in note 3.4 to the financial statements.

b) Wakala and Modarib's share

The Operator manages the general takaful operations for the participants and charges wakala fee at following rates of gross contribution written including administrative surcharge as Wakala fee against the services:

Class	December 31, 2020	December 31, 2019	
	January to December	January to March	April to December
Fire and property damage	35%	30%	25%
Marine, avaition and transport	35%	30%	25%
Motor	25%	20%	15%
Miscellaneous	30%	25%	25%
Health	30%	25%	20%
Engineering	30%	30%	25%

Wakala fee is recognized on the same basis on which the related revenue is recognized. The same its is recognised as an expense in the PTF and income excluding the portion of fee pertaining to accounting, claim handling and possible contribution refund in the OPF.

Unexpired portion of Wakala fee is deferred and, recognized as a liability of the OPF and an asset of the PTF until amortised over the takaful term.

The Operator also manages the participant's investment as Modarib and charges 25% of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which related investment income is recognized. The same is recognised as an expense in the PTF and income in the OPF.

c) Rebate from retakaful operators

Rebate from retakaful operators is recognised at the same time of insurance of the underlying takaful policy by the Operator and is deferred in accordance with the pattern of recognition of the retakaful contribution to which it relates.

d) Investment income

Return on Islamic investment products i.e. investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

Gain / loss on sale of available for sale investments are included in profit and loss account.

e) Dividend income

Dividend income is recognized in the profit and loss account when the right to receive such dividends is established.

f) Administration surcharge

Administrative surcharge includes documentation and other charges recovered by the Operator from takaful contract holders in respect of takaful policies issued, at a rate of 5% of the gross contribution, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other takaful contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy.

For the purpose of these financial statements, administrative surcharge is included in gross contribution written during the year.

3.13 Investments

3.13.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity

- Available for sale

3.13.2 Measurement

(i) Equity securities

Currently the Operator classifies investment in equity securities such as shares in other listed / unlisted companies, mutual fund units / investments etc. as "available for sale".

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 3.16 to these financial statements.

(ii) Debt securities and term deposits

The Operator classifies its investment in debt securities and term deposits, as either 'held to maturity' or 'available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale', if any. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Operator has classified debt investments in Term Deposits as 'held to maturity' at the reporting date.

3.14 Off-setting of financial assets and financial liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.15 Provisions

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

3.16 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment.

Impairment losses are reversed when there is an indication that impairment loss may no longer exist i.e., upon disposal of investment, or when there has been a change in the estimate used to determine the recoverable amount.

3.17 Management expenses

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross contribution. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.

Allocation of management expenses effects the underwriting results of the operating segments, as disclosed in note 33 to these financial statements.

3.18 Provision for outstanding claims / benefits including Incurred But Not Reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Operator engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries. The estimation process takes into account the past claims reporting pattern and details of retakaful programs.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

3.19 Creditors and accruals

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

3.20 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.21 Qard-e-Hasna

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of interest free loan (Qard-e-Hasna) from the OPF.

3.22 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

4. Temporary exemption from application of IFRS 9 - financial instruments

4.1 Operator's activities are predominantly connected with Takaful

As allowed by the International Accounting Standards Board (IASB) the Operator's management has continued to opt for a temporary exemption from IFRS 9 on the basis that its activities are predominantly connected with takaful.

The Operator qualifies for temporary exemption from applying IFRS 9 'Financial Instruments' on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with takaful, with the carrying amount of its liabilities within the scope of IFRS 4 being greater than the required threshold of the total carrying amount of all its liabilities at December 31, 2016 i.e first reporting date of the Operator subsequent to December 31, 2015. Furthermore there was no subsequent change in its activities that warrant a reassessment of the same.

Furthermore, the amendment of IFRS 4 - Insurance Contracts requires entities to disclose the fair value at the end of the reporting period and the change in fair value during the period for groups of financial assets with contractual cash flows that are solely payments of principal and interest (SPPI) and other financial assets separately. The fair value measurement of investments has been documented in note 35 and credit exposure of assets that pass the SPPI test has been documented in note 36 to these financial statements.

Operator has assessed that the following financial assets have contractual cash flows that meet the SPPI criteria:

a) Invesments in Term Deposits
b) Insurance debtors and other short term receivables - PTF
c) Short term receivables - OPF
d) Balances with banks

The remaining financial assets held by the entity have contractual cash flows that do not represent solely payments of principal and interest. The group includes the following financial assets:

a) Investments in equity securities - Mutual funds

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies.

Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods.

In particular, judgements and estimates made by the management in the application of approved accounting standards, as applicable in Pakistan, that involve a high degree of complexity or assumptions and are significant to these financial statements are as follows:

a) determining the residual values and useful lives of fixed assets (note 3.2);
b) classification of takaful contracts (note 3.4);
c) deferred commission expense (note 3.5);
d) reserve for unearned contribution (note 3.6);
e) contributions deficiency reserve (note 3.7);
f) segment reporting (note 3.10);
g) classification and measurement of investments (note 3.13);
h) impairment of assets (note 3.16);
i) allocation of management expenses (note 3.17) and
j) provision for outstanding claims (including IBNR) (note 3.18)

	Note	2020	2019
		(Rupees in thousand)	
6. Property and equipment			
Operating assets	6.1	987	1,240

6 .1 Operating assets - OPF

	2020									
	Cost				Accumulated depreciation				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions / (disposals)	Adjustments	As at December 31	As at January 01	Charge for the year / (disposals)	Adjustments	As at December 31		
	(Rupees in thousand)									
Computer equipment	77	-	-	77	36	13	-	49	28	30
Vehicles	1,410	-	-	1,410	211	240	-	451	959	20
	1,487	-	-	1,487	247	253	-	500	987	

	2019									
	Cost				Accumulated depreciation				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions / (disposals)	Adjustments	As at December 31	As at January 01	Charge for the year / (disposals)	Adjustments	As at December 31		
	(Rupees in thousand)									
Computer equipment	214	-	-	77	41	18	-	36	41	30
		(137)				(23)				
Vehicles	2,893	1,410	-	1,410	909	231	-	211	1,199	20
		(2,893)				(929)				
	3,107	(1,620)	-	1,487	950	(703)	-	247	1,240	

6.1.1 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 24.

6.1.2 There is no disposal of fixed assets during the current year.

7. Intangible assets

The Operator has fully amortized computer software costing Rs. 900 thousand (2019: Rs. 900 thousand) which is still in use at the reporting date.

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in thousand)			
8. Investments in term deposits					
Held to maturity					
Deposits maturing within 12 months	8.1	-	25,000	100,000	155,000
		-	25,000	100,000	155,000

8.1 These represent term deposit receipts carrying markup at 6.00% to 13.00% (2019: 11.50% to 13.00%) per annum.

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
	(Rupees in thousand)			
9. Loans and other receivables				
Loans to employees	-	45	-	-
	-	45	-	-

	2020	2019
	(Rupees in thousand)	
10. Takaful / retakaful receivables - PTF		
Due from takaful participants holders	10,495	9,894
Less: Provision for impairment of receivables from takaful participants holders	(546)	(546)
	9,949	9,348
Due from other insurers / retakaful operators	6,261	5,379
Less: Provision for impairment of due from other insurers / retakaful operators	-	-
	6,261	5,379
	16,210	14,727

11. Retirement benefits

The Operator maintains separate defined benefit plans for management and non-management staff. Contribution are made based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions should remain within the limits laid down in the Income Tax Rules, 2002. Contributions made are recognised as an expense.

Detailed disclosures as required under Insurance Rules, 2017, have been presented on a collective basis in the separate financial statements of Atlas Insurance Limited.

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in thousand)			
12. Receivable / (payable) - current account between OPF and PTF					
Wakala fee		37,904	7,408	(37,904)	(7,408)
Modaraba fee		8,146	4,313	(8,146)	(4,313)
		46,050	11,721	(46,050)	(11,721)
13. Prepayments					
Prepaid retakaful contribution ceded	19	-	-	31,646	24,739
Tax deducted at source		6,840	1,937	290	2,614
Prepaid miscellaneous expenses		542	1,055	16	67
		7,382	2,992	31,952	27,420

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in thousand)			
14. Cash and bank					
Cash at bank					
- Current accounts		-	-	-	1,562
- Saving accounts	14.1	131,928	88,520	118,042	19,459
		131,928	88,520	118,042	21,021

14.1 The rate of profit and loss sharing accounts range from 1.96% to 11.57% (2019: 3.85% to 9.99%) per annum, depending on the size of average deposits.

14.2 Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.

	Note	OPF 2020	OPF 2019
		(Rupees in thousand)	
15. Statutory fund			
Statutory reserves	15.1	50,000	50,000

15.1 Amount of Rs. 50,000 thousand (2019: Rs. 50,000 thousand) is deposited as statutory reserves to comply with provisions of para 4 of Circular No. 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by the Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".

	2020	2019
	(Rupees in thousand)	
16. Takaful / retakaful payables		
Due to takaful participants / retakaful payable	41,157	46,635

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
	(Rupees in thousand)			
17. Other creditors and accruals				
Agent commission payable	6,510	6,789	-	-
Federal Excise Duty / Sales tax	-	-	2,001	1,424
Federal Insurance Fee	-	-	253	215
Other tax payable	413	633	551	660
Leave encashment	459	435	-	-
Bonus payable to staff	298	543	-	-
Tracker fee payable	-	-	642	557
Payable to related parties	56	28	-	-
Audit fee payable	789	737		
Others	590	1,841	858	133
	9,115	11,006	4,305	2,989

18. Contingencies and commitments

18.1 Contingencies

There are no outstanding contingencies of Atlas Insurance Limited - Window Takaful Operations (WTO) as at the reporting date.

18.2 Commitments in respect of operating leases

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	PTF 2020	PTF 2019
	(Rupees in thousand)	
Not later than one year	7,452	11,325
Later than one year and not later than five years	7,168	10,614
	14,620	21,939

	Note	PTF 2020	PTF 2019
		(Rupees in thousand)	
19. Net contribution			
Written gross contribution		276,684	289,752
Less: Wakala fee	23	(61,610)	(64,975)
Contribution net of wakala fee		215,074	224,777
Add: Unearned contribution reserve - opening		127,278	106,254
Less: Unearned contribution reserve - closing		(132,865)	(127,278)
Contribution earned		209,487	203,753
Less: Retakaful contribution ceded		104,009	74,045
Add: Prepaid retakaful contribution - opening		24,739	18,775
Less: Prepaid retakaful contribution - closing	13	(31,646)	(24,739)
Retakaful expense		97,102	68,081
Net Contribution		112,385	135,672
20. Retakaful rebate			
Retakaful rebate / commission received		12,597	11,691
Add: Unearned retakaful rebate / commission - opening		4,339	3,695
Less: Unearned retakaful rebate / commission - closing		(5,552)	(4,339)
Net retakaful rebate		11,384	11,047
21. Takaful benefits / claims expense			
Benefits / Claims paid		112,914	105,082
Add: Outstanding benefits / claims including IBNR - closing		67,372	51,704
Less: Outstanding benefits / claims including IBNR - opening		(51,704)	(30,434)
Claims expense		128,582	126,352
Retakaful and other recoveries received		16,516	10,957
Add: Retakaful and other recoveries in respect of outstanding claims - closing		29,784	9,581
Less: Retakaful and other recoveries in respect of outstanding claims - opening		(9,581)	(3,519)
Retakaful and other recoveries revenue		36,719	17,019
Net claims expense		91,863	109,333

21.1 Benefit / Claim Development

The following table shows the development of fire and property damage, marine, aviation and transport, motor and miscellaneous intimated claims compared to the last four years excluding provision for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2016	2017	2018	2019	Current Year
	(Rupees in thousand)				
Estimate of ultimate claims costs:					
At end of accident year	3,132	8,803	28,166	47,728	59,778
One year later	4,920	13,899	25,946	60,920	-
Two years later	4,881	13,636	23,926	-	-
Three years later	4,688	13,295	-	-	-
Four years later	4,678	-	-	-	-
Current estimate of cumulative claims	4,678	13,295	23,926	60,920	59,778
Cumulative payments to date	(4,678)	(11,897)	(23,120)	(56,959)	-
Liability recognized in statement of financial position	-	1,398	806	3,961	59,778

	Note	OPF 2020	OPF 2019
		(Rupees in thousand)	

22. Commission expense

Commission paid or payable	18,306	20,653
Add: Deferred commission expense - opening	8,530	6,997
Less: Deferred commission expense - closing	(8,376)	(8,530)
	18,460	19,120

23. Wakala fee / expense

Gross wakala fee / expense	75,911	53,569
Add: Deferred wakala expense / unearned wakala fee - opening	22,309	33,715
Less: Deferred wakala expense / unearned wakala fee - closing	(36,610)	(22,309)
Wakala fee / expense	61,610	64,975

24. General administrative and management expense

Employee benefit cost	24.1	2,570	3,936
Shariah advisor fee		1,975	1,815
Travelling expenses		-	42
Advertisement and sales promotion		2,700	1,201
Printing and stationery		370	243
Depreciation expense	6.1	253	249
Amortization expense		-	245
Vehicle running expenses		200	327
Fee and subscriptions		2,970	2,997
Annual Supervision fee SECP		464	464
Office expenses		-	62
Miscellaneous		492	579
		11,994	12,160

24.1 Employee benefit cost

Salaries, allowance and other benefits	2,443	3,797
Charges for post employment benefit	127	139
	2,570	3,936

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
	(Rupees in thousand)			

25. Investment income

Income from equity securities				
Dividend income	-	499	-	-
Income from term deposits				
Profit on term deposits	2,775	87	6,270	4,318
Profit on bank balances	6,398	714	9,063	12,935
	9,173	1,300	15,333	17,253
Net realised gains / (losses) on investments				
Realised gain / (loss) on equity securities	956	(241)	-	-
	10,129	1,059	15,333	17,253

	OPF		PTF	
	2020	2019	2020	2019
	(Rupees in thousand)			

26. Other income

Provision for impairment of receivables reversed during the year	-	-	-	335
Service charges	255	667	-	-
	255	667	-	335

27. Modarib's fee

The shareholders of the company manage the participants' investments as a Modarib and charge 25% Modarib's share of the investment income earned by PTF.

	Note	PTF	
		2020	2019
		(Rupees in thousand)	

28. Other direct expenses

Bank charges		223	141
Tracker expenses		16,142	22,903
Miscellaneous		36	150
		16,401	23,194

		OPF	
		2020	2019
		(Rupees in thousand)	

29. Direct expenses

Auditor's remuneration	29.1	951	864

29.1 Auditor's remuneration

Audit fee	439	399
Special certifications and sundry advisory services	439	399
Out of pocket expenses	73	66
	951	864

	PTF	
	2020	2019
	(Rupees in thousand)	

30. Finance cost

Exchange loss	-	13

31. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration to the Executives of the Operator are as follows, while details of the same with respect to the Chief Executive Officer and directors has been represented on a collective basis in the separate financial statements of Atlas Insurance Limited.

	Executives	
	2020	2019
	(Rupees in thousand)	
Managerial remuneration	1,106	1,034
Bonus paid	532	423
Contribution to defined benefit plan	106	99
Contribution to defined contribution plan	40	37
Rent and house maintenance	433	404
Utilities	96	90
Medical	-	57
Others (petrol, telephone, conveyance, newspaper)	-	298
Total	2,313	2,442
Number of persons	1	1

31.1 Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

32. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

		2020	2019
		(Rupees in thousand)	
Operator's Fund			
Associated companies	**Transactions during the year**		
	Dividend received	-	424
	Investment purchased	75,000	96,824
	Investments sold at sale price	75,956	96,583
Retirement benefit plans	**Transactions during the year**		
	Contributions in respect of retirement benefit plans	314	145
Key management personnel	**Transactions during the year**		
	Assets sold	-	376
Participant's Takaful Fund			
Parent Company	**Year end balances**		
	Due from contract holders	278	279
	Transactions during the period		
	Contribution underwritten	245	245
	Contribution collected	279	-
Associated companies	**Year end balances**		
	Provision for outstanding claims	421	238
	Due from contract holders	296	90
	Transactions during the year		
	Contribution underwritten	6,683	3,737
	Contribution collected	7,523	4,339
	Claims Paid	67,722	1,653
Key management personnel	**Year end balances**		
	Provision for outstanding claims	25	45
	Transactions during the year		
	Contribution underwritten	123	52
	Contribution collected	144	61
	Claims paid	4,146	220

33. Segment iformation

The Operator has identified four (2019: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019 and the Insurance Rules, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

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

33.1 Current year OPF & PTF

33.1.1 Curent Year - PTF

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Contribution receivable (inclusive of Federal Excise Duty and Administrative Surcharge	52,029	22,711	238,323	5,598	318,661
Less: Federal Excise Duty	(6,506)	(2,306)	(30,064)	(327)	(39,203)
Federal Insurance Fee	(454)	(201)	(2,076)	(43)	(2,774)
Gross written contribution (inclusive of administrative surcharge)	45,069	20,204	206,183	5,228	276,684
Gross direct contribution	42,500	19,255	200,718	4,241	266,714
Facultative inward contribution	1,710	41	145	927	2,823
Administrative surcharge	859	908	5,320	60	7,147
	45,069	20,204	206,183	5,228	276,684
Wakala fees	(12,198)	(6,327)	(41,591)	(1,494)	(61,610)
Takaful contribution earned	41,061	18,639	206,204	5,193	271,097
Takaful contribution ceded to retakaful	(36,988)	(17,205)	(40,272)	(2,637)	(97,102)
Net takaful contribution	(8,125)	(4,893)	124,341	1,062	112,385
Retakaful rebate	6,351	3,393	1,130	510	11,384
Net underwriting income	(1,774)	(1,500)	125,471	1,572	123,769
Takaful claims	(34,166)	(4,125)	(86,078)	(4,213)	(128,582)
Takaful claims recovered from retakaful	30,263	3,676	2,131	649	36,719
Net claims	(3,903)	(449)	(83,947)	(3,564)	(91,863)
Other Direct expenses	(58)	(16)	(16,323)	(4)	(16,401)
(Deficit) / surplus before investment income	(5,735)	(1,965)	25,201	(1,996)	15,505
Net investment income					15,333
Mudarib share of investment income					(3,833)
Surplus transferred to balance of PTF					27,005
Corporate segment assets	18,329	8,020	85,918	2,291	114,558
Corporate unallocated assets					218,893
Total assets					333,451
Corporate segment liabilities	48,292	21,130	226,381	6,036	301,839
Corporate unallocated liabilities					-
Total liabilities					301,839

33.1.2 Curent Year - OPF

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Wakala fee	12,198	6,327	41,591	1,494	61,610
Commission expenses	(5,577)	(2,552)	(10,006)	(325)	(18,460)
General, administrative and management expenses	(1,918)	(840)	(8,996)	(240)	(11,994)
	4,703	2,935	22,589	929	31,156
Mudarib share of PTF Investment Income					3,833
Investment income					10,129
Direct expenses					(951)
Other Income					255
Profit before taxation					44,422
Corporate segment assets	9,989	4,371	46,824	1,249	62,433
Corporate unallocated assets					132,912
Total assets					195,345
Segment liabilities	7,424	3,249	34,805	928	46,406
Unallocated liabilities					-
Total liabilities					46,406

33.2 Prior year OPF & PTF

33.2.1 Prior year - PTF

Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	43,468	21,230	262,567	6,606	333,871
Less: Federal Excise Duty	(5,121)	(2,128)	(33,153)	(839)	(41,241)
Federal Insurance Fee	(359)	(189)	(2,274)	(56)	(2,878)
Gross written contribution (inclusive of Administrative Surcharge)	37,988	18,913	227,140	5,711	289,752
Gross direct contribution	34,945	18,013	221,599	5,522	280,079
Facultative inward contribution	2,323	42	199	69	2,633
Administrative surcharge	720	858	5,342	120	7,040
	37,988	18,913	227,140	5,711	289,752
Wakala fees	(9,381)	(5,165)	(48,771)	(1,658)	(64,975)
Takaful contribution earned	30,952	18,952	213,750	5,074	268,728
Takaful contribution ceded to retakaful	(27,607)	(16,123)	(22,481)	(1,870)	(68,081)
Net takaful contribution	(6,036)	(2,336)	142,498	1,546	135,672
Retakaful rebate	5,635	3,552	1,423	437	11,047
Net underwriting income	(401)	1,216	143,921	1,983	146,719
Takaful claims	(7,958)	(4,947)	(111,338)	(2,109)	(126,352)
Takaful claims receved from retakaful	7,288	4,258	5,489	(16)	17,019
Net claims	(670)	(689)	(105,849)	(2,125)	(109,333)
Other direct expenses	(127)	(10)	(23,054)	(3)	(23,194)
(Deficit) / surplus before investment income C/F	(1,198)	517	15,018	(145)	14,192

		Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
		(Rupees in thousand)				
(Deficit) / surplus before investment income	**B/F**	(1,198)	517	15,018	(145)	14,192
Net investment income						17,253
Mudarib share of investment income						(4,313)
Other income						335
Finance cost						(13)
Surplus transfered to balance of PTF						27,454
Corporate segment assets		10,000	4,982	59,792	1,501	76,275
Corporate unallocated assets						176,021
Total assets						252,296
segment liabilities		32,472	16,174	194,163	4,880	247,689
unallocated liabilities						-
Total liabilltes						247,689

33.2.2 Prior Year - OPF

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
Wakala fee	9,381	5,165	48,771	1,658	64,975
Commission expenses	(4,398)	(2,671)	(11,708)	(343)	(19,120)
General, administrative and management expenses	(1,594)	(794)	(9,532)	(240)	(12,160)
	3,389	1,700	27,531	1,075	33,695
Mudarib share of PTF investment income					4,313
Investment income					1,059
Direct expenses					(864)
Other Income					667
Profit before taxation					38,870
Corporate segment assets	3,089	1,539	18,473	464	23,565
Corporate unallocated assets					114,761
Total assets					138,326
Segment liabilities	4,433	2,208	26,503	665	33,809
Unallocated liabilities					-
Total liabilities					33,809

34. Movement in investments

	Held to maturity	Available for sale	Total
	(Rupees in thousand)		
		OPF	
At beginning of previous year	-	-	-
Additions	25,000	96,824	121,824
Disposals (sale and redemptions)	-	(96,824)	(96,824)
At beginning of current year	25,000	-	25,000
Additions	100,000	75,000	175,000
Disposals (sale and redemptions)	(125,000)	(75,000)	(200,000)
At end of current year	-	-	-

	Held to maturity	Available for sale	Total
		(Rupees in thousand)	
		PTF	
At beginning of previous year	-	-	-
Additions	390,000	-	390,000
Disposals (sale and redemptions)	(235,000)	-	(235,000)
At beginning of current year	155,000	-	155,000
Additions	460,000	-	460,000
Disposals (sale and redemptions)	(515,000)	-	(515,000)
At end of current year	100,000	-	100,000

35. Fair value measurement of financial instruments

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

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

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

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

The fair value measurement of available for sale investments is based on quoted market prices i.e. level 1 inputs. In case of other financial assets and financial liabilities that are expected to be settled within one year, carrying amounts are considered to be a reasonable approximation of their fair values.

35.1 Fair value measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2020 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2020:

Operator's Fund

	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
		(Rupees in thousand)		
Mutual fund investments				
Opening fair value - December 31, 2019	-	-	-	-
Additions	-	-	-	75,000
Increase / (decrease) in fair value	-	-	-	-
Disposals	-	-	-	(75,000)
Closing fair value - December 31, 2020	-	-	-	-
Term Deposits				
Opening fair value - December 31, 2019	25,000	-	25,000	-
Additions	100,000	-	100,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(125,000)	-	(125,000)	-
Closing fair value - December 31, 2020	-	-	-	-
Total	-	-	-	-

* The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 46,672 thousand (2019: Rs. 12,044 thousand) and balances with banks amounting to Rs.131,928 thousand (2019: Rs.88,520 thousand), respectively.

	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
Term Deposits				
Opening fair value - December 31, 2019	155,000	-	155,000	-
Additions	460,000	-	460,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(515,000)	-	(515,000)	-
Closing fair value - December 31, 2020	100,000	-	100,000	-
Total	100,000	-	100,000	-

* The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 46,847 thousand (2019: Rs. 26,546 thousand) and balances with banks amounting to Rs. 118,042 thousand (2019: Rs. 21,021 thousand), respectively.

* Other financial instruments are measured at fair value by the Operator in accordance with the accounting policies as disclosed in note 3.13.2 to these financial statements.

36. Management of takaful and financial risk

36.1 Takaful risk

The risk under any one takaful contract is the probability that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an takaful contract, the risk is random and therefore unpredictable. For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Operator faces under its takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar takaful contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The Operator has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

(a) Frequency and severity of claims / benefits

Concentration of insurance risk

One of the most important elements of effective risk management in fire and property takaful is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc. are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating retakaful operators in the respective retakaful arrangements. These include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and retakaful operator personnel's in order to check high accumulation of values exposed to risk in a given location. In order to further safeguard large financial commitments the Operator's retention in various risks exposed to an unexpected catastrophic event, an excess of loss retakaful coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interface of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and contribution, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

Following is a quantitative representation of the risk mitigation applied by the entity by reinsuring its exposures:

	Maximum covered loss		Loss ceded		Net retention	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Fire and property damage	48,762,445	36,840,694	44,465,864	34,494,019	4,296,581	2,346,675
Marine, aviation and transport	3,876,513	1,820,246	1,657,998	898,775	2,218,515	921,471
Motor	13,673,766	14,640,900	607,506	793,847	13,066,260	13,847,053
Miscellaneous	1,934,320	1,895,418	725,445	1,545,526	1,208,875	349,892
	68,247,044	55,197,258	47,456,813	37,732,167	20,790,231	17,465,091

(b) Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims whether reported or not. The Operator recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported and expected claim settlement costs including but not limited to the expenses incurred by the surveyors.

Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

The details of estimation of outstanding claims (including IBNR) are given under note 3.18.

(c) Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. Each notified claim is assessed on a separate, case to case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available. Retakaful recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

The Operator engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016". The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

(d) Changes in assumptions

There have been no changes in assumptions and the same have been consistently applied.

(e) Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Operator uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Operator’s quarterly claims reports and screening of the actual takaful contracts carried out at year-end. The Operator has reviewed the individual contracts and in particular the types of customers to whom the Operator issues contract and the actual reporting years of claims. Change in profit rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Operator. However, this information is used to develop scenarios related to claims that are used for the projection.

As the Operator normally enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on underwiring results and participant's fund, net of retakaful.

	Net impact of increase / decrease in average claims by 10% on			
	PTF Revenue	PTF Fund	PTF Revenue	PTF Fund
	2020		2019	
	(Rupees in thousand)		(Rupees in thousand)	
Fire and property damage	390	390	67	67
Marine, aviation and transport	45	45	69	69
Motor	8,395	8,395	10,585	10,585
Miscellaneous	356	356	213	213
Total	9,186	9,186	10,934	10,934

(a) Sensitivity analysis - profit rate risk

Profit / yield rate risk arises from the possibility that changes in profit rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Operator is exposed to profit / yield rate risk for certain deposits with the banks.

		OPF		PTF	
	Note	2020	2019	2020	2019
		(Rupees in thousand)			
Financial assets					
Fixed rate instruments					
Term deposits	8	-	25,000	100,000	155,000
Variable rate instruments					
Cash at bank - saving accounts	14	131,928	88,520	118,042	19,459
Total exposure		131,928	113,520	218,042	174,459

The effective profit / yield rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Cash flow sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Operator.

Cash flow sensitivity analysis for variable rate instruments

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit and loss account would have been as follows:

	OPF		PTF	
	2020	2019	2020	2019
	(Rupees in thousand)			
Impact on profit / surplus	640	71	906	1,294

(b) Sensitivity analysis - equity risk

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

The Operator is not exposed to any equity risk as it does not hold any investments as at December 31, 2020.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Operator is not exposed to any material currency risk as no material amount of the financial assets and liabilities are payable in foreign currency, at the end of the year.

36.2 Financial Risk

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

Liquidity risk is the risk that the Operator will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity profile of financial assets and liabilities at the reporting dates is as follows:

36.2.1 OPF

	2020						
	Markup bearing			Non markup bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Investments							
Term deposits	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	-	-	-	-
Accrued investment income	-	-	-	622	-	622	622
Receivable from OPF / PTF	-	-	-	46,050	-	46,050	46,050
Cash and bank	131,928	-	131,928	-	-	-	131,928
Total	131,928	-	131,928	46,672	-	46,672	178,600
Financial liabilities							
Retirement benefit obligations	-	-	-	681	-	681	681
Other creditors and accruals	-	-	-	8,702	-	8,702	8,702
Total	-	-	-	9,383	-	9,383	9,383
On balance sheet gap	131,928	-	131,928	37,289	-	37,289	169,217

OPF

	2019						
	Markup bearing			Non markup bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Investments							
Term deposits	25,000	-	25,000	-	-	-	25,000
Loans and other receivables	-	-	-	45	-	45	45
Accrued investment income	-	-	-	278	-	278	278
Receivable from OPF / PTF	-	-	-	11,721	-	11,721	11,721
Cash and bank	88,520	-	88,520	-	-	-	88,520
Total	113,520	-	113,520	12,044	-	12,044	125,564
Financial liabilities							
Retirement benefit obligations	-	-	-	494	-	494	494
Other creditors and accruals	-	-	-	10,373	-	10,373	10,373
Total	-	-	-	10,867	-	10,867	10,867
On balance sheet gap	113,520	-	113,520	1,177	-	1,177	114,697

36.2.2 PTF

	2020						
	Profit bearing			Non profit bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	(Rupees in thousand)						
Financial assets							
Investments							
Term deposits	100,000	-	100,000	-	-	-	100,000
Takaful / retakaful receivables	-	-	-	16,210	-	16,210	16,210
Accrued investment income	-	-	-	853	-	853	853
Retakaful recoveries against outstanding claims	-	-	-	29,784	-	29,784	29,784
Cash and bank	118,042	-	118,042	-	-	-	118,042
Total	218,042	-	218,042	46,847	-	46,847	264,889
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	67,372	-	67,372	67,372
Takaful / retakaful payables	-	-	-	41,157	-	41,157	41,157
Payable to OPF / PTF	-	-	-	46,050	-	46,050	46,050
Other creditors and accruals	-	-	-	1,500	-	1,500	1,500
Total	-	-	-	156,079	-	156,079	156,079
On balance sheet gap	218,042	-	218,042	(109,232)	-	(109,232)	108,810

	2019						
	Profit bearing			Non profit bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
PTF	(Rupees in thousand)						
Financial assets							
Investments							
Term deposits	155,000	-	155,000	-	-	-	155,000
Takaful / retakaful receivables	-	-	-	14,727	-	14,727	14,727
Accrued investment income	-	-	-	2,238	-	2,238	2,238
Retakaful recoveries against outstanding claims	-	-	-	9,581	-	9,581	9,581
Cash and bank	19,459	-	19,459	1,562	-	1,562	21,021
Total	174,459	-	174,459	28,108	-	28,108	202,567
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	51,704	-	51,704	51,704
Takaful / retakaful payables	-	-	-	41,157	-	41,157	41,157
Payable to OPF / PTF	-	-	-	11,721	-	11,721	11,721
Other creditors and accruals	-	-	-	690	-	690	690
Total	-	-	-	105,272	-	105,272	105,272
On balance sheet gap	174,459	-	174,459	(77,164)	-	(77,164)	97,295

36.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Operator believes that it is not exposed to major concentration of credit risk.

(i) Concentration of credit risk

Concentration of credit risk occurs when a number of counter parties are engaged in similar business activities. As a result, any change in economic, political or other conditions would have an impact on their ability to meet contractual obligations in similar manner. The Operator's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits Operator's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organization of sound financial standing covering various industrial sectors and segment.

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in thousand)			
Financial assets					
Investments					
Term deposits	8	-	25,000	100,000	155,000
Loans and other receivables	9	-	45	-	-
Bank balances and deposits	14	131,928	88,520	118,042	21,021
Takaful / retakaful receivables	10	-	-	16,210	14,727
Receivable from OPF / PTF		46,050	11,721	-	-
Accrued investment income		622	278	853	2,238
Retakaful recoveries against outstanding claims	21	-	-	29,784	9,581
		178,600	125,564	264,889	202,567

The Operator maintains a general provision against doubtful receivables. The Operator has assessed that past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

Age analysis of amounts due from takaful contract holders is as follows:

	2020 Related parties	2020 Others	2020 Total	2019 Related parties	2019 Others	2019 Total
	(Rupees in thousand)					
- Up to one year	574	9,763	10,337	369	8,979	9,348
- Past one but less than three years	-	158	158	-	546	546
- Less provision	-	(546)	(546)	-	(546)	(546)
	574	9,375	9,949	369	8,979	9,348

(iii) Credit quality of bank accounts

The Operator maintains a general provision against doubtful receivables. The Operator has assessed that past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

OPF	Rating Short term	Rating Long term	Rating agency	2020	2019
				(Rupees in thousand)	
Banks					
Sindh Bank Limited	A-1	A+	JCR-VIS	81	157
Faysal Bank	A-1+	AA	PACRA	131,847	88,363
				131,928	88,520

PTF	Rating Short term	Rating Long term	Rating agency	2020	2019
				(Rupees in thousand)	
Banks					
Askari Bank Limited	A1+	AA+	PACRA	26,421	1,098
Bank Alfalah Limited	A1+	AA+	PACRA	155	3,183
Sindh Bank Limited	A1	A+	JCR-VIS	2,356	5,160
Meezan Bank Limited	A-1+	AA+	JCR-VIS	9,766	1,562
Bank Islami Pakistan Limited	A1	A+	PACRA	77,709	1,629
Faysal Bank Limited	A1+	AA	PACRA	1,411	993
National Bank of Pakistan	A1+	AAA	PACRA	224	7,396
				118,042	21,021

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

(iv) Credit Risk exposure for assets that pass the SPPI test

The following table represents the Operator's exposure to credit risk on financial assets that meet the SPPI criteria:

	2020		
	Credit rating		
	A1+	Unrated	Total
	(Rupees in thousand)		
PTF			
Term deposits	100,000	-	100,000
Insurance debtors and other short term receivables	-	17,063	17,063
Total	100,000	17,063	117,063
OPF			
Short term receivables	-	46,672	46,672
Total	200,000	80,798	46,672

	2019			
	Credit rating			
	AA	BBB	Unrated	Total
	(Rupees in thousand)			
PTF				
Term deposits	100,000	80,000	-	180,000
Insurance debtors and other short term receivables	-	-	29,009	29,009
Total	100,000	80,000	29,009	209,009
OPF				
Short term receivables	-	-	11,999	11,999
Total	-	-	11,999	11,999

36.3.1 The credit rating of balances with banks amounting to Rs. 131,928 thousand (2019: Rs. 88,520 thousand) of OPF and Rs. 118,042 thousand (2019: Rs. 21,021 thousand) of PTF is separately disclosed in note 36.3 (iii) to the financial statements, and therefore not included in this amount.

The credit rating of balances with retakaful operators amounting to Rs. 29,784 is separately disclosed in note 36.4, below, and therefore not included in this amount.

36.4 Retakaful risk

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the Operator, in the normal course of business, enters into agreements with other companies for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of contribution. A significant portion of the retakaful is effected under treaty, facultative and also under excess-of-loss retakaful contracts to protect the Operator's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from retakaful operators' insolvencies, the Operator evaluates the financial condition of the retakaful operators, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the retakaful operators.

	2020			2019		
	Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	Other retakaful assets	Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	Other retakaful assets
Rating	(Rupees in thousand)			(Rupees in thousand)		
A or above	-	24,286	25,480	-	8,164	20,323
A- or below	-	5,498	6,166	-	1,417	3,727
Others	-	-	-	-	-	689
	-	29,784	31,646	-	9,581	24,739

36.5 Capital management

The Operator's objectives when managing capital are to safeguard the Operator's ability to continue as a going concern in order to provide return for participants and to maintain an optimal capital structure to reduce the cost of capital.

The Operator's objective when managing capital are:

(i) to safeguard the Fund's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to the participants.

In addition, the operator is also required to maintain minimum solvency in accordance with the rules and regulation set by the SECP which are fully met by the operator.

The Operator manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure.

37. Corresponding figures

The corresponding figures have been reclassified or rearranged, wherever considered necessary, to comply with the requirements of General Takaful Accounting Regulations, 2019. Accordingly, no other significant reclassification or rearrangement have been made during the period, except for those mentioned in note 3.1.

38. Subsequent events - non adjusting

There are no significant events that need to be disclosed for the year ended December 31, 2020.

39. Date of authorization

These financial statements were authorized for issue on February 26, 2021 by the Board of Directors of the Operator.

40. General

Figures in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

Rashid Amin	Babar Mahmood Mirza	Ali H. Shirazi	Frahim Ali Khan	Iftikhar H. Shirazi
Chief Financial Officer	Chief Executive	Director	Director	Chairman

Company Offices

HEAD OFFICE

63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.	UAN: PABX: Fax:	111-245-000 (042) 37132611-18, (042) 37132622
BABAR MAHMOOD MIRZA Chief Executive Officer	Direct: Fax:	(042) 37132600 - 01 (042) 37132623
RASHID AMIN Chief Financial Officer	Direct: Extension:	(042) 37132607 737
MUHAMMAD SAEED Head of Claims	Direct: Extension:	(042) 37132608 777
QUDSIA NAHEED Head of HR & Admin	Direct: Extension:	(042) 37132606 717
ABDUL RAZZAQ GHAURI Head of IT & CISO	Direct: Extension:	(042) 37132605 738
SYED IRTIZA KAZMI Head of Underwriting	Direct: Extension:	(042) 37132604 718
SYED NASIR HUSSAIN Vice President Reinsurance	Direct: Extension:	(042) 37132603 715
MUHAMMAD AASIM GUL Head of Accounts & Compliance	Direct: Extension:	(042) 37132630 758
SALEEM MEHMOOD Chief Internal Auditor	Extension:	762

NORTH ZONE OFFICES & BRANCHES

LAHORE

CH. TAYYAB HUSSAIN Senior Depty General Manager	City Branch 64/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.	(042) 37132624 - 26 37132628 - 29 Fax: (042) 37132627
MUHAMMAD MUNIR QAZI Assistant General Manager	Gulberg Branch Office No. 305, 3rd Floor, Arcade 38 - G, Gulberg - II, Lahore	(042) 35775732 - 34 Fax: (042) 35714514
MUHAMMAD IJAZ Assistant General Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37237343 Fax: (042) 37358805
KH. MUHAMMAD NADEEM Senior Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	(042) 37358190 Fax: (042) 37352560
MUHAMMAD WASEEM PURI Chief Manager	Mall Road Branch Hafeez Chambers, 85 - Shahrah-e-Quaid-e-Azam, Lahore.	(042) 36305595, 36370838 Fax: (042) 36369576

CH. ZEESHAN AHMED Chief Manager	Main Boulevard Branch Office No-6, 2nd Floor, Al-Hafeez View, 67-D/1, Sir Syed Road, Gulberg-III, Lahore	(042) 35784309 Fax: (042) 35784310
MUSHTAQ AHMED Assistant General Manager	DHA Branch 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.	(042) 37132611-18, Fax: (042) 37132622

RAWALPINDI

SALMAN MUZAFFAR SHAIKH Assistant General Manager SYED MANZAR ALI NAQVI Senior Manager	Rawalpindi Branch 101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	(051) 5563413, 5516546 Fax: (051) 5798083
FAWAD HABIB Senior Manager	Rawalpindi Branch - II Office No. SF-18/B, 2nd Floor, Majeed Plaza, Bank Road, Rawalpindi	(051) 5700460, 5700463 Fax: (051) 5700459

FAISALABAD

MUHAMMAD ASIF AKRAM Assistant General Manager	Faisalabad Branch 123-B, People's Colony No. 1, D - Ground, Faisalabad.	(041) 8721256, 8734176 8546338, 8735080 Fax: (041) 8732499
IRSHAD FARRUKH BHATTI Chief Manager	Business Center Branch Room No. 7-B, Ground Floor, The Business Center, New Civil Lines Faisalabad.	(041) 2619978, 2629978 Fax: (041) 2409978

SIALKOT

REHAN NAZIR GHUMAN Manager	Ugoki Road, Shahabpura, Sialkot.	(052) 3550450, 3550460 Fax: (052) 3550470

ISLAMABAD

ASIM MAJEED Assistant General Manager	Islamabad Branch Office No. 02, 2nd Floor, Yaseen Plaza, Jinnah Avenue, Blue Area, Islamabad.	(051) 2347047, 48 Fax: (051) 2804115
ZAHEER RASHEED Assistant General Manager	Islamabad - II Branch Office No. 10, 3rd Floor, Huzaifia Centre, Plot No. 32, Sector I-8, Islamabad	(051) 2722223-4 Fax: (051) 4861770
OMAR JAVID Assistant General Manager	Islamabad - III Branch Office No. 10&11, Mazzanine Floor, (1-C) Muhammadi Plaza, Jinnah Avenue, Blue Area, Islamabad.	(051) 2726523 (051) 2810362

SAHIWAL

RANA MUHAMMAD AAMIR NAZ Senior Manager	Room No. 1 & 2, 1st Floor, House No. 407- Stadium Road, Sahiwal.	(040) 4222266 Fax: (040) 4222267

MULTAN

Ghulam Ali Office Incharge	Atlas Honda Building Azmat Wasti Road, Multan.	(061) 4544494 Fax: (061) 4544498

SOUTH ZONE OFFICE

Ground Floor, Federation House, Shahrah-e-Firdousi, Main Clifton, Karachi.	UAN: PABX: Fax:	111-245-000 (021) 35378806-7, 35369394-6 (021) 35378515
BABAR MAHMOOD MIRZA Chief Executive Officer	Direct:	(021) 35378757
ABBAS SAJJAD General Manager Sales & Marketing	Direct: Extension:	(021) 35369447 215
M. WAQARUDDIN RAUF Vice President	Extension:	216
MUHAMMAD AFZAL Company Secretary	Extension:	202

SOUTH ZONE BRANCHES

KARACHI

M. FAROOQ KANDLAWALA Assistant General Manager	Tower Branch State Life Building No. 7 Room No. 101, Ist Floor G. Allana Road, Karachi.	(021) 32316503, 32201471 Fax: (021) 32315248
ABDUL AZIZ Assistant General Manager	Corporate Branch Room No. 1501, 15th Floor, K.S. Trade Tower, Shahrah-e-Liaqat Karachi	(021) 32462131, 32422911 Fax: (021) 32462132
IMRAN SATTAR Assistant General Manager	Plaza Branch 3/3 Rimpa Plaza, M.A. Jinnah Road, Karachi.	(021) 32729339, 32720852 Fax: (021) 32749004
KHALID HAMEEDI Assistant General Manager	Karachi Branch - I Ground Floor, Federation House, Shahrah-e-Firdousi, Main Clifton, Karachi.	(021) 35378806-7 35369394-6 Fax: (021) 35378515
INAYATULLAH Manager	New Challi Branch Office No. 910, 9th Floor, UNI Tower, I. I. Chundrighar Road, Karachi.	(021) 32412796-7 Fax: (021) 32412795
NOUMAN UDDIN Assistant General Manager	DHA Branch Office No. 18-C, 2nd Floor, Phase - VII, Kayaban-e-Jami, DHA, Karachi.	(021) 35319393-94 Fax: (021) 35319395
AJAZ TUFAIL Senior Manager-Branch Head	NCB-II Branch Office No. 910, 9th Floor, UNI Tower, I. I. Chundrighar Road, Karachi.	(021) 32412798-9 Fax: (021) 32412795

HYDERABAD

ZAFAR AHMAD GHOURI Assistant General Manager	Plot No. 466, Mezzanine Floor, Al-Abbas Plaza, Near Kaka Bakery Saddar, Hyderabad.	(022) 2782659, 2782660 Fax: (022) 2786410

SUKKUR

ABDUL MAJEED QURESHI Chief Manager	Near Public School, Military Road, Sukkur.	(071) 5631056 Fax: (071) 5631057

Glossary

Actuary	Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
Actuarial valuations	A determination by an actuary at a special date of the value of a Company's assets and its liabilities.
Amortization	Reduction of the value of an asset by prorating its cost over a period.
Associate	Is a Company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
Authorized share capital	Maximum value of share capital that a Company can legally issue.
Bonus shares	Free shares issued to shareholders.
Book value	The value of an asset as entered in a Company's books.
Budget	An estimate of income and expenditure for a set period of time.
Capital expenditure	Cost of long-term improvements and fixed assets.
Capital gain	Is a rise in the value of a capital asset that gives it a higher worth than the purchase price.
Capital reserves	Any reserve not regarded free for distribution by way of dividends.
Cedant	Client of a reinsurance Company.
Combined ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net premiums earned. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
Consumer online portal	An internet window presence for selling retails consumer products.
Claims	Amount payable under a contract of insurance arising from occurrence of an insured event.
Claims incurred	Aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
Corporate social responsibility	A process with the aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
CPEC	China – Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects currently under construction in Pakistan.
Deferred commission	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
Deferred tax	An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.
Defined benefit plans	Post-employment benefit plans other than defined contribution plans.
Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
Dividend cover	Profit after tax divided by dividend, measures the number of times dividends are covered by distributable profit for the period.
Doubtful debts	A debt where circumstances have rendered its ultimate recovery uncertain.
Earnings per share	Amounts for profit per share attributable to ordinary shareholders of the entity.
Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
Exchange gain (loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
Facultative reinsurance	The reinsurer assumes a share of selected individual risks, the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
Fair Value	Amount for which an asset could be exchanged, or a liability settled.

Fiscal deficit	When government's total expenditures exceed the revenue that it generates.
General insurance	All kinds of non-life insurance and takaful insurance i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous - other insurance.
General takaful	Protection to participant for losses arising from perils such as accident, fire, flood, liability and burglary.
Gross contribution	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
Gross domestic products	The total value of goods produced and services provided in a country during fiscal year.
Gross written premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
Group health insurance	A single health policy covering a group of individuals, usually employees of the same Company or members of the same association and their dependents.
Human resource development	A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
Impairment	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
Incurred But Not Reported (IBNR)	Claim incurred but not reported to the insurer until the reporting date of financial statements.
Inflation	A general increase in prices and fall in the purchasing value of money.
Insurance contracts	A contract under which one party (the insurer) accepts insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance Company.
Intangibles	An identifiable non-monetary asset without physical substance.
Internal control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
KIBOR	Karachi Interbank Offered Rate (KIBOR) is interbank clean (without collateral) lending / borrowing rates quoted by the banks.
Loss ratio	Percentage ratio of claims expenses to net premium.
Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
Market share	The portion of a market controlled by a particular Company or product.
Market Treasury Bill	A negotiable debt instrument issued by State Bank of Pakistan on behalf of the Government of Pakistan with a maturity of one year or less.
Market value	Price that a buyer would pay and a seller would accept for an item in a competitive market.
MIS	Management Information System (MIS).
Mutual fund	The type of professionally managed investment fund that pools money from many investors to purchase securities.
National exchequer	The account into which tax funds and other public funds are deposited.
Net asset value	The value of total assets of a company minus its liabilities.
Net contribution	Gross contribution less all retakaful contribution payable.
Net premium revenue	Gross written premium less reinsurance expense.
Non-life insurance	Non-life insurance and general insurance have identical meaning.
Outstanding claims	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
Paid up capital	The amount paid or contributed by shareholders in exchange for shares of a company's stock.
Pakistan Investment Bonds	Long term instruments of the Government of Pakistan.

Participants	The participant is the contributing party to the Takaful Policy who is covered through the mutual protection and solidarity of the Takaful Policy.
Participant's takaful fund / Waqf fund	An account to credit a portion of contributions from the participant for the purpose of Tabarru'.
Premium	The amount that has to be paid for the insurance cover provided by an insurer.
Present value	Future amounts that have been discounted to the present.
Proxy	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
Qard e-Hasna	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any shortfall that is created in the fund.
Quoted	Being listed on a stock exchange.
Registered office	An address which is registered with the government registrar as the official address of a company.
Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
Reinsurance commission	Commission received or receivable in respect of premium paid or payable to a reinsurer.
Reinsurance premium	The premium payable to the reinsurer in respect of reinsurance contract.
Related party	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
Retakaful	A contract of which an operator procures a third party to cover against loss or liability by reason of such original takaful cover.
Retrocession	Transfer of risk from a reinsurer to another reinsurer.
Revenue reserves	Reserve that is normally regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and un-appropriated profit.
Risk	Condition in which there is a possibility of loss.
Risk management	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
Statutory levies	Fee charged (levied) by a government on a product, income or activity.
Strategic objective	A broadly defined objective that an organization must achieve to make its strategy succeed.
Subsequent event – non adjusting	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
Tabarru	A portion of participant's contribution for the purpose of mutual helps and used to pay claims submitted by eligible claimants.
Takaful	An Islamic concept of insurance.
Takaful operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
Takaful policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangement.
Tangibles	An asset whose value depends on particular physical properties.
Term finance certificate	A debt instrument issued by an entity to raise funds.
Underwriting profit	This is the profit generated purely from the Insurance business without taking into account the investment income, other income and general & administration expenses.
Unearned premium	It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the balance sheet date.
Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.
Wakala based contract	A contract based on the principle of Wakala (agency).
Window takaful operator	A registered insurer authorized under SECP Takaful Rules, 2012 to carry on takaful business as window operations in addition to conventional insurance business.

Atlas Group Companies

	*Year of Establishment / Acquisition**
Shirazi Investments	1962
Atlas Honda	1962
Atlas Battery	1966
Shirazi Trading	1975
Atlas Insurance	1980*
Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
Atlas Asset Management	2002
Atlas Power	2007
Atlas World Wide	2007
Atlas Venture	2008
Atlas Autos	2011
Atlas Hitec	2012
Atlas Global FZE	2015
Atlas Energy	2016
Atlas D.I.D	2019
Atlas GCI	2019

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Form of Proxy

I/we_____of_____being member(s) of Atlas Insurance Limited and holder(s) of_____ordinary shares as per Registered Folio No._____hereby appoint _____of_____or failing him_____ of_____as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 86th Annual General Meeting of the Company to be held on April 09, 2021 at 10:00 a.m. at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, and at every adjournment thereof.

As witness my / our hand this _____ day of _____ 2021.

Signature:_____

Address:_____

_____

Witness:

Signature:_____

Address:_____

_____

Affix
Revenue
Stamp

Signature

Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him / her. No person shall act, as a proxy who is not a member of the company except that a institution may appoint a person who is not a member.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his / her constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.

3. The Form of proxy, duly completed, must be deposited at the Company's registered office, 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore at least 48 hours before the time of the Meeting.

AFFIX
POSTAGE

Company Secretary
Atlas Insurance Limited
63/A, Block-XX,
Phase III (Commercial),
Khyaban-e-Iqbal, DHA,
Lahore

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پراکسی فارم

میں/ہم _____ سکنہ _____ بطور اٹلس انشورنس لمیٹڈ کے رکن / ارکان _____

عمومی حصص کی ملکیت رکھتا ہوں/رکھتے ہیں جس کا رجسٹرڈ فولیو نمبر _____ ہے۔ میں بطور پراکسی _____ سکنہ _____

اور ان کی عدم موجودگی کی صورت میں _____ سکنہ _____ جو خود بھی کمپنی کا رکن ہے/ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تا کہ وہ میری/ہماری جگہ اور میری/ہماری جانب سے کمپنی کے 85 ویں عام اجلاس، جو کہ 9 اپریل 2021 کی صبح 10:00 بجے بمقام 63/A، بلاک XX، فیز III (کمرشل)، خیابانِ اقبال، ڈی ایچ اے، لاہور میں منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دن _____ مہینہ _____ 2021 کو مجھے/ہمیں ثبوت دیا گیا ہے۔

دستخط: _____

پتا: _____

_____

درست رقم کا ٹکٹ
چسپاں کریں

دستخط

گواہ:

دستخط: _____

پتا: _____

_____

نوٹ:

1 - کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کا رکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جا سکتا سوائے اُس شخص کے جسے کوئی ادارہ رُکن نہ ہونے پر مقرر کرے۔

2 - پراکسی مقرر کرنے کا تقرر نامہ کسی مجاز آفیسر سے تصدیق شدہ تحریر میں ہونا چاہئے اور اگر ایسا تقرر کنندہ کوئی کارپوریشن یا کمپنی ہو تو کارپوریشن یا کمپنی ہذا سے تصدیق کیا گیا ہو۔

3 - پراکسی کا مکمل پُر شدہ فارم کمپنی کے رجسٹرڈ آفس 63/A، بلاک XX، فیز III (کمرشل)، خیابانِ اقبال، ڈی ایچ اے، لاہور میں اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے پہلے جمع کروانا لازمی ہوگا۔

درست رقم کا ٹکٹ
چسپاں کریں

کمپنی سیکریٹری
اٹلس انشورنس لمیٹڈ
63/A، بلاک XX، فیز III (کمرشل)،
خیابانِ اقبال، ڈی ایچ اے، لاہور

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