TPL Insurance

Annual Report

2021

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Vision

To evolve as a dominant insurance player in Pakistan by exploring profitable niches through deployment of cutting-edge technology and proficient human capital.

Mission

To combine strategic marketing with efficient operational execution; providing incomparable service and product innovations to create sustainable value for our stakeholders.

Our Values

T **Take Ownership**
We strive to build a culture where everyone is encouraged to make decisions around resources that deliver the most impact to our businesses.

P **Pledge To Learn**
We encourage our people to have the passion to learn, explore new ideas, learn from mistakes and constantly aim to exceed expectations.

L **Lead With Compassion**
Building a network of diverse relationships can inspire creativity and drive innovation. We respect our people, share their aspirations and try to act with empathy and humility in all our operations.

2021 in Review

KFW DEG

Investment by DEG, a Germany based impact fund acquiring 19.9% equity in the Company

AA

IFS rating by PARCA

Ranked 6th largest in Pakistan in terms in NEP
3rd Largest motor insurance
2nd Largest Window Takaful Operator
300k+ Customer Base
Achieved PKR 3.2 billion+ premium

Brands of the year Award

Best Auto Insurance
10 Times Winner

Insurtech of the Year
Winner 2021

Best General Insurer
Winner 2021

Insurtech Challenge '21

Pakistan's First Insurtech Challenge launched for university students

Launch of Pakistan's First Lifestyle Insurance App with growth in app usage by 63%

Growth in digital sales recorded @ 117.5%

Significant penetration achieved in Domestic Travel insurance through digital segment

Launched Pakistan's First Yield Based Crop Insurance in collaboration with International partners

Developed and offered Women Shield catering to health insurance of Female segment

*Ratings have been harmonized to AA by PACRA subsequently in March 2022

CEO's Message

The year 2021 was incredibly hard for everyone, as the pandemic continued to disrupt life and businesses across the globe. Developing countries found it particularly challenging to keep their economies afloat with high energy prices and supply chain pressures spurring up inflation. However, widespread deployment of vaccines across the world brought some hope for global growth. Pakistan did well in its capacity to overcome the impacts of the pandemic and improve its growth despite continuous currency depreciation and high inflationary pressures.

At TPL Insurance, we remained committed to building the capabilities needed to successfully meet our customers' ever-changing needs and achieve sustainable growth in the future. Despite increasing infection rates by new waves and variants of Covid-19, the Company ensured continuous seamless service to its customers whilst taking care of its human capital. TPL Insurance has maintained its operational efficiency throughout the pandemic in all segments and managed the financial burden of its customers, which has resulted in improved customer retention during the year. As a successful strategic response, we narrowed our focus to develop integrated distribution channels to ensure continuous, multifaceted engagements with all our potential customers.

Being Pakistan's leading Insurtech, TPL Insurance continued to find ways to utilize the digital paradigm to redefine insurance. During the course of the year, we capitalized on our digital assets and utilized rich datasets to ensure the most hassle-free policy issuance, claims and renewal processes. TPL Insurance's Mobile App which is Pakistan's First Lifestyle Insurance app, further developed to cater for a variety of customers' insurance and non-insurance needs. With new products added for all our target segments, such as domestic travel insurance, bike insurance and women related health insurance products, covering the insurance needs of the masses. With our mobile app, digital portals and whatsapp contact points, we are closer to our customers now than ever before.

We take pride in creating new market and product developments in an industry which has failed to introduce new offerings to the customers. During the year, we launched Pakistan's First Yield based Crop Insurance in collaboration with international and local partners which we anticipate to be a game changer for the agriculture industry and crop insurance in Pakistan. We also further developed our initiative to manage livestock insurance that connects all partners in the livestock value chain. The Company is continuously working on many such initiatives and some of these will be rolled out during the year 2022.

Our commitment to disruption of market through innovation, customer centricity and target segment development is appreciated by our partners, sponsors, and customers alike. We managed to raise an equity investment of 19.9% during the year by DEG (Germany), a foreign partner. Resultantly, our IFS rating was also improved to AA-, which is a feat achieved through the hard work of our employees, guidance from the sponsors and unconditional support from our business partners.

As a result of all the initiatives, innovations and support from all stakeholders, TPL Insurance achieved a growth of 20% in the year 2021 and closed the year with a Gross Premium of PKR 3.28 billion. We have always been a growth focused company and have surpassed the industry growth by significant margins in the past, but we had lower growth in past couple of years. During this period, we managed to diversify our portfolio and have transformed the company into a broad based general insurer focusing on all insurance lines and customer target segments. We now anticipate sustainable growth given the diversity of products and customer segments, and innovative solutions available with the Company. With our streamlined claims processes and proactive underwriting expertise, we are ideally positioned to deliver profitable business in the upcoming years.

In the end, I would like to thank my team that broke through the ordinary and achieved significant growth and demonstrated utmost commitment to customer service. I am grateful for their tremendous resolve and resilience and take pride in calling them my team. I would also like to thank all our stakeholders, business partners, Securities & Exchange Commission of Pakistan, and above all our customers who have placed their trust in TPL Insurance.

Warm Regards,

Muhammad Aminuddin

Board of Directors

Mr. Jameel Yusuf S. St.
Director/Chairman

Mr. Ali Jameel
Director

Muhammad Aminuddin
CEO

Naila Kassim
Director

Syed Nadir Shah
Director

Rana Asad Amin
Director

Andrew Borda
Director

Benjamin Brink
Director

Management Team

Muhammad Aminuddin
Chief Executive Officer

Syed Kazim Hasan
DMD Operations

Hashim Sadiq Ali
Chief Internal Auditor

Yousuf Zohaib Ali
Chief Financial Officer

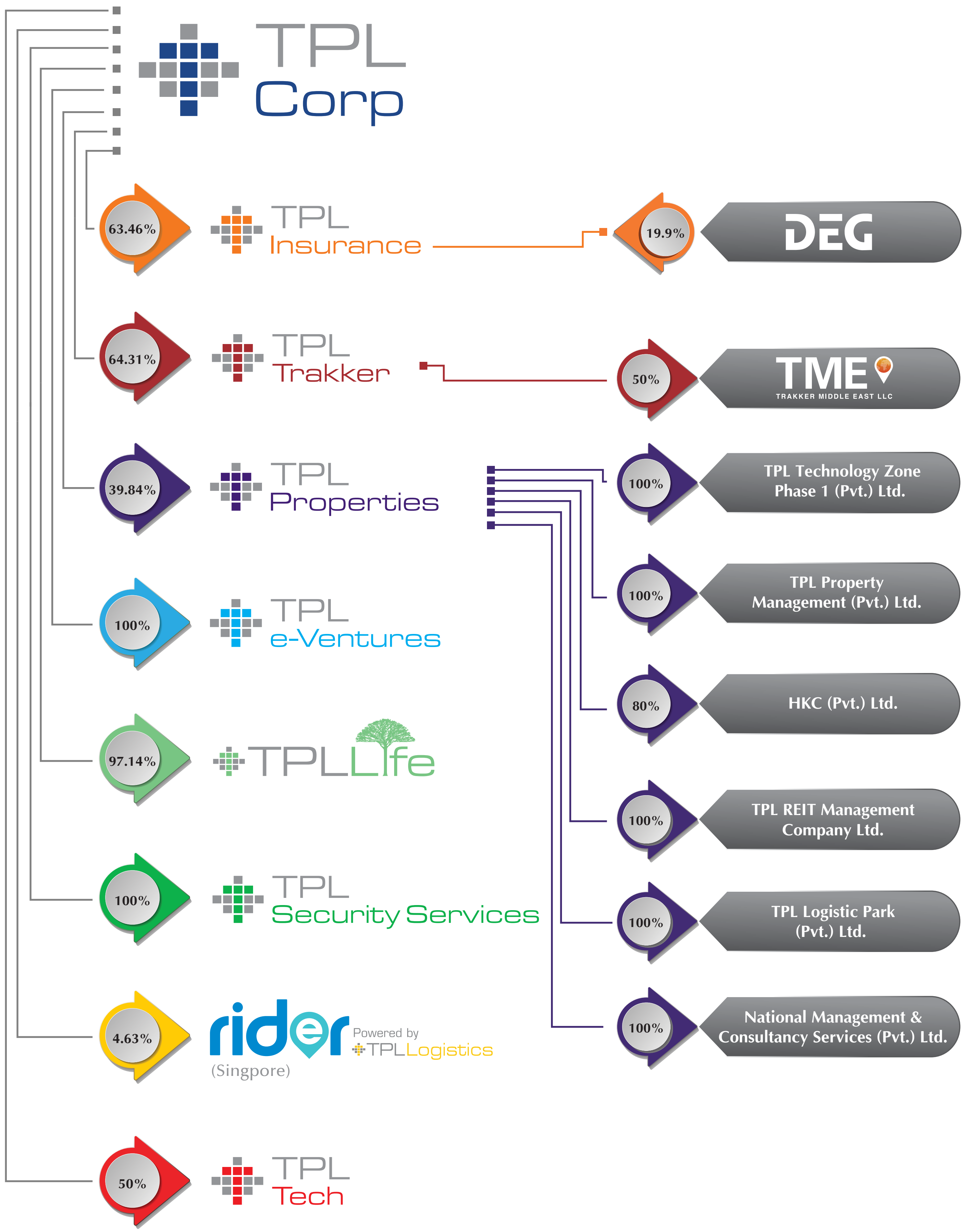
Danish Qazi
Company Secretary and
Group General Counsel

Muhammad Talal Ibrahim
Chief Information Officer

Nader Nawaz
Group Head HR and Admin

Syed Ali Hassan Zaidi
VP Operations and Chief Strategy Officer

Falak Sher Soomro
Chief Risk Officer


TPL Corp
63.46%
TPL Insurance
19.9%
DEG
64.31%
TPL Trakker
50%
TME
TRAKKER MIDDLE EAST LLC
39.84%
TPL Properties
100%
TPL Technology Zone Phase 1 (Pvt.) Ltd.
100%
TPL Property Management (Pvt.) Ltd.
100%
TPL e-Ventures
80%
HKC (Pvt.) Ltd.
97.14%
TPL Life
100%
TPL REIT Management Company Ltd.
100%
TPL Security Services
100%
TPL Logistic Park (Pvt.) Ltd.
4.63%
rider
Powered by TPL Logistics
(Singpore)
100%
National Management & Consultancy Services (Pvt.) Ltd.
50%
TPL Tech

Company Profile

TPL Insurance (TPLI) is a pioneer in offering seamless insurance services to its customers in Pakistan through its state-of-the-art Insurtech infrastructure and 24/7 Contact Center. TPL Insurance's Mobile App is one of the leading Insurtech platforms in Pakistan that offers its customers an end-to-end insurance experience from policy issuance to claim lodging, self-surveys, endorsements, renewals and payments.

TPL Insurance offers all lines of general insurance including Auto, Fire, Marine, Health, Home, Travel, Mobile, Cyber Risk, Engineering and Agriculture with both conventional and Takaful (Islamic insurance) solutions for its customers. The reinsurance treaties are managed with leading reinsurers such as Hannover Re and IFAS rating of the Company is AA issued by PACRA.

TPL Insurance has disrupted the existing insurance ecosystem by servicing and delivering exceptional value to its customers through integrations with multiple business partners, spanning startups and established players. TPLI also introduced Pakistan's first usage-based insurance product - DrivePro, enabling customers to track, monitor and earn rewards based on their driving behavior. These initiatives among others have enabled us to achieve new industry benchmarks, some of which are processing claims instantly while remaining customer friendly and maintaining superior service standards.

Product Portfolio

Auto Insurance

TPL Insurance offers a variety of auto insurance covers to protect customer vehicles from unforeseen incidents.

Comprehensive Cover

Vehicle is covered for all accidental and rain water damages, accessory Theft or Theft / Snatch of vehicle and Third Party claims. Comprehensive cover provides complete coverage throughout the year with amazing bundle value add-ons, designed specifically for TPL Insurance customers.

2T

Vehicle coverage for Theft / Snatch and Third Party Liabilities with affordable prices and free value-added features for old vehicles. This plan is favorable for those customers who know how to take care of and maintain their vehicles.

Secure T

Protects Old vehicle (over 3 years old) for Total Loss, Theft / Snatch, Third Party and Terrorism perils. The product is not only affordable but also provides complete reassurance for any major accidental or theft claims.

Drive Pro

The product provides comprehensive coverage with telematics features. Track your driving score, view driving violation data, spot areas for improvement on the go and earn points for safe driving. Earned points can be redeemed on the TPL Insurance Mobile App to get more discounts.

Zero Dep Comprehensive

Comprehensive insurance coverage for 3 years and older vehicles with benefits of saving depreciation charges which are generally applicable on accidental and accessory theft claims.

Self-insurance

Comprehensive coverage and sharing of claim burden up to 10% of vehicle value and get a 25% discount on comprehensive package.

Bike Insurance

With the ever-growing number of young people riding motorcycles in Pakistan, TPL Insurance motivates the segment to insure bikes using its mobile app. Customers can cover their motor bike from any unfortunate events while commuting on the motor bike.

Smart Ride Plus (Comprehensive)

Protects motor bikes from a wide range of risks including Theft, Total Loss, Accidental Damage and Third-Party Liability.

Smart Ride

TPL Smart Ride protects your bike from theft and total loss.

Home Insurance

Protects home from any unforeseen incidents including loss or damage to your property. The product gives comprehensive protection for valuables with TPL Insurance, covering a variety of household items including cash and jewelry.

TPL Home Cover protects home structure and contents from unexpected events such as burglary, house-breaking, natural calamities, riots, and accidents, with flexible coverage under three variants: Home Owner, Tenant and Landlord.

Mobile Insurance

Protects mobiles from accidental damage or physical loss in case of theft or armed robbery. The coverage also includes damage to phone screen as follows:

- Accidental and /or Physical Damage to Screen upto 10% of depreciated value
- Theft /Armed holdup of mobile phones upto depreciated value
- Maximum sum insured - Rs. 100,000/-

Travel Insurance

Comprehensive travel insurance services available for trips anywhere in the world. Package includes complete solutions for emergencies during travel specially covering the event of hospitalization, where payments are made directly to the hospital.

Domestic Travel Cover

TPL Insurance protects while the customer travels domestically. From loss of baggage to medical emergencies and trip cancellation, TPL Insurance provides assistance to make the customer's trip safer and better.

International Travel Cover

We take international travels seriously and cover customers against the widest range of emergencies including flight delays, unexpected injuries, baggage loss, emergency return to home, hijacking and much more.

Hajj/Umrah

While you perform Hajj/Umrah, we take care of any unforeseen incidents that might happen. Allowing you to focus on your tasks while we focus on the rest.

Ziarat

Free yourself of worldly fears when you are at Ziarat with a comprehensive package covering all kinds of emergencies.

Student Guard

Focus on your studies in a foreign country and let TPL Insurance take care of any incidents related to health and travel accidents. Get coverage against flight delays, personal liabilities and assistance.

For further details on coverage of each travel insurance plan, please visit:
https://tplinsurance.com/products/travel-direct/

Property Insurance

Property insurance plays a vital role in the modern economy. It enables businesses to minimize the impact of unexpected and unwelcome events and helps them organize their activities with greater certainty.

Fire and Allied Perils Insurance

Designed to cover insured properties (i.e. buildings, stock, machinery and other contents) whilst at specified locations and compensate to the insured individual or firm in the event of loss or damage caused by Fire and Lightning, Riot, Strike and Civil Commotion, Explosion (limited or domestic), Atmospheric Disturbance, Earthquake Fire and Shock, Burglary and Housebreaking, Aircraft or Aerial Devices falling, Malicious damage, Impact by road vehicles, Escape of water and Sprinkler leakage.

Business Interruption or Consequential Loss

Our plans coverage provides continuing to pay part of the ongoing costs and expenses which cannot be paid out of reduced income, making up the shortfall in net profit, paying for extra cost incurred in order to prevent or reduce the loss in income such as: overtime payments, the cost of provisional repairs, installation of temporary machinery, the cost of sub-contracting work and the cost of alternative premises.

Terrorism Insurance

Helps to protect businesses from devastating losses to physical assets resulting from acts of terrorism. Our Terrorism policy covers the following: Use of violence for political ends, any use of violence for the purpose of putting the public or any section of the public in fear.

Marine Insurance

TPL Insurance offers technologically advanced and fast solutions for marine cargo import, export and inland transit. Designed to provide comprehensive coverage for goods in transit for manufacturers, importers & exporters, commodity traders operating locally and internationally, logistics companies and more.

TPLI's Marine Insurance addresses the needs of importers & exporters, local manufacturers, excavation contractors, property developers, truckers or even a specialist operation, our coverages are essential to protecting business properties in an ever-changing market.

Marine Liability products provide coverages for charterers, marina operators, ship repairers, stevedores, terminal operators and wharfingers on both a primary and excess basis.

Engineering Insurance

Engineering insurance provides appropriate protection on numerous coverages, which includes:

- Contractor's All Risks
- Comprehensive Machinery Insurance
- Electronic Equipment Insurance
- Erection All Risks
- Machinery loss of Profit
- Machinery Breakdown
- Contractor's Plant & Machinery
- Deterioration of Stock
- Boiler Pressure Vessel

Cyber Risk Insurance

Operating in the digital world today demands businesses to be more vigilant than ever before. That's why TPL Insurance offers end-to-end coverage against cyber security and confidentiality breaches, cyber extortion and vulnerabilities that can cause significant damage to your business.

To ensure complete peace of mind, Cyber Insurance provides First Party Cover, Third Party Cover, Business Interruption and Crisis Management, keeping in perspective the regulatory, PR, operational and psychological costs that come with cybercrimes.

Miscellaneous

TPL Insurance provides indemnity for its corporate clientele to compensate for pecuniary losses cover under the cash in safe, cash in transit, fidelity guarantee, workmen compensation, plate glass and neon sign and others.

Agriculture Insurance

TPLI's agriculture insurance facilitates the farmers to overcome their underlying risks which are involved in crop cultivation and livestock rearing. Farmers can buy financial coverage for their crops and livestock against fire, lightning, storms, earthquakes, flooding, landslides, subsidence, snowfall and external accidents caused by illness, disease and insects.

Crop Insurance

TPLI's crop insurance ensures protection against either the loss of one's crops due to natural disasters, such as hail, drought and flood. While the significant amount of country's population is employed in agriculture, this segment remains extremely under-penetrated and vulnerable, requiring improved efforts on the insurance front to provide financial stability.

TPL Insurance also provides yield based crop insurance through international partners to farmers which complements other risk management instruments, like reducing negative impacts of various perils that can prevent farmers from perils such as; having to sell household assets or consume savings, stabilizing farmers' incomes and facilitating farmers' access to credit or increasing farmers' ability for credit repayment.

Livestock Insurance

Livestock insurance policy covers for losses due to the death of or injuries to the covered livestock. Comprehensive or "Full Mortality" coverage includes a broad peril cover that consists of accidents, sickness, disease, and injury; normally including theft.

Health Insurance

TPLI's health insurance protects our patients from expensive medical treatments in the event of hospitalization, resulting from serious illness or accidents. Those patients which are financially vulnerable can avail our micro health product which enables our policyholders to get treatment at any hospital as per their convenience, throughout Pakistan. TPLI has one of the largest networks of cashless hospitalization in the Micro Health segment. TPLI also provides Group Health solutions with digitized claims solutions and wellness programs.

TPL

Window Takaful Operations

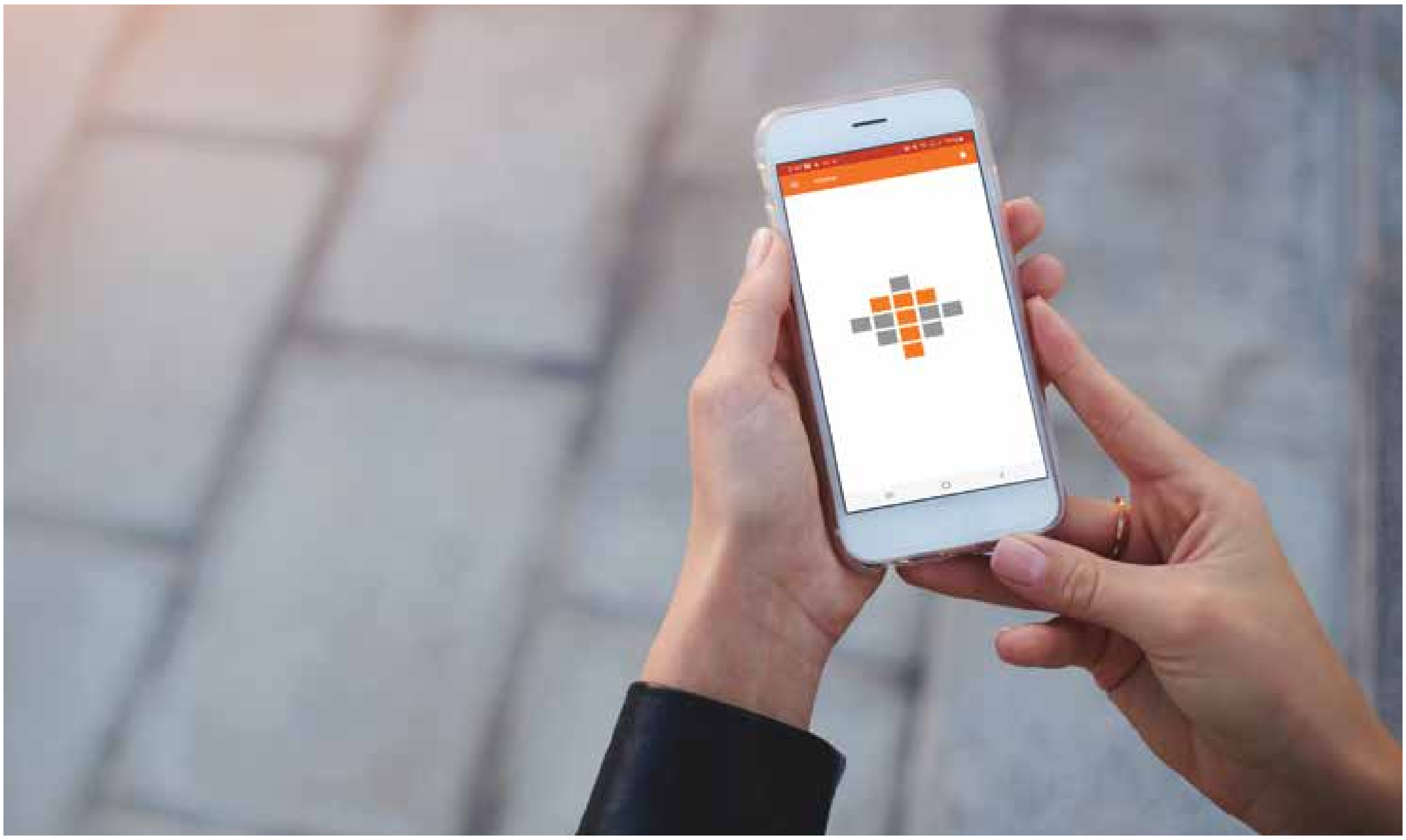
TPL Insurance is the 2nd largest window Takaful operator in Pakistan. Licensed in 2014, our Window Takaful Operations have grown remarkably over the years and contribute significantly to the Company's top-line. The strategic objectives of the division are as follows:

- To establish direct Takaful services and emphasize on risk mitigation by providing Islamic insurance i.e. Takaful services for non-life business
- To provide Islamic insurance solutions through call centers and offer 24/7 service with the fastest claim settlement and processing time in the industry, backed by our robust in-house survey capability
- To build upon our marketing and distribution channels, and strengthen our business relationships with Islamic banks and financial institutions which provide Islamic products
- To offer fair and equitable premium rates, while ensuring effective risk profiling for our policyholders
- To introduce ethical principles in line with Islamic rules to achieve the highest standards in the conduct of doing business

Mufti Talha Iqbal, Shariah Advisor, and Mufti Zakaria Iqbal, Head of Shariah Compliance, are instrumental in the development of our Takaful business.

Mobile App

TPL Insurance App launched as Pakistan's First Insurance App, has evolved as a Lifestyle Insurance App catering to a wide variety of customers' insurance and non-insurance needs. With new products added for various target segments, such as domestic travel insurance, bike insurance, and women's health insurance, covering the insurance needs of the masses. The TPL Insurance App is already a leading innovative solution providing one-stop shop, where customers can easily buy insurance products (Auto, Home, Travel, Bike, Health and Mobile), lodge claims, manage and renew their policies as well as conduct self-surveys. The App also allows customers to update their profile information and gives access to 24/7 live chat with agents.



With the new initiative of becoming a Lifestyle App, TPL Insurance makes it extremely convenient for customers to avail services hassle-free. TPL Insurance App has telematics products which tracks driving behaviours and rewards customers for good driving habits. Moreover, TPL Insurance believes in rewarding its customers on milestones and therefore a reward wallet functionality has been developed into the App. App users can also earn rewards by referring the app or buying insurance products. These points can be used to gain further discounts in buying or renewing products, or can be transferred using the reward wallet. TPL Insurance App users can also avail discounts in the "Offers" section on partner locations as well as get online doctor consultations along with medicine delivery and lab tests at home.

Geographical Presence

Registered Office:
20th Floor, Sky Tower - East Wing, Dolmen City, HC-3, Block 4, Abdul Sattar Edhi Avenue, Clifton, Karachi.
UAN: (021) 111-000-301 Phone: (021) 3713-0227 Fax: (021) 35316031-2

Branch Offices:

Karachi: Plot 19-B, Sindhi Muslim Cooperative Housing Society (SMCHS), Near Roomi Masjid, Shahrah-e-Faisal, Karachi.
UAN: (021) 111-000-301 Phone: (021) 37130223 Fax: (021) 35316031-2

Export Processing Zone (EPZ) Landhi: Plot No. N-4, Sector B-III, Export Processing Zone, Landhi, Karachi

Islamabad: 55-B, 10th Floor (South) ISE Tower, Jinnah Avenue, Blue Area, Islamabad.
UAN: (021) 111-000-301 Fax: (021) 444-793-5

Lahore: Tower 75, 4th Floor, Near Honda City Sales and Hondai Central Motors, Kalma Chowk, Lahore.
UAN: (021) 111-000-301 Phone: (042) 3520-9000 Fax: (042) 3515-7233

Multan: Haider Street, Shalimar Colony, Northern Bypass-Boson Road, Multan.
UAN: (021) 111-000-301 Phone: (061) 442-4348 Fax: (061) 451-9391

Faisalabad: Office No. F-02, 4th Floor, Meezan Executive Tower, Liaquat Road, Civil Lines, Faisalabad.
UAN: (021) 111-000-301 Phone: (041) 850-1471-3 Fax: (041) 451-9391

Hyderabad: A-8, District Council Complex, Hyderabad. Phone: (022) 272-8676 Fax: (022) 278-3514

SWOT Analysis

S
Strengths

- Pakistan's first end-to-end digital insurance company
- Pakistan's first lifestyle insurance app
- Customer centric product innovation
- Fastest online renewals & claim settlement through digital app
- Diversified retail portfolio
- Pakistan's second largest window Takaful operations
- Building insurance ecosystem for its valuable customers through multiple collaborations
- Availability of Mass Market Channels
- Cross sell opportunities with Group companies

W
Weaknesses

- Lack of awareness regarding insurance products among Gen Z
- Low reinsurance capacities to underwrite larger risks
- Relatively smaller corporate customer base as compared to competition

O
Opportunities

- Tapping on the youth segment to spread the awareness regarding insurance industry
- Partnerships with digital aggregators and partners to increase the customer touch points
- Innovation in agriculture insurance products
- Development of new mass retail channels

T
Threats

- Political instability
- Competition from digital only insurance companies
- Low acceptability of insurance products amongst the masses

Pestel Analysis

Political

Political interventions have been seen as necessary to ensure the stabilization of the financial services industry. The government may have a more indirect effect on the industry, for instance, an increase in enforcement could considerably impact insurers.

Environmental

Climate change is fast becoming a risk to society as the increase in emissions of greenhouse gases has taken its toll on our climate. One catastrophic event can have disastrous effects and leave insurance companies obliged to pay out large amounts of money as compensation to policyholders.

Social

Family formation, trends in fertility, mortality and migration have also experienced a seismic shift over the past few decades resulting in changing demographics and socio-economic structures of societies. Consequently, they have an impact on the demand for insurance.

Technological

The growth of IoT devices affecting the availability of real-time information gives insurers an opportunity to have an edge over the competition. This information can be used to offer more affordable prices with better underwriting and loss control. Advances in Artificial Intelligence techniques will allow insurers to make data driven decisions.

Economical

Low interest rates can cause insufficient returns which could have compensated weak underwriting results or offset the effects of inflation. Inflation causes the value of items insured to increase, which in turn will increase the value of claims. This is because the cost to repair or replace an item is equivalent to the current market value. Insurers might also face higher medical care costs due to continuous advances in modern medicine.

Legal

Apart from introducing regulatory measures, governments may decide to introduce laws that affect just one class of insurance. Such decisions can impact the industry as a whole. This might lead to an increase in premium prices because of the high demand and the higher probability of a claim. Alternatively, the size of the market might attract larger players and greater price competition.

Porter's 5 Forces

By analyzing the Porter's 5 forces framework, TPL Insurance has developed competitive strategies by incorporating a diversified product portfolio in non-life insurance sector, to operate as an insurtech company and ensures to become a market leader.

Threats of New Entrants

With new digital insurance companies entering in the industry, innovation and technology is expected to take over insurance processes which will put pressure on existing insurance companies. TPL Insurance has to innovate its business process through digitization, building economies of scale to lower the fixed costs and have competitive pricing strategy to have an edge over its competition to capture larger market share.

Bargaining Power of Suppliers

Suppliers in dominant positions might use their negotiating power to extract higher prices which lowers the over profitability of the insurer. An effective supply chain strategy and building innovative product designs with business partners will lower the risk of supplier's higher prices ensuring higher profits.

Bargaining Power of Buyers

Having the smaller customer base may increase the bargaining power of the buyers, as they want to pay less for the best offering. TPL Insurance has a wide range of insurance products and relatively large customer base which decreases the bargaining power of the buyers. To hold this edge, the company is constantly innovating and developing new products to add in its current product offerings to provide the customer satisfaction and become a market leader.

Threat of Substitute Products and Services

With the changing market dynamics and customers' preferences, threat of substitute products and services might affect the profitability of the insurance industry. To lower this risk, TPL Insurance understands the core customer needs through thorough research and provide a digital customer experience along with the existing insurance products to ensure the customer satisfaction.

Rivalry among Existing Competitors

TPL Insurance is operating in a very competitive industry which requires it to offer competitive products and services to its customers, by developing a highly diversified product portfolio. In order to grow as market leader, TPL Insurance is developing an insurance ecosystem by collaborating with various digital partners to increase its customer touch points and have competitive edge.

Significant Changes From Prior Years

TPL Insurance has developed an ecosystem to facilitate customers through the app, to achieve operational efficiencies and augment sales and profitability. During the year, we have enhanced our products and managed to include new categories (extended warranty, yield insurance, bike insurance and mobile insurance). TPL Insurance has focused on development of the corporate channel, to build and strengthen relationships with different corporates.

In this year, TPL Insurance launched new Insurtech programs for students to have better awareness about insurance and products. The company also offers women health insurance, including different insurance offers and discounts, as well as products for senior citizens.

Calendar of Major Events during the Year 2021

FEBRUARY

- Board of Directors meeting to review and approve Annual Financial Statements for the year ended Dec 31, 2020

MARCH

- Student Ambassador Program launched in 5 leading universities

APRIL

- Board of Directors meeting to review Condensed Financial Statements for the quarter ended Mar 31, 2021
- Annual General Meeting of the Shareholders of the Company
- 19.9% equity investment in the Company by DEG (Germany)

MAY

- PACRA upgraded the IFS rating to AA-**

JULY

- Improvement in Reinsurance Treaty Limits of the Company for Property business by 40%

AUGUST

- Board of Directors meeting to review Condensed Financial Statements for the half year ended Jun 30, 2021
- First Digital Domestic Travel policy issued with over 30,000 policies issued by the end of the year
- Insurtech Challenge to develop products for Gen Z launched in 7 universities

OCTOBER

- Board of Directors meeting to review Condensed Financial Statements for the nine months ended Sep 30, 2021
- Pakistan's First Yield-based Crop Insurance launched covering 4 regions and 464 farmers

NOVEMBER

- Smart Ride Bike Insurance launched for Retail segment with digital policy issuance and servicing
- Launch of "Women Shield" specifically designed for female customers to cater to their health needs
- Awarded 1st position, CSR Award by PCP

DECEMBER

- Board of Directors meeting to review and approve budget for the Year 2022
- Mobile App downloads crossed 250K mark
- Won the prestigious "Brands of the Year Award" for Best Auto Insurance, Insurtech of the Year and Best General Insurer

*During the year, all Board Meetings are held in Pakistan.

**Ratings have been harmonized to AA by PACRA subsequently in March 2022

Other Information

Bankers

- Al-Baraka Bank Pakistan Ltd.
- Askari Bank Limited
- Bank Alfalah Limited.
- Bank Al Habib Ltd.
- Bank Islami Pakistan Ltd.
- Dubai Islamic Bank Pakistan Ltd.
- Faysal Bank Ltd.
- Habib Bank Ltd.
- Habib Metropolitan Bank Ltd.
- JS Bank Ltd.
- MCB Bank Ltd.
- Meezan Bank Ltd.
- Mobilink Micro Finance Bank Ltd.
- National Bank of Pakistan
- Samba Bank Ltd.
- Silk Bank Ltd.
- Soneri Bank Ltd.
- Summit Bank Ltd.
- Telenor Micro Finance Bank Ltd.
- The Bank of Punjab
- United Bank Ltd.

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Lari & Co.
Maritime & Insurance Advocates

Share Registrar

THK Associates (Pvt) Limited
Plot No. 32-C, Jami Commercial Street 2,
DHA Phase VII, Karachi - 75500
Tel: +92-21-35310191-6
Fax: +92-21-35310190

Registered Office

20th Floor, Sky Tower – East Wing
Dolmen City, HC-3, Abdul Sattar
Edhi Avenue, Block No. 4 Clifton
Karachi, Karachi East, Sindh
Fax: +92-21-35316032
UAN: +92-21-111-000-301
Tel: +92-21-34390300-5, +92-21-37130223

Web Presence

www.tplinsurance.com
insurancetpl
tplinsurance
tplinsurance
@TPL_Insurance

Horizontal Analysis

For the year ended 31 December 2021

Balance Sheet	2021	2020	2019	2018	2017	2016
	--------------------------------Rupees in million------------------------------					
Property and equipment	401.2	257.5	429.1	129.6	91.4	361.2
Investments	1390.4	920.8	729.4	1,026.3	1,213.3	1,056.8
Loans and other receivables	355.3	95.8	287.9	335.4	260.4	102.6
Insurance / reinsurance receivables	611.8	418.7	308.3	298.3	448.6	381.3
Reinsurance and other recoveries against outstanding claims	486.6	371.7	89.8	126.8	102.0	71.7
Deferred commission expense	181.2	179.5	156.8	164.8	105.6	74.0
Deferred taxation	0.0	16.4	44.1	32.0	21.2	-
Prepayments	305.1	319.3	218.3	259.6	209.3	117.9
Taxation - payments less provision	8.0	8.1	-	-	-	-
Cash and bank balances	1046.4	913.4	702.4	251.9	247.2	240.9
Total Assets	**4,786.0**	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,406.4**
Issued, subscribed and paid up share capital	1171.9	938.7	938.7	938.7	755.2	755.2
Accumulated (losses) / profits	(65.3)	(164.5)	(114.0)	16.9	253.9	148.9
Share premium - net of share issuance cost	221.2	8.0	8.0	8.0	138.7	138.7
Other capital reserves	77.6	24.1	-	-	-	-
Other comprehensive income reserve	189.0	(7.3)	-	-	-	-
Available-for-sale reserve	-	-	(29.7)	(26.7)	(26.4)	2.3
Total Shareholders' Fund	**1594.3**	**799.0**	**803.0**	**936.9**	**1,121.4**	**1,045.1**
Participant's Takaful Fund	(67.50)	41.4	(48.9)	(170.3)	(201.7)	(121.9)
Total Equity	**1,526.8**	**840.4**	**754.1**	**766.6**	**919.7**	**923.2**
Provision for outstanding claims [including IBNR]	574.2	525.3	252.5	275.4	228.4	190.3
Provision for unearned premium	1688.8	1,379.7	1,211.2	1,147.8	1,149.8	1,053.0
Premium deficiency reserves	3.4	2.5	-	-	-	-
Deferred commission income	63.0	63.3	41.4	24.2	5.4	4.6
Deferred taxation	36.9	-	-	-	-	2.4
Premiums received in advance	26.5	18.0	15.7	8.7	4.4	1.6
Insurance / reinsurance payables	322.0	275.0	206.9	189.3	158.9	77.3
Other creditors and accruals	345.0	267.4	193.7	195.9	198.6	141.5
Taxation - provision less payments	-	-	14.0	16.8	33.8	12.5
Lease liability against right-of-use asset	199.4	129.6	276.6	-	-	-
Total Shareholders' Equity and Liabilities	**4,786.0**	**3,501.2**	**2,966.1**	**2,624.7**	**2,699.0**	**2,406.4**

Profit and Loss Account	2021	2020	2019	2018	2017	2016
	--------------------------------Rupees in million------------------------------					
Net insurance premium						
(Net of premium deficiency reserve)	2,397.6	2,162.6	2,136.2	2,246.6	2,068.8	1,750.5
Net Insurance claims	(1,112.7)	(970.1)	(882.9)	(965.4)	(893.2)	(800.7)
Net commission expense	(221.5)	(198.1)	(274.4)	(236.1)	(160.1)	(158.6)
Management expenses	(945.5)	(878.1)	(867.2)	(915.2)	(836.5)	(716.2)
Underwriting results	**117.9**	**116.3**	**111.7**	**129.9**	**179.0**	**75.0**
Investment income	78.7	90.5	80.9	0.9	28.0	58.2
Other income	32.2	113.5	71.2	69.8	33.9	48.6
Financial charges	(26.8)	(35.2)	(29.6)	(1.6)	(0.8)	(0.5)
Other expenses	(207.1)	(205.6)	(178.2)	(164.3)	(146.5)	(99.3)
Profit / (Loss) before tax for the year	**(5.2)**	**79.5**	**56.0**	**34.7**	**93.6**	**82.0**
Taxation	(4.5)	(39.7)	(25.5)	(10.9)	(58.3)	(45.7)
Profit / (Loss) after tax	**(9.7)**	**39.8**	**30.5**	**23.8**	**35.3**	**36.3**
Profit / (Loss) after tax attributable to shareholders	99.2	(50.5)	(107.2)	3.6	105.2	103.1
Profit / (Loss) after tax attributable to PTF	(108.9)	90.3	137.7	20.2	(69.9)	(66.8)

Vertical Analysis

For the year ended 31 December 2021

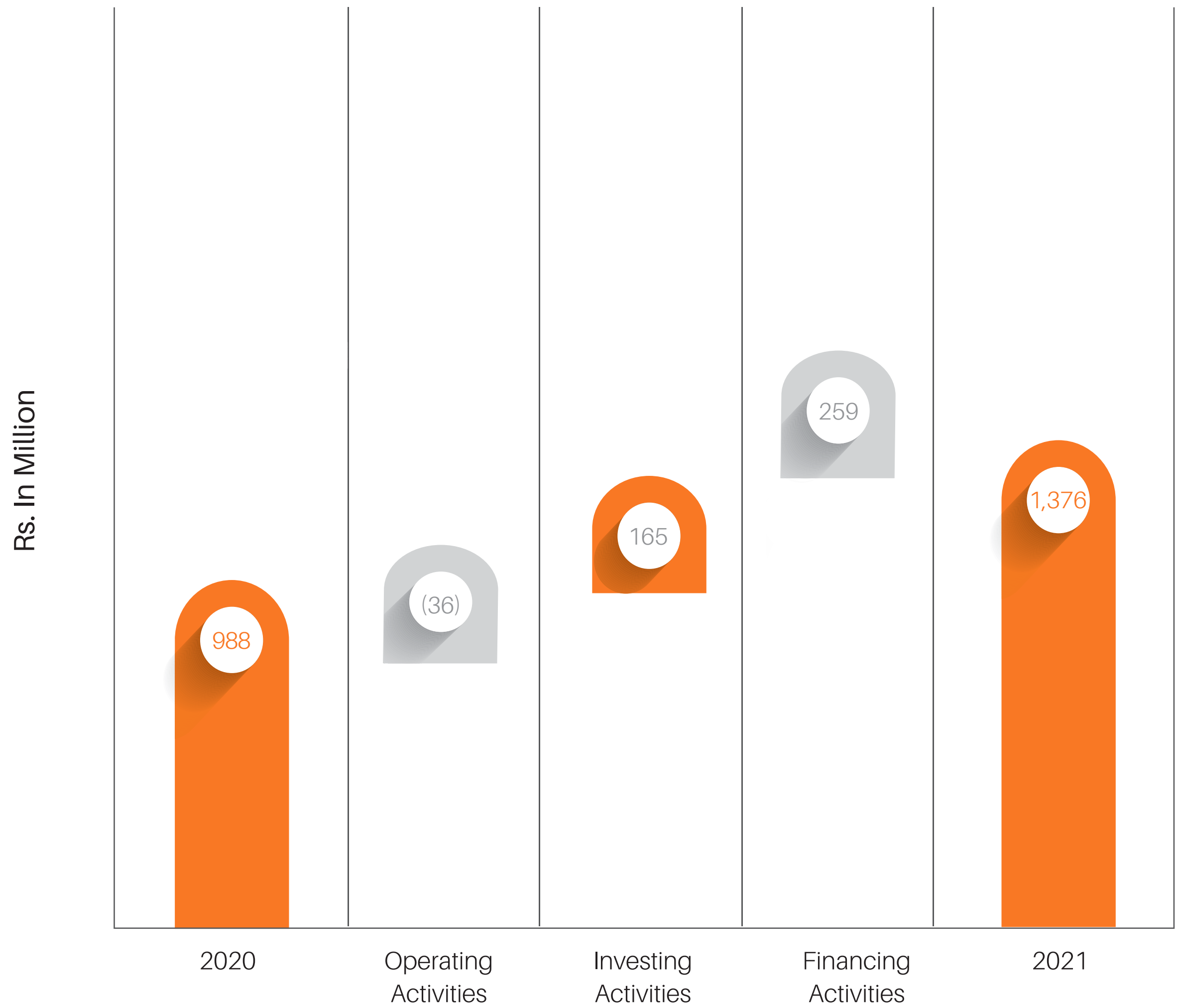
Balance Sheet	2021	2020	2019	2018	2017	2016
Property and equipment	8.4%	7.4%	14.5%	4.9%	3.4%	15.0%
Investments	29.1%	26.3%	24.6%	39.1%	45.0%	43.9%
Loans and other receivables	7.4%	2.7%	9.7%	12.8%	9.7%	4.3%
Insurance / reinsurance receivables	12.8%	12.0%	10.4%	11.4%	16.6%	15.9%
Reinsurance and other recoveries against outstanding claims	10.2%	10.6%	3.0%	4.8%	3.8%	3.0%
Deferred commission expense	3.8%	5.1%	5.3%	6.3%	3.9%	3.1%
Deferred taxation	0.0%	0.5%	1.5%	1.2%	0.8%	0.0%
Prepayments	6.4%	9.1%	7.4%	9.9%	7.8%	4.9%
Taxation - payments less provision	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%
Cash and bank balances	21.9%	26.1%	23.7%	9.6%	9.2%	10.0%
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Issued, subscribed and paid up share capital	24.5%	26.8%	31.7%	35.8%	28.0%	31.4%
Accumulated (losses) / profits	-1.4%	-4.7%	-3.8%	0.6%	9.4%	6.2%
Share premium - net of share issuance cost	4.6%	0.2%	0.3%	0.3%	5.1%	5.8%
Other capital reserves	1.6%	0.7%	0.0%	0.0%	0.0%	0.0%
Other comprehensive income reserve	4.0%	-0.2%	0.0%	0.0%	0.0%	0.0%
Available-for-sale reserve	0.0%	0.0%	-1.0%	-1.0%	-1.0%	0.1%
Total Shareholders' Fund	**33.3%**	**22.8%**	**27.1%**	**35.7%**	**41.6%**	**43.4%**
Participant's Takaful Fund	-1.4%	1.2%	-1.7%	-6.5%	-7.5%	-5.1%
Total Equity	**31.9%**	**24.0%**	**25.4%**	**29.2%**	**34.1%**	**38.4%**
Provision for outstanding claims [including IBNR]	12.0%	15.0%	8.5%	10.5%	8.5%	7.9%
Provision for unearned premium	35.3%	39.4%	40.8%	43.7%	42.6%	43.8%
Deferred commission income	1.3%	1.8%	1.4%	0.9%	0.2%	0.2%
Premium deficiency reserves	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Deferred taxation	0.8%	0.0%	0.0%	0.0%	0.0%	0.1%
Premiums received in advance	0.6%	0.5%	0.5%	0.3%	0.2%	0.1%
Insurance / reinsurance payables	6.7%	7.9%	7.0%	7.2%	5.9%	3.2%
Other creditors and accruals	7.2%	7.6%	6.5%	7.5%	7.4%	5.9%
Taxation - provision less payments	0.0%	0.0%	0.5%	0.6%	1.3%	0.5%
Lease liability against right-of-use asset	4.2%	3.7%	9.3%	0.0%	0.0%	0.0%
Total Shareholders' Equity and Liabilities	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Profit and Loss Account	2021	2020	2019	2018	2017	2016
Net insurance premium (Net of premium deficiency reserve)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net Insurance claims	-46.4%	-44.9%	-41.3%	-43.0%	-43.2%	-45.7%
Net commission expense	-9.2%	-9.2%	-12.9%	-10.5%	-7.7%	-9.1%
Management expenses	-39.4%	-40.6%	-40.6%	-40.7%	-40.4%	-40.9%
Underwriting results	**4.9%**	**5.4%**	**5.2%**	**5.8%**	**8.7%**	**4.3%**
Investment income	3.3%	4.2%	3.8%	0.0%	1.4%	3.3%
Other income	1.3%	5.3%	3.3%	3.1%	1.6%	2.8%
Financial charges	-1.1%	-1.6%	-1.4%	-0.1%	0.0%	0.0%
Other expenses	-8.6%	-9.5%	-8.3%	-7.3%	-7.1%	-5.7%
Profit / (Loss) before tax for the year	**-0.2%**	**3.7%**	**2.6%**	**1.6%**	**4.5%**	**4.7%**
Taxation	-0.2%	-1.8%	-1.2%	-0.5%	-2.8%	-2.6%
Profit / (Loss) after tax	**-0.4%**	**1.8%**	**1.4%**	**1.1%**	**1.7%**	**2.1%**

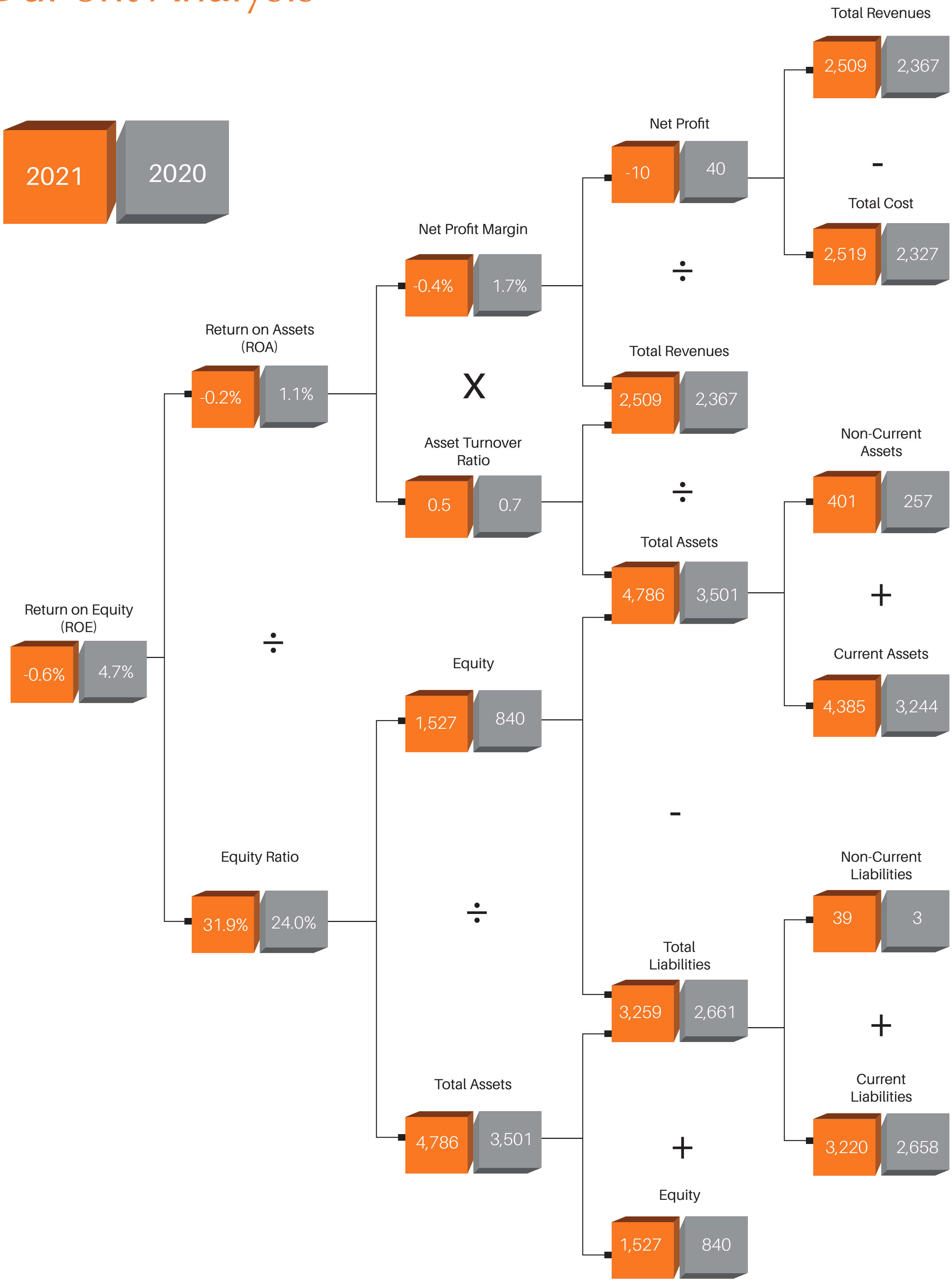
Cashflow Analysis

Particulars	2021	2020	2019	2018	2017	2016
	--------------------------------Rupees in million------------------------------					
Net Cashfows from Operating Activities	(36.3)	494.2	317.3	212.7	(76.6)	344.8
Net Cashflows from Investing Activities	165.0	(418.1)	411.5	(101.8)	(438.3)	(10.9)
Net Cashflows from Financing Activities	259.3	(210.1)	(208.3)	(186.2)	(0.8)	(0.5)
Net Cash Inflow / (Outflow)	**388.0**	**(134.1)**	**520.5**	**(75.3)**	**(515.6)**	**333.5**
Cash and cash equivalent at the start of the year	988.4	1,122.4	601.9	677.2	1,192.9	859.4
Cash and cash equivalent at the end of the year	**1,376.4**	**988.4**	**1,122.5**	**601.9**	**677.2**	**1,192.9**

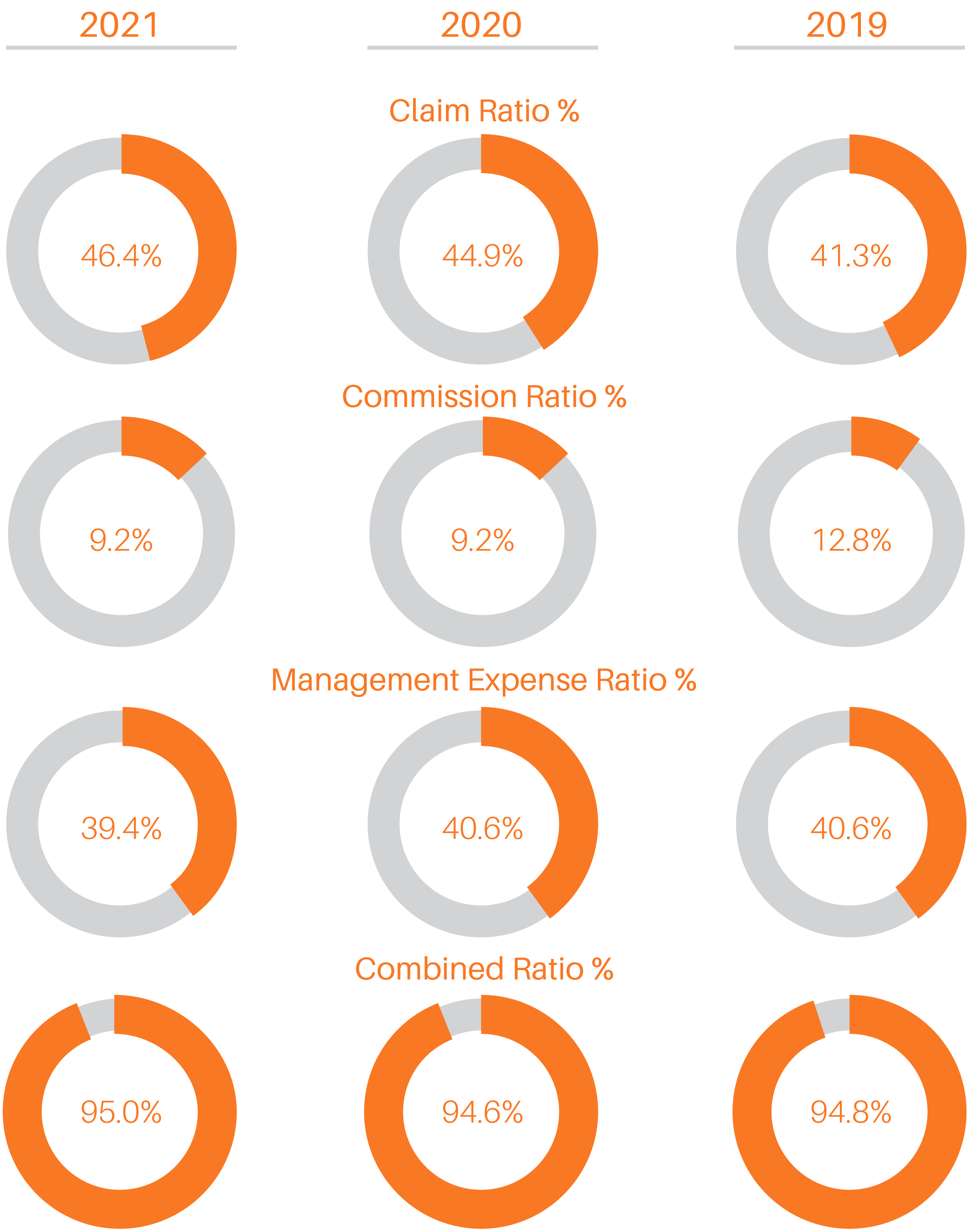
Cash & Cash Equivalent



DuPont Analysis



Ratio Analysis Graph



Ratio Analysis

For the year ended 31 December 2021

		2021	2020	2019	2018	2017	2016
Profitability							
Profit Before Tax / Gross Premium	%	-0.2%	2.9%	2.2%	1.4%	4.1%	4.0%
Profit Before Tax / Net Premium	%	-0.2%	3.7%	2.6%	1.5%	4.5%	4.7%
Profit After Tax / Gross Premium	%	-0.3%	1.4%	1.2%	1.0%	1.5%	1.8%
Profit After Tax / Net Premium	%	-0.4%	1.8%	1.4%	1.1%	1.7%	2.1%
Underwriting Result / Gross Premium	%	3.6%	4.2%	4.5%	5.4%	7.8%	3.7%
Underwriting Result / Net Premium	%	4.9%	5.4%	5.2%	5.8%	8.7%	4.3%
Profit Before Tax / Total Income	%	-0.2%	3.4%	2.4%	1.5%	4.4%	4.4%
Profit After Tax / Total Income	%	-0.4%	1.7%	1.3%	1.0%	1.7%	2.0%
Combined ratio	%	95.0%	94.6%	94.8%	94.2%	91.3%	95.7%
Net Claims / Net Premium	%	46.4%	44.9%	41.3%	43.0%	43.2%	45.7%
Management Expenses / Net Premium	%	39.4%	40.6%	40.6%	40.7%	40.4%	40.9%
Net Profit Margin	%	-0.4%	1.7%	1.3%	1.0%	1.7%	2.0%
Return to Shareholders							
Return on Equity	%	-0.6%	4.7%	4.0%	3.1%	3.8%	3.9%
Return on Capital Employed	%	-0.6%	4.7%	3.3%	3.1%	3.8%	3.9%
Return on Assets	%	-0.2%	1.1%	1.0%	0.9%	1.3%	1.5%
Earnings / (Loss) Per Share attributable to Shareholders' Fund	Rs.	0.9	(0.54)	(1.14)	0.04	1.12	1.10
Price Earning Ratio	Times	33.0	N/A	N/A	564.8	22.1	17.3
Price to Book Ratio	Times	2.2	3.6	3.0	2.2	2.1	1.7
Breakup value per share	Rs.	13.6	8.5	8.6	10.0	11.9	11.1
Market Data							
Market Price per share at the end of the year	Rs.	29.7	30.3	25.7	21.9	24.8	19.0
Market Price per share - Highest during the year	Rs.	44.5	35.8	29.7	25.7	28.4	23.2
Market Price per share - Lowest during the year	Rs.	23.4	16.0	18.3	19.3	17.1	14.0
Performance / Liquidity							
Current Ratio	Times	1.4	1.2	1.2	1.3	1.5	1.4
Cash / Current Liabilities	%	32.5%	34.4%	34.5%	13.6%	13.9%	16.2%
Total Assets Turnover	Times	0.5	0.7	0.8	0.9	0.8	0.8
Fixed Assets Turnover	Times	6.3	9.2	5.3	17.9	23.3	5.1
Total Liabilities / Equity	Times	2.1	3.2	2.9	2.4	1.9	1.6
Cashflow from Operations Margin	%	-1.5%	22.8%	14.9%	9.5%	-3.7%	19.7%
No. Of days in Premium Receivable	Days	68	56	45	45	71	68
No. Of days in Claim Settlement	Days	29	58	67	56	52	54
Paid-up Capital / Total Assets	%	24.5%	26.8%	31.6%	35.8%	28.0%	31.4%
Earning assets / Total Assets	%	50.9%	52.4%	48.3%	48.7%	54.1%	53.9%
Shareholders' Equity / Total Assets	%	33.3%	22.8%	27.1%	35.7%	41.5%	43.4%

Comments on Key Financial Data

Performance Ratios

- Claim ratio increased from 44.9% to 46.4% due to increased claim cost on motor portfolio.
- Commission ratio maintained at 9% during the year.
- Expense ratio improved from 40.6% to 39.4% during the year.
- Combined ratio increased by 0.4% at 95.0% against last year at 94.6%
- Company's book value per share has increased from Rs. 8.5 per share to Rs. 13.6 per share.

Balance sheet

- The Company's total assets have doubled to Rs. 4.8 billion at the end of 2021 from Rs. 2.4 billion at the end of 2016.
- Number of days in claim settlement has improved at 29 days compared to the prior year at 58 days. This is due to effective claim management.
- Shareholders' equity has increased from Rs. 1.05 billion to Rs. 1.59 billion over the past 6 years.

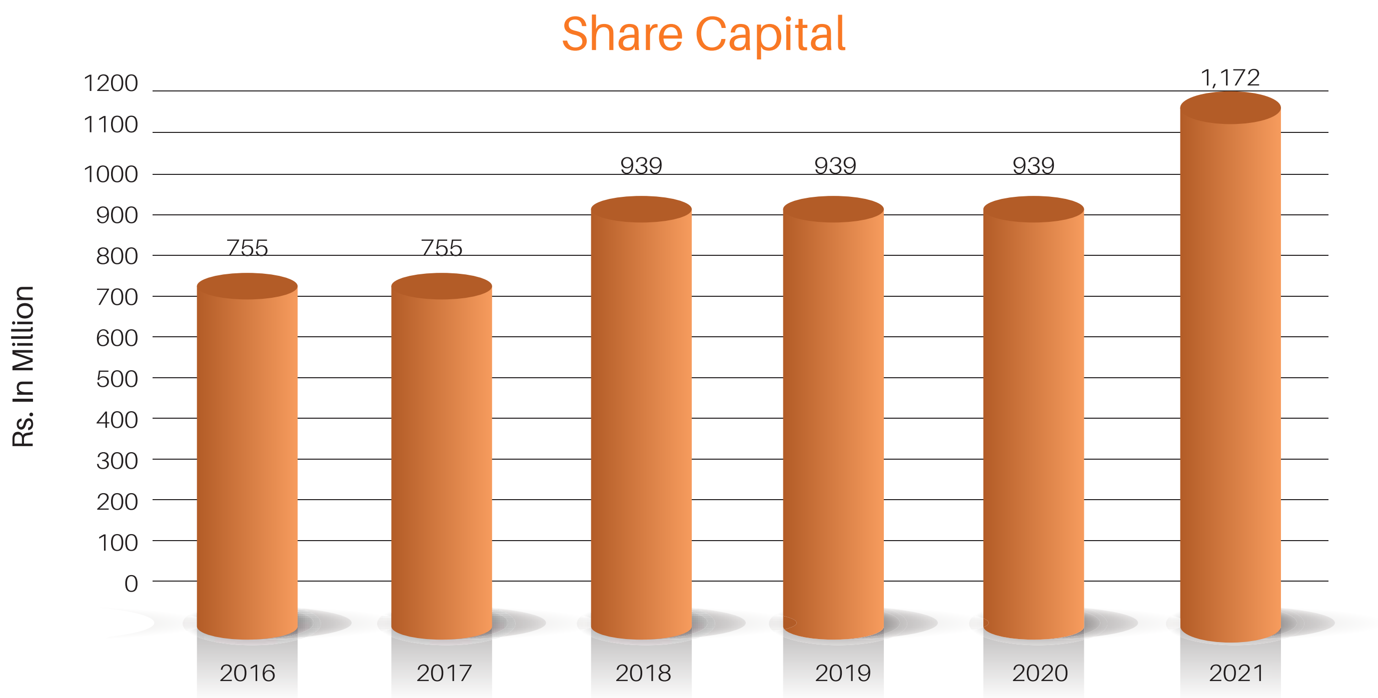
Profit and loss Account

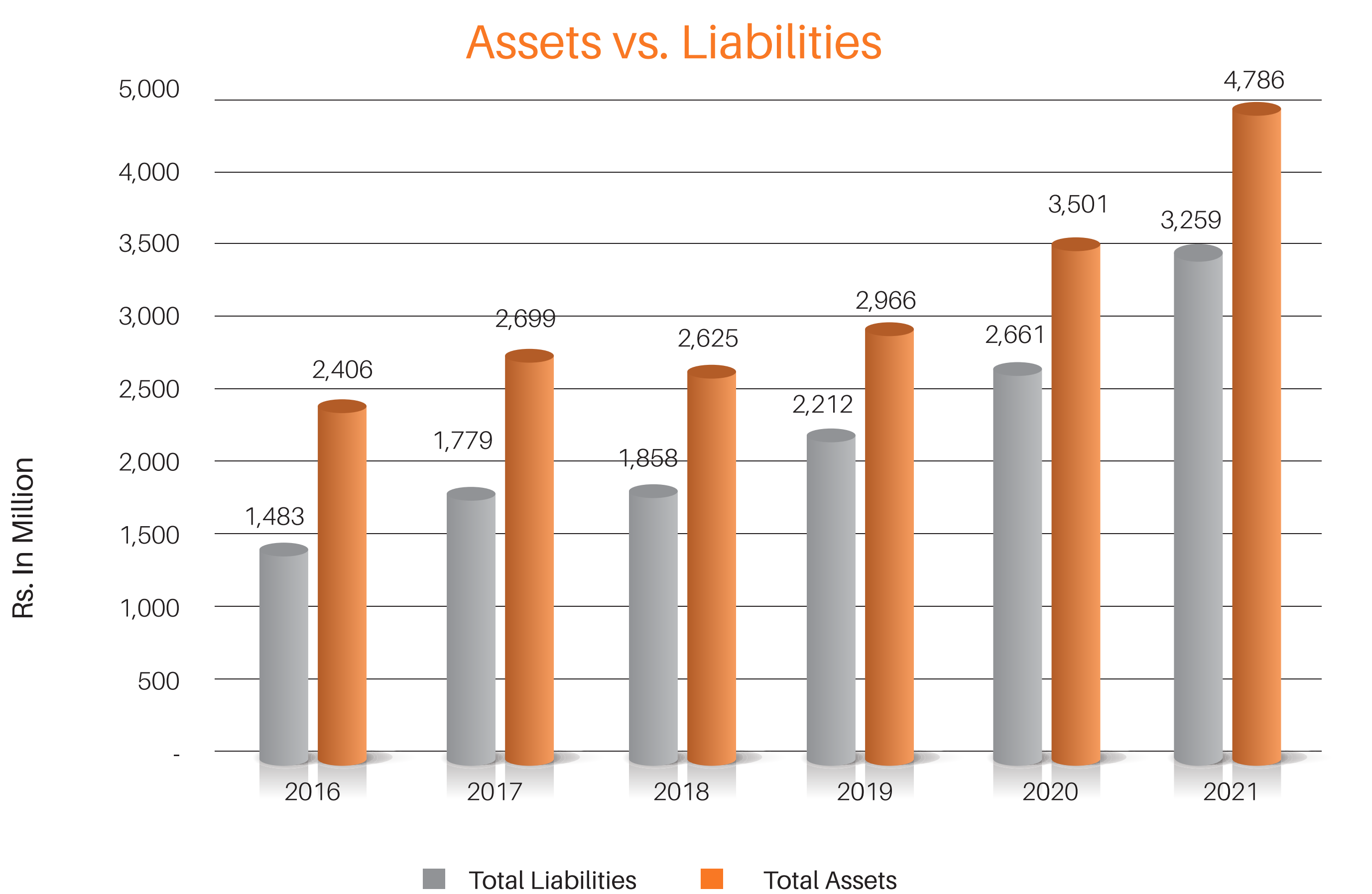
- The gross and net premium have reported growth of 60% and 37% respectively over the period of six years.

Cash Flows

- During the year, the Company generated net cash flow of Rs. 388 million. The company maintains strong liquidity position to carry out its operations smoothly.

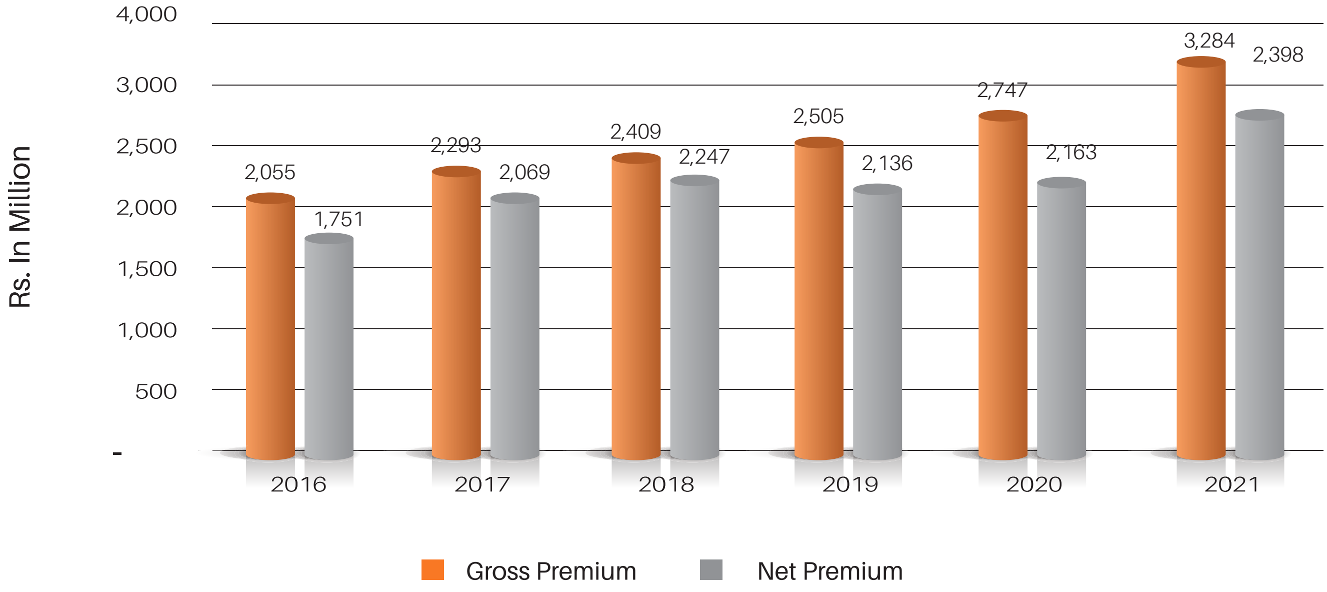
Performance at a Glance



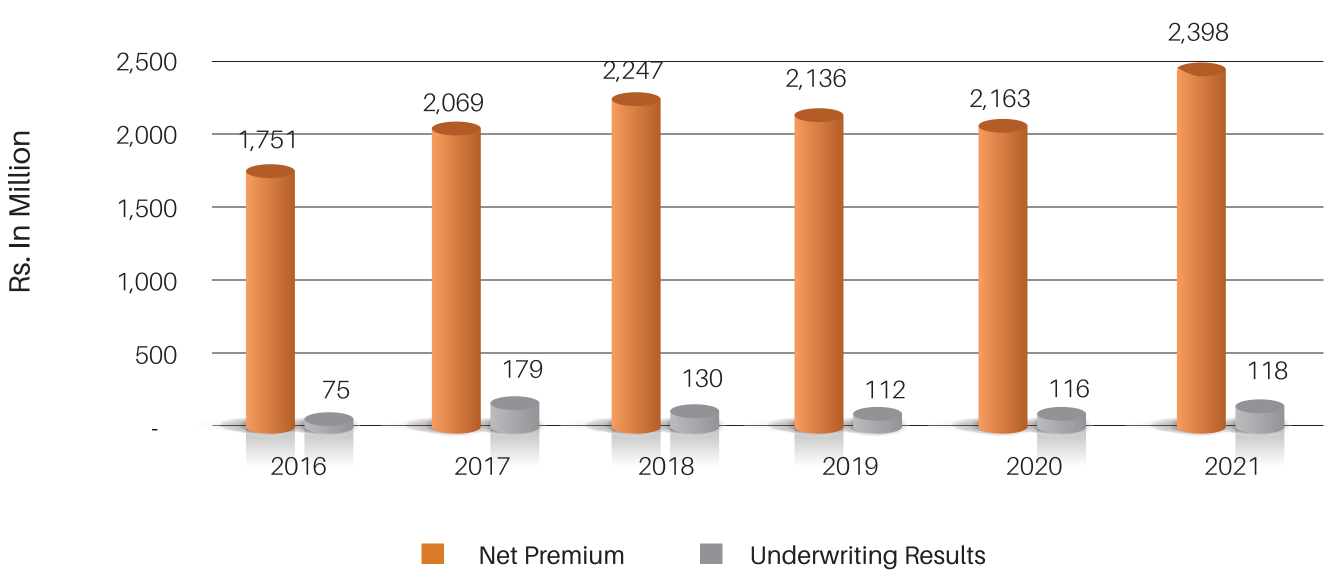


Performance at a Glance

Gross Premium vs. Net Premium

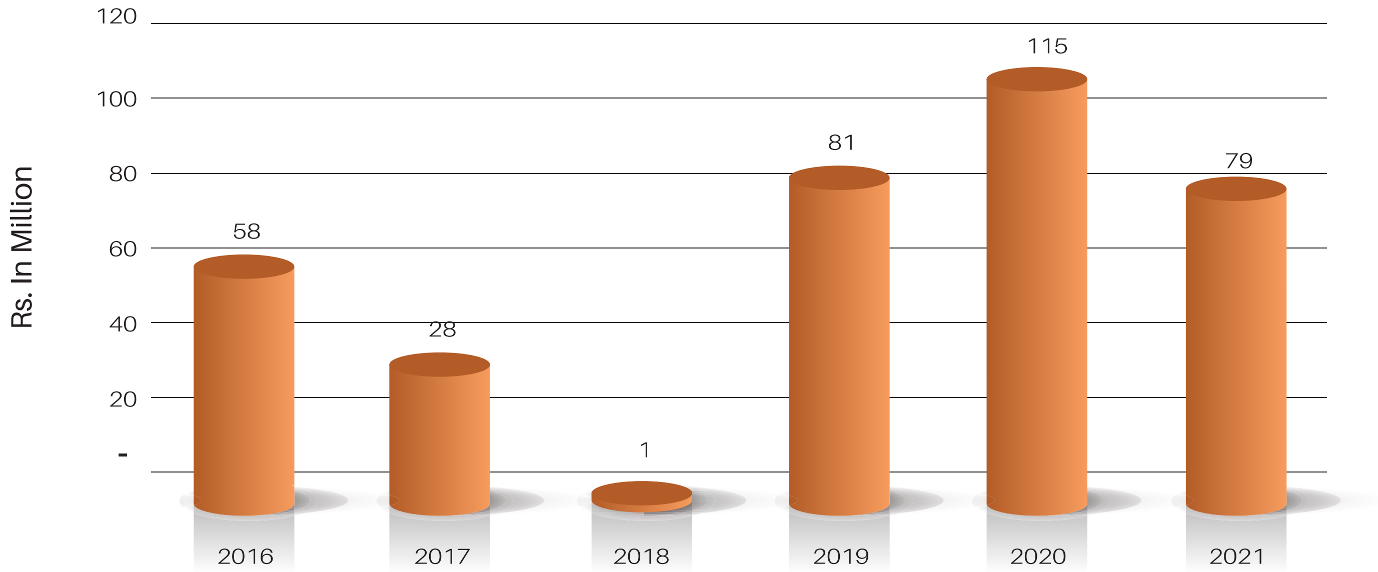


Net Premium vs. Underwriting Results

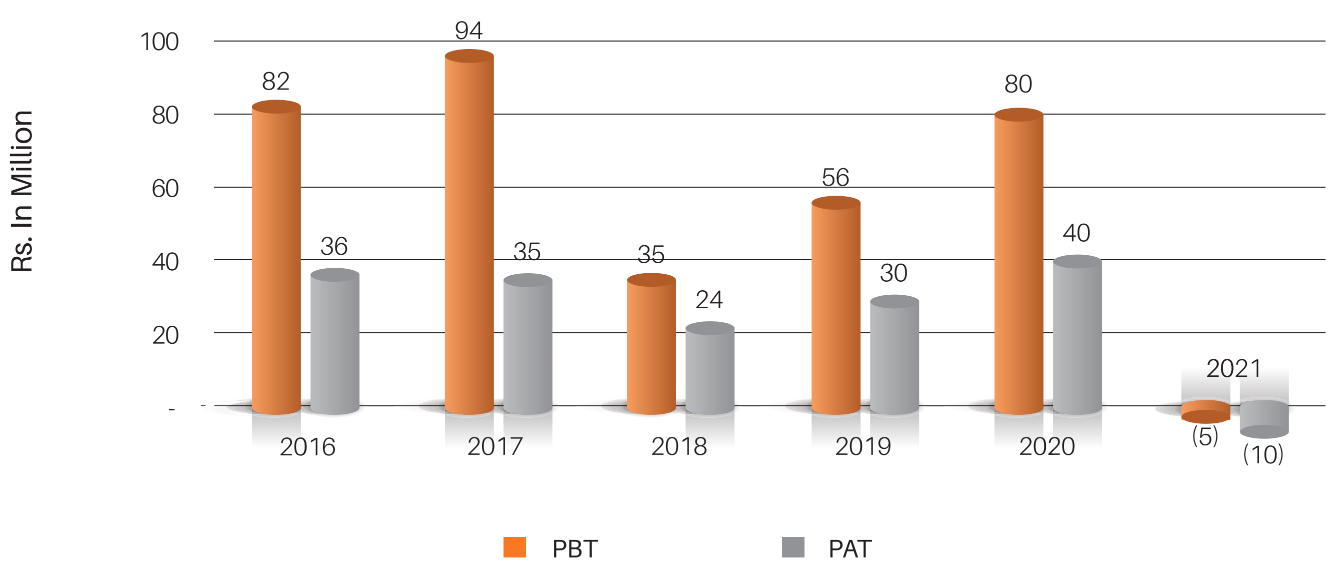


Performance at a Glance

Investment Income

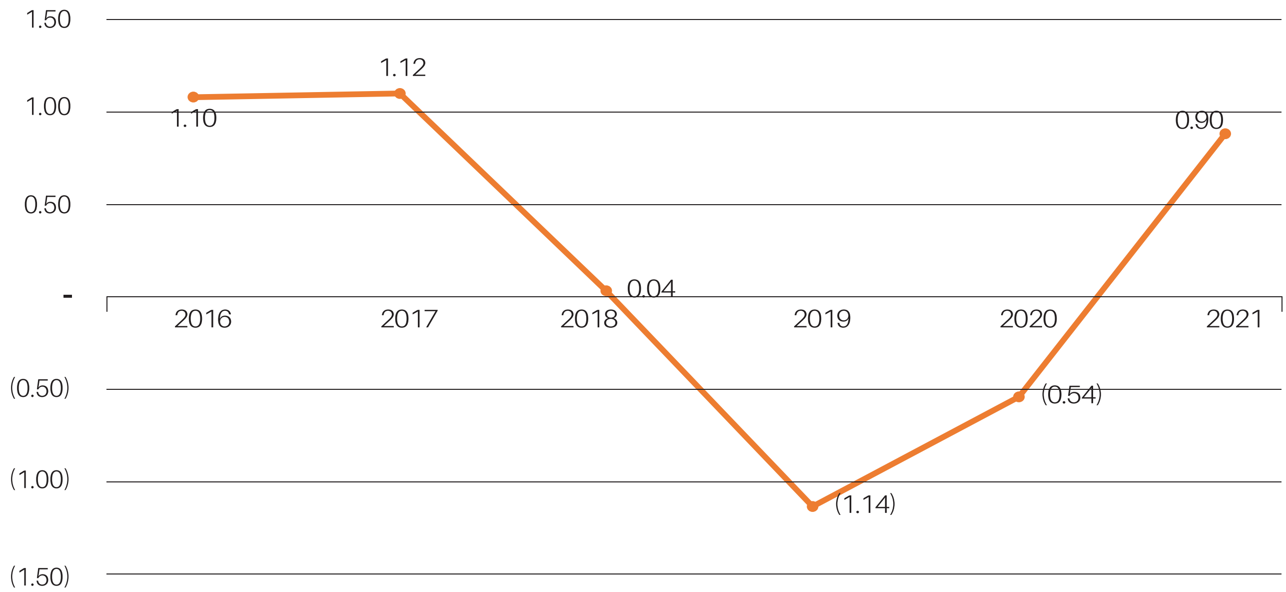


PBT vs. PAT

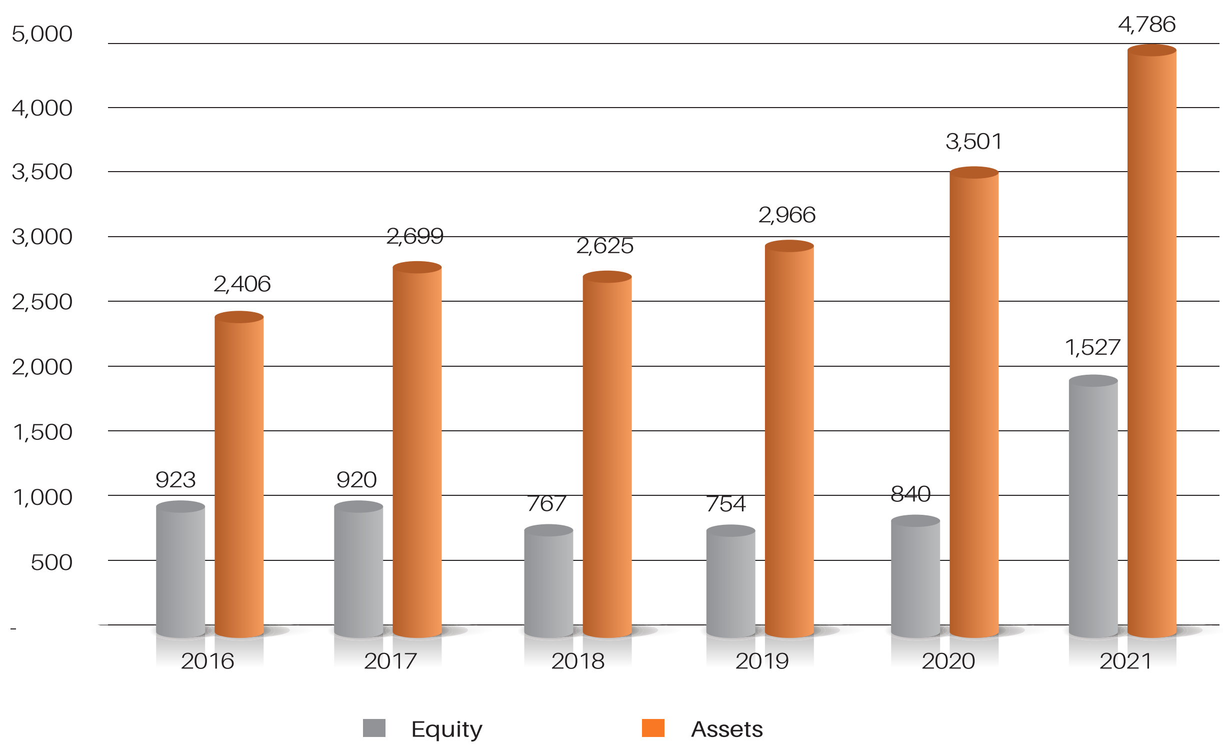


Performance at a Glance

Earning per share (Rupees)

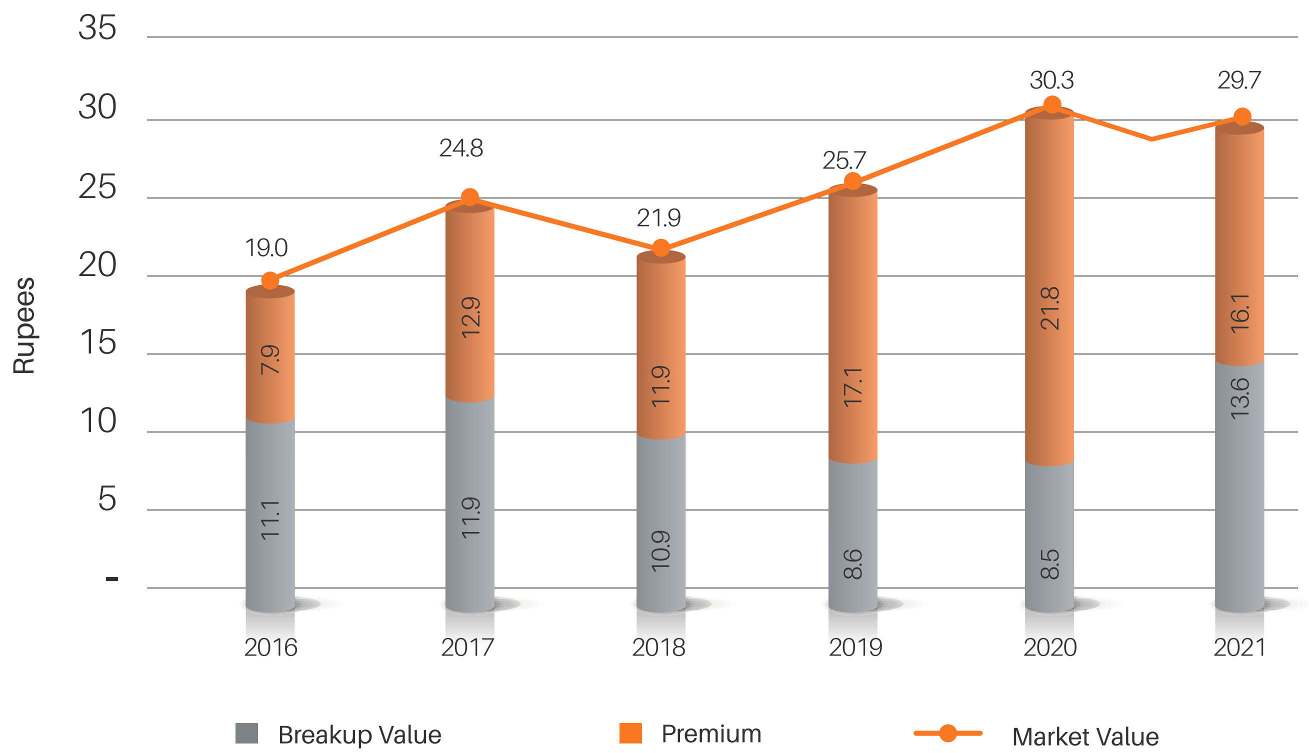


Equity vs. Total Assets



Performance at a Glance

Breakup Value Per Share vs. Market Value Per Share



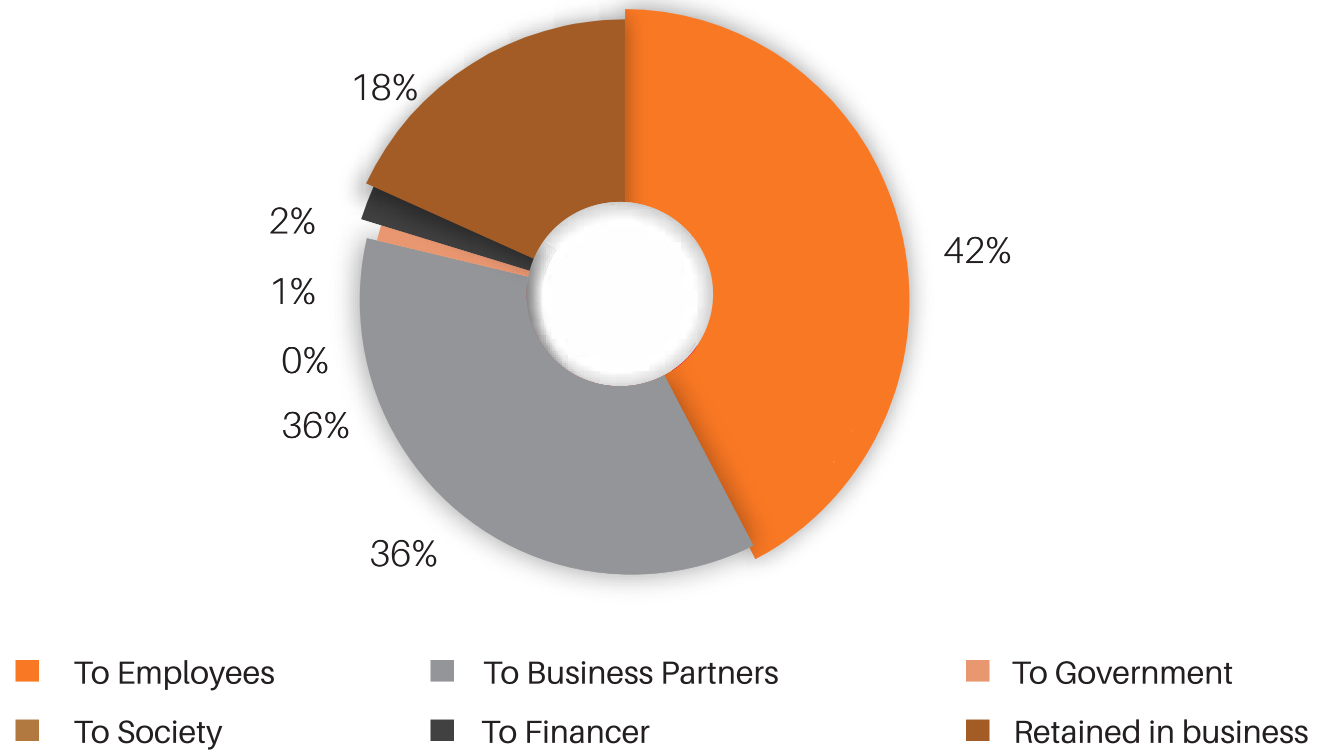
Share Price Sensitivity Analysis

Months	Max Price (Rs.)	Min Price (Rs.)	Average Volume	Closing Price (Rs.)
Jan 2021	30.60	25.90	1,667	30.60
Feb 2021	28.31	28.31	500	28.31
Mar 2021	35.30	30.40	500	35.30
Apr 2021	39.88	36.65	700	36.65
May 2021	40.50	23.40	18,250	26.00
Jun 2021	40.98	27.90	22,708	39.14
Jul 2021	44.48	32.60	21,706	41.84
Aug 2021	39.00	29.21	11,389	33.40
Sep 2021	40.50	28.76	25,333	39.93
Oct 2021	38.00	29.88	12,214	32.11
Nov 2021	36.99	30.30	5,267	31.33
Dec 2021	31.00	26.83	5,167	29.70

Statement of Value Addition

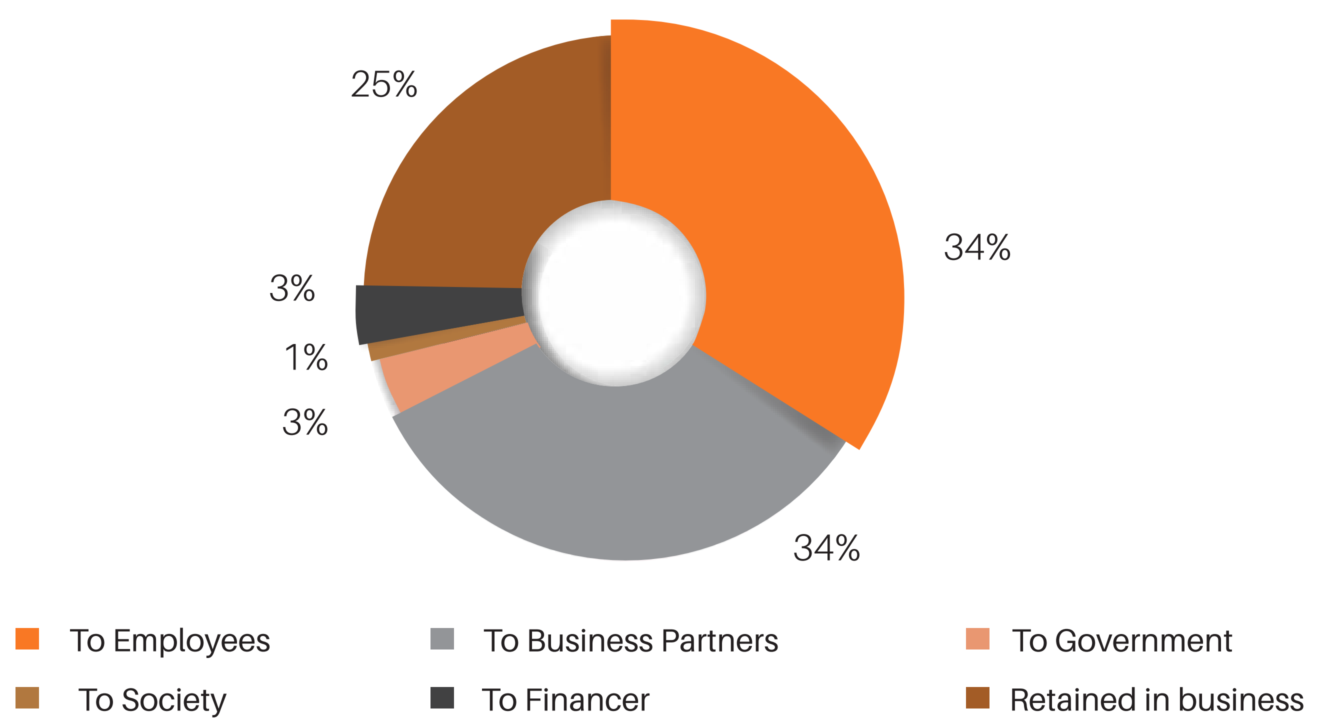
	2021		2020	
	Rupees	%	Rupees	%
Wealth Generated				
Net premium earned	2,398,356,823		2,163,082,018	
Reversal of premium deficiency reserve	-		-	
Commission from reinsurers	131,062,369		99,891,199	
Investment and other income	110,850,372		204,085,956	
	2,640,269,564		2,467,059,173	
Less: Claims, Expenses and charge of premium deficiency reserve (excluding employees remuneration, donation, depreciation and taxes)	(1,475,171,054)		(1,347,944,507)	
	1,165,098,510	**100.0%**	**1,119,114,666**	**100.0%**
Wealth Distributed				
To employees	493,257,338	42%	375,118,185	34%
To business partners	422,647,331	36%	381,759,156	34%
To government	4,463,650	0%	39,725,279	4%
To society	8,708,722	1%	12,928,242	1%
To financer	26,788,241	2%	35,224,854	3%
Retained in business				
Depreciation and amortization	218,920,979	19%	234,570,915	21%
Retained profit / loss	(9,687,751)	-1%	39,788,035	4%
	209,233,228	18%	274,358,950	25%
	1,165,098,510	**100%**	**1,119,114,666**	**100%**

2021



18%
2%
1%
0%
36%
36%
42%
To Employees
To Business Partners
To Government
To Society
To Financer
Retained in business

2020



25%
3%
1%
3%
34%
34%
To Employees
To Business Partners
To Government
To Society
To Financer
Retained in business

Statement of Charity Account

S. No.	Particulars	2021	2020
		Rupees in million	
1	Education	6.37	1.01
2	General Donations	1.34	4.37
3	Health Care and Environment	1.00	7.55
	Total	**8.71**	12.93

Stakeholders' Engagement

Investors

TPL Insurance Limited convenes Annual and Extra Ordinary General Meetings in accordance with the Companies Act, 2017. The Company's quarterly financial reports, annual reports and complete financial statements are published and hosted on the Company's website (www.tplinsurance.com). This transparency allows shareholders to remain connected with the Company as well as reaffirm their trust in the Company's promising performance and growth. Additionally, it facilitates potential investors in making their investment choices. In compliance with the Listed Companies (Code of Corporate Governance) Regulations and the Listing Regulations of the stock exchange, the Company notifies information to the Stock Exchange and the Securities and Exchange Commission of Pakistan regarding the dates of Board of Directors meetings and financial results in a timely manner.

Minority Shareholders

In order to ensure that the minority shareholders of the Company attend the general meetings of the Company, notices are circulated to the shareholders well in advance. The notices of the general meeting are published in widely circulated newspapers of the country and the same are published in both English and Urdu.

Customers

The Company's philosophy has always been to keep its customers and policy holders above all. The Company, with its customer-centric service philosophy, offers multiple round the clock platforms such as the call center, website, mobile app & whatsapp. Our dedicated teams for sales, claims, renewals, and customer services have been acknowledged and awarded for observing, maintaining and raising the Quality and Standard in the industry. The Company also reaches out and engages its customers and policy holders through social media and its website in order to get feedback and eradicate grievances (if any). This results in solidifying our customer's trust and satisfaction.

Banks

The Company holds true to its values and relationships. We partner with various forerunners of finance and banking industry and forge relations in the FI sector. This collaboration is always aimed at providing mutual benefits.

Media

Events, achievements, product launches, expansions, briefings, press releases and advertisements keep the Company in the news often. The Company has a strong presence in the media and its promotional and social activities are thoroughly covered and published in various forms including print, radio, TV, digital, etc.

Regulators

In compliance with applicable laws and regulations, the Company's statutory returns and forms are filed with various regulatory bodies and federal and provisional taxation authorities periodically. The Company ensures that all requirements are met and complied with.

Analysts

The Company is recognized by Pakistan Credit Rating Agency (PACRA) with a rating of "AA".

Steps taken by the Board towards Stakeholders' Engagement:

The Company ensures adequate level of engagement of its stakeholders and, in this regard, does maintain a policy covering the interest of its stakeholders including institutional investors, minority shareholders, customers, banks, media, regulators, analysts and others. In order to solicit and understand the views of its stakeholders, the Company holds corporate briefing sessions at least once in a year and post the same on its website for the disclosure to its stakeholders.

Issues Raised in the last AGM, Decisions Taken and their Implementation

No major issues were raised by the shareholders during the meeting. The following matters were taken up in the meeting as per the Agenda, and were unanimously approved and the decisions taken were implemented in due course:

1. Approval of minutes of the Extra Ordinary General Meeting held on December 21, 2020l

2. Approval of Audited Financial Statements for the year ended December 31, 2020 together with the Directors Reports, Chairman Review Report and Auditors Report thereon;

3. Approval for Appointment of Auditors

4. Approval for Election of Directors

Statement of Adherence with the International Integrated Reporting Framework

The Integrated Reporting System has been introduced by TPL Insurance to provide an overview of the philosophy of its business to explain the relation between its financial and non-financial information, in order to enhance the user's understanding of how the company is operating to improve its performance in the interest of stakeholders.

This Integrated Reporting Framework facilitates sustainable value creation over the long term by minimizing risks, improving harmony, generating cost efficiencies, and making capital allocation more efficient. The Company is well aware that information needs of stakeholders are changing in keeping with the dynamic environment we operate in. Investors in particular are increasingly becoming interested in the past performance as well as non-financial information which is becoming more and more relevant for ascertaining the future potential. Accordingly, the company has enhanced its disclosures of non-financial information in this Annual Report. This report is developed in accordance with the International Integrated Reporting Council's (IIRC) principal based International Integrated Reporting <IR> Framework to communicate with all our stakeholders with a concise and transparent assessment of the company to perform and create sustainable value.

In Annual Report 2021, we have covered following elements of International Integrated Reporting Framework.

- Organizational Overview
- Governance
- Risk and Opportunities
- Financial Performance
- Future Outlook
- Basis of Preparation and Presentation

In the future, we will continue to make improvements to this report so as to make it even easier to understand, while taking into account the opinions of stakeholders regarding this report.

Shariah Advisor's Profile

Mufti Muhammad Talha Iqbal

Mufti Muhammad Talha Iqbal is a qualified and certified Islamic scholar and recognized Mufti from Jamia Darul-Uloom Karachi, a premier institution of Pakistan for quality religious education and leading institute for promoting Islamic Economics and Finance setting up the guidelines of Islamic Banking and Takaful System. He has Takhassus fil Ifta / specialization in Fatwa (Islamic jurisprudence) and has vast experience in Islamic Fiqh and Islamic Financial Services.

Mufti Talha is associated with Window Takaful Operations of TPL Insurance Limited as its Shariah Advisor for past three years and has been instrumental in the development of its operations in both retail and corporate segments. His deep knowledge of corporate related matters and understanding of demands of the dynamic market in the light of Shariah Principles is of immense value to the organization. He was awarded degree of PGD from Centre for Islamic Economics (CIE). He also serves as teacher of Dars-e-Nizami at Jamiah Darul-Uloom Karachi since 2006 and is a faculty member of Centre for Islamic Economics (CIE) since 2010.

Composition of Board and Management Committees

A. Board Committees

1) Ethics, HR, Remuneration and Nomination Committee

Syed Nadir Shah	Chairman
Mr. Ali Jameel	Member
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Nader Nawaz	Secretary

2) Investment Committee

Ali Jameel	Chairman
Andrew Borda	Member
Muhammad Aminuddin	Member
Ali Asgher	Member
Yousuf Zohaib Ali	Secretary

3) Audit Committee

Syed Nadir Shah	Chairman
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Syed Muhammad Ali	Secretary

B. Management Committees

1) Underwriting Committee

Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hasan	Member
Shumail Iqbal	Secretary

2) Claim Settlement Committee

Muhammad Aminuddin	Chairman
Syed Ali Hassan Zaidi	Member
Yousuf Zohaib Ali	Member
Ovais Alam	Secretary

3) Reinsurance & Coinsurance Committee

Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hassan	Member
Shadab Khan	Secretary

4) Risk Management & Compliance Committee

Andrew Borda	Chairman
Syed Kazim Hasan	Member
Muhammad Aminuddin	Member
Kamran Rafique	Member
Shayan Mufti	Secretary

Terms of Reference - Board and Management Committees

1. Audit Committee

The Audit Committee is responsible for:

(a) recommending the appointment of external auditors by the Company's shareholders and shall consider any question of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;

(b) determining appropriate measures to safeguard the Company's assets;

(c) reviewing preliminary announcements of results prior to publication;

(d) reviewing quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on: (i) major judgmental areas; (ii) significant adjustments resulting from the audit; (iii) the going-concern assumption; (iv) any changes in accounting policies and practices; (v) compliance with applicable accounting standards; and (vi) compliance with statutory and regulatory requirements;

(e) 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);

(f) reviewing management letter issued by external auditors and management's response thereto;

(g) ensuring coordination between the internal and external auditors of the Company;

(h) reviewing the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(i) consideration of major findings of internal investigations and management's response thereto;

(j) ascertaining the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

(k) reviewing the Company's statement on internal control systems prior to endorsement by the Board of Directors;

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

(m) determination of compliance with relevant statutory requirements;

(n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

(o) consideration of any other issue or matter as may be assigned by the Board of Directors.

2. Ethics, Human Resource, Remuneration and Nominations Committee

The Ethics, HR, Remuneration and Nominations Committee is responsible for:

(a) proposing a remuneration approach and related policies;

(b) preparing remuneration reports and disclosures on compensation practices, on an annual basis but at least prior to the convening of the annual general meeting for the immediate preceding year;

(c) reviewing and making recommendations to the Board of directors regarding the specific remuneration, retirement, succession planning of the Board members, the CEO, senior management and key officers;

(d) reviewing and approving training need assistance at all levels of the organization;

(e) establishing code of business and corporate ethics that are circulated to all the staff members;

(f) implementing the Board's policy on Board's renewal so that the Board individually and collectively continues to maintain target skill levels and independence;

(g) making recommendation to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in their profile and any succession plans;

(h) ensuring proper orientation of Board members in respect of their responsibilities; and

(i) establishing a mechanism for the formal assessment of the effectiveness of the Board as a whole as well as the contribution of individual Board members along with ongoing training to fulfill their role requirements.

3. Investment Committee

The Investment Committee is responsible for:

(a) setting investment policies (subject to approval of the Board) and guidelines, including policies and guidelines regarding asset classes, asset allocation ranges, and prohibited investments in compliance with regulatory requirements;

(b) overseeing investment and reinvestment of the funds and maintenance of adequate solvency as laid down under Insurance Ordinance 2000 and rules framed thereunder;

(c) monitoring the management of the funds by reviewing written reports from investment staff and by discussions with investment staff at Committee meetings that focus on the primary determinants of returns, including asset allocation and investment strategy;

(d) evaluating investment performance based on a comparison of actual returns and benchmarks as the Board or Committee may from time to time select. The evaluation will take into account compliance with investment policies and guidelines and risk levels;

(e) conducting a quarterly performance evaluation of the Committee and report its findings to the Chairman of the Board.

4. Risk Management and Compliance Committee

The Risk Management Committee is responsible for:

(a) overseeing the activities of the Risk Management function of the Company, and making appropriate recommendations to the Board;

(b) assisting the Board in implementation of the decision taken by the Board to mitigate probable risks falling within the scope of the risk management function;

(c) assessing, quantifying, monitoring and controlling the nature, significance and interdependence of the risk (at individual level and aggregate level) to which the Company is or may be exposed and shall also manage them accordingly;

(d) ensuring that the Company's Risk Management system is well integrated into its organization structure, decision making process and corporate culture and that there is a clear link to other functions;

(e) assisting the Board in its oversight of the risk profile, Risk Management framework and the risk reward strategy determined by the Board;

(f) reviewing and approving the Company's Risk Management policy including risk appetite and risk strategy;

(g) reviewing the adequacy and effectiveness of risk management and controls;

(h) assisting in oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;

(i) reviewing Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile;

(j) periodically reviewing changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;

(k) reviewing and recommending approval of the Board risk management procedures and controls for new products and services.

5. Underwriting Committee

The Underwriting Committee is responsible for:

(a) reviewing periodically the policies and guidelines governing the Company's insurance and reinsurance underwriting;

(b) reviewing periodically the policies and guidelines regarding the Company's agent, broker, insured, ceding Company, and reinsurer counterparty risk in connection with its insurance and reinsurance underwriting activities;

(c) evaluating the Company's professional and development plans for key insurance and reinsurance underwriting and actuarial functions;

(d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee.

6. Claims Settlement Committee

The Claims Settlement Committee is responsible for:

(a) establishing, implementing and maintaining the claims processing time;

(b) claims monitoring and ensuring the transparency, fairness and equality;

(c) reviewing and analyzing periodically the feedback & complains obtained through the mechanism;

(d) reviewing claims for suggesting corrective underwriting measures;

(e) ensuring that salvage sales made are at their optimum price and with transparency.

7. Reinsurance and Coinsurance Committee

The Reinsurance and Coinsurance Committee is responsible for:

(a) monitoring on an ongoing basis the processes and procedures, policies and guidelines, counterparty risk and risk appetite of the Company;

(b) ensuring adequate reinsurance protection available to the Company;

(c) monitoring exposure to reinsurer and ensuring the reinsurance placements are not concentrated to minimise credit risk;

(d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee;

(e) monitoring that proper commission are charged on outward cessions.

Directors’ Training Program

All Directors on the Board are fully conversant with their duties and responsibilities as Directors of the Company. Five (5) out of seven (7) Directors of the Company have undertaken the Directors’ Training Program **(DTP)** from Securities and Exchange Commission of Pakistan (SECP) approved institutions whereas one (1) Director stands exempted from the requirement of certification of DTP.

The remaining Directors are yet to obtain the certification. The names of the Directors who have obtained the DTP Certification are as follows:

1. Mr. Rana Assad Amin
2. Mr. Jameel Yusuf Ahmed
3. Syed Nadir Shah
4. Mr. Muhammad Aminuddin
5. Mr. Benjamin Brink

The following Director(s) have been granted exemption from the DTP Certification from SECP are as follows:

1. Mr. Ali Jameel

As regards the requirement of Head of Departments and Female Executives to undertake DTP, the Company shall comply with the said requirement within the time prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Other Directorship of Company’s Executive Directors

Details of other directorship of the Board of Directors are as follows:

No.	Name	Company	Designation / Status
1.	Muhammad Ali Jameel	TPL Corp Limited	Executive Director
		TPL Properties Limited	Executive Director
		TPL Life Insurance Limited	Executive Director
		TPL REIT Management Company Limited	Non-Executive Director
		TRG Pakistan Limited	Non-Executive Director
		Agriauto Industries Limited	Non-Executive Director
2.	Muhammad Aminuddin	TPL Life Insurance Limited	Non-Executive Director

Role of Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer are distinct and complementary. The same are set out below:

Chairman

The Chairman is in charge of the leadership of the Board. In particular, he is responsible for the following which includes but not limited to:

- to set the agenda and tone of the meetings of the Board in order to stimulate productive debate and ensure appropriate decision making regarding issues pertinent to those areas which are considered by the Board;
- to set a performance-oriented agenda which is largely fixated on strategising, value creation and answerability;
- to manage the meetings of the Board to make sure that suitable time is allowed for discussion of all items on the agenda;
- to ensure that complex or contentious issues are dealt with meritoriously, making sure in particular that non-executive directors have sufficient time to consider them;
- to ensure the constructive running of the Board and its relevant committees while in compliance of the maximum standards set by the Code of Corporate Governance;
- to ensure active, accurate and timely communication with shareholders and Board members alike regarding, inter alia, the performance of the Company;
- to ensure that the Board defines, to the best of its ability, the extent of the significant risks the Company can afford to and is willing to take in the employment of its devised plans;
- to warrant that the members review, consistently and continuously, the effectiveness of risk management and internal control systems.

Chief Executive Officer

The Chief Executive Officer is responsible to lead the business, supervising it within the authorities delegated to him by the Board. He oversees the implementation and development of the devised policies. In particular, he is responsible for the following which includes but is not limited to:

- to lead, in conjunction with the Board, the development of the Company's strategy;
- to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- to ensure the Company is appropriately organised and appropriately staffed and to enable it to achieve the approved strategy;
- to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
- to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever/whenever it does business;
- to act as a liaison between management and the Board and to provide information to the Board to enable the Directors to form appropriate judgments;
- to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company, and ensure the integrity of all public disclosures by the Company;
- in concert with the Chairman, to develop focused agendas to be discussed by the Board in its meetings;
- to request that special or general meetings of the Board and shareholders be called when appropriate;
- to sit on committees of the Board where appropriate as determined by the Board;
- to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, safety and health policies.

Policy of Related Party Transactions

The company's policy for related party transaction duly approved by the Board encompasses the requirement of the applica-ble laws including Companies Act, 2017, the Companies (Related Party Transaction and Maintenance of Records) Regulations, 2018 and listing regulations of the exchange. The policy was approved by the Board covering the necessary conditions relating to nature of related party relationship, potential risks and mitigating meansures, pricing limitation applicable in case of certain/particular related party transactions.

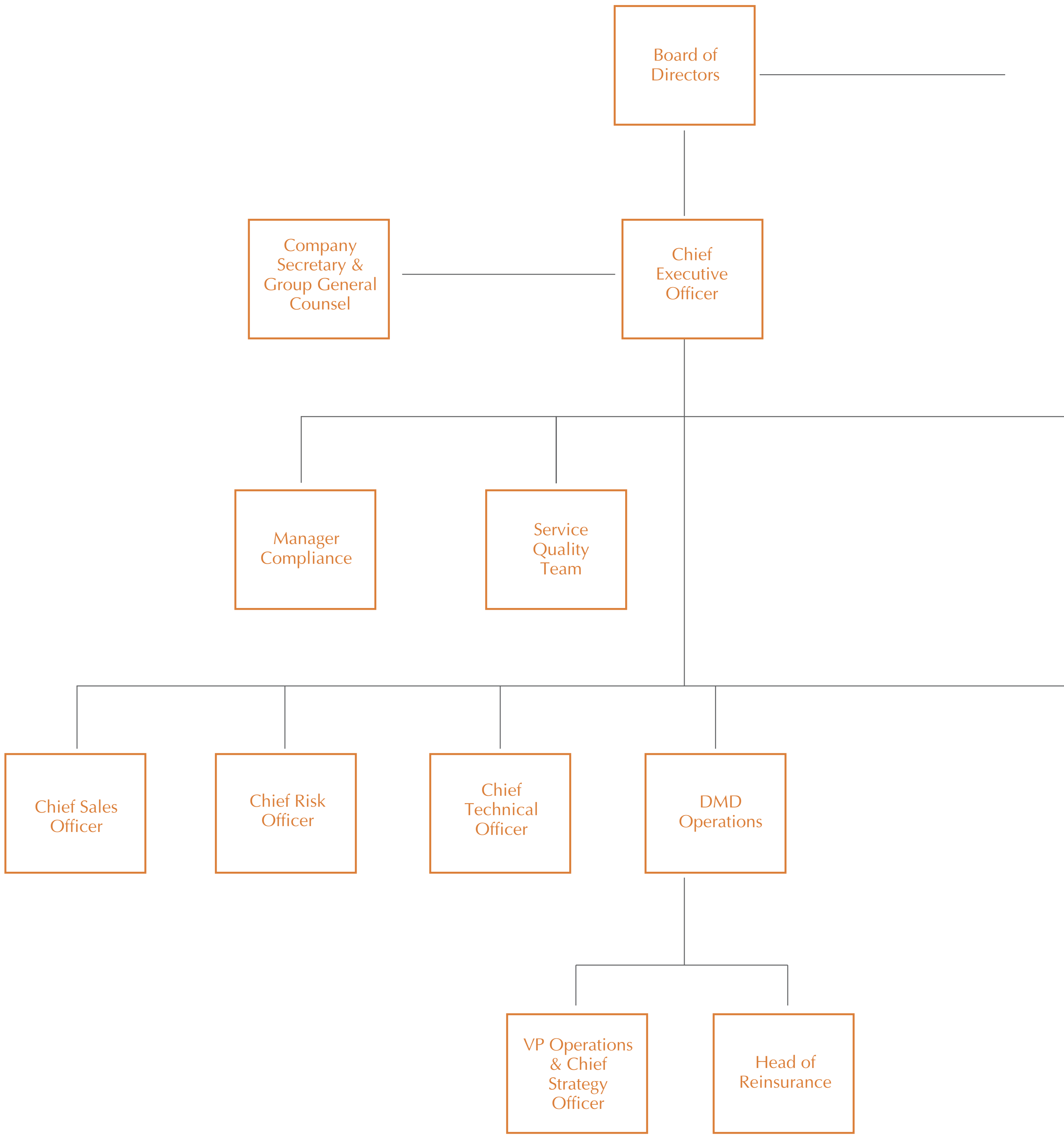
The Board ensures that the company meets its legal and regulatory obligations in relation to related party transactions and has set general criteria to approve transactions with related parties at various levels and identifies and determine whether related party transaction requires members' approval and recommend the same to members where applicable.

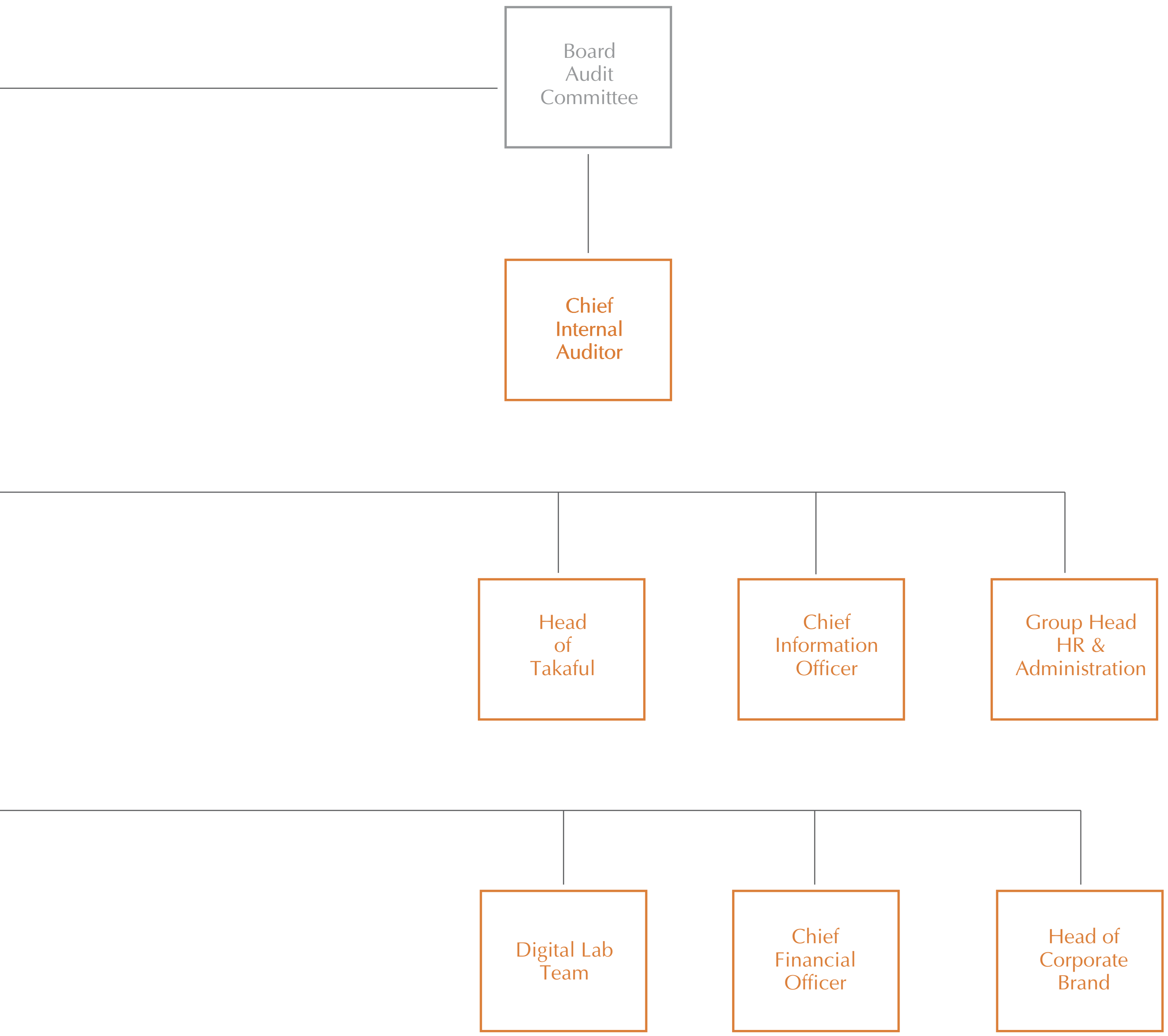
The Board considers and review the following minimum information for its approval for related party transactions

- name of related party, the interested or concerned persons or directors;
- nature of relationship, interest or concern in the related party;
- detail, description, terms and conditions of transactions;
- amount of transactions;
- timeframe or duration of the transaction or contracts or arrangements;
- pricing policy; and
- recommendations of the audit committee, where applicable.

During the year, the Company entered into several related party transaction in-line with the fair and equitable/ arms-length principle which were reviewed and approved by the Board on recommendation of the Board Audit Committee

Organization Chart




Board Audit Committee
Chief Internal Auditor
Head of Takaful
Chief Information Officer
Group Head HR & Administration
Digital Lab Team
Chief Financial Officer
Head of Corporate Brand

Whistleblowing Policy

1. Introduction

All persons employed by the TPL Insurance Limited (the Company) are under an obligation implied in their contract of employment to give honest and faithful service to their employer. This includes an obligation not to disclose to external sources any trade secrets or confidential information acquired during the course of employment or act in a manner that will undermine the mutual trust and confidence on which the employment relationship is based. The company complements obligations by providing protection to employees for disclosure made without malice and in good faith of certain specific confidential information to a third party in defined circumstances. These are outlined below in document. The purpose of this policy is to provide a means by which employees are enabled to raise concerns with the appropriate Company Authorities if they have reasonable grounds for believing there is serious malpractice within the Company. The Company encourages employees to raise matters of concern responsibly through the procedures laid down in this policy statement.

2. Scope of the Policy

The policy is designed to deal with concerns raised in relation to the specific issues which are in the public interest and are detailed in below document, and which fall outside the scope of other Company's policies and procedures. The policy will not apply to personal grievances concerning an individual's terms and conditions of employment, or other aspects of the working relationship, complaints of bullying or harassment, or disciplinary matters. Such complaints will be dealt with under existing procedures on grievance, bullying and harassment, discipline and misconduct in research. Details of these procedures will be found in the relevant employee handbook. They are also published on the online HR portal.

The policy may deal with specific concerns which are in the public interest and may include:

- a criminal offence
- failure to comply with legal obligations or with the Statutes, Ordinances, Code of Conduct, and Regulations of the Company
- financial or non-financial maladministration or malpractice or impropriety or fraud
- academic or professional malpractice
- a risk to the health or safety of any individual
- environmental damage
- a miscarriage of justice
- improper conduct or unethical behavior
- attempts to suppress or conceal any information relating to any of the above.

If in the course of investigation any concern raised in relation to the above matters appears to the investigator to relate more appropriately to grievance, bullying or harassment, or discipline, those procedures will be invoked.

3. Who Can Raise a Concern?

Any employee, who has a reasonable belief that there is serious malpractice relating to any of the protected matters specified in above document, may raise a concern under the procedure detailed in paragraph 6 below. The issues raised under the protected list may relate to another employee, a group of employees, the individual's own department or another part of the Company. Concerns must be raised without malice and in good faith, and the individual must reasonably believe that the information disclosed, and any allegations contained in it, are substantially true. The disclosure must not be made for purposes of personal gain, and in all the circumstances it must be reasonable to make the disclosure. The Company will ensure that any member of staff who makes a disclosure in such circumstances will not be penalized or suffer any adverse treatment for doing so. However, a member of staff who does not act in good faith or makes an allegation without having reasonable grounds for believing it to be substantially true, or makes it for purposes of personal gain, or makes it maliciously may be subject to disciplinary proceedings.

In view of the protection afforded to an employee raising a bona fide concern, it is preferable if that individual puts his/her name to any disclosure. The identity of the person raising the matter will be kept confidential, if so requested, for as long as possible provided that this is compatible with a proper investigation. Anonymous complaints are not covered by this procedure, but may be reported, investigated or acted upon as the person receiving the complaint sees fit (including the use of this procedure), having regard to the seriousness of the issue raised, the credibility of the complaint, the prospects of being able to investigate the matter, and fairness to any individual mentioned in the complaint.

4. Procedure

4.1. Raising a Concern

To raise a concern under the policy employees are requested to complete the whistle blowing complaint form and submit it to Human Resources department. If employee is unsure about whether his concerns are best dealt with under this policy or Grievance procedure, employees are expected to consult HR Business Partner for further advice.

4.2. Process

The person to whom the disclosure is made will normally consider the information and decide whether there is a prima facie case to answer. He or she will decide whether an investigation should be conducted and what form it should take. This will depend on the nature of the matter raised and may be,

- investigated internally
- referred to the departments
- the subject of independent enquiry.

If the person to whom the disclosure is made decides not to proceed with an investigation, the decision will be explained as fully as possible to the individual who raised the concern. It is then open to the individual to make the disclosure again either to another of the persons specified in the paragraph above or to the Head of HR department.

4.3. Investigation

Any investigation will be conducted as sensitively and speedily as possible. The employee will be notified of the intended timetable for the investigation. The person to whom the disclosure is made may authorize an initial investigation to establish the relevant facts. The investigation may be conducted by the internal auditor in the case of a financial irregularity, or by another person. The investigator will report his or her findings to the person to whom the disclosure was made, who will then decide if there is a case to answer and what procedure to follow. This may include taking steps with the competent authority to set up a special internal independent investigation or reference to some other authority, for further investigation. The decision may be that the matter would be more appropriately handled under existing procedures for grievance, bullying and harassment, or discipline. The individual making the disclosure will be informed of what action is to be taken.

4.4. Records

An official written record will be kept of each stage of the procedure.

4.5. Reporting of Outcomes

A report of all disclosures and subsequent actions taken will be made by the persons deciding on the issues. This record should be signed by the Investigating Officer and the person who made the disclosure, and dated. Where appropriate the formal record need not identify the person making the disclosure, but in such a case that person will be required to sign a document confirming that the complaint has been investigated. Such reports will normally be retained for at least five (5) years. In all cases, a report of the outcome will be made to the Board and Council, which will refer the report on appropriately if necessary.

5. Confidentiality and Protection Mechanism

The policy assures that all complaints will be handled in complete confidence, and that the identity of the complainant will not be revealed to Management. In the unlikely event that the identity of Whistle Blower is revealed to any person in the Company, it will be ensured that the complainant is not subjected to any form of detrimental treatment.

5.1. Complaints of Retaliation as a Result of Disclosure

The Company accepts that it has an obligation to ensure that employee who make a disclosure without malice and in good faith are protected, regardless of whether or not the concern raised is upheld. An employee who has made a disclosure and who feels that, as a result, he or she has suffered adverse treatment should submit a formal complaint under the grievance procedure as set out in the relevant employee handbook detailing what has been done to him or her. If it appears that there are reasonable grounds for making the complaint, the onus will be on the person against whom the complaint of adverse treatment has been made to show that the actions complained of were not taken in retaliation for the disclosure. Where it is determined that there is a prima facie case that an employee has suffered adverse treatment, harassment or victimization as a result of his or her disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator in accordance with the relevant procedure.

6. Success of the Policy and its Implementation

All stakeholders are responsible for the success of this policy and should ensure that they use it to disclose suspected danger or wrongdoing. If a stakeholder has any question about the content or application of this policy, he or she may contact the Human Resources Department for obtaining necessary clarification.

7. Numbers of Instances Reported

No instance have been reported during the year 2021.

Code of Business Conduct and Ethical Principles

1. Ethical Obligations

TPL Insurance strives to maintain a positive work environment where employees treat each other with respect and courtesy. Certain guidelines of acceptable conduct such as responsibility and diligence towards work duties, courteous and civil behavior towards colleagues and customers alike, and high standards of integrity and honesty must be observed by all employees of the organization at all times. This includes avoiding using abusive or insulting language in communication (verbal or written). Any language which is deemed offensive by normal standards and practice is prohibited.

2. Code of Conduct

It is our aim to establish business principles for the professional conduct of the employees of TPL Insurance. All employees are liable for disciplinary action if found in violation of the policies. In general, the use of good judgment, based on high ethical principles, is the standard of acceptable conduct.

The successful business operation and reputation of TPL Insurance is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence require careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of TPL Insurance is dependent upon our customers' trust and we are dedicated to preserving that trust. The employees owe a duty to TPL Insurance customers, and shareholders to act in a way that will merit the continued trust and confidence of the public. TPL Insurance complies with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

3. Conflict of Interest

TPL Insurance's policy regarding possible conflict of interest is based on the principle that an employee's decision in the course of business must be made solely in the best interests of the company. In reaching these decisions, an employee should not be influenced by personal or family considerations which might consciously (or unconsciously) affect his or her judgment as to what is in the best interest of the company. Each employee has an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This document establishes only the framework within which the company wishes the business to operate. As a principle, relatives are not hired. On a later occasion if it is found out that a relative was hired with prior knowledge of an employee, this could become a ground for termination.

4. Child Labor and Worker Exploitation Policy

TPL Insurance does not use child or forced labor in any of its operations or facilities. TPL Insurance does not tolerate unacceptable worker treatment, such as exploitation of minors, physical punishment or abuse, or involuntary servitude. TPL Insurance expects its suppliers and contractors with whom the company does business with to uphold the same standards. TPL Insurance does not commit to exposing workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy. TPL Insurance does not hire any employee under the age of eighteen (18) years for employment.

5. Confidentiality

All employees must protect confidential information, and prevent such information from being improperly disclosed to any person inside or outside the organization. All employees are prohibited from disclosing confidential information obtained from their position at the company to any person or using such information with the intention of obtaining personal benefits. Employees should not communicate or transmit confidential or sensitive information through external online communications services, such as the internet. Interaction with competitors beyond the approved level will be regarded as gross misconduct. The company shall take appropriate disciplinary actions in cases of negligence or non-compliance with the above policy.

6. Privacy of Records

It is vital that all employees maintain the utmost confidentiality with regards to work and employee information. All employees must ensure that the organization's work files are returned to their appropriate location at the end of each working day. All aspects of the employee records and information must be treated in the strictest confidence. Any violation will be treated as gross misconduct under the service rules. Access to HR files is provided to relate HR officials, heads of departments, internal and external auditors, chief financial officer and chief executive officer. The HR files are only accessible to be viewed in the HR department of the company's premises.

7. Environmentally Friendly

We are committed to running our business in an environmentally sound and sustainable manner. Accordingly, our aim is to ensure that, our processes and services have the minimum adverse impact commensurate with legitimate needs of the business.

8. Bribery and Fraud

Bribery is not tolerated in any form or manner and any such incident shall be immediately reported to the HR department. While representing the TPL Insurance, the employee is strictly prohibited from offering, paying, soliciting or accepting bribes in cash or kind. External and internal bribery risks are regularly and systematically assessed and preventative measure are in place to avoid such matters. Engaging in fraudulent activities is a fundamental breach of the company's core value of honesty. The company treats it as the most serious breach of discipline. The management has established and consistently maintains and further develops sufficient controls to ensure that risk of fraud is properly identified, monitored and mitigated.

9. Gifts, Entertainment and Gratuities

We conduct our business on the basis of the superior value of goods and services we buy and sell. Our policy on gifts, entertainment and gratuities is designed to preserve and maintain the Company's reputation as a global enterprise, which acts with integrity and bases decisions only on legitimate business considerations. Receiving gifts, entertainment or other gratuities from people with whom we do business is generally not acceptable because doing so would imply an obligation on the part of the Company and potentially pose a conflict of interest.

10. Misconduct

The acts listed below are considered as misconduct and an employee found guilty of the same may be liable for termination of service without notice and benefits:

- Habitual late attendance
- Absent from duty without information for more than 03 days.
- Habitual negligence or neglect of work
- Insubordination or disobedience of senior member of the employee
- Resorting to strike or instigating other employees to stop working or go slow or spreading discontentment
- Giving or possessing classified / unclassified information to unauthorized persons
- Any act bringing disrepute to the company
- Any fraudulent act or forgery or another criminal act
- Misuse of company assets
- Non-adherence to the Code of Conduct

The company shall initially suspend the service of an employee without pay (up to a maximum of fourteen (14) days') in case of misconduct, during the pendency of the proceedings initiated.

11. Health and Fire Safety

To build awareness on the health, safety and environment standards, the organization on regular basis, provides relevant information and trainings to its employees. The Administration / Security department ensures a safe and healthy environment, conduct regular fire drills, so as to prepare every employee of the organization in the case of emergency situation. There are emergency exit routes, fire exits and fire extinguishers placed strategically throughout the company's premises. The employees will further have the opportunity to receive training and attend briefings on the proper use of firefighting equipment in their respective areas.

12. Environmental Safety

All employees are requested to ensure a safe work environment is maintained at all times. The use of alcohol, chewing of betel nut, illegal drugs may seriously affect a person's ability to perform their duties in a proper and safe manner and therefore are strictly prohibited while on duty both on and off premises. Smoking is prohibited on all office premises.

13. Legal Proceedings

It is essential that an employee, who becomes involved in any legal proceedings, whether civil or criminal, should immediately inform his or her superior with a copy of the proceedings to the HR department in writing. Failure to do so may result in termination of employment.

14. Compliance

Compliance with business ethics and conduct is the responsibility of every employee. Disregarding or failing to comply with the standard of business ethics and conduct determined by the Company could lead to disciplinary action, including but not limited to the possible termination of employment. It is the responsibility of the HR department and all the immediate line managers to ensure that the principles embodied in this code are communicated to, understood and observed by all the employees.

Succession Planning

Our succession planning process covers the following areas:

Step 1 – Identify Key Positions

Criteria for key positions include:

- Positions that require specialized job skills or expertise.
- High-level leadership positions.
- Positions that are considered "critical" to the organization.

Step 2 – Build Job Profiles for each Key Position

Determine the key success factors of the job and how proficient the job holder would need to be. This information can be obtained several ways, including performing on the job analysis or gathering critical information during the performance appraisal process. The information that is gathered includes the knowledge, skills, abilities, and attributes that the current employee in a position possesses that allow for competent and efficient performance of the function.

Step 3 – Competency Gap Analysis

- Using relevant tools, gather data on current employee competencies for the key positions.
- Analyze the difference between current employee competencies and future needs.
- Document findings for development opportunities.

Step 4 – Development Opportunities

- Assess the abilities and career interests of employees.
- Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization.

Step 5 – Individual Development Plans

- Design a plan for each candidate – developmental plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the organization.
- Provide development opportunities – This can be accomplished through job assignments, training, or on job rotation, and it is one of the best ways for employees to gain additional knowledge and skills.

Step 6 – Maintain Skills Inventory

- Continually monitor skills and needs to determine any gaps and develop plans to meet deficiencies.
- Keep an inventory of current and future needs and maintain the information for individual and group development.

Policy for Actual and Perceived Conflict of Interest

TPL Insurance maintains the highest standards in ensuring that business ethics are always upheld and no corruption takes place. The Company ensures that all directors uphold and adhere to the code of conduct and are fully cognizant of their fiduciary duty towards the Company. The Directors are required to act in the highest standards of corporate governance and avoid / deflect conflicts of interests. Every director of the Company whose interest lies in any of the Company's dealings or arrangements are required to fully disclose their interests to the Board. As such, the Board ensures that any director with a conflict of interest is not a part of voting system for such matters. Each director is required to disclose the names of the companies they are associated with and the capacity of such associations.

Policy for Safety of Records of the Company

PL Insurance Limited ensures safety of records in the following manner:

- The Company has properly documented and tested Business Continuity Plan / Disaster Recovery Plan (BCP / DRP) which elucidates the safety of company records and ensures continuity of business operations in the event of a disaster.
- Every department in the Company is responsible for creating backup logs on the server on a daily basis.
- The Company has advanced machines in place through which electronic retrieval of printed data can be extracted.

Security Clearance Policy

TPL Insurance Limited, complying with the requirements of Ministry of Interior (the MOI), allows its foreign shareholders and directors to become a part of the Company.

In this respect, the foreign shareholders and directors submit an application to the MOI through Securities and Exchange Commission of Pakistan for security clearance. The said application is supported by an undertaking on stamp paper from the foreign shareholders and directors that it shall sell the shares in the company or vacate the office (as necessary) in case it does not receive security clearance. The Company further submits identification documents (such as copies of company incorporation documents, passports and CVs (as applicable)) with the application. In the event that the MOI denies security clearance for the respective foreign shareholder or director, the Company shall immediately take adequate steps to either compel the shareholder to sell its shareholding in the Company as per the undertaking submitted to the MOI or replace the director as soon as possible.

Policy On Diversity

TPL Insurance Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion. The Company's diversity initiatives include but are not limited to its practices and policies on recruitment and selection, professional development and training.

The Company embraces its employees' differences in age, disability, ethnicity, family or marital status, language, physical and mental ability, political affiliation, race, religion, socio-economic status, and other characteristics which make its employees unique.

The Company believes that an ongoing development of a work environment built on the premise of gender and diversity equity encourages and enforces, inter alia, respectful communication, cooperation, and teamwork. The employees have a responsibility to treat all colleagues with dignity and respect. The employees are expected to exhibit a conduct which reflects inclusion at all times. Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action.

Further, any employee who believes that they have been subjected to any kind of discrimination which conflicts with the Company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

Policy of Retention of Board Fee by the Executive Director in other Companies

Mr. Mohammad Ali Jameel and Mr. Muhammad Aminuddin who hold the positions of Executive Directors in the Company also hold Non-Executive Director positions on the Boards of other companies and receive remuneration in compliance with the respective Company's policies approved by their Board of Directors.

Further, any employee who believes that they have been subjected to any kind of discrimination which conflicts with the Company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

Investor Grievance Policy

TPL Insurance has a well-defined mechanism for handling investor grievances and the subsequent redressal of the grievance. Our compliance team undertakes to ensure that the investors are provided impeccable services.

The Company has set the following guidelines to handle investor queries and complaints:

- timely responses to investor grievances;
- fair treatment of all investors;
- corrective measures to be taken instantly to avoid complaints in the future.

The Company Secretary is the point of contact in such cases. The investors may directly write to the Company Secretary at the following address:

The Company Secretary
TPL Insurance Limited
20th Floor, Sky Tower - East Wing
Dolmen City, HC-3
Abdul Sattar Edhi Avenue
Block 4, Clifton
Karachi
Pakistan

Shareholders may present their enquiries in respect of their shareholding, dividends or share certificates etc. directly to the Share Registrar at the following address:

THK Associates (Private) Limited
Plot no. 32-C
Jami Commercial Street 2
D.H.A Phase VII
Karachi 75500
Pakistan

Tel: (0092) (021) 35310191-6

Alternatively, the investors may also send an email to designated email address info@tplinsurance.com for general queries / complaints. If an investor remains unsatisfied with the response received from the Company or the Share Registrar against the complaint, he or she may approach the Securities & Exchange Commission of Pakistan complaint cell through the interactive link available on the Company's website.

IT Governance Framework

TPL Insurance is keen on strengthening its internal controls, therefore, it has an approved Information Security Policy in place. The policy aims to define an IT & information security governance framework by defining the roles and responsibilities, acceptable practices, protocols and procedures to ensure operations are running effectively and risks are treated accordingly.

The Policy entails the following aspects:

- Roles and Responsibilities
- Physical & Environmental Security Measures
- Access Management
- Acceptable Use of Network & Communication
- System Development Life Cycles (SDLC)
- Asset Management
- Network Security
- Disaster Recovery Management

Annual Evaluation of Board's Performance

The Board of the Company has developed a mechanism to evaluate its own performance, on an annual basis, through a questionnaire which evaluates the performance of the Board as whole and that of individual directors.

The said questionnaire is prepared in accordance with the Code of Corporate Governance and is circulated to all the Directors covering, inter alia, the following areas:

- Fiduciary Duties
- Business Strategy
- Compliance with the Law
- Participation on the Board
- Corporate Reporting

This performance evaluation exercise helps the Board of the Company to evaluate its processes and effectiveness with the aim of ensuring the more efficient and effective operation and its functions, focusing on succession planning, the Board composition and the use of Board time.

Performance Review of the Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board of Directors for tenure of three (3) years. The Ethics, Human Resource, Remuneration and Nomination Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The Committee reviews and monitors the CEO’s performance on an annual basis.

Chairman's Review Report

For the year ended 31st December 2021

I am honored to apprise the notable performance of TPL Insurance Limited ("Company") to our valuable members and providing an overview of the Company's key achievements for the year ended December 31, 2021. The Board actively contributed to sustain the profit trajectory and overseeing the Company's businesses, in particular, steering the Management to make strategic decisions. Despite the challenging trading environment, fueled by the pandemic outbreak, the Company has achieved a great deal of success and the Board is pleased with the progress of the Company.

I feel pleasure to report that the Company continued to expand its footprint in other lines of business and registered a noteworthy growth in most of its portfolio due to the Management's efficient functioning and determination. Moreover, efforts have also been made to develop the existing channels further including increasing penetration in the new auto manufacturers that have launched in Pakistan, increasing our presence in TIER-II cities and building relationships with banks and improving product penetration in the market.

During the year, the Company has issued ordinary shares (19.9% stake in the Company) to Deutsche Investitions – und Entwicklungsgesellschaft mbH ("DEG"), a wholly owned subsidiary of KFW Group based in Cologne, Germany, a major Development Finance Institution at a price of Rs. 20/- per share, aggregating up to PKR 466,500,000/-. To enhance its capital requirement, the Company has also entered into a Letter of Intent, with Finnish Fund for Industrial Cooperation Limited, a Private Limited Company for its investment in the Company.

Our Board composition is well balanced and diversified in term of skills, knowledge and experience, assisting the management to thrive consistently and to benefit the management from its expert engagement and regular support. The Board has a strong ongoing commitment to transparency and good corporate governance as it is vital to discharging its responsibilities. The Board sub-committees met on an adequate basis during the year and continued to provide the Board with the necessary assurance that audit and remuneration structures and processes were being correctly implemented by management.

On behalf of the Board, I would like to express my gratitude to the valued shareholders, management and other stakeholder of the Company and pray that the Company continues on the road of innovation and surpass stakeholders' expectations and keeps growing in the years to come.

Jameel Yusuf (S.St.)
Chairman of the Board
As of December 31, 2021

Audit Committee Report

The Audit Committee

The Audit Committee (AC) is delegated with the authority from the Board to provide independent oversight of the Company's financial reporting and internal control systems, and the adequacy of the external and internal audits. The AC is provided with sufficient resources to perform its duties including support, as necessary, from the Internal Audit Department (IAD), the external auditor, legal counsel and management in examining all matters relating to the Company's adopted accounting policies and practices, and in reviewing all material financial, operational and compliance controls. The AC comprises of one independent director, and two non-executive directors, and includes a member who is financially literate. The Chairman of the Committee is an independent director. The Head of Internal Audit, who is also a Secretary of the Committee, attends Audit Committee meetings. The Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) attends Audit Committee meetings by invitation. The AC held four meetings in 2021.

Review of Financial Results

The AC reviews the annual and quarterly financial statements of the Company, before recommending to the Board for approval. The AC also reviews External Auditors' Report on half yearly and annual financial statements of the Company. Based on this review and discussions with management, the AC was satisfied that the Financial Statements were prepared in accordance with applicable accounting standards and fairly present the Company's financial position and results for the year ended 31st December 2021. The AC therefore recommended the Financial Statements for the year ended 31st December 2021 for the Board approval.

Review of Internal Control Systems

The AC reviewed the effectiveness of the Company's policies and procedures regarding internal control systems by reviewing the work of the IAD and the Company's external auditor, and regular reports from management including those on risk management, regulatory compliance and legal matters. In conjunction with the Risk Committee, the AC reviewed and concurred with the management confirmation that the Company's risk management and internal control systems were effective for the year ended 31st December 2021. The AC is satisfied that the Company has adopted necessary control mechanisms to ensure that it satisfactorily complies with the requirements of the Code of Corporate Governance in respect of internal control systems.

Review of Accounting, Financial Reporting and Internal Audit Functions

The AC reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting, financial reporting and internal audit functions.

Review of Related Party Transactions

During 2021, the Company entered into certain related party transactions as disclosed in the notes to the financial statements. The AC reviewed these transactions and confirmed that the transactions were entered into by the Company are in accordance with the applicable requirements.

Appointment of External Auditors

M/s EY Ford Rhodes, Chartered Accountants ("EYFR") have completed the statutory term. The AC have recommended appointment of M/s BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year ending 31 December 2022, at a fee to be mutually agreed. The AC has reviewed the appointment of external auditors as to their independence and objectivity. External auditors have confirmed that they have been given satisfactory rating under Quality Control Review program of the Institute of Chartered Accountants of Pakistan.

Syed Nadir Shah
Chairman Board Audit Committee

25 February 2022

Pandemic Recovery Plan by the Management and policy statement

While the world continued to battle Covid-19 pandemic in 2021, new waves and variants and resultant lockdown impacted business activity, at times bringing it to a halt globally. TPL Insurance continued to show resilience and commitment as the leading Insurtech player in Pakistan, with digital platforms to acquire and service customers, the business maintained operational efficiency throughout the pandemic, providing unmatched services to customers from all segments.

Further developing the digital platforms, TPL Insurance has revamped the customer experience with secure payment options to purchase insurance and get renewals through website and mobile app.

TPL Insurance introduced various products for different customer segments to cater to their individual needs such as Bike Insurance, Women Health Insurance, Domestic Travel Insurance, etc. The company also revamped the mobile app to provide value additions to customers, such as discounts at partner locations, online doctor consultancy, medicine delivery, and travel bookings. This customer-centric approach paves the way for TPL Insurance to come closer to our customers and provide insurance services with faster turnaround times. The continuous engagement and provision of multi-faceted assistance to the customers have resulted in improved retention ratio and growth in premiums.

TPL Insurance is determined to keep improving engagement with its customers and business partners in parallel working on multiple initiatives to penetrate and grow business channels, particularly through digital means. Strengthening its product base with gradual roll outs of improved and innovative products tailored to cater for the requirements of customers, is an area of focus.

Directors' Report

On behalf of the Board of Directors of TPL Insurance Limited ("the Company"), I am pleased to present the Annual Report of the Company for the year ended December 31, 2021.

ECONOMIC REVIEW

The economy of Pakistan rebounded strongly during FY2021 and posted growth of 5.37%, which is not only substantially higher than the past two years but also surpassed the target of 2.1%, due to policy measures taken in the wake of Covid-19 crisis. However, from fourth quarter 2021, those policy decisions witnessed reversal with discount rate going up to 9.75% by the end of the year 2021, which may impact the growth in FY2022.

Due to low discount rates in the first three quarters of the year, auto industry reported robust growth in sales with car sales registering growth of 91% YoY. However, with the discount rates going up, and restrictions on vehicle financings introduced in later part of the year, growth in large scale manufacturing sector may be impacted during 2022.

On the external account front, Pakistan has reported current account surplus during the first four months of the year. However, the current account started to turn negative due to significant growth in imports, increase in global crude prices, with no matching growth in exports and remittances. As a result, PKR devalued by 10.6% during the year from PKR 159.8 per USD at the beginning of the year to PKR 176.7 per USD at the close of the year.

BUSINESS REVIEW

GROSS WRITTEN PREMIUM

The Company has been allowed by SECP to report its results on consolidated basis i.e. conventional accounts clubbed with Takaful accounts on line by line basis. This reflects true reflection of the Company's performance as a whole which is also imperative from the investors' point of view.

During the year, the company reported Consolidated Gross Written Premium ("GWP") of Rs. 3,284 Million registering growth of 20% YoY. The premium includes contribution written by window takaful operations of the Company which amounts to Rs. 1,489.9 Million (2020: Rs. 1,239 Million).

Year	Consolidated Gross written premium (Rs. In Millions)	Growth %
2015	1,635.5	34%
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	2,746.9	10%
2021	3,284.0	20%

Government of Pakistan's stabilization measures, including lower discount rates boosted the auto sector with motor sales registering robust growth. Motor sales increased from 104k units in the year 2020 to 199k units during 2021, according to the statistics of Pakistan Automotive Manufacturers Association. As a result the Company's motor portfolio registered growth of 17.5% YoY.

During 2021, the Company continued to expand its footprint in other lines of business. Fire portfolio registered growth of 32% at Rs. 312.6 Million (2020: Rs. 236.9 Million) while Marine and Miscellaneous classes reported growth of 79% and 86% respectively.

In the year 2021, we continued our focus on the digital landscape whilst developing our footprint in both retail and corporate segments. On the retail side, we continued to focus on all SEC segments and launched products such as Bike Insurance, Women Shield, Domestic Travel and Electric Car insurance. These products helped us in reaching out to digital partners and exponentially increasing the number of digital policies sold. Further, initiatives were taken to develop new markets and products for the Company by making investments in programs like Pakistan First Insurtech Challenge, Students Ambassador Program in major universities and Pakistan's First Yield Based Crop

YEARLY CLAIMS INCURRED	
Year	% of Earned Premium
2015	49%
2016	46%
2017	43%
2018	43%
2019	44%
2020	45%
2021	46%

Insurance program in collaboration with international partners. All these initiatives are necessary to develop the existing insurance market and increase penetration in Pakistan which will further benefit the insurance industry, public and our company at large.

Moreover, efforts have been made to develop the existing channels further which has resulted in growth for the Company in the year 2021 and further growth is anticipated through these initiatives in the years to come. Some of these initiatives include increasing penetration in the new auto manufacturers that have launched in Pakistan, increasing our presence in TIER-II cities and building on relationships with banks and improving product penetration. Our Lifestyle Insurance App also helped the Company in effectively improving customer experience and retention along with cross selling to existing customers.

CLAIMS ANALYSIS

In 2021, claim ratio increased to 46%, mainly attributed to increased frequency of motor claims as a result of normalization post covid-19 lockdowns, and increased claim costs due to PKR devaluation. Motor claim ratio increased from 40% in 2020 to 43% in 2021. Health business reported claim ratio of 92%, compared to 103% in 2020.

REINSURANCE

The Company continues to have strong relationship with reinsurance partners. The Company has treaty arrangements with blue-chip A rated insurers. Keeping in view the growing portfolios, the Company continues to focus on increasing treaty capacities in all classes of business. During the year, the Company has enhanced its natural catastrophe cover for Retakaful motor class from Rs. 300 Million to Rs. 500 Million and from Rs. 900 Million to Rs. 1.2 Billion for conventional segment. Company has also engaged in Agri portfolio and have arranged treaty capacities for crop and livestock. Company also arranged treaty arrangement for bike portfolio. The Company received a Machinery Breakdown claim of one of its largest customer. The gross and net amount of this claim was Rs. 35 Million and Rs. 0.7 Million respectively. Due to its sufficient treaty and facultative arrangements, the company effectively processed and settled the claim ensuring best of customer services and claims servicing.

WINDOW TAKAFUL OPERATIONS

The Company's Window Takaful Operations (WTO) continue to grow and has underwritten contributions amounting to Rs. 1,489 Million (2020: Rs. 1,239 Million), reporting YoY growth of 20.2%. The consolidated assets of operator fund and participant takaful fund amounts to Rs. 1,402.8 Million (2020: Rs. 1,270.8 Million). The Company continues to maintain 2nd position in motor takaful market.

During the year, the participant takaful fund reported a deficit of Rs. 108.8 Million (2020: Surplus of Rs. 90.3 Million). The deficit is attributed to increased claim cost in motor takaful portfolio.

CAPITAL INCREASE

During the year, the Company has issued 23,325,000 Ordinary shares, having face value of PKR 10/- each other than by way of rights, in favour of Deutsche Investitions – und Entwicklungsgesellschaft mbH ("DEG"), a wholly owned subsidiary of KFW Group based in Cologne, Germany, a major Development Finance Institution at a price of Rs. 20/- per share, aggregating up to PKR 466,500,000/-. As a result, DEG now holds 19.9% stake in the Company.

FINANCIAL REVIEW

PROFITABILITY AND GROWTH

The Company has recorded a consolidated pre-tax loss of Rs 5.2 Million (2020: Rs. Pre-tax profit of Rs. 79.5 Million). The results include pre-tax deficit attributable to Participants' Takaful Fund amounting to Rs. 95.8 Million (2020: Surplus of Rs. 127.4 Million). The profit attributable to shareholders' fund amounted to Rs. 99.2 Million (2020: Loss of Rs. 50.5 Million). The pre-tax and post-tax basic earning per share are Rs. 0.82 and Rs. 0.90 respectively (2020: Loss per share of Rs. 0.51 and Rs. 0.54).

The loss for the year is attributed to increase in claim costs, loss on revaluation of mutual funds due to decline in stock market, and investment made in penetration in fire and health segments and digitization initiatives undertaken by the Company.

INVESTMENTS

As at 31 December 2021, investments made by the Company (including investments made by Participant's Takaful Fund) stands at Rs. 1,390.4 Million (2020: Rs. 920.8 Million). These mainly comprise of investments in term deposits amounting to 432.5 Million (2020: 427.5 Million), investment in government securities amounting to Rs. 320.4 Million (2020: Rs. 344.9 Million), investment in corporate debt instruments amounting to Rs. 25 Million (2020: Rs. Nil) and investment in equities and mutual funds amounting to Rs. 612.6 Million (2020: 148.4 Million). The aggregate market value of these investments is Rs. 1,381.4 Million (2020: Rs. 925.4 Million).

CASH & BANK BALANCES

The cash and bank balances of the Company stands at Rs. 1,046.4Million (2020: Rs. 913.4 Million). This includes cash and bank balances Participants' Takaful Fund amounting to Rs.103.4 Million (2020: Rs. 145.2 Million).

DIVIDEND

To strengthen the balance sheet position, the Board of Directors have decided not to declare dividend for the year ended 31 December 2021 (2020: Nil).

INSURER FINANCIAL STRENGTH (IFS) RATING

During the year, The Pakistan Credit Rating Agency Ltd. (PACRA) has upgraded the Insurers Financial Strength (IFS) rating of the Company to "AA-" (Ratings have been harmonized to AA by PACRA subsequently in March 2022) with a stable outlook.

KEY FINANCIAL DATA FOR THE LAST SIX YEARS

Income Statement

(Rs. In Millions)

	2021	2020	2019	2018	2017	2016
Gross premium written	3,284.0	2,746.9	2,505.3	2,408.7	2,292.7	2,054.5
Net premium revenue	2,398.4	2,163.1	2,136.2	2,246.6	2,068.8	1,750.5
Underwriting expenses	(2,280.5)	(2,046.8)	(2,024.5)	(2,116.7)	(1,957.1)	(1,724.6)
Underwriting results	117.8	116.3	111.7	129.9	111.7	25.9
Investment income and other income	110.8	204.1	152.1	70.7	61.9	106.8
Other expenses	(233.9)	(240.8)	(207.8)	(165.9)	(80.1)	(50.6)
Profit / (Loss) before tax for the year	(5.2)	79.6	56.0	34.7	93.5	82.1
Profit / (Loss) after tax	(9.7)	39.8	30.5	23.8	35.2	36.4
Other Comprehensive Income	196.4	22.4	(4.4)	10.9	(38.6)	0.6
Total Comprehensive Income	186.7	62.2	26.1	34.7	(3.4)	40.0

Balance Sheet

Balance Sheet	2021	2020	2019	2018	2017	2016
Paid up share capital	1,393.1	946.7	946.7	955.6	1,009.1	904.1
Accumulated (losses) / Unappropriated profits	(65.3)	(164.5)	(114.0)	8.0	138.7	138.7
Other comprehensive income reserve	189.0	(7.3)	(29.7)	(26.7)	(26.4)	2.3
Other capital reserves	77.6	24.1	-	-	-	-
Participant's Takaful Fund	(67.5)	41.4	(48.9)	(170.3)	(201.7)	(121.9)
Total Equity	1,526.9	840.4	754.1	766.6	919.7	923.2
Investments	1,390.4	920.8	729.4	1,026.3	1,213.3	1,056.8
Fixed assets	401.2	257.5	426.5	122.0	70.0	361.2
Capital work in progress	-	-	2.6	7.6	21.4	-
Cash and bank deposits	1,046.4	913.4	702.4	251.9	247.2	240.9
Other assets	1,948.0	1,409.5	1,105.2	1,216.9	1,147.1	759.0
Total Assets	4,786.1	3,501.2	2,966.1	2,624.7	2,699.0	2,417.9
Underwriting liabilities	2,393.3	1,970.8	1,505.1	1,447.4	1,383.6	1,247.9
Other liabilities	929.9	690.0	706.9	410.7	395.7	246.8
Total Liabilities	3,259.2	2,660.8	2,212.0	1,858.1	1,779.4	1,494.7

AUDITORS

M/s EY Ford Rhodes, Chartered Accountants ("EYFR") have completed the statutory term. Board of Directors have recommended appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year ending 31 December 2022, at a fee to be mutually agreed.

RELATED PARTY TRANSACTIONS

The related party transactions were placed before the Board of Audit Committee and approved by the Board, being executed on an arm's length basis. These transactions were in line with the International Financial Reports Standards and the Companies Act, 2017.

ANTIMONEY LAUNDERING AND COUNTERFINANCING OF TERRORISM

The Company is working towards ensuring compliance of the Anti-Money Laundering and Counter-financing of Terrorism Regulations, 2018 and in this regard the Board of Directors' of the Company have also approved the AML / CFT Policy

CORPORATE SOCIAL RESPONSIBILITY

As the world still struggles with COVID-19, we have worked on developing a mindset that prioritizes the health and safety of our employees. We are in compliance with all corporate sector covid protocols and have moved forward with normal full time business operations. Under our group wide CSR platform, TPLCares, we continued to keep in line with our overall strategy of focusing our CSR efforts on UN's sustainable development goals (UNSDG's). In addition to the work towards UNSDG's we launched various gender equality and inclusivity initiatives in 2021.

Realizing the importance of mental health and capacity building for our teams, we are engaging our employees through wellness sessions and internal trainings to further develop their technical skills.

Looking ahead in 2022, we aim to create awareness for our CSR programs and build a robust Measurement, Learning & Evaluation (MLE) framework to assess the impact of our interventions. In the coming year, we look to strategic partnerships with not for profits and other like-minded organizations to create a positive social & environmental impact in our communities.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- 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 Financial Reporting Standard and other regulations (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- The fundamentals of the Company are strong and there are no doubts about Company's ability to continue as a going concern.

- The Company has followed the best practices of the Corporate Governance and there has been no material departure there from.

- Key operating and financial data for the last six years in summarized form, is included in this annual report.

- Significant deviations from last year's operating results have been explained in this report.

- Statutory payments on account of taxes, duties, levies and charges outstanding are in the normal course of business.

- The board is duly complying in respect of the Directors' Training Program as referred under the Clause 19(1)(i) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

- The value of investments of provident fund on the basis of unaudited financial statements of the provident fund as on 31 December 2021 is Rs. 69.2 Million (2020: Rs. 58.9 Million).

DIRECTORS' REMUNERATION

The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017. The details of remuneration to directors is mentioned in notes to the Financial Statements.

Composition of Board of Directors and Committee are disclosed in Statement of Compliance with Code of Corporate Governance.

INSURANCE ORDINANCE 2000

As required under the Insurance Ordinance 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief, the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with Insurance Ordinance 2000 and Insurance Rules made there under.

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

CODE OF CONDUCT

The Company ensures that all its activities are carried out in a transparent manner strictly following the code of business ethics with zero tolerance.

PATTERN OF SHARE - HOLDING

A statement of pattern of share-holding of the Company as at 31 December 2021 is as follows:

Shareholder'sCategory	Number of Shares Held	Percentage of Shareholding
Parent Company – TPL Corp Limited	74,364,126	63.46%
Ultimate Parent Company – TPL Holdings (Private) Limited	1,076,990	0.92%
Foreign Companies	23,325,000	19.90%
Directors	17,361	0.01%
Banks, DFIs & NBFIs	3,336,285	2.85%
Mutual Funds	13,089,290	11.17%
General Public (Local)	1,415,978	1.21%
General Public (Foreign)	8,707	0.01%
Others	557,524	0.47%
Total	117,191,261	100.00%

TRADING IN COMPANY'S SHARES

There was no trading in shares of the Company by Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other employees and their spouses and minor children during the year.

Details of trading by major shareholder, TPL Corp Limited are as follows:

S. No.	Name of Person	Trade Date	Nature	No. of shares	Rate (Rs.)
1	TPL Corp Limited	10 November 2021	Sell	3,333,334	30
2	TPL Corp Limited	25 June 2021	Buy	8,821,500	31.58

BOARD MEETINGS

The Board of Directors held six (06) meetings in 2021. The attendance is indicated as follows:

S.No	Name Of Director	Meetings Attended
1	Mr. Jameel Yusuf (S.St)	6
2	Mr. Ali Jameel	5
3	Mr. Rana Assad Amin	6
4	Mr. Andrew Borda	6
5	Mr. Syed Nadir Shah	6
6	Mr. Muhammad Aminuddin	6
7	Ms. Naila Kassim	6
8	Mr. Benjamin Brink*	4
9	Mr. Ali Asgher	2

* Mr. Ali Asgher ceased his directorship on 01 May, 2021 the casual vacancy was filled by Mr. Benjamin Brink on 01 May, 2021.

FUTURE OUTLOOK

The Company looks to continue on the road of innovation and surpass customer expectations with tech driven solutions. We are working on improving our existing products and customer experience with the introduction of advanced telematics, wellness solutions and 'Buy Now Pay Later' services. These solutions will further cement our position as a leader in insurtech solutions, enhance our digital footprint, improve risk management via customer profiling and offer price optimization. The Company looks forward to provide tailor-made products for customer convenience.

On our efforts to penetrate and develop the non-motor segment, our partnerships on the digital front have shown enormous growth on travel insurance with new partnership being signed to enhance that portfolio further. Also, the initiatives taken to develop new products and markets is bearing results and we foresee agriculture insurance developing into mainstream revenue segment with aim to continue exploring new tech driven partnerships to increase our penetration in the segment.

ACKNOWLEDGEMENT

We would like to thank the shareholders of the Company for the confidence they have reflected in us. We also appreciate the valued support and guidance provided by the Pakistan Stock Exchange, Federal Board of Revenue, Provincial Revenue Authorities, Central Depository Company and Securities and Exchange Commission of Pakistan over time. We would also express our sincere thanks to the employees, strategic partners, vendors, bankers and customers for their support in pursuit of our corporate objectives.

For and on behalf of the Board of Directors,

Muhammad Aminuddin
Chief Executive Officer

Jameel Yusuf (S.St)
Chairman

25 February 2022

Management responsibilities towards Financial Statements

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

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.

Pattern of Shareholding

No. of Shareholders	From	To	Shares Held	Percentage
201	1	100	1,134	0.001
43	101	500	13,492	0.012
100	501	1,000	64,499	0.055
100	1,001	5,000	190,428	0.163
20	5,001	10,000	134,924	0.115
11	10,001	15,000	133,864	0.114
1	15,001	20,000	16,734	0.014
3	20,001	25,000	71,603	0.061
1	25,001	30,000	29,905	0.026
1	30,001	35,000	33,412	0.029
2	35,001	40,000	74,763	0.064
1	40,001	45,000	43,307	0.037
1	45,001	50,000	45,556	0.039
1	55,001	60,000	59,790	0.051
1	60,001	65,000	60,062	0.051
1	75,001	80,000	80,000	0.068
1	80,001	85,000	81,829	0.070
1	115,001	120,000	116,500	0.099
1	120,001	125,000	124,300	0.106
1	335,001	340,000	337,000	0.288
1	370,001	375,000	373,290	0.319
1	400,001	405,000	400,020	0.341
1	405,001	410,000	405,919	0.346
1	535,001	540,000	537,620	0.459
1	675,001	680,000	676,970	0.578
1	755,001	760,000	755,483	0.645
1	1,065,001	1,070,000	1,069,000	0.912
1	2,495,001	2,500,000	2,498,500	2.132
1	2,660,001	2,665,000	2,661,897	2.271
1	3,220,001	3,225,000	3,221,500	2.749
1	3,330,001	3,335,000	3,333,334	2.844
1	3,665,001	3,670,000	3,666,666	3.129
1	5,075,001	5,080,000	5,077,000	4.332
1	9,595,001	9,600,000	9,600,000	8.192
1	14,315,001	14,320,000	14,318,953	12.218
1	15,205,001	15,210,000	15,208,323	12.977
1	23,320,001	23,325,000	23,325,000	19.903
1	28,345,001	28,350,000	28,348,684	24.190
510		**Company Total**	**117,191,261**	**100.000**

Category of Shareholders

As of December 31, 2021

Particulars	No of Folio	No of Shares	Percentage
Directors, CEO & their Spouse and Minor Children	**6**	**17,361**	**0.01**
Mr. Jameel Yousuf		620	0.00
Mr. Ali Jameel		620	0.00
Mr. Andrew Borda		1	0.00
Syed Nadir Shah		1,120	0.00
Muhammad Aminuddin		15,000	0.01
Associated Companies	**8**	**75,441,116**	**64.37**
TPL Corp Limited		74,364,126	63.46
TPL Holdings (Private) Limited		1,076,990	0.92
Banks, DFI & NBFI	**4**	**3,336,285**	**2.85**
Fawad Yusuf Securities (Pvt.) Limited		329	0.00
Arif Habib Limited		3,333,334	2.84
Mohammad Munir Mohammad Ahmed Khanani Securities Limited		2,500	0.00
Paradigm Factors (Private) Limited		122	0.00
Mutual Funds	**8**	**13,089,290**	**11.17**
CDC - TRUSTEE PICIC INVESTMENT FUND		537,620	0.46
CDC - TRUSTEE PICIC GROWTH FUND		755,483	0.64
CDC - TRUSTEE FAYSAL STOCK FUND		5,077,000	4.33
CDC - TRUSTEE AKD OPPORTUNITY FUND		2,661,897	2.27
CDC - TRUSTEE NBP STOCK FUND		2,498,500	2.13
CDC - TRUSTEE HBL - STOCK FUND		116,500	0.10
CDC - TRUSTEE HBL EQUITY FUND		1,069,000	0.91
CDC - TRUSTEE GOLDEN ARROW STOCK FUND		373,290	0.32
General Public (Local)	**465**	**1,415,978**	**1.21**
General Public (Forgein)	7	8,707	0.01

Particulars	No of Folio	No of Shares	Percentage
Others	**11**	**557,524**	**0.48**
Toyota Hyderabad Motors		33,412	0.03
Bonus Fraction B-2018		189	0.00
Rao Systems (Pvt.) Ltd.		2,500	0.00
CDC Stay Order Cases With Fracton		405,919	0.35
Bonus Fraction B-2019		168	0.00
Habib Sugar Mills Ltd		60,062	0.05
Sarfraz Mahmood (Private) Ltd		500	0.00
Maple Leaf Capital Limited		1	0.00
Federal Board Of Revenue		16,734	0.01
Falcon-I (Private) Limited		1	0.00
Toyota Sahara Motors (Pvt) Ltd		38,038	0.03
Foreign Companies	**1**	**23,325,000**	**19.90**
DEG-DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH		23,325,000	19.90
Company Total	**510**	**117,191,261**	**100**

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Building a better working world

Independent Auditor's Review Report

To the members of TPL Insurance Limited (the Company)

Review Report on the Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of **TPL Insurance Limited** for the year ended **31 December 2021** in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation).

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

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 Code and Regulation as applicable to the Company for the year ended 31 December 2021.

Chartered Accountants

Place: Karachi

Date: 25 March 2022

UDIN Number: AR202110076CwK3uyWLq

Statement of Compliance with the Code of Corporate Governance

For The Year Ended December 31, 2021

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

(Collectively referred to as the **"Codes"**)

TPL Insurance Limited (the **"Company"**) has applied the principles contained in the Code in the following manner:

1. The total number of directors are 8 as per the following

   a. Male : 7

   b. Female : 1

2. The Company encourages representation of Independent and Non-Executive Directors representing the minority's interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director(s)	Syed Nadir Shah, Ms. Naila Kassim
Executive Director(s)	Mr. Muhammad Aminuddin (Chief Executive Officer), Mr. Muhammad Ali Jameel
Non-Executive Director(s)	Mr. Jameel Yusuf, Mr. Andrew Borda, Mr. Rana Assad Amin, Mr. Benjamin Brink

   All Independent Directors meet the criteria of independence as laid down under the Codes.

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

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

5. The casual vacancies were duly filled up by the Directors as follows:

S.No.	Resigned	Dated	Appointment	Dated
1	Mr. Ali Asgher	May 1, 2021	Mr. Benjamin Brink	May 1, 202

6. During the year, there were changes in the position of the Head of Internal Audit and the Compliance Officer.

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

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

9. 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 Act and the Codes.

10. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirement of the Companies Act, 2017 and the Codes with respect to frequency, recording and circulating minutes of meeting of the Board.

11 The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Codes.

12. The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the 2019 Code.

13. 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 2016 Code.

14. An orientation of the Board of Directors was conducted to apprise them of their duties and responsibilities including the fiduciary duties as contained in the Companies Act, 2017.

15. The Board approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and condition of employment and complied with relevant requirements of the Codes.

16. The Directors' Report for this year has been prepared in compliance with the requirements of the 2016 Code and fully describes the salient matters required to be disclosed.

17. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

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

19. The Company has complied with all the corporate and financial reporting requirements of the 2016 Code.

20. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hasan	Member
Shumail Iqbal	Secretary

Claim Settlement Committee:

Name of the Member	Category
Muhammad Aminuddin	Chairman
Syed Ali Hassan Zaidi	Member
Yousuf Zohaib Ali	Member
Ovais Alam	Secretary

Reinsurance and Co-insurance Committee:

Name of the Member	Category
Andrew Borda	Chairman
Altaf Ahmed Siddiqi	Member
Syed Kazim Hassan	Member
Shadab Khan	Secretary

Risk Management and Compliance Committee:

Name of the Member	Category
Andrew Borda	Chairman
Syed Kazim Hasan	Member
Muhammad Aminuddin	Member
Kamran Rafique Shaikh	Member
Benjamin Brink	Member
Falak Sher Haider	Secretary

21. **The Board has formed the following Board Committees:**

Ethics, HR, Remuneration and Nomination Committee:

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Ali Jameel	Member
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Nader Nawaz	Secretary

Compensation Committee

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Nader Nawaz	Secretary

Investment Committee:

Name of the Member	Category
Mr. Ali Jameel	Chairman
Mr. Andrew Borda	Member
Mr. Muhammad Aminuddin	Member
Mr. Benjamin Brink	Member
Mr. Yousuf Zohaib Ali	Secretary

22. The Board has formed an Audit Committee. It comprises of three members of whom one is an independent director and two non-executive directors with one member of the audit committee duly qualifying the requirement of being financially literate. The Chairman of the Committee is an independent director The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Syed Nadir Shah	Chairman
Mr. Rana Assad Amin	Member
Mr. Andrew Borda	Member
Mr. Muhammad Asif	Secretary

23. The meetings of the Committees, except Ethics, Human Resources and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by the 2016 Code.

24. The terms of references of the Committees have been formed, documented and advised to the Committees for Compliance.

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

26. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under the 2016 Code. Moreover, the persons heading the underwriting, claim, reinsurance and risk management departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance. 2000 (Ordinance No. XXXIX of 2000):

Name of Person	Designation
Mr. Muhammad Aminuddin	Chief Executive Officer
Mr. Yousuf Zohaib Ali	Chief Financial Officer
Mr. Khurram Ahmed	Compliance Officer
Mr. Danish Qazi	Company Secretary
Syed Muhammad Ali	Head of Internal Audit
Mr. Altaf Ahmed Siddiqui	Head of Underwriting
Mr. Ovais Alam	Head of Claims
Ms. Shadab Khan	Head of Reinsurance
Syed Ali Hassan Zaidi	Head of Strategy & Risk Management
Mr. Nader Nawaz	Head of Grievance Dept.

27. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

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

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

30. The Board ensures that the risk management system of the Company is in place as per the requirements of the 2016 Code. The Company has set up a risk management function / department, which carries out its tasks as covered under the 2016 Code.

31. The Company has been rated by PACRA and the rating assigned by the rating agency on May 7, 2021 is AA- with stable outlook.

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

33. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the 2019 Code other material principles contained in the 2016 Code have been complied with.

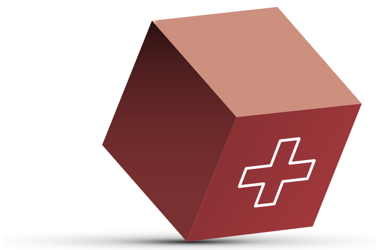
By Order of the Board

Chairman

Date: 25 February 2022

Sustainability

At TPL, we proactively integrate Sustainability into our routine decision-making processes. Dedicated to driving positive change, we are aligned with the goals of the United Nation's 2030 Agenda for Sustainable Development.



Health

Beneficiaries with good health and well-being

749,785

Education

Beneficiaries provided with quality education

7,647

Environment

Agents of environmental change

38,935

COVID-19 Response

2020 was a year that, because of COVID-19, no one could have predicted or been prepared for. The pandemic swept the globe, changing the way we live and interact.

From the first lockdown in the spring of 2020, TPL did its part to mitigate the impacts of the pandemic by contributing to solidarity efforts to combat the coronavirus by making financial donations.

TPL Corp provided financial aid to The Indus Hospital to facilitate free testing of COVID-19 virus and diagnosis.

In collaboration with PAF (Patients Aid Foundation), we were able to conduct awareness sessions for COVID-19 which covered the aspects of risk assessment, control measures, COVID-19 testing, and safereturntowork.

We, at TPL, work towards building a safer and more sustainable environment every day. Our employees group-wide are fully vaccinatedagainstCOVID-19.

Health

Bait-ul-sukoon

Located in Karachi, Bait-ul-Sukoon is Pakistan's sole cancer hospital that provides free treatment. TPL Corp also supported the cause by providing financial assistance, a team of experts in developing IT infrastructure, software and tech support for better hospital management, and assistance in fundraising. It also deployed security guards to amplify security.

Blood Drive

TPL partnered with The Indus Hospital and Pakistan Red Crescent Society to organize a Blood Donation Drive to help fulfill the nation's demand for blood.

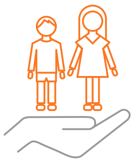
Rashan Distribution

JDC foundation aims to serve humanity. Amidst the global pandemic when people lost their income, TPL Corp helped JDC in becoming these people's strength by providing funds for Rashan bags — because we truly believe that no human being deserves the unbearable suffering of hunger and starvation.

500 families provided with Rashan

ChildLife Foundation

With the network of 10 Emergency Room, ChildLife Foundation is saving 1 million children annually, free of cost, in Sindh and Balochistan. TPL partnered with the NGO in providing life-saving assistance to many children in the Emergency Room.



Life-saving treatment to 250 children

Breast Cancer Awareness Session

In an effort to spread awareness about breast cancer, TPL hosted an online session for all female employees in collaboration with Shaukat Memorial Cancer Hospital.

Education

Online Education

TPL distributed tablets with paid mobile data SIMs to facilitate the online education of our employees' children. With school closures due to the COVID-19 pandemic, TPL aims to support its employees by providing their children with access to online schooling during these challenging times

FESF

Family Educational Service Foundation (FESF) is a non-profit educational organization that specially aims to improve the lives of marginalized communities. TPL provided financial assistance to enable deaf children to acquire quality education and become independent

Ida Rieu Welfare Association

Ida Rieu Welfare Association imparts education and vocational training to visually and hearing-impaired students. With TPL's financial assistance, Ida Rieu was able to provide education, vocational training, transportation, and health care facilities to the students

27 deserving students covered

Children Education Policy

We, at TPL believe that knowledge and education is one of the fundamental ways for society to progress. In line with this belief, we provide our low-income employees' children with full academic scholarships every year through our Children Education Benefit Policy.

82 children provided quality education

Zindagi Trust

Zindagi Trust is a non-profit organization founded by Shehzad Roy and aims to reform government schools through pilot projects and advocacy. We hope our support helps in their commitment to improving educational standards and transforming the lives of students in government schools.

Environment

Sustainability holds an imperative position in our decision-making process and we consistently strive for environmental efficiency in our business operations to ensure a better and greener future.

Reduce, Reuse & Recycle

After a successful out-of-home campaign for TPL Trakker Pro, we donated the Panaflex skins to Garbage Can and Ra'ana Liaquat Craftsmen's Colony (RLCC), an institute that aims to empower women through improved health, education, and economic independence. To show support, TPL Corp bought the bags, keychains and bowls that the women had up-cycled from the donated skins, helping RLCC to fulfill the noble cause. These products were distributed to the female employees during Women's Day Celebrations within the company.

7,735 sqft of panaflex skins were donated.

Waste Management: TPL partnered with Davaam Waste to recycle the waste generated from Centrepoint that also eventually helped in reducing our carbon footprint.

70% waste recycled per month.

Social Performance

Fostering sustainable growth

When it comes to well-being, TPL has its employees on top priority and it ensures the work environment always remains productive. It provides an inclusive environment so every employee can thrive and avail multiple opportunities that are pivotal to their financial, physical, and emotional wellness.

CPR training workshop

TPL conducted a Cardiopulmonary Resuscitation (CPR) Training Session in collaboration with The Indus Hospital. By learning this life-saving technique, our employees will be able to assist in medical emergency situations.

Training and Development

For the continuous growth of our employees in their professional endeavors, we regularly conduct training sessions which include both soft and technical training.

Soft Training: 303 employees
Technical Training: 145 employees

In addition, TPL Insurance conducted specific awareness sessions for its employees. Some of the most well received sessions were as follows:

- **Time & Stress Management:**
The session covered ways to manage time, increase quality of work and productivity. The session also offered techniques to manage stress.

- **Leader in You:**
This training for first time managers helped in sharing advantages of delegation and effective utilization of authority to achieve the most desired output.

- **Maximizing Personal Productivity:**
How to make best use of given resources and excel in daily lives.

Diversity and Inclusion

TPL strives to operate with integrity, promoting diversity and inclusion in the workplace. As an equal opportunity employer, management teams ensure that people from diverse backgrounds are recruited.

NOWPDP

TPL Corp partnered with NOWPDP to offer 3 month internships to the differently abled. NOWPDP operates in the development sector with a focus on inclusion through empowerment of persons with disabilities. Sign Language Training was given to employees to encourage effective communication with the new interns.

13 interns were hired and placed across TPL's portfolio companies including TPL Insurance.

TPL Day Care Centre

As part of our efforts for gender equality and inclusivity in the workplace, a company owned and operated day care centre was launched in November on the premises of TPL's regional office in Lahore.

TPL implemented a Paternity Leave Policy with support and flexibility for fathers to help them transition to parenthood.

Scaling for Impact

Over the years, TPL has supported more than 50 nonprofit organizations, educational institutes and charitable trusts across Pakistan, ranging from local charities to international NGOs and universities.

We aim to understand the challenges being faced by our communities to make collective change.

CSR Awards

The CSR Awards are organized by The Professionals Network (TPN) — a leading corporate entity based out of Karachi. Established in 2011, the network recognizes corporations and NGOs for their efforts towards bringing positive socio-economic change in Pakistan.

TPL Insurance won three awards at the 11th Annual Corporate Social Responsibility Summit & Awards 2022.

The categories were:
- **Engagement & Communication**
- **Plastics Innovation**
- **D&I Leader**

MANAGEMENT OBJECTIVES, KPI AND SIGNIFICANT CHANGES

Objective No. 1	Enhance Customer Satisfaction	KPI
	1. Automate processes to reduce service timelines 2. Improve the efficiency of complaint management system 3. Reduce the number of complaints by proactive resolution of critical areas	Reduced no. of customer complaints Improve customer retention and satisfaction score Reduced average TAT for complaint resolution
Objective No. 2	**Augment sustainable growth**	**KPI**
	1. Encourage innovative culture for product development catering to all target segments 2. Develop new channels and engage new partners	Growth in the turnover and number of customers Increase products per customer ratio Create new B2B2C partnerships
Objective No. 3	**Develop Human Capital**	**KPI**
	1. Develop organizational skill set through appropriate learning and development program 2. Introduce reward and recognition system to improve employee retention 3. Enhance customer service culture to flourish in the customer service industry	Increase no. of trainings following training need analysis Reduced employee turnover ratio
Objective No. 4	**Maximizing Shareholder Returns**	**KPI**
	1. Enhance the Company's overall performance particularly growth in customers and revenue so shareholder returns can be maximized	EPS ROE Asset turnover Share market price
Objective No. 5	**Enhance operational efficiency**	**KPI**
	1. Digitize operational processes to improve scalability and achieve efficiency 2. Diversify through digital integrations to maximize returns from the existing resources at disposal 3. Consolidate customer touchpoints to make customer servicing more efficient with improved service quality	Reduced customer touch points during servicing Increased number of digitized processes Reduced customer servicing staff through automated processes

Business Continuity Plan:

Core Objective:

The primary objective of a BCP is to strengthen the organization's ability to ensure staff safety and security as well as to maintain continuity of critical functions during a critical incident of any nature. The central elements of BCP are incident management (crisis / emergency / disaster response and recovery) and business continuity.

Plans in Force:

In case of an emergency, the BCP team must take the following steps to resume operations:

- Convene the response team and list critical functions for minimum operations
- Conduct an employee briefing, online or in person
- Divide employees into groups depending on the nature of the incident. One group who will operate out of the HO, one group who will relocate to alternate office location and one group who will work from home. All employees will be asked to keep their laptops with them at all times
- Ensure the safety of staff and assets at the Head Office by evaluating any hazards and controlling security at the scene of the possible incident
- Maintain detailed records. Record all decision making and videotape or photograph the damage to property (if any)
- Account for all damage-related costs by establishing charge codes for purchases and repair work (if any)
- Assess the value of any damaged property and the financial impact of business interruption.
- Maintain constant contact with customers and suppliers to instill confidence.
- Regularly assess the incident implications and chalk out a strategy to return to full operations from the HO

Scenarios:

Depending on the nature of the incident, the BCP team will focus one of the following scenarios:

- **Status Quo:** To maintain the current level of operations in response to a limited disruption in the country / city; and staff continue to support all functions and services. To execute this, some people may be asked to work from home while others come to office as routine
- **Minimum Operations:** To maintain the operations of critical functions and processes. Those functions must continue to deliver the minimum level of operations irrespective of the disaster and disruption. This can be executed by moving the critical staff to alternate locations.
- **Evacuation of Premises**: In case of evacuating the HO, all employees will be asked to calmly vacate the building and assemble at a designated meeting point near the office building. Employees will be asked to carry along only what's necessary and leave other things at the office. Get department wise employee headcount and once complete, decide if employees are to be sent home or moved to alternate office location. Employees can also be temporarily relocated to TPL Group Office

FORWARD LOOKING STATEMENT

Analysis of Last year's Statement and Status of Projects:

Based on our last year forward looking statement, TPL Insurance has taken multiple initiatives and launched insurance solutions for retail and corporate customers to further diversify its product offerings. TPL has diversified its product range by introducing mobile insurance, shop shield, bike insurance and domestic travel insurance during the year. TPL Insurance is the first insurance company in Pakistan by introducing telematics based insurance 'Drive- Pro' for its esteemed customers. Furthermore, the company has partnered with various non- traditional insurance channels and digital aggregators such as Smartchoice.pk, Sastaticket.pk, easyinsurance, mawazna, Finja, health solutions and B4U cars to provide diversified insurance solutions to its customers. Also, TPL Insurance improved its penetration in the existing channels of banks and dealerships by partnering with new banks and dealerships across Pakistan.

Forward Looking Statement:

With the recent pandemic and keeping in view the government's initiatives to bring economic stability and growth for the year 2021, the company is determined to flourish in the upcoming year. To spread the awareness among the masses regarding insurance, the company has initiated its operations focusing on SMEs and Agriculture Industry with the aim of achieving positive results. Since automobile sector is booming and with the new giants entering the market and increased competition, the company is determined to grow in this sector by providing diversified range of insurance solutions, product development and penetration through new digital and non- digital retail channels. Furthermore, in order to spread the awareness among the youth and create the importance of insurance products, TPL Insurance has introduced Pakistan's first insurance Student Ambassador Program to capture the youth through universities. The company realizing the importance of "Insurtech" is one of the leading technology driven player of Insurance industry in Pakistan. The management has proved their strength by launching Pakistan's 1st Telematics based insurance solution "DRIVE PRO" in the market and is still committed to provide cutting edge IT based innovative solutions to its customer to enhance their insurance experience. Moreover, with the emerging awareness regarding the Shariah complaint solutions, the company is determined to make a substantial growth in its Window Takaful Operations. Stock market is also witnessing a positive confidence in its growth, eventually leading to improved investment returns. Considering favorable circumstances for the economy and the future prospect, the expected outcomes are projected in below mentioned arenas:

Gross Premium and overall profitability:

TPL Insurance provides risk absorption to its customers by obtaining reinsurance for underwritten risk, implementing risk management and contingency plans and take appropriate preventive measures. TPL Insurance is operating in a very competitive environment by working with three major giants that's possess larger market share with a lower cost that becomes a challenging for the company to operate at a lower premium pricing.

However, with diversifying the insurance solutions to its customers and increased rate in gross premiums specifically in auto mobile industry, TPL Insurance is working towards growth leading to the maximization of the shareholder's wealth and sustainability of overall profits.

Return on Investments:

Changes in the macroeconomic factors may affect the stock market and interests rates which may affect the company's overall profits. However, to mitigate this risk and have high returns on investments, the company has prudent policy to minimize the risk and diversified its investment portfolio and continuously monitor relevant fixed incomes, mutual funds and equity investments.

Financial Strength:

The company has developed a diversified product portfolio of providing insurance solutions along with investments to obtain the financial strength in order to operate in such a competitive industry.

TPL Insurance is operating in an industry with high regulations. The company is cognizant of its responsibilities and keep tracks of its important deadlines and ensures all the requirements meets timely.

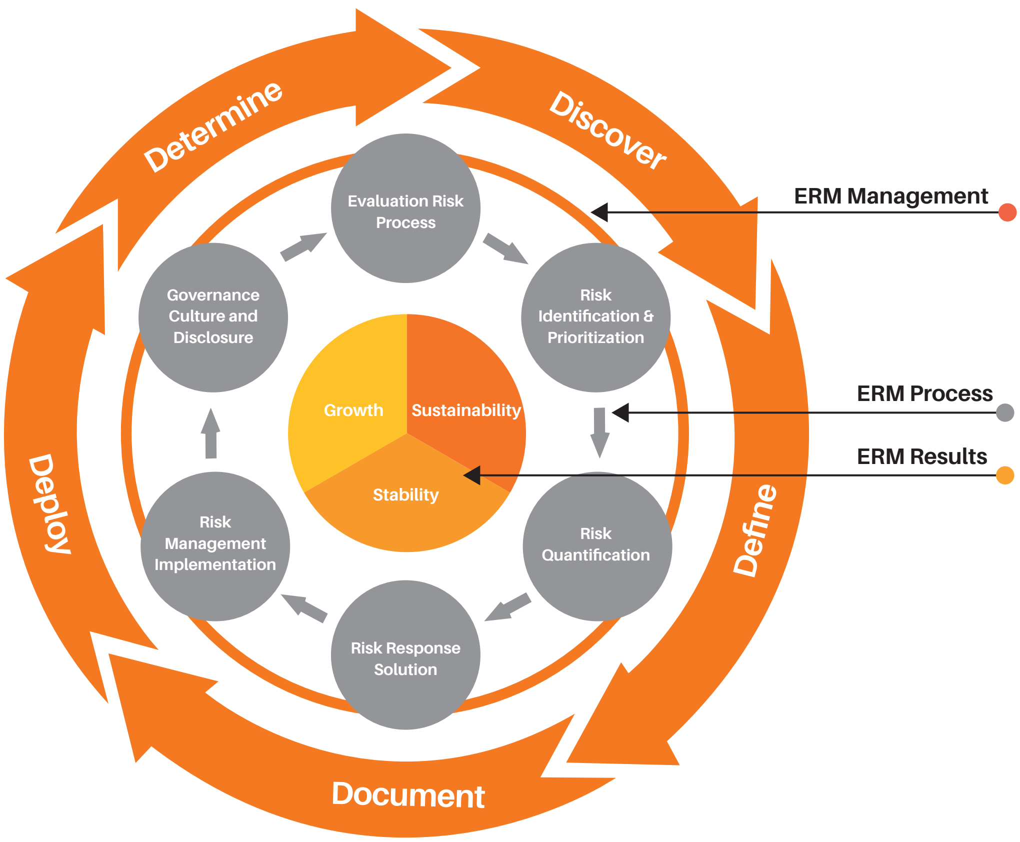
Risk and Opportunity Report

ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management cycle and process has been placed to optimize the risk opportunities, not just to operate as an independent risk control structure. The Board of TPL Insurance (TPLI) approved the Enterprise Risk Management (ERM) Policy prepared by the Risk Management & Compliance Committee, which supervises the risk management and compliance activities with the Company.

The ERM program aims effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations such that all the measures for managing risks entity-wide are addressed and strategic objectives gets achieved. The risk control cycle as a part of ERM program incorporates the following aspects:

- Identification of Risk.
- Quantification & Prioritization of Risk.
- Risk Responses.
- Risk Management Implementation, Evaluation and Reporting.
-



The Risk Management & Compliance Committees, comprises of six members lead by the chairman, oversees and approves the company-wide risk management practices and provide an infrastructure to address the enterprise-wide risks. Each member has an understanding of risk management expertise commensurate with the Company's size, complexity and capital structure. The committee is responsible for:

- Overseeing the development and implementation of risk management policy / framework which will set the risk management tone in the Company. The policy / framework will provide the guidelines to help in the identification of risks, assess the priorities according to their impacts and likelihoods and implement the relevant procedures to mitigate those risks to an acceptable level.

- Overseeing compliance framework which will report on compliances with legislation and regulations of risks pertaining to the entity.

- Provide an analysis regarding Company's approved risk appetite level and communicate the same to the entire enterprise.

- Review and confirm that all responsibilities outlined in the framework have been carried out.

- Review and monitor the steps taken to mitigate the risks identified.

- Continually, obtain reasonable assurance from the management that all known and emerging risks have been identified, mitigated and managed and monitor the adequacy of risk identification process.

- Make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.

- Receive and review risk based reports and ensure entity-wide risks are mitigated to an acceptable level.

The risk governance structure is reflected in the following hierarchical chart:

RISK MANAGEMENT METHODOLOGY

The company's risk management policy captures all sorts of risks including but not limited to insurance risk, financial risk, credit risk, operational risk, regulatory risks, technology and cyber risk, people and HR risks, environmental risks, reputational and group-wide risks, that can potentially deviate the company from achieving its strategic business objectives and plans.

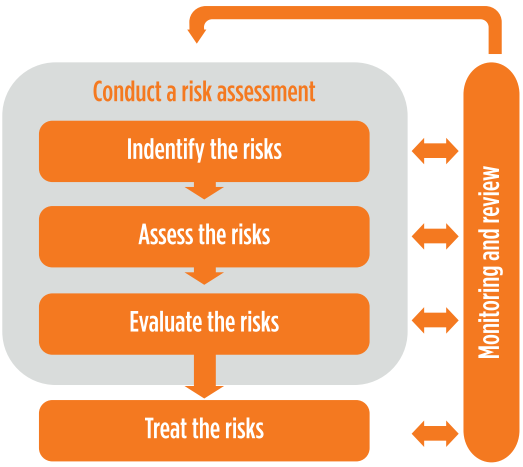
Given the imperatives of risk management, the company's ERM policy covers systematic risk management methodology which covers the following phases:

Phase 1: Risk Assessment:

- i. Risk Identification
- ii. Risk Analysis
- iii. Risk Evaluation

Phase 2: Risk Treatment

Phase 3: Review, Monitoring and Reporting



Phase 1: Risk Assessment

Risk Assessment process has covers the following:

i. Risk Identification:

The aim of the risk identification step is to identify a list of risks based on events, threats or vulnerabilities that might create, enhance, prevent, degrade, accelerate or delay the achievement of business's objectives, and to document these possible risks in the risk register.

For documenting the Risk Management activity a risk register template is in place. The process of Risk Analysis, Risk Evaluation and Risk Treatment are documented within the template which comprises of following components:

Risk Category	Risk Description	Likelihood	Impact	Inherent Risk	Existing Control(s)	Perceived Control Effectiveness	Residual Risk	Planned Controls

ii. Risk Analysis

Risk analysis involves consideration of the causes of risk, its consequence and likelihood that those consequences can occur.

Controls represent any process, policy, practice or other actions taken by management which reduce the likelihood of a risk occurring or the potential damage arising from the risk. The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register through the following three steps.

1 - Analyse the inherent risk

- Assess the likelihood and consequence of a risk event if it were to occur in the absence of controls

2 - Identify and assess controls

- Identify the existing controls in place to address the risk, and assess how effective they are in operation

3 - Analyse the residual risk

- Reassess the likelihood and consequence of a risk event if it were to occur, taking into consideration the effectiveness of the control environment as assessed in Step 2

To support staff in risk assessment, TPL Insurance Limited has adopted standardized criteria and rating scales to be applied across all risk management activities. These criteria and rating scales and their application to the three risk assessment steps outlined above, have been detailed in the following section:

Step 1: Analyze the Inherent Risk

For each risk identified in the risk register, the likelihood of the risk occurring in the absence of controls should be assessed. Likelihood refers to the chance of something happening. The TPL Insurance Limited's risk likelihood criteria are outlined in the following table:

Probability Scale	Guiding Measures
Rare	There is less than 10% chance of occurrence.
Unlikely	There is 11-25% chance that the risk will occur.
Possible	There is 26 - 65% chance that the risk will occur.
Likely	There is 66 – 90% chance that the risk will occur.
Almost Certain	There is more than 90% chance that the risk will occur.

For each risk identified in the risk register, the consequence of the risk occurring in the absence of controls should also be assessed using the Consequence/ Impact Criteria. Consequence refers to the outcome of an event affecting objectives.

<table>
<tr><th>Consequence/ Impact Scale</th><th colspan="2">Guiding Measures</th></tr>
<tr><td rowspan="4">Insignificant</td><td colspan="2">The risk may cause temporary operational inefficiency; however, business may be able to run as usual.</td></tr>
<tr><td colspan="2">Implications</td></tr>
<tr><td>Financial</td><td>Less than Rs. 10 Million</td></tr>
<tr><td>Operational</td><td>Temporary service disruption.</td></tr>
</table>

Consequence/ Impact Scale	Guiding Measures	
Minor	The risk is likely to have a limited adverse effect on organizational operations, organizational assets, or individuals; and may cause temporary operational inefficiency. It may arise due to non-compliance with standard operating procedures or their absence etc.	
	Implications	
	Financial	More than Rs. 10 Million but less than Rs. 50 Million
	Operational	Minor impact on product/ service delivery.
	Legal/ Regulatory	Regulatory/ police investigation of organization and/or Board without adverse findings.
Material	The risk is likely to have a material adverse effect on the organization or individuals associated with the organization (e.g., employees, customers). It may arise due to fundamental control weaknesses, non-compliance of policies, minor errors in financial information, etc.	
	Implications	
	Financial	More than Rs. 50 Million but less than Rs. 500 Million.
	Operational	Widespread discontent of customers and suppliers.
	Brand/ Reputation	Failure of prominent project, service or product. Localized negative media coverage. Investigation of serious individual misconduct.
	Legal/ Regulatory	Regulatory/ police investigation with adverse findings against organization and/or Board.
Major	The risk is likely to have a serious effect on organizational operations, reputation, organizational assets, or individuals.	
	Implications	
	Financial	More than Rs.500 Million but less than Rs. 1 Billion
	Operational	Widespread failure or loss of product/service standards.
	Brand/ Reputation	Loss of a large number of customers to competitor organization. Loss of suppliers/ service providers. Loss of significant skills from Board or Senior Management. Sustained public criticism of the organization.
	Legal/ Regulatory	Civil action against organization and/or Board due to negligence. New regulations that impede operations.
Critical	A risk that can prove catastrophic or terminal for the whole organization. It may affect organizational operations, reputation, organizational assets, or individuals; it may lead to loss of significant customer(s), litigations and hefty financial penalties.	
	Implications	
	Financial	More than Rs. 1 Billion
	Operational	Unable to deliver product/ services. Prohibited from service delivery at any level. Loss of significant number of customers to competitor organization.
	Brand/ Reputation	Collapse of organization. Major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.
	Legal/ Regulatory	Criminal prosecution of organization and/or Board due to failure to comply with the law.

Consequence/ Impact Scale	Guiding Measures
	It may be caused due to significant errors in financial information, non-compliance with regulatory requirements, or contractual terms, security breach of mission critical system; significant control weaknesses, etc.

Once a risk likelihood and consequence assessment has been made for each risk in the risk register, the inherent risk rating is then determined by combining the likelihood and indicative consequence level of the risk as per the following matrix.

Impact/ Consequence	Likelihood/ Probability				
	Rare	Unlikely	Possible	Likely	Highly Probable
Critical	Low	Medium	High	High	Extreme
Major	Low	Medium	Medium	High	High
Material	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Low

Step 2: Identify and Assess Controls

A control is any process, policy, device, practice, or other actions that prevent, detect or mitigate. The controls should be identified and assessed. The assessment of the control's operating effectiveness should be determined using the criteria below.

Control Effectiveness	Description
Unsatisfactory	The control is not applied.
Weak	The control design does not meet the objective; or The control is applied incorrectly.
Satisfactory	The control design meets the objective and the control is usually operational but occasionally not applied when it should be, or not as intended.
Good	The control design meets the objective and the control is operating majority of the time.
Very good	The control design meets the objective and the control is operating effectively.

Step 3: Analyze the Residual Risk

Once the inherent risk and the effectiveness of relevant controls have been considered, the residual risk can be assessed. The residual risk will be determined by following a similar process to analyzing the inherent risk (in Step 1) however, the likelihood and consequence will be reassessed based on the effectiveness of the current controls as assessed in Step 2.

Phase 2: Risk Evaluation

The purpose of risk evaluation is to assist in decision making based on the outcomes of risk analysis, about the risks that need treatment, and the implementation priority for these treatments. TPL Insurance Limited has adopted the following matrix to guide the communication escalation and risk management actions required for risks based on their overall risk rating (as determined in Step 3). However, this matrix is purposely broad and may be added to or amended where appropriate.

Risk Rating	Required action
Extreme	Intolerable level of risk · CEO to be informed ASAP and requested to provide urgent attention, guidance and approval of mitigation strategy. · Operations / activity should ideally be discontinued until level of risk is able to be reduced. Written instruction for such activity needs to be provided by the CEO of TPL Insurance Limited.
High	Tolerable level of risk · Issues to be highlighted to the CEO and to the Risk Management & Compliance Committee. · Action plan and attention of Senior Management required.
Medium	Tolerable level of risk · Action plan and attention of Concerned Manager required.
Low	Tolerable level of risk · Manage through routine procedures. · Concerned Manager to be intimated about it and its treatment. · Unlikely to need specific application of resources. · Protection to be sought in case of large impact through rare. *Please Note:-* There may be instances where existing control is deemed as effective, therefore, residual risk rating may be computed as LOW; for such instances no risk treatment plans will be required.

Phase 3: Risk Treatment

Risk treatment involves selecting one or more options for modifying risks and implementing those options; once implemented, treatments provide or modify the controls. Generally, there are a number of options when treating a risk:

- Mitigate the risk (e.g. implement controls to reduce the impact and likelihood of any negative event from occurring)

- Avoid the risk (e.g. avoid the activity/partnership/sponsorship altogether);

- Transfer the risk (e.g. obtain a specialized insurance premium, additional contract clause); or

- Accept the risk.

As a range of options may be available to treat a risk, efficiency of treatment and reduction of the overall cost of the risk is an important consideration. Management should consider what approaches are available to treat the risk, the cost-benefit ratio for each viable treatment, and how such treatments will be implemented.

RISKS & OPPORTUNITIES

The Company has taken initiatives to enhance its ERM Policy and Framework to embed risk management policies and procedures within its each departmental core activities and aims to align them with the strategic objectives and risk tolerances to prepare and avert for potential surprises.

Through its innovative practices, wider group engagement and attitude towards challenging market norms, the Company has successfully completed acquisitions by international stakeholders. This was a done through SWOT analysis conducted by relevant parties, placing trust into company's board, management and everyone in order take direct the Company to new heights of success.

The Company has planned on building a new independent function as Risk Management and Actuarial Control to provide integration with operating activities and develop strategic viewpoint. The RMAC function would be headed by a senior risk and actuarial professional, possessing international experience, skills and qualification, in line with the best practices followed globally. This function would provide continuous invaluable feedback actively and shall assist in mitigating surprises in the underwriting and financial performance as well as achieve larger strategic objectives of the Company.

Below mentioned are key risks faced by the Company and their mitigating strategies put in place to alleviate these risks:

Key Risks	Mitigating Strategies
Political and Economic Risks	
Challenges in the business due to the political and economic uncertainty may become a snag in the achievement of Business objectives.	The Company is working on diversifying its insurance portfolio to reduce its exposure to political risk. This is done via active monitoring of the macro-economic indicators and geo-political development. The Company also has established the Strategy & Transformation Department to monitor and devise strategies to minimize exposure to political and economic risks.
Regulatory Risk	
The Company is operating in an industry with high regulations. Failure to meet those regulatory standards and requirements would expose the Company to various penalties and would increase reputational risk. Furthermore, the adoption of IFRS17 standard is a next regulatory risk and an industry-wide challenge for implementation with high implementation costs.	The Company is cognizant of its responsibilities and thus has established a Compliance Department which is responsible to keep tracks of important deadlines and ensures all the mandatory requirements are met timely. The Company is actively monitoring the developments of IFRS17 within the country and has submitted GAP analysis to the regulator during the year. It intends to engage consultants to implementation of IFRS17 standard as well as meeting regulatory requirements in defined timelines.
Reinsurance Risks	
Reinsurance risk is the risk that reinsurance partners are unable to discharge their liabilities which makes the Company liable to the insured fully.	The Company only deals with reinsurance counterparties having strong financial strength ratings to minimize these risks. Reinsurance diversification has been considered when assessing RI risks and the Company actively monitors the reinsurance exposures to safeguard its reinsurance assets.

Key Risks	Mitigating Strategies
Investment Risk	
Changes in the macro economic factors may affect the stock market and interest rates which impacts the Company's cash flows	The Company observes a prudent policy to minimize its risks through diversification of its portfolio and dedicating a specialized department to continuously monitor relevant fixed income, mutual funds and equity investments. The investments are set in structure to ensure cash flow requirements are matched and that the investment characteristics are suitable to the liabilities.
Liquidity Risk	
The Company may not be able to meet its financial obligations towards insured.	The Company manages its liquidity by sustaining strong cash flow position and regular monitoring of maturity profile of financial assets and liabilities.
Solvency Risk	
The Company may not be able to meet its Solvency requirements as defined by the commission.	The Company has high solvency margin, which are actively monitored on the quarterly basis with focus on change analysis. The Company assesses its solvency position before going into large contracts, keeping view of reinsurance impact.
Cyber Risk	
Any risk of financial loss, disruption or damage to the reputation of TPLI from failure of its information technology systems.	The Company has implemented strong controls including firewall, antivirus solutions and backup and recovery systems to minimize the risks posed by cyber risks.
People & Environment Risk	
People are the single most important asset in any business but they are also the most vulnerable asset.	At TPLI, High graduate Level Intake as per HR policy with background checks. Market based remuneration and adjustments made at annual appraisals. Long term benefits like PF is offered. Group insurance, health insurance covers are taken for each employee. Training is regularly imparted across the board.

Opportunities Assessment Developments

The insurance sector in Pakistan has remained dormant. This is reflected in very low level of insurance density and insurance penetration in the country. The Company is proficient of availing all arising opportunities, and focused to digitize its operations by providing innovative insurance solutions to the customers and providing them risk transfer solutions.

The Company is also concentrating on the other line of business and to maximize its return on earning assets. This includes development of new lines of business particularly livestock business to participate and safeguard economic growth of the Country. Furthermore the Company participated in bidding process of micro-health insurance product Punjab Sehat Card offered by Government of Punjab and Tharparkar district. The Company conducted a comprehensive risk and opportunity assessment with partnering companies and understood and assess potential solvency impact.

Materiality Approach

Financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. Judgments about materiality are made in the light of surrounding circumstances. The primary purpose for setting overall materiality when preparing the accounts is that it is used to identify performance materiality which is needed.

Key sources of uncertainty

International Financial Reporting Standards require management to make judgments, estimates and assumptions while preparing financial statements which affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Debt Repayment

The Company has not defaulted in payment of any debts and there is not any pending litigation against company, other than in ordinary course of business, as at December 31, 2019.

Cyber Security Updates

Development of Cyber Security Framework

- Cyber Security Framework has been approved by the Committee members.

Plans for Cyber Security Framework

- Concept of a renowned encryption solution.
- Timeline for kickoff would be Q1-2021.

SIEM* (Security Incident & Event Management) & Security Operations Center (SOC)**

- Requirements to build state of art SOC at vendor site has been discussed and is being evaluated with the SOC service provider.
- Timeline for Kickoff would be Q1 – 2021.

* SIEM which is a tool which collects, parses, co-relates the security events of various systems and helps the SOC team to perform analysis for identifying cyber security incident.

** SOC: A Security Operation Center (SOC) is a function within Information Security employing people, processes, and technology to continuously monitor and improve an organization's security posture while detecting, analyzing and responding to cybersecurity incidents.

Quality Policy:

TPL Insurance is committed to become the market leader in non-life insurance sector focusing on all client segments by provision of quality services through innovation, product development and customer engagement. Our management team has continual commitment to:

- Providing reliable services in a manner that satisfies customer needs and expectations to achieve the customer satisfaction.

- Communicate the quality policy among the internal and external stakeholders along with the bench mark to surpass the customer expectations.

- Ensuring the performance of all the employees related to their assigned tasks.

- Implement risk management through a process of plan, control and mitigate in line with business requirements and norms.

- Comply as a minimum with all applicable statutory and regulatory requirements for quality management systems.

- To monitor the effectives and effectiveness of the Quality Management System by establishing measurable quality objectives and conduct reviews of Quality Management Systems (QMS)

- Encourage continual improvement using strategy of risk based thinking.

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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditor's Report

To the members of TPL Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statement of financial position as at 31 December 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2021 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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.

S.No.	Key audit matters	How the matter was addressed in our audit
	Liabilities in respect of insurance contracts	
1	As disclosed in notes 3.4 and 37.1.8 to the annexed financial statements, the Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs.574.184 million, which represent 17.62% of the Company's total liabilities. Valuation of these claim liabilities involves management judgement regarding uncertainty in the estimation of claim 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. Furthermore, the Company also maintains a provision for claims including 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 high level of judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.	Our audit procedures in respect of this matter 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 the underlying documentation to evaluate 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; • 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 with regard to applicable accounting and reporting standards.

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S.No.	Key audit matters	How the matter was addressed in our audit
	Revenue Recognition - Premium Earned	
2	Refer notes 3.2 and 22 to the financial statements relating to revenue recognition policy and net insurance premium respectively. The Company earns revenue primarily from premium income, which amounts to Rs. 2,398 million (2020: 2,163 million) representing 11% increase. This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous. We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and hence due to risk over occurrence, revenue may not be appropriately recorded.	Our audit procedures in respect of this matter included the following: • Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium; • Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; • Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; • Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; • Assessed the appropriateness of disclosures in the financial statements in relation to premium income.

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 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 statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

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

d) 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 Shaikh Ahmed Salman.

Chartered Accountants

Karachi

Date: 25 March 2022

UDIN Number: AR202110076CwK3uyWLq

Statement of Financial Position

As at 31 December 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Property and equipment	5	**383,871,680**	248,937,125
Intangible assets	6	**17,323,450**	8,611,391
Investments			
Equity securities and mutual fund units	7	**612,569,244**	148,372,106
Government securities	8	**320,375,662**	344,900,707
Debt securities	9	**25,000,000**	-
Term deposits	10	**432,500,000**	427,500,000
Loans and other receivables	11	**355,282,739**	95,810,670
Insurance / reinsurance receivables	12	**611,756,553**	418,675,980
Reinsurance recoveries against outstanding claims		**300,531,897**	232,825,729
Salvage recoveries accrued		**186,028,558**	138,837,123
Deferred commission expense		**181,245,659**	179,505,165
Deferred taxation - net	13	**-**	16,424,228
Taxation - payment less provision		**8,044,758**	8,063,849
Prepayments	14	**305,141,775**	319,314,939
Cash and bank balances	15	**1,046,390,718**	913,388,550
Total assets		**4,786,062,693**	3,501,167,562
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	16	**1,171,912,610**	938,662,610
Share premium - net of share issuance cost	17	**221,161,937**	8,033,837
Other capital reserves	17	**77,568,750**	24,094,375
Accumulated losses	17	**(65,318,421)**	(164,486,426)
Other comprehensive income/(loss) reserve	17	**189,044,216**	(7,325,659)
Total shareholders' fund		**1,594,369,092**	798,978,737
Participant's Takaful Fund			
Seed Money		**2,000,000**	2,000,000
Accumulated (deficit) / surplus	18	**(69,481,501)**	39,374,255
Total Participant's Takaful Fund		**(67,481,501)**	41,374,255
Total Equity		**1,526,887,591**	840,352,992
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		**574,184,279**	525,295,311
Unearned premium reserves		**1,688,811,536**	1,379,671,304
Unearned reinsurance commission		**62,964,528**	63,336,103
Premium deficiency reserve		**3,350,270**	2,526,162
Premium received in advance		**26,549,603**	18,051,761
Insurance / reinsurance payables	19	**322,021,605**	275,009,289
Other creditors and accruals	20	**344,977,936**	267,370,811
Lease liability against right-of-use asset		**199,423,299**	129,553,829
Deferred taxation	13	**36,892,046**	-
Total Liabilities		**3,259,175,102**	2,660,814,570
Total equity and liabilities		**4,786,062,693**	3,501,167,562
Contingencies and commitment	21		

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021	2020
		(Rupees)	
Net insurance premium	22	**2,398,356,823**	2,163,082,018
Net Insurance claims expense	23	**(1,112,666,717)**	(970,052,896)
Charge of premium deficiency reserve		**(824,108)**	(526,162)
Net commission expense and other acquisition cost	25	**(221,488,795)**	(198,140,135)
Insurance claims and commission expense		**(1,334,979,619)**	(1,168,719,193)
Management expenses	26	**(945,543,544)**	(878,086,437)
Underwriting results		**117,833,660**	116,276,388
Investment income	27	**78,666,536**	114,983,583
Other income	28	**32,183,836**	89,102,373
Other expenses	29	**(207,119,891)**	(205,624,176)
Results of operating activities		**21,564,140**	114,738,168
Financial charges	30	**(26,788,241)**	(35,224,854)
(Loss) / profit before tax		**(5,224,101)**	79,513,314
Income tax expense	31	**(4,463,650)**	(39,725,279)
(Loss) / profit after tax		**(9,687,751)**	39,788,035
Other comprehensive income			
Items that will be not reclassified to income statement:			
Changes in fair value of investments classified as 'financial assets at fair value through other comprehensive income'		**276,577,286**	31,573,381
Related tax impact		**(80,207,411)**	(9,156,279)
Other comprehensive income for the year		**196,369,875**	22,417,102
Total comprehensive income for the year		**186,682,124**	62,205,137
Earning / (loss) after tax per share - Rupees	32	**0.90**	(0.54)
Net profit / (loss) attributable to shareholders' fund		**99,168,005**	(50,477,838)
Net (deficit) / surplus attributable to Participants' Takaful Fund		**(108,855,756)**	90,265,873
		(9,687,751)	39,788,035
Other comprehensive income attributable to shareholders' fund		**196,369,875**	22,417,102
Other comprehensive loss attributable to Participants' Takaful Fund		**-**	-
		196,369,875	22,417,102

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital	Reserves									Total
		Capital reserves					Revenue reserves				
		Net share premium			Other Capital Reserves (Note 17.1)	Total	Accumulated losses	Revaluation loss on available-for-sale investments	Unrealized appreciation / (diminution) - fair value through other comprehensive income	Total	
		Share premium	Share issuance cost	Net share premium							
	(Rupees)										
Shareholders' Fund:											
Balance as at January 1, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(114,008,588)	(29,742,761)	-	(143,751,349)	802,945,098
Effect due to adoption of IFRS 9	-	-	-	-	-	-	-	29,742,761	(29,742,761)	-	-
Restated balance as at January 1, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	-	8,033,837	(114,008,588)	-	(29,742,761)	(143,751,349)	802,945,098
Net loss for the year	-	-	-	-	-	-	(50,477,838)	-	-	(50,477,838)	(50,477,838)
Other comprehensive income	-	-	-	-	-	-	-	-	22,417,102	22,417,102	22,417,102
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	(50,477,838)	-	22,417,102	(28,060,736)	(28,060,736)
Share based payments reserve	-	-	-	-	24,094,375	24,094,375	-	-	-	-	24,094,375
Balance as at December 31, 2020	938,662,610	16,936,998	(8,903,161)	8,033,837	24,094,375	32,128,212	(164,486,426)	-	(7,325,659)	(171,812,085)	798,978,737
Balance as at January 1, 2021	938,662,610	16,936,998	(8,903,161)	8,033,837	24,094,375	32,128,212	(164,486,426)	-	(7,325,659)	(171,812,085)	798,978,737
Net profit for the year	-	-	-	-	-	-	99,168,005	-	-	99,168,005	99,168,005
Other comprehensive income	-	-	-	-	-	-	-	-	196,369,875	196,369,875	196,369,875
Total comprehensive income for the year	-	-	-	-	-	-	99,168,005	-	196,369,875	295,537,880	295,537,880
Share based payments reserve	-	-	-	-	53,474,375	53,474,375	-	-	-	-	53,474,375
Shares issued during the year	233,250,000	233,250,000	(20,121,900)	213,128,100	-	213,128,100	-	-	-	-	446,378,100
Balance as at December 31, 2021	1,171,912,610	250,186,998	(29,025,061)	221,161,937	77,568,750	298,730,687	(65,318,421)	-	189,044,216	123,725,795	1,594,369,092

Statement of Changes in Equity (continued)

For the year ended 31 December 2021

	Ceded money	Accumulated surplus / (deficit)	Changes in fair value of investments classified as financial assets at fair value through other comprehensive income'	Total
	(Rupees)			
Participants' Takaful Fund:				
Balance as at January 1, 2020	2,000,000	(50,891,618)	-	(48,891,618)
Surplus for the year	-	90,265,873	-	90,265,873
Balance as at December 31, 2020	2,000,000	39,374,255	-	41,374,255
Balance as at January 1, 2021	**2,000,000**	**39,374,255**	**-**	**41,374,255**
Deficit for the year	**-**	**(108,855,756)**	**-**	**(108,855,755)**
Balance as at December 31, 2021	**2,000,000**	**(69,481,501)**	**-**	**(67,481,500)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Statement of Cash Flow

For the year ended 31 December 2021

		Note	2021	2020
			(Rupees)	
	Operating cash flow			
(a)	Underwriting activities			
	Insurance premium received		**3,094,627,391**	2,642,866,037
	Reinsurance premium paid		**(525,741,643)**	(460,953,361)
	Claims paid		**(1,737,235,070)**	(1,139,278,804)
	Reinsurance and other recoveries received		**558,559,718**	462,116,086
	Commission paid		**(326,786,627)**	(278,250,679)
	Commission received		**123,948,841**	121,800,239
	Management and other expenses paid		**(1,064,089,431)**	(759,124,735)
	Net cash flow from underwriting activities		**123,283,179**	589,174,783
(b)	Other operating activities			
	Income tax paid		**(31,335,701)**	(59,908,396)
	Other operating payments		**(124,499,172)**	(34,490,934)
	Loans advanced		**(7,830,756)**	(2,777,686)
	Loan repayment received		**4,136,152**	2,147,515
	Net cash used in other operating activities		**(159,529,477)**	(95,029,501)
	Total cash (used in) / generated from all operating activities		**(36,246,298)**	494,145,282
	Investment activities			
	Mark up / return received		**68,377,265**	80,363,393
	Dividend received		**9,946,608**	12,256
	Payment for investments		**(614,674,850)**	(753,165,369)
	Proceeds from investments		**833,593,912**	265,000,000
	Proceeds from sale of property and equipment		**11,354,755**	4,719,639
	Fixed capital expenditure		**(143,613,889)**	(15,069,541)
	Total cash generated from / (used in) investing activities		**164,983,801**	(418,139,622)
	Financing activities			
	Lease obligation paid		**(184,883,597)**	(208,688,992)
	Proceeds from issuance of shares		**446,378,100**	-
	Financial charges paid		**(2,229,838)**	(1,369,720)
	Total cash generated from / (used in) financing activities		**259,264,665**	(210,058,712)
	Net cash generated from / (used in) all activities		**388,002,168**	(134,053,052)
	Cash and cash equivalents at beginning of year		**988,388,550**	1,122,441,602
	Cash and cash equivalents at end of year		**1,376,390,718**	988,388,550
	Reconciliation to statement of comprehensive income			
	Operating cash flows		**(36,246,298)**	494,145,282
	Depreciation / amortization / bad debt expense		**(235,920,935)**	(256,570,915)
	Charge of premium deficiency reserve		**(824,108)**	(526,162)
	Income tax paid		**31,335,701**	59,908,396
	Provision for taxation		**(4,463,650)**	(39,725,279)
	Financial charges		**(26,788,241)**	(35,224,854)
	Investment income		**78,666,536**	90,577,397
	Increase in assets other than cash		**497,899,541**	148,285,811
	Increase in liabilities other than borrowings		**(313,346,297)**	(421,081,641)
	(Loss) / profit after taxation		**(9,687,751)**	39,788,035

Cash comprises of cash in hand, policy stamps, bank balances and term deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Notes to the Financial Statements

For the year ended 31 December 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 TPL Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Company was allowed to work as Window Takaful Operator on 04 September 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company is listed at Pakistan Stock Exchange Limited. The principal office of the Company is located at 20th Floor, Sky Tower – East Wing, Dolmen City, HC-3, Abdul Sattar Edhi Avenue, Block No. 4 Clifton, Karachi, Pakistan. The Company is owned 63.46% by TPL Corp Limited.

1.2 The Company operates through the following locations in Pakistan;

Locations	Address
Head Office	19-B, S.M.C.H.S, Karachi Postal Code: 74900.
Lahore Branch	Tower 75, 4th Floor, Near Honda City Sales & Hyundai Central Motors, Kalma Chowk, Lahore.
Islamabad Branch	55-B, 10th Floor (South), ISE Towers, Jinnah Avenue, Blue Area, Islamabad.
Faisalabad Branch	P-6161, West Canal Road, adjacent to Toyota Faisalabad Motors & behind HBL Canal Road Br, Faisalabad.
Multan Branch	Haider Street, Shalimar Colony, Northern Bypass-Boson Road, Multan.
Hyderabad Branch	A-8/9, District Council Complex, Hyderabad.
Export Processing Zone Branch	Plot # N-4, Sector B-III, Phase-1, Export Processing Zone. Landhi, Karachi.

1.3 The status of the Company's compliance with regulatory minimum paid-up capital and solvency requirements is disclosed in note 38.4 and 39 respectively to the financial statements.

2. BASIS OF PREPARATION

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

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

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

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

2.1.1 These financial statements have been prepared in accordance with the format prescribed under Insurance Rules, 2017.

2.1.2 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations (WTO) of the Company were presented as a single line item in the balance sheet and profit and loss account of the Company for the year ended 31 December 2018 respectively. Further, the PTF was not consolidated with the conventional insurance business. The similar requirements have been prescribed by General Takaful Accounting Regulations 2020 issued by SECP. However, as per SECP letter number ID/MDPR/ GTAR/2020/760 dated 19 February 2020, the Company has been granted relaxation from the above requirements and has been allowed line by line consolidation of financial statements of conventional and WTO (including PTF) upto the period ending 31 December 2021. Accordingly, these financial statements represent the consolidated financial position, results of operations and cashflows of the conventional business and WTO (including PTF) for the year ended 31 December 2021.

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investments and liabilities for insurance contracts which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 New standards, interpretations and amendments to published approved accounting standards

2.4.1 There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

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

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

Standards, Interpretations or Amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023

Standards, Interpretations or Amendments	Effective date
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

2.4.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contracts

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

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

The Company underwrites non-life insurance contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Health, Motor and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and Property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances like cash in hand, cash in transit, personal accident, travel are included under Miscellaneous Insurance cover.

The company neither issues investments contracts nor does it issue insurance contracts with discretionary participation features (DPF).

These contracts are made with group companies, corporate clients and individuals residing or located in Pakistan.

3.2 Premium

Premium income under a policy is recognized, evenly over the period of insurance from the date of issuance of the policy till the date of its expiry.

Administrative surcharge is recognised as income at the time policies are written.

Revenue from premiums is determined after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the Insurance Rules, 2017. The unearned portion of premium income is recognised as liability.

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

3.3 Reinsurance contracts

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contract as various reinsurance assets. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

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

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by the Insurance Rules, 2017.

The Company assesses its reinsurance assets for impairment on statement of financial position date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income.

3.4 Claims expense

Insurance claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The Company recognises liability in respect of all claims incurred upto the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date. In accordance with SECP circular no. 9 of 2016, the Company takes actuarial advice for the determination of IBNR claims.

The Company follows Chain ladder method for determination of provision for claims IBNR by analyzing the pattern of the incurred cases (on net of reinsurance basis) of a given accident year in the succeeding development years. Thereafter link ratios of the accumulated incurred claims (benefits) through the development years are used for the estimation of the incurred claims (benefits) ultimately expected.

3.5 Reinsurance recoveries against outstanding claims

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

3.6 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in statement of comprehensive income as an expense in accordance with the pattern of recognition of premium revenue.

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy. These are deferred and recognised as liability and recognised in the statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.7 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. The charge for premium deficiency reserve is recorded as an expense in the statement of comprehensive income.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 09 January 2012.

3.8 Staff retirement benefits

The Company operates a funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Company and the employees at the rate 8.33% of basic salary, to the fund.

3.9 Taxation

3.9.1 Current

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

3.9.2 Deferred

Deferred tax is accounted for using the statement of financial position liability method, in respect of temporary differences arising at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of comprehensive income except in the case of items credited or charged to equity in which case it is included in equity.

3.10 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.11 Provisions

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current estimate.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand, deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance, and short term maturity of three months or less from the date of acquisition.

3.13 Prepayments

Prepayments are recorded as an assets. It is amortized as and when due over the period.

3.14 Fixed assets

3.14.1 Tangible assets

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 5.1 to the financial statements. Depreciation is charged on additions from the month of acquisition and no depreciation is charged in the month of disposal. An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain and loss on disposal of fixed assets is included in income currently.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired. Gain or loss on disposal of fixed asset is included in income currently.

3.14.2 Right of use asset

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 5 and are subject to impairment in line with the Company's policy as described in note 3.16.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

3.14.3 Ijara

The rental paid / payable on Ijara under Islamic financial accounting standard - 'Ijara' (IFAS 2) are recorded as expense.

3.14.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 6 to the financial statements. Amortisation is calculated from the month the assets are available for use. While on disposal, no amortisation is charged in the month in which the assets are disposed off. Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

3.14.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment in value.

3.15 Classification - IFRS 9

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be 'at fair value through profit or loss' if:

i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss' in which transaction cost is charged to profit and loss.

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' or 'at fair value through other comprehensive income' based on following:

- The entity’s business model for managing of the financial assets;

- The contractual cash flow characteristics of the financial asset.

Financial assets measured 'at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss’

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets measured 'at fair value through other comprehensive income’

A financial asset is measured 'at fair value through other comprehensive income' if:

(a) Upon initial recognition the Company elects to classify irrevocably its equity investments as equity instruments designated at FVOCI when they need the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

(b) Gains and losses on these financial assets are never recycled to profit and loss.

(c) Dividends are recognized as other income in profit and loss when the right of payment has been established except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses credit rating of counter parties / instruments to determine probability of defaults and related allowance for expected credit losses.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

Financial Liabilities measured at amortised cost

This category includes all financial liabilities, other tan those measured 'at fair value through profit or loss'. The company includes in this category short-term payables, including accrued and other liabilities.

Financial Liabilities measured at fair value through profit and loss

Currently the Company dose not have any financial liability measured at fair value.

3.16 Impairment

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in statement of comprehensive income. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.17 Foreign currency translations

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

3.18 Revenue recognition

3.18.1 Premium

The revenue recognition policy for premiums is given under note 3.2.

3.18.2 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.6.

3.18.3 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.18.4 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to statement of comprehensive income in the year of sale / redemption.

3.18.5 Income on amortized cost investments

Income on amortized cost investments is recognised on a time proportionate basis taking account the effective yield on the investment.

3.18.6 Mark up on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

3.19 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SECP (Insurance) Rules, 2017 as the primary reporting format.

The Company has five primary business segments for reporting purposes namely, fire and property, marine, health, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

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

3.20 Share capital, reserve and dividend appropriation

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

Dividend declaration and reserve appropriations are recognized when approved.

3.21 Employees share option plan

Eligible employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of share option transactions is determined using intrinsic value method.

That cost is recognised in salaries and benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of income for the year represents the movement in cumulative expense recognised as at the beginning and end of that year.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.22 Contingencies

Contingencies are disclosed when the company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

Contingencies are reviewed at each statement of financial position date and adjusted to reflect the current estimate.

3.23 Earnings per share

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards 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 polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments was exercised in application of accounting policies, are as follows:

Reinsurance recoveries against outstanding claims (notes 3.3 & 3.4)

Provision against premium due but unpaid (note 3.2)

Provision for outstanding claims including IBNR (note 3.4)

Premium deficiency reserve (note 3.7)

Provision for current and deferred tax (note 3.9)

Classification of investments and impairment (note 3.15)

Employee share scheme (note 3.21)

Useful lives and residual value of assets and methods of depreciation (note 3.14)

Provision for impairment (note 3.16)

Salvage recoveries (note 3.5)

Contingencies (note 3.22)

5. PROPERTY AND EQUIPMENT

	Note	2021	2020
		(Rupees)	
Operating assets	5.1	**168,466,669**	88,234,783
Right-of-use assets	5.2	**215,405,011**	160,702,342
		383,871,680	248,937,125

5.1 Operating Assets

Owned

	2021									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2021	Additions	Disposals / Write-offs 5.1.2	As at 31 December 2021	As at 1 January 2021	Charge for the Year	Disposals / Write-offs 5.1.2	As at 31 December 2021	As at 31 December 2021	
	(Rupees)									
Leasehold Improvements	36,617,443	53,081,539	(27,244,690)	62,454,292	17,868,261	2,957,870	(17,496,451)	3,329,680	59,124,612	10
Computer equipments	57,928,543	20,238,819	(103,000)	78,064,362	40,404,455	13,753,639	(102,999)	54,055,095	24,009,267	33.33
Furniture and fixtures	28,681,452	20,487,793	(4,774,188)	44,395,057	12,530,018	3,694,151	(3,167,672)	13,056,497	31,338,560	10
Office equipments	16,650,263	30,776,641	-	47,426,904	15,808,739	2,320,747	-	18,129,486	29,297,418	20
Motor vehicles	87,878,710	5,505,950	-	93,384,660	52,910,155	15,777,693	-	68,687,848	24,696,812	20
	227,756,411	130,090,742	(32,121,878)	325,725,275	139,521,628	38,504,100	(20,767,122)	157,258,606	168,466,669	

Notes to the Financial Statements

For the year ended 31 December 2021

Owned	2020									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Disposals / Write-offs*	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals / Write-offs*	As at 31 December 2020	As at 31 December 2020	
	(Rupees)									
Leasehold Improvements	34,041,710	2,575,733	-	36,617,443	14,303,456	3,564,805	-	17,868,261	18,749,182	10
Computer equipments	50,234,980	7,807,563	(114,000)	57,928,543	28,315,255	12,111,367	(22,167)	40,404,455	17,524,088	33.33
Furniture and fixtures	26,447,492	2,233,960	-	28,681,452	9,798,454	2,731,564	-	12,530,018	16,151,434	10
Office equipments	15,967,797	682,466	-	16,650,263	15,423,536	385,203	-	15,808,739	841,524	20
Motor vehicles	90,478,710	1,400,000	(4,000,000)	87,878,710	38,474,826	15,901,996	(1,466,667)	52,910,155	34,968,555	20
	217,170,689	**14,699,722**	**(4,114,000)**	**227,756,411**	**106,315,527**	**34,694,935**	**(1,488,834)**	**139,521,628**	**88,234,783**	

5.1.1 The remaining useful life of material operating assets are estimated to be 7 years.

5.1.2 **Disposal of operatingssets**

	Cost	Accumulated Depreciation	Book value	Sale proceeds	Net gain (loss)	Mode of disposals	Sold to
	(Rupees)						
Leasehold land	27,244,690	(17,496,451)	9,748,238	9,748,238	-	Negotiation	TPL properties on vacation of rented premises
Furniture and fixture	4,774,187	(3,167,672)	1,606,515	1,606,515	-	Negotiation	TPL properties on vacation of rented premises
Computer equipment	103,000	(102,999)	1	10,108	10,107	Insurance Claims	EFU Insurance
	32,121,876	**(20,767,122)**	**11,354,755**	**11,364,861**	**10,107**		

5.1.3 Fully depreciated assets amounts to Rs. 54.679 million (purchase price) at year end (2020: 39.796 million).

5.2 **Right-of-use assets**

	2021											
	Cost					Accumulated Depreciation					Written Down Value	Depreciation Rate %
	As at 1 January 2021	Additions	Matured 5.2.1	Modification	As at 31 December 2021	As at 1 January 2021	Charge for the Year	Matured 5.2.1	Modification	As at 31 December 2021	As at 31 December 2021	
	(Rupees)											
Office Premises	32,349,594	153,409,525	(23,229,769)	-	162,529,350	5,446,498	51,331,340	(23,229,769)	-	33,548,069	128,981,281	20
Tracking Devices	267,475,052	62,026,317	(164,586,782)	-	164,914,587	133,675,806	123,409,315	(164,586,782)	-	92,498,339	72,416,248	50
Motor Vehicle	-	9,478,000	-	-	9,478,000	-	505,493	-	-	505,493	8,972,507	20
Office Equipment	-	5,394,616	-	-	5,394,616	-	359,641	-	-	359,641	5,034,975	20
	299,824,646	230,308,458	(187,816,551)	-	342,316,553	139,122,304	175,605,789	(187,816,551)	-	126,911,543	215,405,011	

	2020											
	Cost					Accumulated Depreciation					Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Matured	Modification	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Matured	Modification	As at 31 December 2020	As at 31 December 2020	
	(Rupees)											
Office Premises	380,996,580	-	(160,522,480)	(188,124,506)	32,349,594	196,796,400	46,415,582	(160,522,480)	(77,243,004)	5,446,498	26,903,096	20
Tracking Devices	531,723,850	161,417,074	(425,665,872)	-	267,475,052	409,814,356	149,527,322	(425,665,872)	-	133,675,806	133,799,246	50
	912,720,430	161,417,074	(586,188,352)	(188,124,506)	299,824,646	606,610,756	195,942,904	(586,188,352)	(77,243,004)	139,122,304	160,702,342	

5.2.1 This represents right of use assets matured at the expiry of the lease term.

5.2.2 The tracking devices are not in possession of the Company.

6. INTANGIBLE ASSETS

	2021									
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %
Owned	As at 1 January 2021	Additions	Disposals	As at 31 December 2021	As at 1 January 2021	Charge for the Year	Disposals	As at 31 December 2021	As at 31 December 2021	
	(Rupees)									
Software licences	21,015,779	13,523,147	-	34,538,926	12,404,388	4,811,088	-	17,215,476	17,323,450	20

	2020									
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %
	As at 1 January 2020	Additions	Disposals / Write-off	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals / Write-off*	As at 31 December 2020	As at 31 December 2020	
	(Rupees)									
Software licences	18,036,548	2,979,231	-	21,015,779	8,471,312	3,933,076	-	12,404,388	8,611,391	20

6.1 The remaining useful life of material assets are estimated to be 4 years.

7. INVESTMENT IN EQUITY SECURITIES AND MUTUAL FUNDS UNITS

	2021			2020		
	Cost	Revaluation	Carrying Value	Cost	Impairment / Revaluation	Carrying Value
	(Rupees)					
-Classified as 'At fair value through other comprehensive income'						
Related party						
Listed shares						
TPL Properties Limited (3% holding)	100,000,000	275,187,680	375,187,680	100,000,000	(10,847,440)	89,152,560
	100,000,000	**275,187,680**	**375,187,680**	100,000,000	(10,847,440)	89,152,560
Others						
Listed shares						
Business Industrial Insurance Company Limited	251,260	(251,260)	-	251,260	(251,260)	-
The Bank of Punjab	357,727	(292,246)	65,481	357,727	(286,055)	71,672
Hub Power Company Limited	357,000	356,400	713,400	357,000	436,300	793,300
Bank of Khyber	162,975	84,312	247,287	162,975	64,646	227,621
Bolan Castings Limited	39,704,010	(9,401,010)	30,303,000	-	-	-
Summit Bank Limited	514,765	(475,245)	39,520	514,765	(484,845)	29,920
	41,347,737	**(9,979,049)**	**31,368,688**	1,643,727	(521,214)	1,122,513
-Classified as 'At fair value through profit or loss'						
Mutual funds						
AKD Opportunity Fund	121,022,903	(17,161,768)	103,861,136	20,000,000	5,436,426	25,436,426
Askari Sovereign Yield Enhance	-	-	-	15,994,662	1,051,572	17,046,234
Pak Oman Advantage Islamic Income Fund	25,000,000	975,729	25,975,729	-	-	-
HBL Equity Fund	50,000,000	(10,868,895)	39,131,105	-	-	-
AKD Islamic Stock Fund	36,516,536	528,371	37,044,906	10,000,000	5,614,373	15,614,373
	232,539,439	**(26,526,563)**	**206,012,876**	45,994,662	12,102,371	58,097,033
	373,887,176	**238,682,068**	**612,569,244**	147,638,389	733,717	148,372,106

8. INVESTMENT IN GOVERNMENT SECURITIES - Classified as 'At amortized cost'

	Note	2021	2020
		(Rupees)	
Treasury Bills	8.1	**196,290,122**	247,990,120
Pakistan Investment Bonds (PIBs)	8.2	**124,085,540**	96,910,587
		320,375,662	344,900,707

8.1 This represents three months Treasury Bills having face value and market value of Rs. 200 and 196.105 million respectively (2020: Rs. 250 and Rs 247.643 million). These carry mark-up of 10.00% (2020: 7.05%) and will mature on 10 March 2022.

Notes to the Financial Statements

For the year ended 31 December 2021

8.2 This represents five and ten years Pakistan Investment Bonds having face value of Rs. 128.5 million (market value of Rs. 119.537 million) [2020: Rs. 100 million (market value of Rs. 101.537 million)]. These carry mark-up ranging from 7.50% to 12% (2020: 7.75% to 12%) per annum and will mature between 19 July 2022 to 15 Oct, 2025. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance 2000 and circular No. 15 of 2008 dated 7 July 2008 issued by the Securities and Exchange Commission of Pakistan.

9. INVESTMENT IN DEBT SECURITIES

- Classified as 'At fair value through other comprehensive income'

	Note	2021	2020
		(Rupees)	
Term Finance Certificate			
- JS Bank Limited	9.1	**25,000,000**	-
		25,000,000	-

9.1 These represent Term Finance Certificates of JS Bank Limited Tier 1 carrying mark up of 6 Months KIBOR plus 2.25% and are perpetual in nature.

10. INVESTMENT IN TERM DEPOSITS

- Classified as 'At amortized cost'

	Note	2021	2020
		(Rupees)	
Deposits maturing within 12 months		**430,000,000**	425,000,000
Deposits maturing after 12 months		**2,500,000**	2,500,000
	10.1	**432,500,000**	427,500,000

10.1 These carry mark up of 5.00% to 9.45% per annum (2020: 6.00% to 6.65% per annum) and have maturities upto 16 April 2024.

11. LOANS AND OTHER RECEIVABLES

- Considered good

	Note	2021	2020
		(Rupees)	
Advance to a related party - unsecured	11.1	**169,697,040**	31,500,000
Receivable from related parties	11.2	**20,799,296**	5,653,938
Deposit for hospital enlistment	11.3	**7,890,000**	5,290,000
Accrued investment income		**9,541,957**	10,765,386
Loan and advance to employees	11.4	**5,860,055**	3,042,878
Placement with a company	11.5	**10,000,000**	25,000,000
Advance Ijara rentals		**7,600,000**	7,600,000
Security deposit		**6,183,167**	5,188,530
Receivable from broker		**110,194,413**	-
Other receivable		**7,516,811**	1,769,938
		355,282,739	95,810,670

11.1 This represents advance to a related party TPL Trakker. A special resolution of the shareholders authorising the Company to extend advance upto Rs.300 million was passed in Annual General Meeting of the Company held on 24 April 2019. The balance carries mark up at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

11.2 This represents receivable from following related parties:

	2021	2020
	(Rupees)	
TPL Trakker Limited	**5,894,317**	422,627
TPL REIT Management Company Limited	**82,747**	-
TPL Life	**2,349,581**	-
TPL Corp Limited	**12,472,651**	5,142,154
TPL E-Venture (Private) Limited	**-**	89,157
	20,799,296	5,653,938

Notes to the Financial Statements

For the year ended 31 December 2021

11.3 This represents a refundable deposit placed for various hospital enlistments for services to the policy holders.

11.4 These include loans that were given to employees for domestic purposes and are secured against provident fund balances of employees. These loans carry a mark-up rate ranging from 0% - 5% (2020: 0% - 5%) per annum, and are maturing at various dates until September 2024.

11.5 This represents placements with a financial institution carries mark up at the rate of 9.17% per annum (2020: 8.28%) and will mature by 30 June 2022.

12. INSURANCE / REINSURANCE RECEIVABLES - Unsecured

	Note	2021	2020
		(Rupees)	
Due from insurance contract holders			
Considered good		**440,874,178**	322,465,076
Considered doubtful		**43,345,616**	47,630,238
Less: provision for impairment of receivables from Insurance contract holders		**(43,345,616)**	(47,630,238)
		-	-
		440,874,178	322,465,076
Due from other insurers / reinsurers			
Considered good		**170,882,375**	96,210,904
Considered doubtful		**9,754,393**	2,754,393
Less: provision for impairment of due from other insurers / reinsurers		**(9,754,393)**	(2,754,393)
		-	-
		170,882,375	96,210,904
		611,756,553	418,675,980

13. DEFERRED TAXATION - NET

	2021	2020
Deferred debits arising in respect of		
Provision for doubtful debts	**15,399,003**	14,611,543
Unrealized loss on investments classified at fair value through profit & loss	**7,845,930**	3,296,909
Other capital reserve - Employee share option plan (ESOP)	**22,494,938**	6,987,369
Deferred credits arising in respect of		
Accelerated depreciation	**(920,471)**	(4,961,905)
Unrealised gain on investments classified at fair value through other comprehensive income	**(77,063,731)**	(3,509,688)
Right of use assets	**(4,647,715)**	-
	(36,892,046)	16,424,228

13.1 Reconciliation of deferred tax

	2021	2020
Opening balance	**16,424,228**	44,064,267
Reversal for the year	**(53,316,274)**	(27,640,039)
Closing balance	**(36,892,046)**	16,424,228

Notes to the Financial Statements

For the year ended 31 December 2021

14. PREPAYMENTS

	Note	2021	2020
		(Rupees)	
Prepaid			
- annual monitoring and other charges	14.1	**24,777,994**	26,914,530
- rent		**-**	1,625,291
- maintenance charges	14.2	**-**	2,409,273
- reinsurance premium ceded		**271,032,089**	269,991,191
- subscription		**5,924,338**	10,630,668
- insurance		**3,407,354**	7,743,986
		305,141,775	319,314,939

14.1 This includes prepaid annual monitoring charges amounting to Rs. 20.389 million (2020: Rs. 21.153 million) paid to TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policy holders of the Company.

14.2 This represents maintenance charges paid to TPL Properties Management (Private) Limited - common directorship (a related party) for the principal office space of the Company.

15. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees)	
Cash and cash equivalents			
- Cash in hand		**415,824**	683,471
- Policy and Revenue stamps, Bond papers etc.		**416,144**	20,151
Cash at bank			
- Current accounts		**165,042,027**	68,975,155
- Profit and loss sharing accounts	15.1	**880,516,723**	843,709,773
		1,045,558,750	912,684,928
		1,046,390,718	913,388,550

15.1 These accounts carry mark-up at raging between 6.00% to 8.00% (2020: 4.50% to 6.50%) per annum.

Cash and cash equivalents for the purpose of statement of cash flows:

	2021	2020
Cash and cash equivalent	**1,046,390,718**	913,388,550
Term deposit receipts	**330,000,000**	75,000,000
	1,376,390,718	988,388,550

16. ORDINARY SHARE CAPITAL

16.1 Authorized Capital

2021 (Number of shares)	2020 (Number of shares)		2021 (Rupees)	2020 (Rupees)
150,000,000	150,000,000		**1,500,000,000**	1,500,000,000

Notes to the Financial Statements

For the year ended 31 December 2021

16.2 Issued, subscribed and paid-up share capital

2021	2020		2021	2020
(Number of shares)			(Rupees)	
93,866,261	75,515,899	Ordinary shares of Rs. 10 each, fully paid in cash	**938,662,610**	755,158,990
23,325,000	18,350,362	Ordinary shares of Rs. 10 each, issued during the year	**233,250,000**	183,503,620
117,191,261	93,866,261		**1,171,912,610**	938,662,610

16.3 As at 31 December 2021 shares held by related parties are as follows:

	2021		2020	
	Number of Shares	Holding	Number of Shares	Holding
TPL Corp Limited	**74,364,126**	**63.46%**	68,875,960	73.38%
TPL Holdings (Private) Limited	**1,076,990**	**0.92%**	1,076,990	1.15%
Directors	**17,361**	**0.01%**	16,861	0.02%
	75,458,477	**64.39%**	69,969,811	74.55%

17. RESERVES

	Note	2021	2020
		(Rupees)	
Capital Reserves			
Share premium		**250,186,998**	16,936,998
Share issuance cost		**(29,025,061)**	(8,903,161)
Net share premium		**221,161,937**	8,033,837
Other capital reserves	17.1	**77,568,750**	24,094,375
		298,730,687	32,128,212
Revenue Reserves			
Accumulated losses		**(65,318,421)**	(164,486,426)
Other comprehensive income / (loss) reserve	17.2	**189,044,214**	(7,325,659)
		123,725,793	(171,812,085)
		422,456,480	(139,683,873)

17.1 Other capital reserves

In the year 2020, the Company introduced Employee Share Option Plan (ESOP) to employees meeting certain criteria. The exercise price of the option is Rs. 10/-. The share options vest after a period of 2 years from the date of grant and the concerned employee remains employed on such date.

The share options can be exercised up to one year after the two-year vesting period and therefore, the contractual term of each option granted is three years. There are no cash settlement alternatives. The Company accounts for the ESOP as an equity-settled plan.

The expense recognized during the year related to equity settled share based payments amounts to Rs. 53.474 million (2020: Rs. 24.094m).

The Company has granted 5,250,000 (2020: 4,750,000) share options at a weighted average exercise price of Rs. 10/-.

Weighted average remaining contractual life of options outstanding at 31 December 2021 was 1.5 years (2020: 2.5 year).

		Note	2021	2020
			(Rupees)	
17.2	**Other comprehensive income / (loss) reserve**			
	Changes in fair value of investments classified as financial assets at fair value through other comprehensive income'		**266,259,487**	(10,317,725)
	Related deferred tax		**(77,215,273)**	2,992,066
			189,044,214	(7,325,659)
18.	**PARTICIPANTS' TAKAFUL FUND**			
18.1	**Ceded Money**		**2,000,000**	2,000,000
18.2	**Accumulated surplus / (deficit)**			
	Balance at the beginning of the year		**39,374,255**	(50,891,618)
	(Deficit) / surplus for the year		**(108,855,756)**	90,265,873
	Balance at the end of the year		**(69,481,501)**	39,374,255
19.	**INSURANCE / REINSURANCE PAYABLES**			
	Due to other insurers / reinsurers	19.1	**322,021,605**	275,009,289

19.1 This include reinsurance / retakaful payable to TPL Life Insurance Limited, a related party, amounting to Rs. 0.802 million (2020: Rs. 35.633m).

		Note	2021	2020
			(Rupees)	
20.	**OTHER CREDITORS AND ACCRUALS**			
	Commission payable		**98,411,290**	77,648,210
	Creditors		**4,943,943**	9,698,770
	Federal Insurance Fee		**3,456,259**	2,280,089
	Federal Excise Duty (FED) - net		**87,001,560**	49,690,128
	Margin deposit from customers		**1,299,911**	1,379,911
	Security deposit from salvage buyers		**700,000**	-
	Withholding tax payable		**13,744,529**	18,273,658
	Advance tax on premium		**484,697**	569,384
	Accrued expenses		**86,245,159**	74,742,422
	Unclaimed dividend		**1,527,468**	1,527,468
	Payable to related parties	20.1	**12,319,411**	6,128,102
	Payable to Provident Fund	20.2	**3,076,718**	2,153,176
	Deposits from customers		**4,783,906**	7,280,587
	Others	20.3	**26,983,085**	15,998,906
			344,977,936	267,370,811
20.1	This represents payable to following related parties:			
	TPL Security Services (Private) Limited		**747,412**	170,445
	Virtual World (Private) Limited		**5,600,002**	4,926,011
	TPL Properties Limited		**499,174**	223,586
	TPL Properties Management (Private) Limited		**5,472,823**	808,060
			12,319,411	6,128,102

20.2 The investments made in collective investment schemes, listed equity and listed debt securities out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the conditions specified there under.

20.3 This includes Rs. 24.453 million (2020: Rs. 13.988 million) in respect of time barred cheques. These time barred cheques include outstanding claims in respect of which cheques aggregating to Rs. 24.248 million (2020: Rs. 13.807 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant.

The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	2021	2020
	(Rupees)	
-More than 6 months	**24,461,897**	11,488,529
-1 to 6 months (included in provision for outstanding claims)	**135,195,979**	41,031,453
	159,657,876	52,519,982

Claims not encashed	AGE-WISE BREAKUP 1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	TOTAL
			(Rupees)		
2021	**135,195,979**	**5,064,786**	**7,900,186**	**11,496,925**	**159,657,876**
2020	41,031,453	3,754,228	3,313,101	4,421,200	52,519,982

21. CONTINGENCIES AND COMMITMENT

21.1 Contingencies

There are no contingencies for year ended 31st December 2021.

21.2 Ijarah commitments

The Company has entered into various non-cancellable operating lease agreements. The lease term is five years.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	(Rupees)	
No later than 1 year	**8,085,336**	8,199,432
Later than 1 year and no later than 5 years	**2,940,801**	11,176,873
	11,026,137	19,376,305

These represent Ijarah liability of the company against two vehicles currently in use, namely Audi Q5 and Mercedes Benz S400.

22. NET INSURANCE PREMIUM

	2021	2020
	(Rupees)	
Written net premium	**3,284,023,645**	2,746,926,964
Add: Unearned premium reserve opening	**1,379,671,304**	1,209,232,507
Less: Unearned premium reserve closing	**(1,688,811,536)**	(1,379,671,304)
Premium earned	**2,974,883,413**	2,576,488,167
Less: Reinsurance premium ceded	**577,567,489**	525,201,372
Add: Prepaid reinsurance premium opening	**269,991,190**	158,195,968
Less: Prepaid reinsurance premium closing	**(271,032,089)**	(269,991,191)
Reinsurance expense	**576,526,590**	413,406,149
Net insurance Premium	**2,398,356,823**	2,163,082,018

23. NET INSURANCE CLAIMS EXPENSE

	2021	2020
Claims paid / payable	**1,737,235,070**	1,441,267,650
Add: Outstanding claims including IBNR closing	**574,184,279**	525,295,311
Less: Outstanding claims including IBNR opening	**(525,295,311)**	(252,522,221)
Claims expense	**1,786,124,038**	1,714,040,740
Less: Reinsurance and other recoveries received	**558,559,718**	462,116,087
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	**486,560,455**	371,662,852
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	**(371,662,852)**	(89,791,095)
Reinsurance and other recoveries revenue	**673,457,321**	743,987,844
Net insurance claims expense	**1,112,666,717**	970,052,896

24. Claim Development

Claim Development table is included in note 37.1.8 to the financial statements.

25. NET COMMISSION EXPENSE AND OTHER ACQUISITION COST

	2021	2020
Commissions paid or payable	**354,291,659**	320,782,371
Add: Deferred commission - opening	**179,505,165**	156,754,128
Less: Deferred commission - closing	**(181,245,659)**	(179,505,165)
Commission expense	**352,551,165**	298,031,334
Less: Commission from reinsurers		
Commission received or receivable	**130,690,793**	121,800,239
Add: Unearned commission - opening	**63,336,103**	41,427,063
Less: Unearned commission - closing	**(62,964,526)**	(63,336,103)
Commission from reinsurance	**131,062,370**	99,891,199
Net Commission and acquisition	**221,488,795**	198,140,135

26. MANAGEMENT EXPENSES

	Note	2021	2020
		(Rupees)	
Employee benefit costs	26.1	**412,529,035**	298,205,464
Annual monitoring fee	26.2	**64,834,640**	73,924,434
Travelling expenses		**3,108,650**	4,582,941
Business Partner engagement expenses		**21,188,875**	48,582,374
Advertisement and marketing		**48,907,291**	35,145,448
Printing and stationary		**5,778,282**	5,433,066
Rent, rates and taxes		**14,219,107**	25,757,776
Outsourcing expenses		**40,680,185**	41,069,612
Communication		**9,034,832**	7,142,400
Utilities		**12,225,786**	14,245,688
Vehicle running expenses		**19,195,917**	13,688,716
Repair and maintenance		**50,765,459**	49,491,815
Depreciation - operating assets	5.1	**38,504,101**	34,694,935
Depreciation - right of use assets	5.2	**163,916,602**	179,982,808
Amortization expense	6	**4,811,088**	3,933,076
Annual supervision fee SECP		**4,008,445**	4,817,400
Bad and doubtful debts		**17,000,000**	22,000,000
Insurance		**11,863,780**	12,466,924
Pre-inspection charges		**2,971,469**	2,921,560
		945,543,544	878,086,437

26.1 This includes Rs. 334.362 million being salaries and wages (2020: Rs. 261.198 million) and Rs. 13.99 million (2020: Rs. 10.375 million) being contribution to employees' provident fund and Rs. 44.722 million of employee share option (2020: Rs 24 million).

26.2 This includes annual monitoring fee amounting to Rs. 53.474 million (2020: Rs. 59.135 million) charged by TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policy holders of the Company.

27. INVESTMENT INCOME

	2021	2020
	(Rupees)	
Dividend and markup income		
Dividend income	**9,946,608**	12,256
Return on debt securities	**13,004,903**	26,656,237
Return on term deposits and savings account	**24,105,465**	51,759,122
Return on PLS bank balances	**38,678,642**	24,406,186
	85,735,618	102,833,801
Net realized gains on investments		
- At fair value through profit and loss		
Realized gains on disposal / redemption of mutual funds	**19,900,354**	994,662
Net unrealized gains / (losses) on investments		
- At fair value through profit and loss		
Unrealized gain on valuation of mutual funds	**(26,529,604)**	12,102,367
Total investment income	**79,106,368**	115,930,830
Less: Investment related expenses	**(439,832)**	(947,247)
	78,666,536	114,983,583

Notes to the Financial Statements
For the year ended 31 December 2021

28. OTHER INCOME

	Note	2021 (Rupees)	2020 (Rupees)
Interest on advance to a related party	11.1	**27,259,904**	61,932,605
Income from other services		**4,772,335**	455,500
Gain on sale of fixed assets		**10,108**	2,094,473
Gain on lease modification		**-**	22,714,328
Others		**141,489**	1,905,468
		32,183,836	89,102,374

29. OTHER EXPENSES

	Note	2021 (Rupees)	2020 (Rupees)
Employee benefit costs		**80,728,303**	76,912,721
Legal and professional charges		**43,754,960**	41,245,636
Auditors' remuneration	29.1	**2,916,843**	2,303,914
Registration, subscription and association		**4,977,134**	7,956,926
Donations	29.2	**8,708,722**	12,928,242
Communication		**2,964,367**	2,176,811
IT related cost		**31,403,517**	23,232,971
Travelling and conveyance		**1,414,194**	1,350,582
Utilities		**2,392,479**	3,674,227
Depreciation - right of use assets	5.2	**11,689,188**	15,960,096
Vehicle running expenses		**1,642,416**	1,508,617
Lease rentals		**8,121,976**	8,891,389
Others		**6,405,792**	7,482,044
		207,119,891	205,624,176

29.1 Auditor's Remuneration

	2021 (Rupees)	2020 (Rupees)
Fee for audit of financial statements	**778,400**	730,538
Fee for review of financial statements	**488,400**	444,000
Fee for audit of financials for group reporting purpose	**489,500**	445,000
Special certifications	**475,750**	381,934
Out-of-pocket expenses	**684,793**	302,442
	2,916,843	2,303,914

29.2 Donations

These include donations made by the Company to the Habib University and Zindagi Trust amounting to Rs. 6.3 million and 1 million respectively. None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the donee.

30. FINANCIAL CHARGES

	2021 (Rupees)	2020 (Rupees)
Bank charges	**2,229,838**	1,424,735
Mark-up expense on lease obligation related to right-of-use assets	**24,558,403**	33,800,119
	26,788,241	35,224,854

Notes to the Financial Statements

For the year ended 31 December 2021

	Note	2021	2020
		(Rupees)	
31. TAXATION			
For the year			
Current	31.1	**31,354,789**	37,239,861
Deferred		**(26,891,139)**	18,483,759
		4,463,650	55,723,620
For the prior years			
Current		**-**	(15,998,341)
		4,463,650	39,725,279

31.1 The tax rate applicable on the Company for Tax Year 2021 is 29% (2020: 29%).

31.2 Relationship between tax expense and accounting profit is as follows:

	2021	2020
(Loss) / profit before taxation	**(5,224,101)**	79,513,314
Tax at applicable rate	**(1,514,989)**	23,058,861
Effect of revision of prior year's tax assessment	**-**	10,275,812
Other affects	**(962,594)**	6,390,606
	(2,477,583)	39,725,279
Effective rate	**47%**	50%

32. EARNINGS PER SHARE – BASIC AND DILUTED

	2021	2020
	(Rupees)	
Profit / (loss) after tax for the year attributable to shareholders	**99,168,005**	(50,477,838)
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.10 each	**110,609,138**	93,866,261
	(Rupees)	
Profit / (loss) per share - basic	**0.90**	(0.54)
Profit / (loss) per share - diluted	**0.88**	(0.54)

As further explained in Note 17.1 to the financial statements, the Company has granted 5.25 million (2020: 4.75 million) options to its employees meeting certain criteria. These options have dilutive effect on the company's profit per share for the year ended 31 December 2021. However having an anti dilutive effect for the year ended 31 December 2020.

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows:

	Chief Executive Officer		Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)							
Managerial remuneration	19,356,000	15,484,800	-	-	98,981,890	72,636,914	118,337,890	88,121,714
Bonus	-	-	-	-	-	-	-	-
House rent allowance	8,710,200	6,968,160	-	-	44,541,644	32,686,481	53,251,844	39,654,641
Utilities	1,933,800	1,547,040	-	-	9,888,417	7,256,493	11,822,217	8,803,533
Retirement benefits	1,612,355	1,289,884	-	-	7,484,754	5,458,429	9,097,109	6,748,313
Relocation allowances	-	-	-	-	-	-	-	-
Others	-	-	-	-	18,775,081	13,944,422	18,775,081	13,944,422
Director fee	-	-	3,000,000	2,900,000	-	-	3,000,000	2,900,000
	31,612,355	25,289,884	3,000,000	2,900,000	179,671,786	131,982,739	214,284,141	160,172,623
Number of persons	1	1	3	4	37	30	41	35

33.1 In addition, the Chief Executive Officer, Directors and Executives are provided with free use of Company maintained cars and share option plan in accordance with their entitlement.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties comprise Parent Company, associated undertakings, common directorships, employees provident fund, directors and key management personnel. The balances with / due from and transactions with related parties are as follows:

34.2 Balances and transactions with related parties

	2021	2020
	(Rupees)	
TPL Trakker Limited - (associated company)		
Opening balance - receivable	422,627	287,376
Interest charged during the year	27,259,904	61,932,605
Net expenses charged - group shared costs	(24,177,014)	(47,024,922)
Rent and other services on tracking units	(189,362,255)	(212,684,713)
Adjustment against advance	17,802,960	38,500,000
Net payments made by the Company	173,948,095	159,412,281
Closing balance - receivable	5,894,317	422,627
Advance to TPL Trakker Limited - (associated company)		
Opening balance - receivable	31,500,000	70,000,000
Payments made during the year	156,000,000	-
Adjustment against receivable	(17,802,960)	(38,500,000)
Closing balance - receivable	169,697,040	31,500,000

This represents advance to a related party. A special resolution of the shareholders authorising the Company to extend advance upto Rs.300 million was passed in Annual General Meeting of the Company held on 21 April, 2019. The balance carries interest at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

Notes to the Financial Statements

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	2021	2020
	(Rupees)	
TPL Properties Limited- common directorship		
Opening balance - (payable) / receivable	**(223,586)**	6,169,128
Rent invoices received during the year	**(13,097,123)**	(46,351,782)
Net payments made during the year	**13,097,123**	41,282,571
Transferred from Centrepoint Management Services (Private) Limited on amalgamation	**-**	(1,282,984)
Expenses incurred by the company / (on behalf of the company)	**(275,588)**	(40,519)
Closing balance - payable	**(499,174)**	(223,586)
TPL Properties Management (Private) Limited - common directorship		
Opening balance - payable	**(808,060)**	-
Services received during the year	**(9,003,490)**	(6,499,240)
Payments made by the company	**4,338,727**	5,691,180
Closing balance - payable	**(5,472,823)**	(808,060)
Centrepoint Management Services (Private) Limited - common directorship		
Opening balance	**-**	(5,838,687)
Maintenance charges expensed during the period	**-**	(10,570,541)
Maintenance charges paid during the period	**-**	10,570,541
Other movement during the period	**-**	118,724
Transferred to TPL Properties Limited on amalgamation	**-**	1,282,984
Services received during the period	**-**	(4,971,099)
Payments made during the period	**-**	9,408,078
Closing balance	**-**	-
Virtual World (Private) Limited - common directorship		
Opening accrued outsourcing expenses	**(4,926,011)**	(10,198,176)
Services received during the year	**(30,960,543)**	(25,828,242)
Expenses incurred by the company	**-**	66,037
Payments made during the year	**30,286,552**	31,034,370
Closing accrued outsourcing expenses	**(5,600,002)**	(4,926,011)

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34.3 Balances and transactions with related parties (continued)

	2021	2020
	(Rupees)	
TPL Security Services (Private) Limited - common directorship		
Opening balance - (payable) / receivable	**(170,445)**	794,655
Expenses incurred by the company	**(362,407)**	943,583
Services received during the year	**(214,560)**	(1,908,683)
Closing balance - payable	**(747,412)**	(170,445)
TPL Direct Insurance Limited Employees Provident Fund		
Opening balance - payable	**(2,153,176)**	(1,581,599)
Charge for the year	**(34,013,256)**	(32,050,617)
Contribution made during the year	**33,089,714**	31,479,040
Closing balance - payable	**(3,076,718)**	(2,153,176)
TPL Life Insurance Limited - common directorship		
Opening balance - payable	**(35,632,647)**	(213,612)
Expenses incurred by the company / (on behalf of the company)	**6,586,260**	4,805,908
Services received from the company	**(4,925,020)**	(6,212,977)
Software purchased	**(10,000,000)**	-
Other movement during the year	**2,899,692**	(70,000)
Reinsurance services received during the year	**34,829,956**	(35,632,646)
Net payments made during the year	**7,788,650**	1,690,680
Closing balance - receivable / (payable)	**1,546,891**	(35,632,647)
TPL Corp Limited - parent company		
Opening balance - receivable	**5,142,154**	28,809,083
Expenses incurred by the company / (on behalf of the company)	**(78,031,988)**	(38,143,031)
Net payments made during the year	**85,362,485**	14,476,102
Closing balance - receivable	**12,472,651**	5,142,154
TPL e-Venture (Private) Limited - common directorship		
Opening balance - receivable	**89,157**	89,157
Expenses incurred by the company	**(89,157)**	-
Closing balance - receivable	**-**	89,157
TPL REIT Management Company Limited - common directorship		
Opening balance -	**-**	-
Expenses Incurred	**82,747**	-
Services Received	**-**	-
Closing balance - receivable	**82,747**	-

34.4 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

34.5 The Company has signed up consultancy contract with one of the directors, Mr. Andrew Borda, to assist the Company in underwriting and reinsurance placements. The remuneration agreed during the year amounts to Rs. 16.203 million (2020: Rs. 16.271 million).

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35. SEGMENT REPORTING

	For the year ended 31 December 2021					
	Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross Written Premium (inclusive of Administrative Surcharge)	**312,617,420**	**75,994,121**	**2,537,220,051**	**275,957,347**	**82,234,706**	**3,284,023,645**
Gross Direct Premium	303,852,387	72,489,078	2,446,002,298	275,757,867	76,076,083	**3,174,177,713**
Facultative Inward Premium	7,536,521	908,955	12,149,442	-	2,642,000	**23,236,918**
Administrative Surcharge	1,228,512	2,596,088	79,068,311	199,480	3,516,623	**86,609,014**
Insurance premium earned	291,586,561	81,554,633	2,334,532,290	213,219,711	53,990,219	2,974,883,414
Insurance premium ceded to reinsurers	(262,419,571)	(55,263,254)	(207,262,958)	(33,314,041)	(18,266,767)	(576,526,591)
Net insurance premium	**29,166,990**	**26,291,379**	**2,127,269,332**	**179,905,670**	**35,723,452**	**2,398,356,823**
Commission income	51,630,466	14,677,535	52,905,830	6,706,196	5,142,343	131,062,370
Net underwriting income	**80,797,456**	**40,968,914**	**2,180,175,162**	**186,611,866**	**40,865,795**	**2,529,419,193**
Insurance claims	(135,791,704)	(16,034,219)	(1,333,111,236)	(259,825,919)	(41,360,960)	(1,786,124,038)
Insurance claims recovered from reinsurers / salvage	130,429,307	10,739,505	416,817,885	94,293,520	21,177,104	673,457,321
Net Claims	**(5,362,397)**	**(5,294,714)**	**(916,293,351)**	**(165,532,399)**	**(20,183,856)**	**(1,112,666,717)**
Charge of Premium deficiency reserve	-	-	-	(824,108)	-	(824,108)
Commission expense	(43,087,230)	(9,890,017)	(277,449,317)	(16,190,439)	(5,934,162)	(352,551,165)
Management expenses	(10,051,179)	(9,356,800)	(858,092,852)	(55,604,341)	(12,438,372)	(945,543,544)
Net insurance claims and expenses	**(58,500,806)**	**(24,541,531)**	**(2,051,835,520)**	**(238,151,287)**	**(38,556,390)**	**(2,411,585,534)**
Underwriting result	**22,296,650**	**16,427,383**	**128,339,642**	**(51,539,421)**	**2,309,406**	**117,833,660**
Investment income						78,666,536
Other income						32,183,836
Other expenses						(207,119,891)
Results of operating activities						**21,564,141**
Financial charges						(26,788,241)
Loss before tax for the period						**(5,224,100)**
Corporate segment assets	463,874,727	41,429,664	910,432,622	147,247,093	81,628,242	1,644,612,348
Corporate unallocated assets						3,141,450,345
Total assets						**4,786,062,693**
Corporate segment liabilities	359,900,680	19,258,254	1,857,859,940	211,321,851	80,393,185	2,528,733,910
Corporate unallocated liabilities						730,441,192
Total liabilities						**3,259,175,102**

	For the year ended 31 December 2020					
	Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross Written Premium (inclusive of Administrative Surcharge)	**236,900,003**	**42,483,316**	**2,158,445,973**	**264,955,504**	**44,142,168**	**2,746,926,964**
Gross Direct Premium	200,105,368	40,824,132	2,085,012,323	264,774,506	41,416,718	**2,632,133,047**
Facultative Inward Premium	35,975,558	571,803	3,541,213	-	30,285	**40,118,859**
Administrative Surcharge	819,077	1,087,381	69,892,437	180,998	2,695,165	**74,675,058**
Insurance premium earned	164,396,528	43,544,413	2,111,636,024	212,231,601	44,679,601	2,576,488,167
Insurance premium ceded to reinsurers	(139,665,385)	(25,703,094)	(184,872,003)	(43,057,798)	(20,107,869)	(413,406,149)
Net insurance premium	**24,731,143**	**17,841,319**	**1,926,764,021**	**169,173,803**	**24,571,732**	**2,163,082,018**
Commission income	28,885,940	6,525,592	48,886,006	8,097,625	7,496,036	99,891,199
Net underwriting income	**53,617,083**	**24,366,911**	**1,975,650,027**	**177,271,428**	**32,067,768**	**2,262,973,217**
Insurance claims	(175,841,623)	(25,600,028)	(1,282,263,649)	(211,710,516)	(18,624,924)	(1,714,040,740)
Insurance claims recovered from reinsurers / salvage	164,714,865	15,225,194	519,160,171	36,724,281	8,163,333	743,987,844
Net Claims	**(11,126,758)**	**(10,374,834)**	**(763,103,478)**	**(174,986,235)**	**(10,461,591)**	**(970,052,896)**
Reversal of Premium deficiency reserve	-	-	-	(526,162)	-	(526,162)
Commission expense	(25,397,521)	(6,799,048)	(234,816,281)	(22,174,683)	(8,843,801)	(298,031,334)
Management expenses	(7,531,118)	(5,464,380)	(799,046,589)	(58,461,104)	(7,583,246)	(878,086,437)
Net insurance claims and expenses	**(44,055,397)**	**(22,638,262)**	**(1,796,966,348)**	**(256,148,184)**	**(26,888,638)**	**(2,146,696,829)**
Underwriting result	**9,561,686**	**1,728,649**	**178,683,679**	**(78,876,756)**	**5,179,130**	**116,276,388**
Investment income						114,983,583
Other income						89,102,373
Other expenses						(205,624,176)
Results of operating activities						**114,738,168**
Financial charges						(35,224,854)
Profit before tax for the period						**79,513,314**
Corporate segment assets	360,712,148	40,821,404	858,632,616	116,639,822	23,742,974	1,400,548,964
Corporate unallocated assets						2,100,618,598
Total assets						**3,501,167,562**
Corporate segment liabilities	273,820,105	30,959,760	1,611,591,950	153,836,659	30,174,236	2,100,382,710
Corporate unallocated liabilities						560,431,860
Total liabilities						**2,660,814,570**

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36. MOVEMENT IN INVESTMENTS

	At Amortized cost	At Fair value through other comprehensive income	At Fair value through profit and loss	Total
	(Rupees)			
As at 1 January 2020	515,677,804	183,701,696	30,000,000	729,379,500
Additions	500,250,900	-	30,000,000	530,250,900
Disposals (sale and redemption)	(245,000,000)	(125,000,000)	(15,000,000)	(385,000,000)
Fair value net gains (excluding net realized gains)	-	31,573,377	13,097,033	44,670,410
Amortisation of premium / discount	1,472,003	-	-	1,472,003
As at 31 December 2020	772,400,707	90,275,073	58,097,033	920,772,813
Additions	566,924,650	64,704,010	448,803,755	1,080,432,415
Disposals (sale and redemption)	(587,990,120)	-	(224,145,299)	(812,135,419)
Fair value net gains (excluding net realized gains)	-	276,577,288	(76,742,614)	199,834,674
Amortisation of premium / discount	1,540,425	-	-	1,540,425
As at 31 December 2021	**752,875,662**	**431,556,371**	**206,012,875**	**1,390,444,908**

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

37.1 INSURANCE RISK MANAGEMENT

37.1.1 INSURANCE RISK

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

The Company's major insurance contracts are in respect of motor vehicles through issuance of general insurance contracts relating to motor insurance. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

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

37.1.2 FREQUENCY AND SEVERITY OF CLAIMS

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

The reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

37.1.3 UNCERTAINTY IN THE ESTIMATION OF FUTURE CLAIM PAYMENTS

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is based on the management's best estimate which takes into account expected future patterns of reporting of claims and the claim actually reported subsequent to the balance sheet date. There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Outstanding claims are reviewed on a periodic basis.

37.1.4 KEY 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 income. 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 to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. During the year, the Company has not changed its assumptions for the insurance contracts.

37.1.5 SENSITIVITY ANALYSIS

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

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10 % increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results / profit before tax		Shareholder's equity	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Fire & property damage	**536,240**	1,112,676	**380,730**	790,000
Marine, aviation & transport	**529,471**	1,037,483	**375,924**	736,613
Motor business	**91,629,335**	76,310,348	**65,056,828**	54,180,347
Health	**16,553,240**	17,498,624	**11,752,800**	12,424,023
Miscellaneous	**2,018,386**	1,046,159	**1,433,054**	742,773
	111,266,672	97,005,290	**78,999,336**	68,873,756

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37.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

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

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

37.1.7 The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum insured		Reinsurance		Net	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Fire & property damage	**8,411,792,796**	6,704,793,413	**8,252,013,650**	6,679,793,413	**159,779,146**	25,000,000
Marine, aviation & transport	**537,320,754**	276,261,081	**517,320,754**	256,261,081	**20,000,000**	20,000,000
Motor business	**56,020,942**	55,000,000	**34,145,942**	35,000,000	**21,875,000**	20,000,000
Health	**1,800,000**	1,000,000	**-**	700,000	**1,800,000**	300,000
Miscellaneous	**800,000,000**	199,000,000	**797,600,000**	184,075,000	**2,400,000**	14,925,000

37.1.8 Claims development table

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
						(Rupees)					
Estimate of ultimate claims cost:											
At end of accident year	363,140,143	469,482,097	708,662,241	872,154,380	1,119,834,954	1,189,630,891	1,341,453,975	1,210,488,108	1,634,557,771	1,938,583,064	**1,938,583,064**
One year later	352,896,739	468,385,716	706,207,696	897,562,104	1,149,396,121	1,230,902,945	1,357,839,571	1,287,541,912	1,484,700,070	-	**1,484,700,070**
Two years later	352,717,003	468,442,371	698,292,362	899,731,568	1,144,863,477	1,237,132,102	1,363,015,496	1,290,367,150	-	-	**1,290,367,150**
Three years later	352,717,003	468,442,371	697,553,067	899,980,112	1,145,603,367	1,236,822,201	1,357,214,722		-	-	**1,357,214,722**
Four years later	352,717,003	468,442,371	697,681,017	900,959,825	1,143,148,973	1,236,670,364	-	-	-	-	**1,236,670,364**
Five years later	352,717,003	469,692,371	698,623,467	901,085,560	1,143,506,520	-	-	-	-	-	**1,143,506,520**
Six years later	352,720,503	469,736,121	698,172,267	901,094,060	-	-	-	-	-	-	**901,094,060**
Seven years later	352,845,503	469,736,121	698,172,267	-	-	-	-	-	-	-	**698,172,267**
Eight years later	352,845,503	469,736,121	-	-	-	-	-	-	-	-	**469,736,121**
Nine years later	352,845,503	-	-	-	-	-	-	-	-	-	**352,845,503**
Estimate of cumulative claims	352,845,503	469,736,121	698,172,267	901,094,060	1,143,506,520	1,236,670,364	1,357,214,722	1,290,367,150	1,484,700,070	1,938,583,064	**10,999,255,826**
Cumulative payments to date	(352,845,503)	(469,736,121)	(698,172,267)	(901,094,060)	(1,143,506,520)	(1,236,670,364)	(1,356,990,957)	(1,281,432,542)	(1,424,930,153)	(1,434,521,076)	**(10,425,071,548)**
Liability for outstanding claims	-	-	-	-	-	-	223,765	8,934,608	59,769,917	504,061,988	**574,184,278**

38. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

38.1 Credit risk

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

38.1.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

38.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	2021		2020	
	Balance as per the financial statements	Maximum exposure	Balance as per t he financial statements	Maximum exposure
	(Rupees)			
Investment in government securities	320,375,662	320,375,662	344,900,707	344,900,707
Investment in debt securities	25,000,000	25,000,000	-	-
Term deposits	432,500,000	432,500,000	427,500,000	427,500,000
Loans and other receivables	400,585,699	400,585,699	95,810,670	95,810,670
Insurance / reinsurance receivables	611,756,553	611,756,553	418,675,980	418,675,980
Reinsurance recoveries against outstanding claims	300,531,897	300,531,897	232,825,729	232,825,729
Salvage recoveries accrued	186,028,558	186,028,558	138,837,123	138,837,123
Bank balances	1,045,558,750	1,045,558,750	912,684,928	912,684,928
	3,322,337,119	3,322,337,119	2,571,235,137	2,571,235,137

38.1.3 Past due / impaired assets

Age analysis of premium due but unpaid at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
0-90 days	515,462,884	-	316,655,413	-
Over 90 days	139,639,285	43,345,616	149,650,805	47,630,238
Total	655,102,169	43,345,616	466,306,218	47,630,238

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	-	-	-	-
1-2 years	-	-	-	-
Over 2 years	9,754,393	(9,754,393)	2,754,393	(2,754,393)
Total	9,754,393	(9,754,393)	2,754,393	(2,754,393)

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Up to 1 year	263,717,122	-	225,842,358	-
1-2 years	35,452,537	-	6,392,466	-
Over 2 years	1,362,239	-	590,905	-
Total	300,531,898	-	232,825,729	-

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

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38.1.4 Credit Rating and Collateral

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

Long term Rating	Rating Agency	2021	2020
		(Rupees)	
AAA	JCR-VIS	**59,040,493**	315,323,326
AAA	PACRA	**99,727,994**	1,014,282
AA+	PACRA	**397,891,338**	376,991,149
AA+	JCR-VIS	**-**	32,813,076
AA	PACRA	**11,442,443**	41,806,585
AA	JCR-VIS	**103,528,376**	55,650,302
AA-	JCR-VIS	**-**	22,851,700
AA-	PACRA	**329,550,240**	772,395
A+	PACRA	**801,382**	64,146,908
A+	JCR-VIS	**1,317,270**	-
A	PACRA	**201,388**	2,127,565
A-	JCR-VIS	**101,218,052**	111,796,222
BBB-	JCR-VIS	**373,339,775**	314,891,418
		1,478,058,751	1,340,184,928

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2021	2020
	(Rupees)			
A or above (including PRCL)	**300,531,897**	**271,032,089**	**571,563,986**	502,816,920

38.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

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

	2021		2020	
	(Rupees)	%	(Rupees)	%
Individuals	**24,154,162**	**4%**	10,961,916	3%
Corporate	**587,602,391**	**96%**	407,714,064	97%
	611,756,553	**100%**	418,675,980	100%

38.1.7 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

38.2.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

38.2.2 Maturity analysis for financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

38.3 Market risk

	2021		
	Carrying amount	Upto one year	More than one year
		(Rupees)	
Financial assets			
Investments			
Equity securities and mutual fund units	612,569,244	612,569,244	-
Government Securities	320,375,662	206,334,132	114,041,530
Debt securities	25,000,000	25,000,000	-
Term deposits	432,500,000	430,000,000	2,500,000
Loans and other receivables	355,282,739	355,282,739	-
Cash and bank balances	1,046,390,718	1,046,390,718	-
	2,792,118,363	2,675,576,833	116,541,530
Financial liabilities			
Other creditors and accruals	344,977,936	344,977,936	-
Lease liability against right-of-use asset	199,423,299	160,958,051	38,465,248
	544,401,235	505,935,987	38,465,248

	2020		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
Financial assets			
Investments			
Equity securities and mutual fund units	148,372,106	148,372,106	-
Government Securities	344,900,707	312,708,095	32,192,612
Debt securities	-	-	-
Term deposits	427,500,000	425,000,000	2,500,000
Loans and other receivables	95,810,670	95,810,670	-
Cash and bank balances	913,388,550	913,388,550	-
	1,929,972,033	1,895,279,421	34,692,612
Financial liabilities			
Other creditors and accruals	267,370,811	267,370,811	-
Lease liability against right-of-use asset	129,553,829	126,485,012	3,068,817
	396,924,640	393,855,823	3,068,817

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed to interest rate risk, currency risk and other price risk.

38.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

38.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are as follows:

Financial assets	2021	2020	2021	2020
	Effective interest rate (in %)		(Rupees)	
Assets subject to fixed rate				
- Government securities	**8.06% - 13.50%**	7.04% - 12.00%	**320,375,662**	344,900,707
- Placement with a company	**9.17%**	8.28%	**10,000,000**	25,000,000
- Term deposits	**5.00% - 9.45%**	3.75% - 7.00%	**432,500,000**	427,500,000
- Loan to employees	**0% - 5.00%**	0% - 5.00%	**5,860,055**	3,042,878
Assets subject to variable rate				
- Debt securities	**9.93%**	-	**25,000,000**	-
- Advance to related parties	**10.53% - 14.94%**	10.00% - 16.91%	**220,894,317**	31,922,627
- Bank balances	**6.00% - 8.00%**	4.00% - 6.50%	**880,516,723**	843,709,773

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments.

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

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

38.3.1.2 Exposure to interest rate risk

	2021		2020	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	(Rupees)		(Rupees)	
Cash flow sensitivity - Variable rate financial assets	**11,264,110**	**(11,264,110)**	8,756,324	(8,756,324)

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

38.3.2 Price risk

	2021			
	less than 1 year	1 year to 5 years	More than 5 years	Total
	(Rupees)			
Assets				
Investment in government securities	**206,334,132**	**114,041,530**	**-**	**320,375,662**
Investment in debt securities	**25,000,000**	**-**	**-**	**25,000,000**
Term deposits	**430,000,000**	**2,500,000**	**-**	**432,500,000**
Loans and other receivables	**355,282,739**	**-**	**-**	**355,282,739**
Bank balances	**880,516,723**	**-**	**-**	**880,516,723**
Total assets	**1,897,133,594**	**116,541,530**	**-**	**2,013,675,124**
Liabilities				
Lease liability against right-of-use asset	**160,958,054**	**38,465,249**	**-**	**199,423,303**
Total interest sensitivity gap	**1,736,175,540**	**78,076,281**	**-**	**1,814,251,821**

	2020			
	less than 1 year	1 year to 5 year	More than 5 year	Total
	(Rupees)			
Assets				
Investment in government securities	312,708,095	32,192,612	-	344,900,707
Investment in debt securities	-	-	-	-
Term deposits	425,000,000	2,500,000	-	427,500,000
Loans and other receivables	95,810,670	-	-	95,810,670
Bank balances	843,709,773	-	-	843,709,773
Total assets	1,677,228,538	34,692,612	-	1,711,921,150
Liabilities				
Lease liability against right-of-use asset	126,485,015	3,068,818	-	129,553,833
Total interest sensitivity gap	1,550,743,523	31,623,794	-	1,582,367,317

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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

38.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2021 and 2020 and shows the effects of a hypothetical 10% increase / decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Hypothetical price change	Estimated fair value after change in prices	Increase / (decrease) in shareholders' equity	Increase (decrease) in profit before tax
		(Rupees)		
2021	**10% increase**	**673,826,168**	**43,492,416**	**61,256,924**
	10% decrease	**551,312,320**	**(43,492,416)**	**(61,256,924)**
2020	10% increase	163,209,317	10,534,420	14,837,211
	10% decrease	133,534,895	(10,534,420)	(14,837,211)

38.3.3 Foreign currency risk

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

38.4 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The minimum paid up capital requirements for non-life insurer is Rs 500 million prescribed by SECP under Insurance Rules, 2017.The company is in compliance with the prescribed minimum paid up capital requirement at the year end. In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP. The Company's status of compliance with solvency requirement is disclosed in note 39 to the financial statements.

38.5 Fair value of financial assets and liabilities

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	2021		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees)		
At fair value through other comprehensive income	**406,556,368**	**25,000,000**	**-**
At fair value through profit or loss	**206,012,876**	**-**	
At amortized cost	**-**	**315,827,122**	**-**
	612,569,244	**340,827,122**	**-**

	2020		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	(Rupees)		
At fair value through other comprehensive income	90,275,067	-	-
At fair value through profit or loss	58,097,039	-	
At amortized cost	-	349,527,033	-
	148,372,106	349,527,033	-

39. STATEMENT OF SOLVENCY

This statement represents the consolidated solvency position of the Company including Conventional business, Participants' Takaful Fund and Operator's Fund. The solvency position of Participants' Takaful Fund is disclosed in the separate financial statements of WTO.

	Note	2021	2020
		(Rupees)	
Assets			
Property and equipment		**168,466,669**	88,234,781
Intangible assets		**17,323,450**	8,611,391
Investments			
Equity securities and mutual fund units		**612,569,246**	148,372,106
Government Securities		**320,375,662**	344,900,707
Debt securities		**25,000,000**	-
Term deposits		**432,500,000**	427,500,000
Loans and other receivables		**355,282,739**	98,480,217
Insurance / reinsurance receivables		**611,756,554**	418,675,980
Reinsurance recoveries against outstanding claims		**300,531,895**	232,825,729
Salvage recoveries accrued		**186,028,558**	138,837,123
Deferred commission expense		**87,864,382**	-
Deferred wakala fee		**340,887,553**	360,227,799
Deferred taxation		**-**	16,424,228
Taxation - provision less payment		**8,044,758**	7,176,513
Prepayments		**397,698,009**	440,767,746
Cash and bank balances		**1,041,589,295**	909,350,171
Assets under takaful / Operations - Operator's Fund		**272,280,864**	214,930,222
Total Assets (A)		**5,178,199,634**	3,855,314,713

Notes to the Financial Statements

For the year ended 31 December 2021

	2021	2020
	(Rupees)	
In-admissible assets		
Property and equipment	**168,466,669**	88,234,781
Intangible assets	**17,323,450**	8,611,391
Investments		
Equity securities	**375,187,680**	89,152,560
Loans and other receivables	**196,898,926**	42,500,710
Insurance/ reinsurance receivable	**96,251,426**	99,266,174
Deferred taxation	**-**	16,424,228
Taxation - payment less provisions	**8,044,758**	7,176,513
Prepayments	**112,944,850**	148,367,338
Cash and bank balances	**1,999,911**	1,379,911
Assets under takaful / Operations - Operator's Fund	**-**	5,667,742
Total of In-admissible Assets (B)	**977,117,670**	506,781,348
Total of Admissible Assets (C=A-B)	**4,201,081,964**	3,348,533,365
Total Liabilities		
Underwriting Provisions		
Outstanding claims including IBNR	**574,184,278**	525,295,311
Unearned premium reserves	**1,688,811,536**	1,379,671,304
Unearned reinsurance commission	**62,964,526**	63,336,103
Premium deficiency reserve	**3,350,270**	2,526,162
Premium received in advance	**26,549,608**	18,051,761
Insurance / reinsurance payables	**322,021,607**	275,009,289
Other creditors and accruals	**325,110,383**	298,775,322
Deferred Taxation	**36,892,046**	-
Total liabilities of Takaful Operations - OF	**566,932,572**	321,519,278
Total Liabilities (D)	**3,606,816,826**	2,884,184,530
Total Net Admissible Assets (E= C-D)	**594,265,138**	464,348,835
Minimum Solvency Requirement	**(479,671,365)**	(432,616,403)
Excess Solvency	**114,593,773**	31,732,432

As described in note 2.1.2 to the financial statements, the comparative figures have been restated to correspond to the current year's presentation.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 25th February 2022 by the Board of Directors of the Company.

41. GENERAL

41.1 Figures have been rounded off to the nearest Rupee unless otherwise stated.

41.2 Total and average number of employees as at 31 December 2021 and 2020 are 333 (2020: 278) and 310 (2020: 270) respectively.

Chief Financial Officer | Director | Director | Chief Executive Officer | Chairman

Shariah Advisor's Report 2021

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على رسوله الكريم: اما بعد

Introduction:

Alhamdulillah, TPL Insurance Limited – **Window Takaful Operations** ("TPLI – WTO") has successfully completed another financial year ended 31st December 2021 with significant growth in overall Takaful contributions and number of participants which is reflected in the financial statements of the Window Takaful Operations.

I, as Shariah Advisor of the Company, acknowledge that it is my mandatory responsibility to ensure that the financial contracts, policies, operational process and transactions entered into by TPLI - WTO with its participants and stakeholders are in compliance with the requirements of Shariah guidelines and in line with Takaful rules 2012. It is the responsibility of the company's management as Takaful operator and in capacity of Wakeel of PTF to ensure that the advises and instructions given by the Shariah Advisor and the guidelines set by the regulator are overall complied with Shariah rules such as policies, products and services being offered by the company are also approved by the Shariah Advisor.

I think it is appropriate to share my view on some points:

1. **Operations:**

   As per Shariah compliance report 2021, the Takaful operations are in line with Takaful rules.

2. **Training:**

   The Company arranged various in house mandatory training sessions for its employees and staff on Takaful conducted by Shariah compliance department of company. It is gratifying that our training sessions have taken place physically this year unlike last year.

3. **Shariah compliance:**

   The Company has a reliable Shariah Compliance Mechanism to monitor the functions of Takaful operations on regular basis. An effective Shariah compliance function is fundamental in achieving the objectives of Takaful Operations to operate as per Shariah principles and hence an experienced and expert Islamic scholar acts as Shariah Compliance Officer. Shariah Compliance Officer ensures and supervise on daily basis that the functions of TPLI-WTO including policy issuance, re-takaful arrangements, claim settlements and financial arrangements are undertaken as per the applicable regulatory guidelines and instructions issued by the Shariah Advisor.

4. **Segregation:**

   Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that TPLI - WTO realizes its criticality and Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related items are kept separate from its conventional insurance business, as per the requirement of Shariah Principles and Takaful Rules 2012.

5. **Investments:**

The investments have been made from the Participant Takaful Fund (PTF) and Operator's Fund, into Shariah Compliant avenues only, including Islamic Banks and Shariah Compliant Equities. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) or Islamic Branches / Windows of conventional banks with approval of Shariah advisor.

SCOPE & OBJECTIVE OF SHARIAH REVIEW:

The scope of the Shariah Review is to evaluate and monitor the overall functions of TPLI - WTO in accordance with the Shariah Principles and advise the company in the light of guidelines laid by SECP.

The objective of the Shariah Review is to determine that appropriate procedures and control mechanism is effectively in place for all major functions such as Policy issuance, Claims Settlements, Re-Takaful Arrangements, Financial transactions of the TPLI - WTO.

CONCLUSION:

In my opinion and as my best knowledge, the overall structure and operations of TPLI – WTO are in accordance with Shariah Principles and Takaful Rules issued by SECP.

As Shariah Advisor, I feel that it is my responsibility to mention here that we could make Takaful operation much better by enhancing customized Takaful products, and by introducing a comprehensive Takaful awareness program.

The primary responsibility for ensuring Shariah compliance lies with the management of TPLI - WTO. The services provided were reviewed and operations undertaken by TPLI – WTO during the year ended 31 December 2021 in my opinion, were found overall in conformity with Shariah principles and guidelines of SECP.

At this stage, it may be helpful that we should refresh our motive and intention for spreading Takaful in true essence. So hopefully the management will continue its efforts to promote Takaful as well and solve other related issues on its priority.

Finally, I pray that almighty Allah Ta'ala guide us to the righteous path in this regard to exercise and promote Takaful with its true spirit.

Allah Ta'ala knows better.

Karachi: 25 March 2022

Mufti Muhammad Talha Iqbal
Shariah Advisor

EY
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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Reasonable Assurance Report

To the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

Scope

We have been engaged by **TPL Insurance Limited** (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended **31 December 2021** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

Criteria applied by the management

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

The Management's responsibilities

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 18 May 2021. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis

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for our opinion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

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

Description of procedures performed

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with The Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.

- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.

- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:

    - We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor

    - We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions

    - We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012.

    - We re-calculated Operator’s profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

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The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the internal Shari'ah experts.

Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2021 is presented, in all material respects, in accordance with Takaful Rules, 2012.

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 30 March 2022

Karachi

Statement Of Compliance With The Takaful Rules, 2012 And Sharia Rules And Principles

The financial arrangements, contracts and transactions, entered into by TPL Insurance Limited – Window Takaful Operations (the Operator) for the year ended 31 December 2021 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles).

Further, we confirm that:

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;

- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor;

- The assets and liabilities of Operator are segregated from the TPL Insurance Limited's other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Operator.

Muhammad Aminuddin
Chief Executive Officer

Date: 25 February, 2022

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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditor's Report

To the members of TPL Insurance Limited – Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statements of financial position as at 31 December 2021, and the statements of comprehensive income, the statements of changes in fund and the statements of cash flows of TPL Insurance Limited - Window Takaful Operations 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 statements of comprehensive income, the statements of changes in fund and the statements of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance. 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2021 and the results of its takaful operations for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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.

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.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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.

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- 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.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no zakat 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 Shaikh Ahmed Salman.

Chartered Accountants

Karachi

Date: 25 March 2022

UDIN Number: AR202110076CwK3uyWLq

Window Takaful Operations

Statement of Financial Position

As at 31 December 2021

	Note	Operator's Fund 2021	Operator's Fund 2020	Participants' Takaful Fund 2021	Participants' Takaful Fund 2020
		(Rupees)		(Rupees)	
ASSETS					
Equipment	5	-	-	48,726,296	42,119,988
Investments					
Mutual funds	6	-	-	37,044,907	15,614,373
Term deposits	7	-	-	282,500,000	327,500,000
		-	-	319,544,907	343,114,373
Takaful / retakaful receivables	9	-	-	252,059,900	154,195,535
Retakaful recoveries against outstanding claims		-	-	107,975,191	34,522,489
Salvage recoveries accrued		-	-	79,614,305	89,252,000
Deferred wakala Fee		-	-	340,887,553	281,159,399
Receivable from Participants' Takaful Fund	10	5,025,054	5,667,742	-	-
Accrued investment income		-	-	4,055,629	4,426,242
Deferred commission expense		93,381,279	100,436,765	-	-
Deferred taxation - net	11	-	-	132,675	4,753,831
Taxation		198,163	887,336	-	-
Prepayments	12	-	-	43,019,036	61,014,449
Bank balances	13	4,801,423	4,038,379	103,411,637	145,235,860
Total assets		103,405,919	111,030,222	1,299,427,129	1,159,794,166
EQUITY AND LIABILITIES					
RESERVES ATTRIBUTABLE TO:					
- OPERATOR'S FUND (OF)					
Statutory fund		50,000,000	50,000,000	-	-
Accumulated losses		(488,203,544)	(434,416,312)	-	-
		(438,203,544)	(384,416,312)	-	-
- WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)					
Seed money		-	-	2,000,000	2,000,000
Accumulated (deficit) / surplus		-	-	(69,481,503)	39,374,255
Balance of WAQF / PTF		-	-	(67,481,503)	41,374,255
QARD-E-HASNA	8	(173,900,000)	(103,900,000)	173,900,000	103,900,000
LIABILITIES					
PTF underwriting provisions					
Outstanding claims (including IBNR)		-	-	254,447,322	175,407,599
Unearned contribution reserve		-	-	776,377,926	636,900,639
Unearned retakaful commission		-	-	5,284,330	8,780,599
Contribution deficiency reserve		-	-	-	141,984
Unearned wakala fee		340,887,554	281,159,399	-	-
Contribution received in advance		-	-	11,117,543	8,486,273
Takaful / retakaful payables	14	-	-	36,227,843	81,324,030
Other creditors and accruals	15	52,145,019	40,359,879	70,459,967	53,260,920
Payable to TPL Insurance Limited	16	322,476,890	277,827,256	25,684,845	2,669,546
Payable to Operator's Fund	10	-	-	5,025,054	5,667,742
Taxation - provision less payments		-	-	8,383,802	41,880,579
Total liabilities		715,509,463	599,346,534	1,193,008,632	1,014,519,911
Total fund and liabilities		103,405,919	111,030,222	1,299,427,129	1,159,794,166

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Financial Officer — Director — Director — Chief Executive Officer — Chairman

Window Takaful Operations

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021	2020
		(Rupees)	
Participants' Takaful Fund			
Contribution earned net of wakala fee		756,732,823	788,096,606
Less: Contribution ceded to retakaful		(108,041,378)	(73,377,260)
Net takaful contribution	17	648,691,445	714,719,346
Net claims - reported / settled		(654,122,824)	(501,714,277)
- IBNR		(30,057,281)	(5,357,051)
	18	(684,180,105)	(507,071,328)
Reversal of contribution deficiency reserve		141,984	1,858,016
Other direct expenses	22	(81,894,746)	(106,084,779)
(Deficit) / surplus before investment income		(117,241,422)	103,421,255
Investment income	25	31,243,928	45,768,149
Less: Modarib's share of investment income	26	(9,373,182)	(13,730,445)
Financial charges		(480,124)	(8,066,338)
(Deficit) / surplus before taxation		(95,850,800)	127,392,621
Taxation	27	(13,004,958)	(37,126,748)
(Deficit) / surplus transferred to accumulated fund		(108,855,758)	90,265,873
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(108,855,758)	90,265,873
Operator's Fund			
Wakala fee	21	593,667,593	401,102,428
Net commission expense	20	(170,700,322)	(157,489,280)
Management expenses	23	(387,550,383)	(332,059,175)
		35,416,888	(88,446,027)
Investment income		290,250	196,178
Modarib's share of PTF investment income		9,373,182	13,730,445
		45,080,320	(74,519,404)
Other expenses	24	(98,867,552)	(95,824,620)
Loss before taxation		(53,787,232)	(170,344,024)
Taxation		-	-
Loss after tax for the year		(53,787,232)	(170,344,024)
Other comprehensive income		-	-
Total comprehensive loss for the year		(53,787,232)	(170,344,024)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Financial Officer | Director | Director | Chief Executive Officer | Chairman

Statement of Changes in Fund

For the year ended 31 December 2021

	Attributable to Operator's Fund			
	Statutory fund	Accumulated loss	Changes in fair value of investments classified as financial assets at 'fair value through OCI'	Total
	(Rupees)			
Balance as at 1 January 2020	50,000,000	(264,072,288)	-	(214,072,288)
Net loss for the year	-	(170,344,024)	-	(170,344,024)
Balance as at 31 December 2020	50,000,000	(434,416,312)	-	(384,416,312)
Balance as at 1 January 2021	**50,000,000**	**(434,416,312)**	**-**	**(384,416,312)**
Net loss for the year	**-**	**(53,787,232)**	**-**	**(53,787,232)**
Balance as at 31 December 2021	**50,000,000**	**(488,203,544)**	**-**	**(438,203,544)**

	Attributable to participants of the PTF			
	Seed money	Accumulated surplus / (deficit)	Changes in fair value of investments classified as financial assets at 'fair value through OCI'	Total
	(Rupees)			
Balance as at 1 January 2020	2,000,000	(50,891,618)	-	(48,891,618)
Surplus for the year	-	90,265,873	-	90,265,873
Balance as at 31 December 2020	2,000,000	39,374,255	-	41,374,255
Balance as at 1 January 2021	**2,000,000**	**39,374,255**	**-**	**41,374,255**
Deficit for the year	**-**	**(108,855,758)**	**-**	**(108,855,758)**
Balance as at 31 December 2021	**2,000,000**	**(69,481,503)**	**-**	**(67,481,503)**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Window Takaful Operations

Statement of Cash Flow

For the year ended 31 December 2021

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
	(Rupees)			
Operating activities				
(a) Takaful activities				
Contribution received	-	-	1,394,106,081	1,238,620,958
Retakaful contribution paid	-	-	(134,351,953)	(82,833,807)
Claims paid	-	-	(903,216,733)	(692,025,419)
Retakaful and other recoveries received	-	-	234,261,340	142,625,881
Commission paid	(163,200,556)	(145,717,130)	-	-
Commission received	5,810,733	16,511,535	-	-
Wakala fee paid by PTF	653,224,800	531,600,000	(653,224,800)	(531,600,000)
Mudarib fee paid by PTF	10,000,000	13,600,000	(10,000,000)	(13,600,000)
Net cash inflow / (outflow) from takaful activities	505,834,977	415,994,405	(72,426,065)	61,187,613
(b) Other operating activities				
Income tax paid	694,964	(4,855,440)	(46,634,410)	-
Direct expenses paid	-	-	(19,640,748)	(10,787,542)
Management and other expenses paid	(437,391,097)	(383,536,087)	-	-
Other operating receipts / (payments)	1,333,947	(125,521,171)	20,748,966	(12,364,751)
Net cash outflow from other operating activities	(435,362,186)	(513,912,698)	(45,526,192)	(23,152,293)
Total cash generated from / (used in) all operating activities	70,472,791	(97,918,293)	(117,952,257)	38,035,320
Investment activities				
Profit / return received	290,253	196,178	31,089,211	42,097,143
Payment for investment in mutual funds units / TDRs	-	-	(50,000,000)	(262,500,000)
Qard e Hasna (returned) / received by PTF	(70,000,000)	100,000,000	70,000,000	(100,000,000)
Proceeds from sale / redemption of mutual funds units / TDRs	-	-	184,000,000	-
Proceeds from sale of Term Finance Certificates	-	-	-	20,000,000
Total cash (used in) / generated from investing activities	(69,709,747)	100,196,178	235,089,207	(300,402,857)
Financing activities				
Lease obligation paid	-	-	(50,502,518)	(60,542,209)
Payment of financial charges under lease obligation	-	-	(3,458,655)	(6,573,444)
Total cash used in financing activities	-	-	(53,961,173)	(67,115,653)
Net cash generated from / (used in) all activities	763,044	2,277,885	63,175,777	(329,483,190)
Cash and cash equivalents at beginning of the year	4,038,379	1,760,494	220,235,860	549,719,050
Cash and cash equivalents at end of the year	4,801,423	4,038,379	283,411,637	220,235,860
Reconciliation to profit and loss account				
Operating cash flows	70,472,791	(97,918,293)	(117,952,257)	38,035,320
Depreciation	(46,758,977)	(41,840,707)	(55,075,906)	(71,686,855)
Amortization	(2,494,166)	(2,028,870)	-	-
Bad debt expense	-	-	(4,000,000)	(10,000,000)
Reversal of contribution deficiency reserve	-	-	141,984	1,858,016
Income tax paid	(694,966)	4,855,440	46,634,410	-
Provision for taxation	-	-	(13,004,958)	(37,126,748)
Investment income	290,254	196,178	31,243,928	45,768,149
Financial charges	-	-	(480,124)	(8,066,338)
(Decrease) / increase in assets other than cash and cash equivalents	(7,055,485)	2,516,298	188,780,142	141,381,999
(Increase) / decrease in liabilities	(67,546,683)	(36,124,070)	(185,142,977)	(9,897,670)
(Deficit) / surplus after taxation	(53,787,232)	(170,344,024)	(108,855,758)	90,265,873

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and term deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Financial Officer | Director | Director | Chief Executive Officer | Chairman

Notes to the Financial Statements

For the year ended 31 December 2021

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Insurance Limited (the Company or the Operator) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Operator was allowed to work as Window Takaful Operator (the Operator) on 04 September 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Operator is listed at Pakistan Stock Exchange Limited. The principal office of the Operator is located at 20th Floor, Sky Tower – East Wing Dolmen City, HC-3, Abdul Sattar Edhi Avenue, Block No. 4 Clifton Karachi, Pakistan.

1.2 For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on 20 August 2014 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through General Takaful Accounting Regulations 2019, and SECP circular no 25 of 2015 dated 9 July 2015.

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

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019.

Where the provisions of and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019 differ with that issued under IFRS, the provisions and directives issued under Companies Act 2017, Insurance Ordinance 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, SECP Takaful Rules 2012 and General Takaful Accounting Regulations 2019 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

Notes to the Financial Statements

For the year ended 31 December 2021

2.4 New standards, interpretations and amendments to published approved accounting standards

2.4.1 There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

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

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

Standards, Interpretations or Amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Standards, Interpretations or Amendments	**Effective date**
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

2.4.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

2.4.2 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 'Business Combinations' – Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in

Accounting Estimates and Errors - Definition of Material

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participant's Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is of the management of the PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

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

The Operator underwrites non-life takaful contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, Health and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and Property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance 1965.

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

3.2 Contribution

Contribution income net off administrative surcharge under a policy is recognised over the period of takaful from the date of inception of the policy to which it relates to its expiry as follows:

Administrative surcharge is recognised as income at the time policies are written in operator's fund.

Contribution income net off administrative surcharge under a policy is recognised after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SECP (Insurance) Rules, 2002. The unearned portion of contribution is recognised as liability.

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

3.3 Re-takaful contracts

Re-takaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

Amount due from other takaful / re-takaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful operators represent the balance due to re-takaful operators.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.4 Claims expense

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Operator takes actuarial advice for the determination of IBNR claims. Provision for IBNR claims is estimated using Chain Ladder (CL) methodology. The CL Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.5 Retakaful recoveries against outstanding claims

Claims recoveries against outstanding claims from the retakaful operators and salvage are recognised as an asset at the same time, claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.6 Commission

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

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

3.7 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an income / expense in the profit and loss account and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. Further actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 9 January 2012.

3.8 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants. During the year, wakala fee has been charged at 45% of the gross contribution on all classes of business except health business i-e 10% . Wakala fee under a policy is recognised, evenly over the period of takaful from the date of issuance of the policy.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share .

Administrative surcharge is included in Wakala Fee at the date of inception of policy to which it relates.

3.9 Revenue recognition

3.9.1 Contribution

The revenue recognition policy for contributions is given under note 3.2.

3.9.2 Commission from retakaful operators

The revenue recognition policy for commission from retakaful is given under note 3.6.

3.9.3 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

3.9.4 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

3.9.5 Income on investment classified as 'At amortized cost'

Income classified as 'At amortised cost' is recognised on a time proportionate basis taking account the effective yield on the investment.

3.9.6 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

3.10 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.11 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 adjustment of claims paid to them during the year.

3.12 Qard-e-Hasna

Qard-e-hasna is provided by Operator's Fund to Participants Takaful Fund in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to Participant Takaful Fund less impairment, if any.

3.13 Provisions

Provisions are recognised when the Operator / PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance, and short term maturity of three months or less from the date of reporting.

3.15 Prepayments

Prepayments are recorded as an assets. They are to be amortized as and when due over the period.

3.16 Financial instruments

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to counter parties are recognised when funds are transferred to the counterparties. The Company recognises due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded as 'at fair value through profit or loss' in which transaction cost is charged to profit and loss.

Financial assets

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' or 'at fair value through other comprehensive income' based on following:

- The entity's business model for managing of the financial asset;
- The contractual cash flow characteristics of the financial asset.

Financial assets classified 'at amortised cost'

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

Financial assets measured 'at fair value through profit or loss'

A financial asset is measured 'at fair value through profit or loss' if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit (SPPI) on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.

Financial liabilities measured at fair value through profit and loss

Currently the Company does not have any financial liability measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

"The Company holds receivables with no financing component and which have maturities of less than 12 months 'at amortised cost' and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

The Company uses credit rating of counter parties / instruments to determine probability of defaults and related allowance for expected credit losses.

3.17 Impairment

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

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.18 Taxation

3.18.1 Current

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

3.18.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

3.19 Right of use asset

At the inception of the contract, the Operator assesses whether a contract is, or contains, a lease. The Operator applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Operator recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term, or useful life of the asset.

At the commencement date of the lease, the Operator recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Operator determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Operator cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

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

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

3.20 Staff retirement benefits

The Operator operates funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Operator and the employees at the rate 8.33% of basic salary, to the fund.

3.21 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Operator has a legally enforceable right to set-off and the Operator intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.22 Foreign currency translations

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

3.23 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely, Fire and Property, Marine, Health, Motor and Miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

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

3.24 Contingencies

Contingencies are disclosed when the Operator has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Operator, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

Contingencies are reviewed at each balance sheet date and adjusted to reflect the current estimate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards 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 polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments were exercised in application of accounting policies are as follows:

- Retakaful recoveries against outstanding claims (note 3.5)
- Provision against contribution due but unpaid (note 3.2)
- Provision for outstanding claims including IBNR (note 3.4)
- Contribution deficiency reserve (note 3.7)
- Provision for current and deferred tax (note 3.18)
- Classification of investments and impairment (note 3.16)
- Provision for impairment (note 3.17)
- Contingencies (note 3.24)

Notes to the Financial Statements

For the year ended 31 December 2021

5. EQUIPMENT
- PTF

	Note	2021	2020
		(Rupees)	
Right of use assets	5.1	**48,726,296**	42,119,988
		48,726,296	42,119,988

5.1 Right of use assets
- PTF

2021

	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2021	Additions	Disposals 5.2	As at 31 December 2021	As at 1 January 2021	Charge for the Year	Disposals 5.2	As at 31 December 2021	As at 31 December 2021	
	(Rupees)									
Tracking Devices	135,394,420	61,682,214	(142,155,242)	54,921,392	93,274,432	55,075,906	(142,155,242)	6,195,096	48,726,296	50
	135,394,420	61,682,214	(142,155,242)	54,921,392	93,274,432	55,075,906	(142,155,242)	6,195,096	48,726,296	

2020

	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at 1 January 2020	Additions	Disposals 5.2	As at 31 December 2020	As at 1 January 2020	Charge for the Year	Disposals 5.2	As at 31 December 2020	As at 31 December 2020	
	(Rupees)									
Tracking Devices	308,146,242	39,492,650	(212,244,472)	135,394,420	233,832,049	71,686,855	(212,244,472)	93,274,432	42,119,988	50
	308,146,242	39,492,650	(212,244,472)	135,394,420	233,832,049	71,686,855	(212,244,472)	93,274,432	42,119,988	

5.2 These represent right of use assets matured at the expiry of lease term.

6. MUTUAL FUNDS
- PTF

	2021			2020		
	Cost	Unrealized Gain	Carrying Value	Cost	Unrealized Gain	Carrying Value
	(Rupees)					
- Classified as 'At fair value through profit and loss'						
AKD Islamic Income Fund	**36,516,536**	**528,371**	**37,044,907**	10,000,000	5,614,373	15,614,373
	36,516,536	**528,371**	**37,044,907**	10,000,000	5,614,373	15,614,373

7. TERM DEPOSITS
- PTF

	Note	2021	2020
		(Rupees)	
- Classified as 'At amortized cost'			
Deposits maturing within 12 months		**280,000,000**	325,000,000
Deposits maturing after 12 months		**2,500,000**	2,500,000
	7.1	**282,500,000**	327,500,000

7.1 These carry profit rate of 6.00% to 7.75% per annum (2020: 6.00% to 6.65% per annum) and have maturities upto 16 April 2024.

8. Qard-e-Hasna

	2021	2020
	(Rupees)	
Balance as at the beginning of the year	**103,900,000**	203,900,000
Qard e Hasna received / (returned) by PTF during the year	**70,000,000**	(100,000,000)
Balance as at the end of the year	**173,900,000**	103,900,000

8.1 In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

9. TAKAFUL / RETAKAFUL RECEIVABLES - PTF

	Note	2021	2020
		(Rupees)	
Due from takaful contract holders			
Considered good		**229,609,215**	146,295,451
Considered doubtful		**19,626,766**	22,006,893
Less: Provision for impairment of receivables from takaful contract holders		**(19,626,766)**	(22,006,893)
		-	-
Due from other takaful operators			
Considered good		**22,450,685**	7,900,084
		252,059,900	154,195,535

10. RECEIVABLE / PAYABLE BETWEEN OF & PTF

	2021	2020
Wakala fee	**754,505**	583,558
Mudarib fee	**637,333**	1,264,155
Taxes and duties receivable	**3,633,216**	3,820,029
	5,025,054	5,667,742

11. DEFERRED TAXATION - NET PTF

	Note	2021	2020
Deferred debits arising in respect of			
Provision for doubtful debts		**5,691,762**	6,381,999
Deferred credits arising in respect of			
Unrealised gain on investments classified at fair value through profit or loss		**(153,227)**	(1,628,168)
Right of use assets		**(5,405,860)**	-
	11.1	**132,675**	4,753,831

11.1 Reconciliation of deferred tax

	2021	2020
Opening balance	**4,753,831**	-
Charge for the year	**(4,621,156)**	4,753,831
Closing balance	**132,675**	4,753,831

Notes to the Financial Statements

For the year ended 31 December 2021

12. PREPAYMENTS - PTF

	2021	2020
	(Rupees)	
Prepaid		
- annual monitoring and other charges	**9,167,368**	8,915,695
- retakaful contribution ceded	**33,851,668**	52,098,754
	43,019,036	61,014,449

13. BANK BALANCES

	Note	Operator's Fund 2021	Operator's Fund 2020	Participants' Takaful Fund 2021	Participants' Takaful Fund 2020
		(Rupees)		(Rupees)	
Profit and loss sharing (PLS) accounts	13.1	**4,801,423**	4,038,379	**103,411,637**	145,235,860

13.1 These accounts carry mark-up at ranging between 6.00% to 7.00% (2020: 4.00% to 6.00%) per annum.

13.2 Cash and cash equivalents for the purpose of statement of cash flows

	Operator's Fund 2021	Operator's Fund 2020	Participants' Takaful Fund 2021	Participants' Takaful Fund 2020
Bank balances	**4,801,423**	4,038,379	**103,411,637**	145,235,860
Term deposit receipts	**-**	-	**180,000,000**	75,000,000
	4,801,423	4,038,379	**283,411,637**	220,235,860

14. TAKAFUL / RETAKAFUL PAYABLE - PTF

	Note	2021	2020
		(Rupees)	
Amount due to other takaful / retakaful operator	14.1	**36,227,843**	81,324,030

14.1 This includes retakaful payable to TPL Life Insurance Limited, a related party, amounting to Rs.8.526 million (2020: Rs.16.529 million).

15. OTHER CREDITORS AND ACCRUALS

	Note	Operator's Fund 2021	Operator's Fund 2020	Participants' Takaful Fund 2021	Participants' Takaful Fund 2020
		(Rupees)		(Rupees)	
Creditors		**1,663,780**	2,390,342	**-**	-
Federal insurance fee		**-**	-	**1,421,777**	1,084,318
Federal Excise Duty (FED) - net		**3,046,522**	792,148	**19,525,070**	12,385,635
Commission payable		**45,338,464**	35,587,186	**-**	-
Lease obligation against right-of-use assets		**-**	-	**30,088,305**	21,899,943
Withholding tax payable		**386,792**	381,001	**3,222,894**	4,001,085
Deposits from customers		**-**	-	**4,783,906**	7,280,587
Others	15.1 & 15.2	**1,709,461**	1,209,202	**11,418,015**	6,609,352
		52,145,019	40,359,879	**70,459,967**	53,260,920

15.1 This includes Rs. 0.21 million (2020: Rs. 0.18 million) and Rs. 10.64 million (2020: Rs. 5.84 million) in respect of time barred cheques under OF and PTF respectively.

15.2 This includes outstanding claims in respect of which cheques aggregating to Rs. 10.64 million (2020: 5.85 million) have been issued by the Operator for claim settlement but the same have not been encashed by the claimant.

15.3 The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	2021	2020
	(Rupees)	
- More than 6 months	**10,656,852**	5,061,753
- 1 to 6 months (included in provision for outstanding claims)	**80,045,193**	18,529,800
	90,702,045	23,591,553

Notes to the Financial Statements

For the year ended 31 December 2021

Claims not encashed	Age-wise breakup				
	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24 months	Total
2021	**80,045,193**	**1,832,018**	**3,798,570**	**5,026,264**	**90,702,045**
2020	18,529,800	1,376,350	1,424,397	2,261,006	23,591,553

16. PAYABLE TO TPL INSURANCE LIMITED

This represents payable in respect of funds provided by TPL Insurance limited to meet expenses and to provide Qard-e-Hasna to Participants' Takaful Fund.

	2021	2020
	(Rupees)	
17. NET TAKAFUL CONTRIBUTION - PTF		
Written gross contribution	**1,489,877,702**	1,239,458,422
Less: Wakala fee	**(653,395,747)**	(531,856,574)
Contribution net of Wakala fee	**836,481,955**	707,601,848
Add: Unearned contribution reserve opening net of deferred wakala fee	**355,741,240**	436,235,998
Less: Unearned contribution reserve closing net of deferred wakala fee	**(435,490,372)**	(355,741,240)
Contribution earned	**756,732,823**	788,096,606
Retakaful contribution ceded	**89,794,292**	106,417,668
Add: Prepaid retakaful contribution opening	**52,098,754**	19,058,346
Less: Prepaid retakaful contribution closing	**(33,851,668)**	(52,098,754)
Retakaful expense	**108,041,378**	73,377,260
Net Contribution	**648,691,445**	714,719,346
18. NET TAKAFUL CLAIMS EXPENSE - PTF		
Claims paid or payable	**903,216,733**	692,025,419
Add: Outstanding claims including IBNR closing	**254,447,322**	175,407,599
Less: Outstanding claims including IBNR opening	**(175,407,599)**	(128,760,879)
Claims expense	**982,256,456**	738,672,139
Less: Retakaful and other recoveries received	**234,261,340**	142,625,880
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	**187,589,500**	123,774,489
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	**(123,774,489)**	(34,799,558)
Retakaful and other recoveries revenue	**298,076,351**	231,600,811
Net takaful claims expense	**684,180,105**	507,071,328

Notes to the Financial Statements

For the year ended 31 December 2021

19. CLAIM DEVELOPMENT TABLE

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2014	2015	2016	2017	2018	2019	2020	2021	Total
	(Rupees)								
Estimate of ultimate claims cost:									
At end of accident year	4,674,723	190,721,464	381,323,105	480,355,303	613,435,787	615,034,813	699,971,869	998,504,003	**998,504,003**
One year later	4,674,723	205,217,425	389,247,844	487,410,451	618,233,766	650,180,499	686,466,349	-	**686,466,349**
Two years later	4,611,264	204,057,746	388,529,318	488,089,816	622,872,513	651,899,027	-	-	**651,899,027**
Three years later	4,611,264	204,298,155	388,573,048	488,148,611	618,034,536	-	-	-	**618,034,536**
Four years later	4,611,264	205,112,608	387,430,091	488,168,486	-	-	-	-	**488,168,486**
Five years later	4,611,264	205,112,608	387,787,638	-	-	-	-	-	**387,787,638**
Six years later	4,611,264	205,112,608	-	-	-	-	-	-	**205,112,608**
Seven years later	4,611,264	-	-	-	-	-	-	-	**4,611,264**
Estimate of cumulative claims	4,611,264	205,112,608	387,787,638	488,168,486	618,034,536	651,899,027	686,466,349	998,504,003	**4,040,583,911**
Cumulative payments to date	(4,611,264)	(205,112,608)	(387,787,638)	(488,168,486)	(618,028,731)	(644,833,787)	(677,421,417)	(760,172,658)	**(3,786,136,589)**
Liability for outstanding claims	-	-	-	-	5,805	7,065,240	9,044,932	238,331,345	**254,447,322**

20. NET COMMISSION EXPENSE - OF

	2021	2020
	(Rupees)	
Commissions paid or payable	**179,693,787**	170,094,899
Add: Deferred commission - opening	**100,436,765**	97,920,467
Less: Deferred commission - closing	**(93,381,277)**	(100,436,765)
Commission expense	**186,749,275**	167,578,601
Less: Commission from retakaful		
Commission received or receivable	**12,552,684**	16,511,535
Add: Unearned commission - opening	**8,780,599**	2,358,385
Less: Unearned commission - closing	**(5,284,330)**	(8,780,599)
Commission from retakaful	**16,048,953**	10,089,321
Net commission expense	**170,700,322**	157,489,280

21. WAKALA FEE

The Operator manages the general takaful operations of the participants and charges wakala fee for its services. Wakala fee is charged at 45% for all classes of business except for health for which 10% wakala fee is charged.

22. OTHER DIRECT EXPENSES - PTF

	Note	2021	2020
		(Rupees)	
Tracker monitoring fee		**20,931,743**	22,280,912
Depreciation - Tracking devices	5.1	**55,075,906**	71,686,855
Annual Supervision Fee SECP		**1,887,097**	2,117,012
Bad and doubtful debts		**4,000,000**	10,000,000
		81,894,746	106,084,779

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For the year ended 31 December 2021

	2021	2020
	(Rupees)	
23. MANAGEMENT EXPENSES - OF		
Employee benefit costs	213,863,487	153,828,725
Travelling expenses	2,344,735	3,060,797
Business Partner engagement expenses	10,984,746	25,061,126
Advertisement and marketing	25,354,540	18,129,713
Printing and stationary	2,995,580	2,802,637
Rent, rates and taxes	7,371,476	13,287,100
Outsourcing expenses	21,089,440	21,185,682
Communication	4,683,842	3,684,394
Utilities	6,338,098	7,348,611
Vehicle running expenses	10,803,018	7,839,515
Repair and Maintenance	26,317,852	25,530,259
Depreciation - operating assets	19,961,314	17,897,317
Depreciation - right of use assets	26,797,663	23,943,390
Amortization expense	2,494,166	2,028,870
Insurance	6,150,426	6,431,039
	387,550,383	332,059,175
24. OTHER EXPENSES - OF		
Employee benefit costs	41,851,203	39,675,282
Legal and professional charges	22,683,466	21,276,483
Auditors' remuneration	966,900	650,145
Registration, subscription and association	2,580,248	4,104,565
Donations	4,514,780	6,669,009
Communication	1,536,788	1,122,904
IT Related Cost	16,280,225	11,984,684
Utilities	1,240,310	1,895,343
Lease Rentals	4,210,598	4,586,606
Others	3,003,034	3,859,599
	98,867,552	95,824,620
25. INVESTMENT INCOME - PTF		
Return on debt securities	-	427,863
Return on savings account	10,292,694	10,911,003
Return on Term Deposits	15,522,220	28,905,914
	25,814,914	40,244,780
Net realized gains on investments - Fair value through Profit or Loss		
Realized gains on disposal of mutual funds	10,516,536	-
Net unrealized gains on investments - Fair value through Profit or Loss		
Unrealized (loss) / gains on mutual funds	(5,087,522)	5,614,373
Total investment income	31,243,928	45,859,153
Less: Investment related expenses	-	(91,004)
	31,243,928	45,768,149

Notes to the Financial Statements

For the year ended 31 December 2021

26. MODARIB'S SHARE OF INVESTMENT INCOME

The Operator manages the Participants' investments as a Modarib and charges 30% Modarib's share of investment income earned by PTF.

27. TAXATION

PTF

	2021	2020
	(Rupees)	
For the year		
Current	8,383,802	41,880,579
Deferred	4,621,156	(4,753,831)
	13,004,958	37,126,748

27.1 Relationship between tax expense and accounting deficit is not produced as the tax charged is based on minimum tax turnover.

28. TRANSACTIONS WITH RELATED PARTIES

PTF

	2021	2020
	(Rupees)	
TPL Insurance Limited - Conventional		
Opening balance - payable	2,669,546	626,078
Rental and other services charges	75,144,594	89,229,920
Payments made by PTF - net	(52,129,295)	(87,186,452)
Closing balance - payable	25,684,845	2,669,546
Operator's Fund		
Opening balance - payable (including Qard-e-Hasana)	109,567,742	213,792,768
Wakala fee charged during the year	653,395,746	531,856,573
Qard-e-Hasna received / (returned) during the year	70,000,000	(100,000,000)
Modarib Fee charged during the year	9,373,178	13,730,445
Taxes and other movement	112,213,234	185,812,303
Payments made during the year	(775,624,847)	(735,624,347)
Closing balance - payable	178,925,053	109,567,742
TPL Life Insurance Limited - common directorship		
Opening balance - payable	16,528,662	-
Retakaful services received during the year	8,001,769	16,528,662
Closing balance - payable	8,526,893	16,528,662

29. SEGMENT INFORMATION

29.1 Participants' Takaful Fund

	For the year ended 31 December 2021					
	Fire and property damage	Marine	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross Written Contribution (inclusive of Administrative Surcharge)	**57,805,164**	**13,111,973**	**1,290,179,393**	**115,971,659**	**12,809,513**	**1,489,877,702**
Gross Direct Contribution	**56,345,202**	**12,582,018**	**1,241,181,705**	**115,836,179**	**12,210,017**	**1,438,155,121**
Facultative Inward Premium	**1,197,493**	**136,742**	**7,672,993**	**-**	**-**	**9,007,228**
Administrative Surcharge	**262,469**	**393,213**	**41,324,695**	**135,480**	**599,496**	**42,715,353**
Gross Wakala Fees during the year	(26,156,682)	(6,116,655)	(603,309,310)	(11,719,097)	(6,094,003)	(653,395,747)
Takaful contribution earned net of wakala fee expense	28,552,910	7,165,087	630,628,882	87,427,515	2,958,429	756,732,823
Takaful contribution ceded to retakaful operators	(46,608,060)	(10,914,692)	(35,818,926)	(14,699,700)	-	(108,041,378)
Net takaful contribution	(18,055,150)	(3,749,605)	594,809,956	72,727,815	2,958,429	648,691,445
Net underwriting income	**(18,055,150)**	**(3,749,605)**	**594,809,956**	**72,727,815**	**2,958,429**	**648,691,445**
Takaful claims	(99,895,388)	(3,534,852)	(784,803,053)	(87,576,021)	(6,447,142)	(982,256,456)
Retakaful claims and other recoveries	96,203,119	2,880,603	188,925,744	9,879,552	187,332	298,076,350
Net Claims	(3,692,269)	(654,249)	(595,877,309)	(77,696,469)	(6,259,810)	(684,180,106)
Reversal of Contribution deficiency reserve	-	-	-	141,984	-	141,984
Other direct expenses	-	-	(81,894,746)	-	-	(81,894,746)
Deficit before investment income	**(21,747,419)**	**(4,403,854)**	**(82,962,099)**	**(4,826,670)**	**(3,301,381)**	**(117,241,423)**
Investment income						**31,243,928**
Less: Modarib's share of investment income						**(9,373,182)**
Financial Charges						**(480,124)**
Deficit transferred to balance of PTF						**(95,850,801)**
Corporate segment assets	132,379,686	4,856,294	685,250,724	36,117,474	15,747,065	874,351,243
Corporate unallocated assets						425,075,886
Total assets						**1,299,427,129**
Corporate segment liabilities	105,987,865	3,644,121	876,423,892	71,163,808	8,978,196	1,066,197,882
Corporate unallocated liabilities						126,810,750
Total liabilities						**1,193,008,632**

Notes to the Financial Statements

For the year ended 31 December 2021

	For the year ended 31 December 2021					
	Fire and property damage	Marine	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
29.2 Operator's Fund						
Wakala fee	23,492,516	6,262,149	551,525,341	9,715,591	2,671,996	593,667,593
Net Commission expense	987,143	389,341	(165,899,509)	(4,691,325)	(1,485,971)	(170,700,321)
Management expenses	(1,324,524)	(612,047)	(364,124,734)	(20,117,524)	(1,371,554)	(387,550,383)
	23,155,135	**6,039,443**	**21,501,098**	**(15,093,258)**	**(185,529)**	**35,416,889**
Modarib's share of PTF investment income						**9,373,178**
Investment income						**290,254**
Other expenses						**(98,867,552)**
Loss before taxation						**(53,787,231)**
Corporate segment assets	3,949,265	228,809	83,001,589	5,679,660	521,954	**93,381,277**
Corporate unallocated assets						**10,024,642**
Total assets						**103,405,919**
Corporate segment liabilities	13,526,322	620,572	317,138,868	5,990,438	3,611,353	**340,887,553**
Corporate unallocated liabilities						**374,621,910**
Total liabilities						**715,509,463**

Notes to the Financial Statements

For the year ended 31 December 2021

29. SEGMENT INFORMATION (CONTINUED)

29.3 Participants' Takaful Fund

	For the year ended 31 December 2020					
	Fire and property damage	Marine	Motor	Health	Miscellaneous	Aggregate
	(Rupees)					
Gross written contribution (inclusive of administrative surcharge)	40,042,330	12,564,571	1,098,363,534	87,640,112	847,875	1,239,458,422
Gross Direct Contribution	39,467,431	12,067,652	1,059,579,636	87,515,434	792,488	1,199,422,641
Facultative Inward Premium	430,965	88,304	2,585,053	-	30,285	3,134,607
Administrative surcharge	143,934	408,615	36,198,845	124,678	25,102	36,901,174
Gross Wakala Fees during the year	(17,851,502)	(5,746,145)	(501,102,808)	(6,778,272)	(377,847)	(531,856,574)
Takaful contribution earned net of wakala fee expense	21,209,832	7,381,059	680,686,531	78,498,014	321,170	788,096,606
Takaful contribution ceded to retakaful operators	(25,174,568)	(9,857,717)	(26,311,079)	(12,033,896)	-	(73,377,260)
Net takaful contribution	(3,964,736)	(2,476,658)	654,375,452	66,464,118	321,170	714,719,346
Takaful claims	(16,906,186)	(439,200)	(640,190,995)	(80,775,700)	(360,058)	(738,672,139)
Retakaful claims and other recoveries	13,980,722	566,053	209,682,581	7,342,890	28,565	231,600,811
Net Claims	(2,925,464)	126,853	(430,508,414)	(73,432,810)	(331,493)	(507,071,328)
Reversal of Contribution deficiency reserve	-	-	-	1,858,016	-	1,858,016
Direct expenses	-	-	(106,084,779)	-	-	(106,084,779)
(Deficit) / Surplus before investment income	(6,890,200)	(2,349,805)	117,782,259	(5,110,676)	(10,323)	103,421,255
Investment income						45,768,149
Less: Modarib's share of investment income						(13,730,445)
Financial charges						(8,066,338)
Surplus transferred to balance of PTF						127,392,621
Corporate segment assets	56,923,375	5,863,505	556,129,158	43,080,134	267,688	662,263,860
Corporate unallocated assets						497,530,306
Total assets						1,159,794,166
Corporate segment liabilities	35,417,458	2,226,207	739,447,956	65,485,886	553,257	843,130,764
Corporate unallocated liabilities						171,389,147
Total liabilities						1,014,519,911

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For the year ended 31 December 2021

	For the year ended 31 December 2020					
	Fire and property damage	Marine	Motor	Health	Miscellaneous	Aggregate
			(Rupees)			
29.4 Operator's Fund						
Wakala fee	11,130,894	5,596,002	381,369,887	2,791,340	214,305	401,102,428
Net commission expense	(201,496)	(72,151)	(153,580,997)	(3,596,761)	(37,875)	(157,489,280)
Management expenses	(2,104,420)	(916,029)	(304,157,897)	(24,723,580)	(157,249)	(332,059,175)
	8,824,978	4,607,822	(76,369,007)	(25,529,001)	19,181	(88,446,027)
Modarib's share of PTF investment income						13,730,445
Investment income						196,178
Other expenses						(95,824,620)
Loss before taxation						(170,344,024)
Corporate segment assets	3,127,573	280,574	94,037,179	2,949,347	42,092	100,436,765
Corporate unallocated assets						10,593,457
Total assets						111,030,222
Corporate segment liabilities	10,862,156	766,066	265,354,899	3,986,932	189,346	281,159,399
Corporate unallocated liabilities						318,187,135
Total liabilities						599,346,534

30. MOVEMENT IN INVESTMENTS

	At Amortized cost	At Fair value through other comprehensive income	At Fair value through profit and loss	Total
As at 1 January 2020	400,000,000	20,000,000	-	420,000,000
Additions	127,250,000	-	10,000,000	137,250,000
Disposals (sale and redemption)	(199,750,000)	(20,000,000)	-	(219,750,000)
Fair value net gains (excluding net realized gains)	-	-	5,614,373	5,614,373
As at 31 December 2020	**327,500,000**	**-**	**15,614,373**	**343,114,373**
Additions	105,000,000	-	50,000,000	155,000,000
Disposals (sale and redemption)	(150,000,000)	-	(34,000,000)	(184,000,000)
Fair value net gains (excluding net realized gains)	-	-	5,430,534	5,430,534
As at 31 December 2021	**282,500,000**	**-**	**37,044,907**	**319,544,907**

31. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

31.1 Takaful risk management

31.1.1 Takaful risk

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

The Operator's major takaful contracts are in respect of motor vehicles through issuance of general takaful contracts relating to motor takaful. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

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

31.1.2 Frequency and severity of claims

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

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on PTF's net retentions.

31.1.3 Uncertainty in the estimation of future claim payments

Claims on motor takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contracts respectively, including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a periodic basis.

31.1.4 Key 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 income. 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 to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

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 reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The details of estimation of outstanding claims (including IBNR) are given under note 3.4.

31.1.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful. The impact of 10 % increase / decrease in incidence of covered events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

	PTF			
	Underwriting results		Fund balance	
	2021	2020	2021	2020
Average claim cost	(Rupees)			
Fire and property damage	**369,227**	292,546	**262,151**	207,708
Marine	**65,425**	(12,685)	**46,452**	(9,006)
Motor business	**59,587,731**	43,050,841	**42,307,289**	30,566,097
Health	**7,769,647**	7,343,281	**5,516,449**	5,213,730
Miscellaneous	**625,981**	33,149	**444,447**	23,536
	68,418,011	50,707,132	**48,576,788**	36,002,064

31.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Operator.

Retakaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims retakaful to the extent that retakaful operator fails to meet the obligation under the retakaful agreements.

The Operator minimises its exposure to significant losses by obtaining retakaful from a number of retakaful, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum covered		Retakaful		Net	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Fire & property damage	**6,124,100,000**	3,316,333,333	**6,001,618,000**	3,253,323,000	**122,482,000**	63,010,333
Marine, aviation & transport	**261,096,000**	124,112,922	**249,354,062**	110,460,501	**11,741,938**	13,652,421
Motor business	**87,000,000**	55,000,000	**62,000,000**	35,000,000	**25,000,000**	20,000,000
Health	**1,800,000**	630,000	**-**	441,000	**1,800,000**	189,000
Miscellaneous	**5,000,000**	5,000,000	**-**	-	**5,000,000**	5,000,000
	6,478,996,000	3,501,076,255	**6,312,972,062**	3,399,224,501	**166,023,938**	101,851,754

32. FINANCIAL RISK MANAGEMENT

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

- Credit risk

- Liquidity risk

- Market risk

Risk management framework

The Operator’s risk management policies are established to identify and analyse the risks faced by the Operator, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Operator’s activities.

32.1 Credit risk

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

32.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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32.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	OF		PTF	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees)			
2021				
Term deposits	-	-	282,500,000	282,500,000
Takaful / retakaful receivable	-	-	252,059,900	252,059,900
Retakaful recoveries against outstanding claims	-	-	107,975,191	107,975,191
Salvage recoveries accrued	-	-	79,614,305	79,614,305
Bank balances	4,801,423	4,801,423	103,411,637	103,411,637
	4,801,423	4,801,423	825,561,033	825,561,033

	OF		PTF	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees)			
2020				
Term deposits	-	-	327,500,000	327,500,000
Takaful / retakaful receivable	-	-	154,195,535	154,195,535
Retakaful recoveries against outstanding claims	-	-	34,522,489	34,522,489
Salvage recoveries accrued	-	-	89,252,000	89,252,000
Bank balances	4,038,379	4,038,379	145,235,860	145,235,860
	4,038,379	4,038,379	750,705,884	750,705,884

32.1.3 Past due / impaired assets

Age analysis of premium due but unpaid at the reporting date was:

	PTF	
	2021	2020
	(Rupees)	
0-90 days	217,655,868	115,834,930
Over 90 days	34,404,032	38,360,605
Total	252,059,900	154,195,535

The above balance is considered good and is not impaired.

32.1.4 Credit Rating and Collateral

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

		OF	
Rating Long term	Rating Agency	2021	2020
		(Rupees)	
AAA	JCR-VIS	3,484,153	-
A+	JCR-VIS	1,317,270	2,009,069
A	PACRA	-	2,029,311
		4,801,423	4,038,379

Notes to the Financial Statements

For the year ended 31 December 2021

Rating Long term	Rating Agency	PTF 2021	PTF 2020
		(Rupees)	
AAA	JCR-VIS	**33,272,272**	2,969,387
AA+	PACRA	**3,422,136**	30,804,007
AA+	JCR-VIS	**-**	50,010,096
AA	JCR-VIS	**64,435,149**	38,472,927
AA	PACRA	**8,092,996**	-
A+	PACRA	**707,490**	64,133,016
A-	JCR-VIS	**100,680,207**	110,263,277
BBB-	JCR-VIS	**175,375,817**	176,170,785
		385,986,067	472,823,496

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is relates is as follows:

	Rating	Note	PTF 2021	PTF 2020
			(Rupees)	
Prepaid re-takaful ceded	A or above (including PRCL)		**33,851,668**	52,098,754

32.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

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

	PTF 2021 (Rupees)	PTF 2021 %	PTF 2020 (Rupees)	PTF 2020 %
Individuals	**13,908,306**	**6%**	6,747,967	4%
Corporate	**238,151,594**	**94%**	147,447,568	96%
	252,059,900	**100%**	154,195,535	100%

32.1.6 Settlement risk

The Operator's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

32.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

32.2.1 Management of liquidity risk

The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

32.2.2 Maturity analysis of assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including profit payments).

	OF		
	2021		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Receivable from Participants' Takaful Fund	5,025,054	5,025,054	-
Bank balances	4,801,423	4,801,423	-
Total assets	**9,826,477**	**9,826,477**	**-**
LIABILITIES			
Other creditors and accruals	52,145,019	52,145,019	-
Payable to TPL Insurance Limited	322,476,890	322,476,890	-
Total Liabilities	**374,621,909**	**374,621,909**	**-**

	2020		
	Carrying amount	Upto one year	More than one year
	(Rupees)		
ASSETS			
Receivable from Participants' Takaful Fund	5,667,742	5,667,742	-
Bank balances	4,038,379	4,038,379	-
Total assets	**9,706,121**	**9,706,121**	**-**
LIABILITIES			
Other creditors and accruals	40,359,879	40,359,879	-
Payable to TPL Insurance Limited	277,827,256	277,827,256	-
Total Liabilities	**318,187,135**	**318,187,135**	**-**

Notes to the Financial Statements

For the year ended 31 December 2021

	PTF		
	2021		
	Carrying amount	Upto one year	More than one year
		(Rupees)	
ASSETS			
Investments			
Mutual Funds	37,044,907	37,044,907	-
Term deposits	282,500,000	280,000,000	2,500,000
Accrued investment income	4,055,629	4,055,629	-
Prepayments	43,019,036	43,019,036	-
Bank balances	103,411,637	103,411,637	-
Total assets	**470,031,209**	**467,531,209**	**2,500,000**
LIABILITIES			
Other creditors and accruals	70,459,967	70,459,967	-
Payable to TPL Insurance Limited	25,684,845	25,684,845	-
Payable to Operator's Fund	5,025,054	5,025,054	-
Total Liabilities	**101,169,866**	**101,169,866**	**-**

	2020		
	Carrying amount	Upto one year	More than one year
		(Rupees)	
ASSETS			
Investments			
Mutual Funds	15,614,373	15,614,373	-
Term deposits	327,500,000	325,000,000	2,500,000
Accrued Investment Income	4,426,242	4,426,242	-
Prepayments	61,014,449	61,014,449	-
Bank balances	145,235,860	145,235,860	-
Total assets	**569,405,297**	**566,905,297**	**2,500,000**
LIABILITIES			
Other creditors and accruals	53,260,920	53,260,920	-
Payable to TPL Insurance Limited	2,669,546	2,669,546	-
Payable to Operator's Fund	5,667,742	5,667,742	-
Total Liabilities	**61,598,208**	**61,598,208**	**-**

32.3 Market risk

Market risk is the risk that changes in market prices, such as profit rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Operator's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Operator is exposed to profit rate risk, currency risk and other price risk.

32.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Profit rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits profit rate risk by monitoring changes in profit rates. Other risk management procedures are the same as those mentioned in the credit risk management.

Notes to the Financial Statements

For the year ended 31 December 2021

32.3.1.1 Sensitivity analysis

At the balance sheet date the profit rate profile of the Operator's profit-bearing financial instrument are as follows:

	OF			
	2021	2020	2021	2020
Financial assets	Effective profit rate (in %)		(Rupees)	
Assets subject to variable rate				
- Bank balances	**6.00% - 7.00%**	4.00% - 6.50%	**4,801,423**	4,038,379

	PTF			
	2021	2020	2021	2020
Financial assets	Effective profit rate (in %)		(Rupees)	
Assets subject to fixed rate				
- Term deposits	**6.00% - 7.75%**	3.75% - 7.00%	**282,500,000**	327,500,000
Assets subject to variable rate				
- Bank balances	**6.00% - 7.00%**	4.00% - 6.00%	**103,411,637**	145,235,860

Fair value sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in profit rates at the reporting date would not affect profit and loss account and Fund of the Operator.

At the commencement date of the lease, the Operator recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Operator determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Operator cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

The Operator is exposed to cash flow profit rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in profit rates at the reporting date would have decreased / increased profit for the year by the amounts shown below.

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

	2021		2020	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	(Rupees)		(Rupees)	
	OF			
Cash flow sensitivity	**48,014**	**(48,014)**	40,384	(40,384)
	PTF			
Cash flow sensitivity	**3,859,116**	**(3,859,116)**	4,727,359	(4,727,359)

Notes to the Financial Statements

For the year ended 31 December 2021

32.3.1.2 Exposure to profit rate risk

A summary of the Operator's profit rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	OF				
	2021				
	Mark-up / return (%)	Less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		(Rupees)			
Cash and bank deposits	6.00% - 7.00%	4,801,423	-	-	4,801,423
Total assets		4,801,423	-	-	4,801,423
Liabilities	-	-	-	-	-
Total profit sensitivity gap		4,801,423	-	-	4,801,423

	OF				
	2020				
	Mark-up / return (%)	Less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		(Rupees)			
Cash and bank deposits	4.00% - 6.50%	4,038,379	-	-	4,038,379
Total assets		4,038,379	-	-	4,038,379
Liabilities		-	-	-	-
Total profit sensitivity gap		4,038,379	-	-	4,038,379

	PTF				
	2021				
	Mark-up / return (%)	Less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		(Rupees)			
Term Deposits	6.00% - 7.75%	280,000,000	2,500,000	-	282,500,000
Bank deposits	6.00% - 7.00%	103,411,637	-	-	103,411,637
Total assets		383,411,637	2,500,000	-	385,911,637
Total profit sensitivity gap		383,411,637	2,500,000	-	385,911,637

	PTF				
	2020				
	Mark-up / return (%)	Less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		(Rupees)			
Term deposits	9.00% to 9.50%	325,000,000	2,500,000	-	327,500,000
Bank deposits	5.00% - 9.50%	145,235,860	-	-	145,235,860
Total assets		470,235,860	2,500,000	-	472,735,860
Liabilities		-	-	-	-
Total profit sensitivity gap		470,235,860	2,500,000	-	472,735,860

Notes to the Financial Statements

For the year ended 31 December 2021

32.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from profit / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Operator is not exposed to any price risk at the balance sheet date as it has no financial instrument that is linked to market price.

32.3.3 Foreign currency risk

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

32.4 Fund management

The Operator's objective when managing capital is to safe guard the Operator's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Operator manages its fund structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

33. STATEMENT OF SOLVENCY

	2021	2020
	(Rupees)	
Investments		
Mutual Funds	**37,044,907**	15,614,373
Term deposits	**282,500,000**	327,500,000
Takaful/ retakaful receivable	**252,059,901**	154,195,535
Retakaful recoveries against outstanding claims	**107,975,192**	34,522,489
Salvage recoveries accrued	**79,614,305**	89,252,000
Loans and other receivables	**4,055,629**	
Deferred Wakala fee	**340,887,553**	281,159,399
Accrued Investment Income	**-**	4,426,242
Deferred taxation	**132,675**	4,753,831
Prepayments	**66,141,932**	90,767,878
Cash and bank deposits	**103,411,637**	145,235,860
Total Assets (A)	**1,273,823,731**	1,147,427,607
Inadmissible Assets		
Takaful / retakaful receivable	**31,723,527**	38,360,269
Deferred taxation	**132,675**	4,753,831
Prepayments	**32,290,264**	38,669,124
Total of In-admissible Assets (B)	**64,146,466**	81,783,224
Total of Admissible Assets (C=A-B)	**1,209,677,265**	1,065,644,383
Total Liabilities including Qard-e-Hasna	**1,311,122,682**	1,096,519,970
Net deficit as at 31st December	**(101,445,417)**	(30,875,587)
Deficit already financed by Qard-e-Hasna	**173,900,000**	103,900,000
	72,454,583	73,024,413

34. GENERAL

Figures have been rounded off to the nearest Rupee.

35. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on 25 February 2022 by the Board of Directors of the Operator.

Chief Financial Officer	Director	Director	Chief Executive Officer	Chairman

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of TPL Insurance Limited ("Company") will be held on Monday, April 25, 2022 at 11:00 a.m. through electronic mode, to transact the following business:

ORDINARY BUSINESS:

1. To approve the minutes of the Annual General Meeting held on April 22, 2021.

   "RESOLVED THAT the minutes of Annual General Meeting of TPL Insurance Limited held on April 22, 2021 at 11:00 am be and are hereby approved."

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company together with the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2021.

   "RESOLVED THAT the Annual Audited Financial Statements of TPL Insurance Limited, together with the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended 31 December, 2021 be and are hereby approved."

3. To appoint Auditors for the year ending December 31, 2022 and fix their remuneration. M/s EY Ford Rhodes, Chartered Accountants ("EYFR") have completed their statutory term. The Board of Directors, on recommendation of the Audit Committee, has proposed the appointment of M/s BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year ending 31 December 2022.

   "RESOLVED THAT M/s. BDO Ebrahim & Co., Chartered Accountants be and are hereby appointed as Auditors of M/s. TPL Insurance Limited on the basis of consent received from them, at a fee mutually agreed for the period ending December 31, 2022."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, special resolution in terms of Section 199 of the Companies Act 2017 to authorize the Company for renewal of advance of Rs. 300 to the associated company TPL Trakker Limited.

   "RESOLVED THAT pursuant to Section 199 of the Companies Act 2017, the Company be and is hereby authorized to renew advance of Rs. 300 million to the associated company TPL Trakker Limited."

   "FURTHER RESOLVED that the, Chief Executive Officer, and the Company Secretary of the Company, be and are hereby authorized singly to take all necessary steps, as may be required in respect of the aforementioned advance and all other matters incidental and / or ancillary thereto".

ANY OTHER BUSINESS:

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

   By Order of the Board

Danish Qazi
Company Secretary

Karachi, April 04, 2022

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

Advance of amount up to Rs. 300 Million to TPL Trakker Limited:

TPL Insurance Limited (the "Company") is desirous to renew advance made to TPL Trakker Limited which was initially approved by the members in April, 2019.

The information required to be annexed to the Notice by Notification No. S. R. O. 1240(I)/2017 dated December 06, 2017 is set out below:

S. No.	Requirement	Information
i.	Name of the associated company or associated undertaking	TPL Trakker Limited
ii.	Basis of relationship	Associated Company
iii.	Earnings per share for the last three years of the Associated Company	(Loss)/Profit per Share: 2021: Rs. (0.64) 2020: Rs. (3.81) 2019: Rs. 0.30
iv.	Break-up value per share, based on latest audited financial statements	PKR 12.17 per share
v.	Financial position of the associated company	The extracts of the audited balance sheet and profit and loss account of the associated company as at and for the year ended June 30, 2021 is as follows:

Balance Sheet	Rupees
Non-current assets	3,638,120,332
Other assets	3,574,290,449
Total Assets	7,212,410,781
Total Liabilities	4,933,838,389
Represented by:	
Paid up capital	1,872,630,930
Capital Reserve	232,690,046

<table>
<tr><th>S. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Accumulated (loss)</td><td>(189,432,169)</td></tr>
<tr><td>Other components of equity</td><td>362,683,585</td></tr>
<tr><td>Equity</td><td>2,278,572,392</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Profit and Loss</td><td></td></tr>
<tr><td>Profit before interest and taxation</td><td>303,246,127</td></tr>
<tr><td>Financial charges</td><td>(389,542,836)</td></tr>
<tr><td>(Loss) before taxation</td><td>(86,296,709)</td></tr>
<tr><td>Taxation</td><td>(33,905,584)</td></tr>
<tr><td>Profit/(Loss) after taxation</td><td>(120,202,293)</td></tr>
</table></td></tr>
<tr><td>vi</td><td>In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is also required:

a) a description of the project and its history since conceptualization;

b) starting date and expected date of completion; c) time by which such project shall become commercially operational;

d) expected return on total capital employed in the project; and

e) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;</td><td>N/A</td></tr>
<tr><td>vii.</td><td>Maximum amount of investment/advance to be made</td><td>PKR 300 million</td></tr>
<tr><td>viii.</td><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td>To ensure continuity of supply of tracking units used in insured vehicles</td></tr>
</table>

S. No.	Requirement	Information
ix.	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis;	Available cash and bank balances.
x.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	The advance is provided to ensure continuity of supply of tracking units. The advance carries markup at the rate of KIBOR + 3.5% with a floor of 10% per annum
xi.	Direct or indirect interest, of directors, sponsors, majority shareholders and their relatives, if any, in the associated company/undertaking or the transaction under consideration	TPL Trakker is a subsidiary of TPL Corp, the parent Company of TPL Insurance
xii.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	The advance was provided in the past and carried mark-up at KIBOR + 3.5% per annum
xiii.	Any other important details necessary for the members to understand the transaction;	N/A
xiv.	Category-wise amount of investment;	Advance against supply of tracking units upto Rs. 300 million
xv.	Average borrowing cost of the investing company or in case of absence of borrowing the KIBOR (Karachi Inter Bank Offered Rate) for the relevant period	Current 1 year KIBOR is 12.77% per annum on 24th March 2021
xvi xvi	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	The advance carries markup at the rate of 1 year KIBOR + 3.5% with a floor of 10%

S. No.	Requirement	Information
xvii.	Particulars of collateral or security to be obtained in relation to the proposed investment;	The advance is unsecured
xviii.	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	Advance is not convertible
xix.	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Advance is adjustable against the invoices for rental of tracking units and monitoring fee

Notes

1. Reason for holding AGM through electronic mode i.e. Coronavirus Contingency Planning:

In view of the threat of pandemic outbreak and to protect the wellbeing of shareholders, the Company requests its members to attend and participate in the general meeting through video link facility only to avoid large gathering at one place.

Therefore, to attend and participate in the AGM through video link facility, members are requested to register their particulars (Name, Folio/CDS Account Number, CNIC Number and Cell Phone Number) with the Company Secretary by emailing to company.secretary@tplholdings.com at least 24 hours before the time of AGM.

The members can also provide comments/suggestions for the proposed agenda items of the Annual General Meeting by emailing the same to company.secretary@tplholdings.com.

2. Closure of Share Transfer Books:

The Share Transfer Book of the Company will remain closed from April 19, 2022 to April 25, 2022 (both days inclusive). Share Transfers received at M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan by the close of business hours (5:00 PM) on April 18, 2021, will be treated as being in time for the purpose of above entitlement to the transferees.

3. Participation in the Meeting:

As per directives of Securities and Exchange Commission of Pakistan to convene the general meeting with minimum members ensuring quorum of the meeting, the members are requested to consolidate their attendance and voting at Annual General Meeting through proxies.

All members of the Company are entitled to attend the meeting and vote there at through Proxy. A proxy duly appointed shall have such rights as respect to the speaking and voting at the meeting as are available to a member. Duly filled and signed Proxy Form must be received at the Registrar of the Company M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan,]not less than 48 hours before the Meeting.

4. For Attending the Meeting:

i. In case of individual, the Account holder and/or Sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by providing copy of his/her valid CNIC or passport along with other particulars (Name, Folio/CDS Account Number, Cell Phone Number) via email to aforementioned ID and in case of proxy must enclose copy of his/her CNIC or passport.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided via email to aforementioned ID.

5. Change of Address:

Members are requested to immediately notify the change, if any, in their registered address to the Share Registrar M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan.

Form of Proxy

I/We ______________________________ S/o / D/o / W/o ______________________________

resident of (full address)____ being a

member(s) of TPL Insurance Limited, holding ________________________ ordinary shares, hereby appoint

_________________________________ S/o / D/o / W/o _____________________ resident

of (full address) ____

or failing him / her______________________ S/o / D/o / W/o ___________________________

resident of (full address) _________________________________ as my / our proxy in my / our absence

to attend and vote for me / us on my / our behalf at Annual General Meeting of the Company to be held on **Monday, 25 April, 2022 at 03;00 pm** and/or adjournment thereof.

As witness my / our hand (s) seal this on the ___________________ day of __________________ 2022.

Signed by the said:

Folio No. / CDC Account No.

Signature on Revenue Stamp of Appropriate Value.

The signature should agree with the specimen registered with the Company.

In presence of:

1.	Signature:	______________	2. Signature:	______________
	Name:	______________	Name:	______________
	Address:	______________	Address:	______________
	CNIC or Passport No:	______________	CNIC or Passport No:	______________

Important Instructions:

1. The Proxy form, duly completed and signed, must be received at the Registrar's Office of the Company not less than forty eight (48) hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. In case of a proxy for an individual CDC shareholder, attested copies of CNIC or the passport, account and participant's ID number of the beneficial owner and along with the proxy is required to be furnished with the proxy form.
4. In case of a corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Company.

پراکسی فارم

میں / ہم ______ ولد / دختر / زوجہ ______

کا / کے (مکمل پتہ) ______ بحیثیت رکن

TPL انشورنس لمیٹڈ مالک، ______ عام حصص، بذریعہ ہذا

______ محترم / محترمہ ______ پتہ

(مکمل پتہ) ______

یا اسکی غیر موجودگی میں محترم / محترمہ ______

(مکمل پتہ) ______

کمپنی میں عام شیئرز رکھتا ہے / رکھتی ہے / رکھتے ہے بطور میرا / ہمارے پراکسی مورخہ 25 اپریل 2022ء، بروز پیر کمپنی کے منعقد ہونے والے سالانہ اجلاس عام میں حق رائے وہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز ______ بتاریخ ______ 2022ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

سی ڈی سی اکاؤنٹ نمبر

ریونیو مہر دستخط

(دستخط کا کمپنی کے پاس رجسٹرڈ شدہ دستخط کے نمونے کی طرح ہونا ضروری ہے)

1- دستخط: ______
نام: ______
پتہ: ______
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______

2- دستخط: ______
نام: ______
پتہ: ______
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______

پراکسی کا ای میل آئی ڈی (اُسے وڈیو لنک فراہم کرنے کے لئے) ______

اھم نوٹ

1- پراکسی فارم، باقاعدہ مکمل اور دستخط شدہ، کمپنی کے رجسٹرار دفتر میں اجلاس منعقدہ ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً وصول ہو جانے چاہیئیں۔

2- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے ہاں ایک سے زیادہ پراکسی آلات جمع کراتا ہے تو پراکسی کے ایسے تمام آلات مسترد کر دیئے جائیں گے۔

3- انفرادی سی ڈی سی شیئرز ہولڈرز کے پراکسی کی صورت میں بینیفیشل اونر معہ پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، اکاؤنٹ اور پارٹیسپینٹ کا آئی ڈی نمبر پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہو نگی۔

4- بصورت کارپوریٹ اینٹی، بورڈ آف ڈائریکٹر کی قرارداد / مختار نامہ معہ پراکسی ہولڈر کے نمونے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہو گا (اگر پہلے مہیا نہیں کیا گیا)۔

GLOSSARY

S.No	Term	Designation
1	Actuary	An actuary is a professional who assesses and manages the risks of financial investments, insurance policies and other potentially risky ventures.
2	Actuarial Valuations	A determination by an actuary at a special date of the value of an insurance Company's assets and its liabilities.
3	Amortization	The process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time.
4	Associate	Is a company / undertaking in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor
5	Authorized Share Capital	The maximum value of share that a Company can legally issue.
6	Book Value	The value of an asset as entered in a company's books.
7	Capital Reserves	Any reserve not regarded free for distribution by way of dividends.
8	Budget	An estimate of income and expenditure for a set period of time
9	Business mixes	The combination of different types of business activities that a company is engaged in
10	Capital Expenditure	The cost of long-term improvements and fixed assets.
11	Capital Gain	Portion of the total gain recognized on the sale or exchange of a non-inventory asset.
12	Capital Reserves	Any reserve not regarded free for distribution by way of dividends
13	Catastrophe	An event causing great and usually sudden damage or suffering.
14	Cedant	Client of a reinsurance company.
15	Combined Ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
16	Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
17	Consumer online Portal	An internet window presence for selling all retails consumer products
18	Contact Centre	It is also known as call center. It is a central location of an enterprise from which all customer contacts are managed.
19	COVID-19	Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.
20	Claims	The amount payable under a contract of insurance arising from occurrence of an insured event
21	Claims Incurred	The 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.

S.No	Term	Designation
22	Cloud Service	It is a service made available to users on demand via the Internet from a cloud computing provider’s server as opposed to being provided from a company's own on-premises servers
23	Corporate Social Responsibility	Is 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.
24	Cover Note	A cover note is a temporary document issued by an insurance company that provides proof of insurance coverage until a final insurance policy can be issued.
25	CPEC	The China-Pakistan Economic Corridor (OPEC] is a collection of infrastructure projects currently under construction throughout Pakistan.
26	Currency Devaluation	Reduction in the value of a country’s currency
27	Current Account Deficit	The situation where value of the goods and services of a country it imports exceeds the value of the goods and services it exports
28	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 toe period of risk subsequent to the Balance Sheet data.
29	Deferred Tax	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
30	Defined benefit Plans	Are post-employment benefit plans other than defined contribution plans
31	Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
32	Dividend cover	Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period
33	Doubtful debts	Is a debt where circumstances have rendered its ultimate recovery uncertain.
34	Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition changes in the investor’s share of net assets of the investee
35	Earnings per share	Amounts for profit or loss attributable to ordinary shareholders of the entity.
36	Exchange Gain (Loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
37	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.
38	Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.

S.No	Term	Designation
39	Financial Action Task Force (FATF)	It is an intergovernmental organisation founded in 1989 on the initiative of the G7 to develop policies to combat money laundering.
40	Financial Capital	It is any economic resource measured in terms of money used by entrepreneurs and businesses to buy what they need to make their products or to provide their services.
41	Fiscal Deficit	When a government's total expenditures exceed the revenue that it generates.
42	General Insurance	All kind of Insurance except Life Insurance. i.e. Fire. Marine. Motor and Other Insurance.
43	General Takaful	Protection to participants for losses arising from perils such accident, fire, flood, liability and burglary.
44	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.
45	Gross Domestic Product	The total value of goods produced and services provided in a country during one year
46	Gross Written Premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance
47	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
48	Impairment	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
49	Incurred but not reported (IBNR)	Claim incurred but not reported to the insurer until the financial statements reporting date.
50	Inflation	A general increase in prices and fall in the purchasing value of money
51	Insurance Contracts	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
52	Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance company.
53	Intangibles	An identifiable non-monetary asset without physical substance.
54	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.
55	Intellectual Capital	It refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.
56	KIBOR (Karachi Interbank Offered Rate)	Interbank lending / borrowing rates quoted by the banks
57	Large-Scale Manufacturing (LSM)	It refers to the production of a commodity on a large scale or huge quantity with a large sized firm.

S.No	Term	Designation
58	Loss Ratio	Percentage ratio of claims expenses to net premium
59	Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
60	Market Share	The portion of a market controlled by a particular company or product.
61	MIS	Management Information System
62	Micro-insurance	It is an insurance arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.
63	Mutual Fund	A type of professionally managed investment fund that pools money from many investors to purchase securities
64	National Exchequer	The account into which tax funds and other public funds are deposited
65	Net Asset Value	The value of Total Assets less Current Liabilities
66	Net Contributions	Gross Contributions less all re-takaful contributions payable.
67	Net Premium Revenue	Gross written premium less Reinsurance expense.
68	Non-Life Insurance	Non-Life Insurance and General Insurance have the identical meaning
69	Outstanding Claims	A type of technical reserve or accounting provision in the Financial Statements of an Insurer to provide for the future liability or claims.
70	Paid-up Capital	The amount of money a company has received from shareholders in exchange for shares of stock.
71	Pakistan Investment Bonds	Long term instruments issued by the Government of Pakistan.
72	Participant's Takaful Fund (PTF) Waqf Fund	An account to credit a portion of contribution from the participant for the purpose of Tabarru'.
73	Premium	Amount that has to be paid by the insured for the cover provided by the Insurer.
74	Proxy	Power of Attorney by which the Shareholder transfers the voting rights to another shareholder.
75	Qard-e-Hasna	Interest Free Loan from Takaful Operator to the Takaful Participant Fund in order to meet any shortfall in the Fund.
76	Quoted	Being listed on a Stock Exchange.
77	Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
78	Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
79	Re-takaful	The arrangement under which a part of the risk is shared between the companies originally issuing the policy (the takaful operator] to another Takaful company (Re-Takaful) known as the re-takaful

S.No	Term	Designation
80	Reinsurance Commission	Commission received or receivable in respect of premium paid or payable tea reinsurer.
81	Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.
82	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.
83	Retrocession	Transfer of risk from a reinsurer to another reinsurer.
84	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 unappropriated profit.
85	Risk	Condition in which there is a possibility of loss.
86	Risk Management	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
87	Statutory levies	Fee charged (levied) by a government on a product, income, or activity.
88	Strategic Objectives	A broadly defined objective that an organisation must achieve to make its strategy succeed.
89	Subsequent Event	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.
90	Takaful	An Islamic concept of insurance.
91	Takaful Operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
92	Takaful Policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangements.
93	Tangibles	An asset whose value depends on particular physical properties.
94	Underwriting Profit	This is the profit generated purely from the General Insurance business without taking into account the investment income and other nontechnical income and expenses.
95	Unearned Premium	It represents the portion of premium already entered in the accounts as due but which relates to period of risk subsequent to the Balance Sheet date.
96	Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.

بورڈ کے اجلاس

بورڈ آف ڈائریکٹرز نے 2021 میں چھ (06) اجلاس منعقد کیے۔ ان میں شرکت کی تفصیلات ذیل میں پیش کی جا رہی ہیں:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
1	جناب جمیل یوسف (ستارہ شجاعت)	6
2	جناب علی جمیل	5
3	جناب رانا اسد امین	6
4	جناب اینڈریو بورڈا	6
5	جناب سید نادر شاہ	6
6	جناب محمد امین الدین	6
7	محترمہ نائلہ قاسم	6
8	جناب بینجمن برنک*	4
9	جناب علی اصغر	2

*: جناب علی اصغر صاحب کی ڈائریکٹر شپ یکم مئی 2021 کو اختتام پذیر ہوئی، اس غیر باضابطہ اسامی کو مسٹر بینجمن برنک نے یکم مئی 2021 کو پُر کیا۔

مستقبل کا منظر نامہ

کمپنی جدت انگیزی کے سفر پر گامزن رہنے اور ٹیکنالوجی پر مبنی سہولیات کی بدولت کسٹمر کی توقعات کی بھرپور تکمیل کے لیے کوشاں رہے گی۔ ہم جدت انگیز ٹیلی میٹکس، فلاحی سہولیات اور 'خریداری ابھی ادائیگی بعد میں'' جیسی سروسز متعارف کرواتے ہوئے اپنی موجودہ پروڈکٹس اور کسٹمر کے تجربے کو بہتر بنانے پر کام کر رہے ہیں۔ یہ سہولیات insurtech میں ایک لیڈر کی حیثیت سے ہماری پوزیشن کو مزید مستحکم کریں گی، ہماری ڈیجیٹل پیش قدمی میں اضافہ کریں گی، کسٹمر پروفائلنگ کے ذریعے رسک مینجمنٹ کو بہتر بنائیں گی اور قیمت سے بھرپور استفادے (پرائس اوپٹیمائزیشن) کے قابل بنائیں گی۔ کمپنی کسٹمر کی سہولت کے لیے ضرورت کے مطابق تیار کردہ پروڈکٹس فراہم کرنے کا عزم رکھتی ہے۔

نان موٹر شعبے میں نفوذپذیری اور ترقی کی اپنی کاوشوں کے تناظر میں، ڈیجیٹل سطح پر ہماری شراکت داریوں نے سفری انشورنس پر شاندار گروتھ کو ظاہر کیا ہے اور اس پورٹ فولیو میں مزید اضافے کے لیے نئی شراکت داری پر دستخط کیے جا رہے ہیں۔ اس کے ساتھ ساتھ، نئی پروڈکٹس اور مارکیٹس کے فروغ کے اقدامات بھی اپنے ثمرات دے رہے ہیں اور ہمیں توقع ہے کہ زرعی انشورنس کا پہلو بنیادی ریوینیو کے شعبے میں ڈھل رہا ہے اور ہم اس شعبے میں اپنی نفوذپذیری میں اضافے کے لیے ٹیکنالوجی پر مبنی نئی شراکت داریوں کے مسلسل متلاشی رہیں گے۔

ستائشی کلمات

کمپنی کے شیئر ہولڈرز نے ہم پر جس اعتماد کا اظہار کیا اس پر ان کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم پاکستان اسٹاک ایکسچینج، فیڈرل بورڈ آف ریوینیو، صوبائی ریوینیو اتھارٹیز، سینٹرل ڈپازٹری کمپنی اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے وقتاً فوقتاً مہیا کردہ بیش قیمت معاونت اور رہنمائی کو بھی خراجِ تحسین پیش کرتے ہیں۔ ہم اپنے ملازمین، کاروباری پارٹنرز، وینڈرز، بینکرز اور کسٹمرز کا بھی خلوصِ دل سے شکریہ ادا کرتے ہیں کہ انہوں نے ہمارے کاروباری مقاصد کے حصول میں اپنا بھرپور کردار ادا کیا۔

ازطرف بورڈ آف ڈائریکٹرز،

محمد امین الدین
چیف ایگزیکٹو آفیسر
۲۵ فروری ۲۰۲۲

Jameel Yusuf

جمیل یوسف (ستارہ شجاعت)
چیئرمین

ضابطۂ اخلاق

کمپنی اس بات کو یقینی بناتی ہے کہ اس کی تمام تر سرگرمیاں شفاف انداز میں کاروباری اخلاقیات کے ضابطے پر عمل کرتے ہوئے انجام دی جائیں۔ کاروباری اخلاقیات کے ضابطے کی خلاف ورزی کسی بھی صورت میں قطعاً برداشت نہیں کی جاتی۔

شیئر ہولڈنگ کی ساخت

31 دسمبر 2021 کو کمپنی کی شیئر ہولڈنگ کی ساخت کا ایک گوشوارہ حسبِ ذیل ہے:

شیئر ہولڈر کی کیٹیگری	زیرِ تحویل شیئرز کی تعداد	شیئر ہولڈنگ کی شرح
مادر کمپنی – TPL کارپوریشن لمیٹڈ	74,364,126	64.37%
حتمی مادر کمپنی – TPL ہولڈنگ پرائیوٹ لمیٹڈ	75,441,116	64.37%
غیر ملکی کمپنیاں	23,325,000	19.90%
ڈائریکٹرز	17,361	0.01%
بینکس، DFIs اور NBFIs	3,336,285	2.85%
میوچوئل فنڈز	13,089,290	11.17%
عوام الناس (ملکی)	1,415,978	1.21%
عوام الناس (غیر ملکی)	8,707	0.01%
دیگر	557,524	0.48%
مجموعی	117,191,261	100.00%

کمپنی کے شیئرز میں ٹریڈنگ

دورانِ سال ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، انٹرنل آڈٹ کے سربراہ، دیگر ملازمین اور ان کی / کے شریکِ حیات اور نابالغ بچوں کی جانب سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

بڑے شیئر ہولڈر، TPL کارپوریشن لمیٹڈ کی جانب سے ٹریڈنگ کی تفصیلات درج ذیل ہیں:

نمبر شمار	فرد / ادارے کا نام	ٹریڈ کی تاریخ	نوعیت	شیئرز کی تعداد	مالیت (روپوں میں)
1	TPL کارپوریشن لمیٹڈ	10 نومبر 2021	فروخت	3,333,334	30
2	TPL کارپوریشن لمیٹڈ	25 جون 2021	خرید	8,821,500	31.58

- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو ہونے والے اکاؤنٹنگ کے بین الاقوامی معیارات، بین الاقوامی مالیاتی رپورٹنگ کے معیار اور دیگر ضوابط (بشمول مگر بلا تحدید شرعی ہدایات / اصولوں) پر عمل کیا گیا ہے اور اس سے کسی بھی قسم کے انحراف کی موزوں نشاندہی اور وضاحت کر دی گئی ہے۔
- داخلی کنٹرول کا نظام اپنی ساخت میں مستحکم ہے اور اس کا مؤثر نفاذ اور نگرانی عمل میں لائی گئی ہے۔
- کمپنی کے بنیادی عناصر مضبوط ہیں اور کمپنی کی کاوباری حیثیت آئندہ بھی جاری رہنے پر کوئی شکوک وشبہات نہیں ہیں۔
- کمپنی نے کاروباری ضابطۂ اخلاق کے بہترین دستورالعمل کی پیروی کی ہے اور اس سے کسی بھی قسم کا انحراف نہیں برتا گیا ہے۔
- گزشتہ چھ سال کے اہم آپریٹنگ اور مالیاتی تفصیلات کا خلاصہ اس سالانہ رپورٹ میں شامل ہے۔
- گزشتہ سال کے آپریٹنگ نتائج سے کسی بھی نمایاں انحراف کی وضاحت اس رپورٹ میں کر دی گئی ہے۔
- واجب الادا ٹیکسز، ڈیوٹیوں، محصولات اور چارجز کی مد میں آئینی ادائیگیاں معمول کی کاروباری سرگرمیوں کے تحت ہیں۔
- بورڈ لسٹڈ کمپنیز کے (کاروباری ضابطۂ اخلاق) ضوابط، 2019 کی شق 19(1)(i) کے تحت بیان کردہ ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے مکمل تعمیل پر عمل پیرا ہے۔
- پروویڈنٹ فنڈ کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے اختتام مدت ۳۱ دسمبر ۲۰۲۱ کی بنیاد پر پروویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت ۶۹٫۲ ملین روپے ہے (2020 میں 58.9 ملین روپے)۔

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز، کمپنیز ایکٹ 2017 کے مطابق ڈائریکٹرز کے مشاہرے کے لیے باضابطہ پالیسی اور شفاف دستورالعمل رکھتا ہے۔ ڈائریکٹرز کے مشاہرے کی تفصیلات مالیاتی گوشواروں کے نوٹس میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور کمیٹی کی تشکیلی ساخت کو کاروباری ضابطۂ اخلاق کے تعمیلی بیانیے میں ظاہر کیا گیا ہے۔

انشورنس آرڈیننس 2000

انشورنس آرڈیننس 2000 اور اس کی ذیل میں تشکیل کردہ اصولوں کے لوازمات کے تحت، ڈائریکٹرز تصدیق کرتے ہیں کہ:

ان کی رائے میں اور ان کے پورے یقین کی رو سے، اس گوشوارے کے ہمراہ منسلک فارمز میں بیان کردہ کمپنی کے سالانہ دستوری اکاؤنٹس کو انشورنس آرڈیننس 2000 اور ان کے تحت تشکیل کردہ انشورنس کے اصولوں کے مطابق مرتب کیا گیا ہے۔

کمپنی نے پورا سال ہمہ وقت آرڈیننس کی دفعات اور ان کی ذیل میں تشکیل کردہ پیڈ اپ کیپیٹل، ادائے قرض کی اہلیت اور ری انشورنس کے معاہدوں سے متعلقہ اصولوں کی تعمیل کی ہے؛ اور اس بیان نامے کی تاریخ تک، یہ آرڈیننس کی دفعات اور اس کے تحت تشکیل کردہ مذکورہ بالا اصولوں کی مسلسل تعمیل کر رہی ہے۔

آڈیٹرز

میسرز EY فورڈ رہوڈز، چارٹرڈ اکاؤنٹینٹس ("EYFR") نے اپنی آئینی میعاد مکمل کرلی ہے۔ بورڈ آف ڈائریکٹرز نے برائے اختتامِ سال ۳۱ دسمبر 2022 کے لیے BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی، باہمی متفقہ فیس پر، کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔

منسلک فریق کی ٹرانزیکشنز

متعلقہ فریق کی ٹرانزیکشنز کو بورڈ کی آڈٹ کمیٹی کے سامنے پیش کیا گیا اور بورڈ کی جانب سے ان کی منظوری دی گئی، جنہیں خود مختارانہ طور پر عمل میں لایا جارہا ہے۔ یہ ٹرانزیکشنز مالیاتی رپورٹس کے بین الاقوامی معیارات اور کمپنیز ایکٹ، 2017 کی تعمیل کے مطابق ہیں۔

انسدادِ منی لانڈرنگ اور دہشت گردانہ سرگرمیوں میں سرمایہ کاری کی روک تھام

کمپنی انسدادِ منی لانڈرنگ اور دہشت گردانہ سرگرمیوں میں سرمایہ کاری کی روک تھام کے ضوابط 2018 کی تعمیل یقینی بنانے پر کام کررہی ہے اور اس سلسلے میں کمپنی کے بورڈ آف ڈائریکٹرز نے بھی AML/CFT پالیسی کو منظور کرلیا ہے۔

کارپوریٹ سماجی ذمہ داری

جیسا کہ دنیا ابھی تک COVID-19 سے نبرد آزما ہے، چنانچہ ہم نے ایک ایسے طرزِ عمل کے فروغ پر کام کیا ہے جو ہمارے ملازمین کی صحت اور تحفظ کو ترجیح دیتا ہے۔ ہم کارپوریٹ سیکٹر میں covid کے حوالے سے تمام ترحفظِ مراتب کی تعمیل کررہے ہیں اور معمول کے کُل وقتی کاروباری آپریشنز پر واپس آگئے ہیں۔ گروپ پر مبنی ہمارے CSR پلیٹ فارم TPLCares کے تحت، ہم UN کے قابلِ استحکام ترقیاتی اہداف (UNSDG's) کے حوالے سے اپنی CSR کوششوں پر توجہ مبذول رکھنے کی اپنی مجموعی حکمتِ عملی سے مسلسل ہم آہنگ ہیں۔ UNSDG's کے حوالے سے کام کرنے کے علاوہ، ہم نے 2021 میں صنفی مساوات اور شرکتِ عمل کے کئی اقدامات متعارف کروائے۔

اپنی ٹیموں کی ذہنی صحت اور اہلیت کے فروغ کی اہمیت کو سمجھتے ہوئے، ہم اپنے ملازمین کو فلاح و بہبود کے سیشنز میں شریک کررہے ہیں اور ان کی تیکنیکی صلاحیتوں میں مزید اضافے کے لیے داخلی ٹریننگز کا انعقاد عمل میں لارہے ہیں۔

سال 2022 میں آگے بڑھتے ہوئے، ہم اپنے CSR پروگرامز کے لیے آگاہی تشکیل دینے اور اپنی ثالثانہ سرگرمیوں کے اثرات کے تجزیے کے لیے ایک مستحکم پیمائشی، علمی اور تجزیاتی (MLE) فریم ورک کی تخلیق کا عزم رکھتے ہیں۔ آنے والے سال میں، ہم اپنے معاشروں میں مثبت سماجی اور ماحولیاتی اثرات تخلیق کرنے کے لیے فلاحی اور دیگر ہم خیال اداروں کے ساتھ باہمی مفاداتی شراکت داریاں قائم کرنے کا ارادہ رکھتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیانیہ

بورڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے بیان کردہ کاروباری ضابطۂ اخلاق کے تحت اپنی کاروباری ذمہ داریوں سے پوری طرح آگاہ ہے اور انتہائی مسرت کے ساتھ حسبِ ذیل امور کی تصدیق کرتا ہے:

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے آپریشنز، کیش فلوز اور ایکوئٹی میں تبدیلیوں کی بالکل درست عکاسی کرتے ہیں۔
- کمپنی کی جانب سے کمپنیز ایکٹ 2017 کے تحت درکار درست بہی کھاتے برقرار رکھے گئے ہیں۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کی مسلسل پیروی کی ہے اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلہ سازی پر مبنی ہیں۔

گزشتہ چھ سالوں کی اہم مالیاتی معلومات

آمدنی کا گوشوارہ

(ملین روپوں میں)

	2021	2020	2019	2018	2017	2016
حاصل کردہ مجموعی پریمیئم	3,284.0	2,746.9	2,505.3	2,408.7	2,292.7	2,054.5
حتمی پریمیئم ریوینیو پریمیئم کی خالص آمدنی	2,398.4	2,163.1	2,136.2	2,246.6	2,068.8	1,750.5
انڈررائٹنگ کے اخراجات	(2,280.5)	(2,046.8)	(2,024.5)	(2,116.7)	(1,957.1)	(1,724.6)
انڈررائٹنگ کے نتائج	117.8	116.3	111.7	129.9	111.7	25.9
سرمایہ کاری اور دیگر آمدنی	110.8	204.1	152.1	70.7	61.9	106.8
دیگر اخراجات	(233.9)	(240.8)	(207.8)	(165.9)	(80.1)	(50.6)
(خسارہ)/ منافع قبل از ٹیکس	(5.2)	79.6	56.0	34.7	93.5	82.1
(خسارہ)/ منافع بعد از ٹیکس	(9.7)	39.8	30.5	23.8	35.2	36.4
دیگر جامع آمدنی	196.4	22.4	(4.4)	10.9	(38.6)	0.6
مجموعی جامع آمدنی	186.7	62.2	26.1	34.7	(3.4)	40.0

بیلنس شیٹ

بیلنس شیٹ	2021	2020	2019	2018	2017	2016
اداشدہ شیئر کیپیٹل	1,393.1	946.7	946.7	955.6	1,009.1	904.1
مجموعی (خسارے)/ غیر اداشدہ منافع جات	(65.3)	(164.5)	(114.0)	8.0	138.7	138.7
دیگر جامع آمدنی کا ریزرو	189.0	(7.3)	(29.7)	(26.7)	(26.4)	2.3
دیگر کیپیٹل ریزروز	77.6	24.1	-	-	-	-
شراکت دار تکافل فنڈ	(67.5)	41.4	(48.9)	(170.3)	(201.7)	(121.9)
مجموعی ایکوئٹی	1,526.9	840.4	754.1	766.6	919.7	923.2
سرمایہ کاری	1,390.4	920.8	729.4	1,026.3	1,213.3	1,056.8
فکسڈ اثاثہ جات	401.2	257.5	426.5	122.0	70.0	361.2
لگایاہوا سرمایہ	-	-	2.6	7.6	21.4	-
کیش اور بینک ڈپازٹس	1,046.4	913.4	702.4	251.9	247.2	240.9
دیگر اثاثہ جات	1,948.0	1,409.5	1,105.2	1,216.9	1,147.1	759.0
مجموعی اثاثے	4,786.1	3,501.2	2,966.1	2,624.7	2,699.0	2,417.9
انڈررائٹنگ واجبات	2,393.3	1,970.8	1,505.1	1,447.4	1,383.6	1,247.9
دیگر واجبات	929.9	690.0	706.9	410.7	395.7	246.8
مجموعی واجبات	3,259.2	2,660.8	2,212.0	1,858.1	1,779.4	1,494.7

اصل سرمائے (کیپیٹل) میں اضافہ

دورانِ سال، کمپنی نے، استحقاقی طریقے کے علاوہ، کلون (Cologne)، جرمنی میں قائم، ایک بڑے ڈویلپمنٹ فنانس انسٹیٹیوشن، KFW گروپ کے زیرِ ملکیت ایک ذیلی ادارے Deutsche Investitions - und Entwicklungsgesellschaft mbH ("DEG")، کے نام 10 روپے فی شیئر کی اصل مالیت کے حامل 23,325,000 عمومی شیئرز 20 روپے فی شیئر کی قیمت پر جاری کیے جن کی مجموعی مالیت 466,500,000 روپے بنتی ہے۔ نتیجتاً، DEG اب کمپنی میں 19.9 فیصد حصے کی مالک ہے۔

مالیاتی جائزہ

منافع پذیری اور نمو

کمپنی نے 5.2 ملین روپے کا قبل از ٹیکس مجموعی خسارہ ریکارڈ کیا (2020 میں 79.5 ملین روپے کا قبل از ٹیکس منافع)۔ ان نتائج میں شراکت دار تکافل فنڈ کے حوالے سے قبل از ٹیکس 95.8 ملین روپے کا خسارہ شامل ہے (2020 میں 127.4 ملین رقم کا اضافہ)۔ شیئر ہولڈرز کے فنڈ پر منافع 99.2 ملین ریکارڈ کیا گیا (2020 میں 50.5 ملین کا خسارہ)۔ قبل از ٹیکس اور بعد از ٹیکس فی شیئر بنیادی آمدنی بالترتیب 0.82 روپے اور 0.90 روپے رہی (2020 میں فی شیئر 0.51 روپے اور 0.54 روپے فی شیئر خسارہ)۔

اس سال خسارے کی وجہ کلیم کی لاگتوں میں اضافہ، اسٹاک مارکیٹ میں تنزلی کے باعث میوچوئل فنڈز کی مکرر مالیت بندی پر خسارہ اور آتشزدگی اور صحت کے شعبوں میں نفوذ پذیری کے لیے سرمایہ کاری اور کمپنی کی جانب سے کیے گئے ڈیجیٹائزیشن کے اقدامات ہیں۔

سرمایہ کاریاں

31 دسمبر 2021 کو، کمپنی کی جانب سے کی گئیں سرمایہ کاریاں (بشمول شراکت دار تکافل فنڈ کی جانب سے کی گئیں سرمایہ کاریاں) 1,390.4 ملین روپے کی رہیں (2020 میں 920.8 ملین روپے)۔ یہ بنیادی طور پر میعادی ڈپازٹس میں 432.5 ملین روپے کی سرمایہ کاریوں (2020 میں 427.5 ملین روپے)، سرکاری سیکیورٹیز میں 320.4 ملین روپے کی سرمایہ کاری (2020 میں 344.9 ملین روپے)، کارپوریٹ قرضہ جاتی اثاثوں میں 25 ملین روپے کی سرمایہ کاری (2020 میں 0 روپے) اور ایکوئٹیز اور میوچوئل فنڈز میں 612.6 ملین روپے کی سرمایہ کاری (2020 میں 148.4 ملین روپے) پر مشتمل ہیں۔ ان سرمایہ کاریوں کی میں مارکیٹ ویلیو 1,381.4 ملین روپے ہے (2020 میں 925.4 ملین روپے)۔

کیش اور بینک بیلنسز

کمپنی کے کیش اور بینک بیلنسز 1,046.4 ملین روپے رہے (2020 میں 913.4 ملین روپے)۔ اس میں شراکت دار تکافل فنڈ کے 103.4 ملین روپے کے کیش اور بینک بیلنسز شامل ہیں (2020: 145.2 ملین روپے)۔

منافع منقسمہ

بیلنس شیٹ کی پوزیشن مستحکم کرنے کے لیے، بورڈ آف ڈائریکٹرز نے برائے اختتام سال 31 دسمبر 2021 ڈیویڈنڈ کا اعلان نہ کرنے کا فیصلہ کیا ہے (2020 میں 0 روپے)۔

انشورر کے مالیاتی استحکام (IFS) کی درجہ بندی

دورانِ سال، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی انشورر کے مالیاتی استحکام (IFS) کی درجہ بندی کو بڑھا کر مستحکم منظرنامے کی حامل "-AA" (بعد ازاں مارچ 2022 میں PACRA نے درجہ بندیوں کو "AA" کے ساتھ ہم آہنگ کیا) کر دیا ہے۔

سالانہ کلیمز کا بوجھ	
سال	حاصل شدہ پریمیم کی فیصد
2015	49%
2016	46%
2017	43%
2018	43%
2019	44%
2020	45%
2021	46%

SEC شعبوں پر توجہ کو مسلسل مرکوز رکھا اور مختلف پروڈکٹس جیسے کہ بائیک انشورنس، ویمن شیلڈ، ڈومیسٹک ٹریول اور الیکٹرک کار انشورنس کو متعارف کروایا۔ ان پروڈکٹس نے ہمیں ڈیجیٹل پارٹنرز تک رسائی میں مدد دی اور ڈیجیٹل پالیسیوں کی فروخت کی تعداد میں تیزی سے اضافہ کیا۔ علاوہ ازیں، مختلف پروگرامز جیسے کہ پاکستان کا پہلا Insurtech چیلنج، بڑی یونیورسٹیوں میں طلبہ کا سفارتی پروگرام اور بین الاقوامی پارٹنرز کے اشتراک سے پیداواری بنیاد پر فصل کی انشورنس کے پاکستان کے اولین پروگرام میں سرمایہ کاریاں کرتے ہوئے کمپنی کے لیے نئی مارکیٹس اور پروڈکٹس کی تخلیق کی غرض سے اقدامات کیے گئے۔ یہ تمام اقدامات موجودہ انشورنس مارکیٹ کے فروغ اور پاکستان میں نفوذپذیری کے اضافے کے لیے ضروری ہیں جس سے انشورنس انڈسٹری، عوام الناس اور ہماری کمپنی کو بڑے پیمانے پر مزید فوائد حاصل ہوں گے۔

علاوہ ازیں، موجودہ چینلز کے مزید فروغ کے لیے کوششیں کی گئی ہیں جس کا نتیجہ سال 2021 میں کمپنی کیلئے نمو کی صورت میں حاصل ہوا ہے اور آنے والے سالوں میں ان اقدامات کی بدولت مزید نمو متوقع ہے۔ ان میں سے بعض اقدامات میں پاکستان میں متعارف ہونے والے نئے آٹو مینوفیکچررز میں بڑھتی ہوئی نفوذپذیری شامل ہے، جس نے دوسرے درجے کے شہروں میں ہماری موجودگی اور بینکوں کے ساتھ تعلقات کی استواری اور پروڈکٹ کی نفوذپذیری کو بہتر بنانے کے عمل میں اضافہ کیا ہے۔ ہماری لائف اسٹائل انشورنس ایپ نے بھی موجودہ کسٹمرز کو مختلف پروڈکٹس کی فروخت (کراس سیلنگ) کے ساتھ ساتھ مؤثر انداز میں کسٹمر کا تجربہ بہتر بنانے اور انہیں اپنے ساتھ منسلک رکھنے میں کمپنی کو مدد دی ہے۔

کلیمز کا تجزیہ

2021 میں، کلیم کی شرح بڑھ کر 46 فیصد ہوگئی، جس کی بنیادی وجہ Covid-19 کے لاک ڈاؤنز کے بعد صورتحال معمول پر آنے کے نتیجے میں موٹر کلیمز کی بڑھتی ہوئی تعداد، اور پاکستانی روپے کی قدر میں کمی کے باعث کلیم کی لاگتوں میں اضافہ ہے۔ موٹر کلیم کی شرح جو کہ 2020 میں 40 فیصد تھی سے بڑھ کر 2021 میں 43 فیصد ہوگئی۔ ہیلتھ بزنس میں کلیمز کی 92 فیصد شرح سامنے آئی جو کہ 2020 میں 103 فیصد تھی۔

ری انشورنس

کمپنی ری انشورنس پارٹنرز کے ساتھ مسلسل مضبوط تعلقات استوار رکھے ہوئے ہیں۔ کمپنی نے بلیوچپ A درجہ بندی کے حامل انشوررز کے ساتھ معاہدے طے کر رکھے ہیں۔ فروغ پاتے ہوئے پورٹ فولیوز کے پیشِ نظر، کمپنی نے تمام کاروباری درجوں میں معاہدے کی گنجائشوں میں اضافے پر مسلسل توجہ مرکوز کر رکھی ہے۔ سال کے دوران، کمپنی نے ری تکافل موٹر کے درجے کے لیے اپنی قدرتی آفات کی کوریج 300 ملین سے بڑھا کر 500 ملین روپے اور روایتی شعبے کے لیے 900 ملین سے بڑھا کر 1.2 بلین روپے کر دی ہے۔ کمپنی نے زرعی پورٹ فولیو میں بھی شمولیت اختیار کی ہے اور فصلوں اور مال مویشیوں کے لیے معاہدے کی گنجائشوں کے انتظامات کیے ہیں۔ کمپنی نے بائیک کے پورٹ فولیو کے لیے بھی معاہدہ طے کیا ہے۔ کمپنی نے اپنے ایک انتہائی بڑے کسٹمر کی طرف سے مشینری کی خرابی کا کلیم وصول کیا۔ اس کلیم کی مجموعی اور حتمی رقم بالترتیب 35 ملین اور 0.7 ملین روپے تھی۔ اپنے مناسب معاہدہ جاتی اور شعبہ جاتی انتظامات کے باعث، کمپنی نے بہترین کسٹمر سروسز اور کلیم سروسنگ کو یقینی بناتے ہوئے مؤثر طور پر کلیم پر عمل درآمد کرتے ہوئے ادائیگی کی۔

ونڈو تکافل آپریشنز

کمپنی کے ونڈو تکافل آپریشنز (WTO) کا فروغ مسلسل جاری ہے اور سالانہ بنیادوں پر 20.2 فیصد کی نمو کے ساتھ 1,489 ملین روپے (2020: 1,239 ملین روپے) کی کنٹری بیوشنز کو انڈررائٹ کیا ہے۔ آپریٹر فنڈ اور شراکت دار تکافل فنڈ کے مجموعی اثاثوں کی رقم 1,402.8 ملین روپے (2020: 1,270.8 ملین روپے) رہی۔ کمپنی موٹر تکافل مارکیٹ میں مستقل دوسری پوزیشن برقرار رکھے ہوئے ہے۔

دورانِ سال، شراکت دار تکافل فنڈ نے 108.8 ملین روپے کا خسارہ (2020: 90.3 ملین روپے کا اضافہ) ظاہر کیا۔ یہ خسارہ موٹر تکافل پورٹ فولیو میں کلیم کی لاگت میں اضافے کے باعث ہوا۔

ڈائریکٹرز کی رپورٹ

TPL انشورنس لمیٹڈ("کمپنی") کے بورڈ آف ڈائریکٹرز کی جانب سے، میں کمپنی کی سالانہ رپورٹ برائے اختتام سال 31 دسمبر، 2021 پیش کرتے ہوئے انتہائی مسرت محسوس کر رہا ہوں۔

معاشی جائزہ

پاکستان کی معیشت نے مالی سال 2021 کے دوران زبردست کم بیک کرتے ہوئے 5.37 فیصد کی نمو حاصل کی ہے، جو کہ نہ صرف گزشتہ دو سالوں کے مقابلے میں کہیں زیادہ ہے بلکہ اس نے 2.1 فیصد کا ہدف بھی عبور کر لیا ہے جس کی بنیادی وجہ Covid-19 کے بحران میں کیے جانے والے پالیسی اقدامات ہیں۔ تاہم، 2021 کی چوتھی سہ ماہی سے، پالیسی کے ان فیصلوں میں تبدیلی دیکھی گئی اور 2021 کے اختتام تک شرح سود 9.75 فیصد تک پہنچ گئی جو کہ مالی سال 2022 میں نمو پر اثر انداز ہو سکتی ہے۔

سال کی ابتدائی تین سہ ماہیوں میں کم شرح سود کے باعث، آٹو انڈسٹری نے کاروں کی فروخت میں سال بہ سال ۹۱ فیصد کی شاندار نمو حاصل کی تھی۔ تاہم، شرح سود میں اضافے، اور سال کے آخری حصے میں گاڑیوں کی فنانسنگ پر متعارف کروائی گئی پابندیوں کے باعث، 2022 کے دوران بڑے پیمانے کے مینوفیکچرنگ سیکٹر میں گروتھ متاثر ہو سکتی ہے۔

بیرونی اکاؤنٹ کے محاذ پر، پاکستان نے سال کے ابتدائی چار ماہ کے دوران کرنٹ اکاؤنٹ میں سرپلس حاصل کیا۔ تاہم، درآمدات میں نمایاں اضافے، خام تیل کی عالمی قیمتوں میں اضافے، اور اس کے برعکس انتہائی پست برآمدات اور ترسیلات کے باعث کرنٹ اکاؤنٹ منفی صورت اختیار کرتا چلا گیا۔ نتیجتاً، سال کے اختتام پر پاکستانی روپے کی قدر 10.6 فیصد سے کم ہو کر 176.7 روپے فی امریکی ڈالر تک جا پہنچی، جو کہ سال کے آغاز میں 159.8 روپے فی امریکی ڈالر تھی۔

کاروباری جائزہ

مجموعی رٹن پریمیم

سال	مجموعی رٹن پریمیم	اضافے کی شرح
2015	1,635.5	34%
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	2,746.9	10%
2021	3,284.0	20%

کمپنی کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے اپنے نتائج مشترکہ بنیادوں پر رپورٹ کرنے کی اجازت دی گئی ہے یعنی روایتی اکاؤنٹس کو تکافل اکاؤنٹس سے ترتیب کی بنیاد پر ملایا گیا ہے۔ اس اقدام سے مجموعی طور پر کمپنی کی کارکردگی کا حقیقی عکس نمایاں ہوتا ہے۔ جو کہ سرمایہ کاروں کے نقطہ نظر سے بھی بہت اہمیت کا حامل ہے۔

دورانِ سال، کمپنی نے سالانہ بنیاد پر 20 فیصد ترقی کے ساتھ 3,284 ملین روپے کا مجموعی رٹن پریمیم حاصل کیا۔ اس پریمیم میں کمپنی کے ونڈو تکافل آپریشنز کی جانب سے حاصل کردہ کنٹری بیوشن شامل ہے جس کی مالیت 1,489.9 ملین روپے ہے (2020 میں 1,239 ملین روپے)۔

حکومتِ پاکستان کی جانب سے حصولِ استحکام کے لیے کیے گئے اقدامات، بشمول کم شرح سود نے آٹو سیکٹر کو مضبوط کیا اور گاڑیوں کی فروخت میں شاندار نمو دیکھنے میں آئی۔ پاکستان آٹوموٹیو مینوفیکچررز ایسوسی ایشن کے اعداد و شمار کے مطابق، گاڑیوں کی فروخت 2021 میں بڑھ کر 199,000 یونٹس ہو گئی جو کہ 2020 میں 104,000 یونٹس تھی۔ چنانچہ کمپنی نے گاڑیوں کے پورٹ فولیو میں سال بہ سال 17.5 فیصد کی نمو حاصل کی۔

سال 2021 کے دوران، کمپنی نے دیگر کاروباری شعبوں میں بھی اپنے قدم جمانے کا عمل جاری رکھا۔ فائر پورٹ فولیو نے 312.6 ملین روپے کے ساتھ 32 فیصد کی نمو حاصل کی (2020 میں 236.9 ملین روپے) جبکہ میرین اور متفرق درجوں میں بالترتیب 79 فیصد اور 86 فیصد کی گروتھ حاصل ہوئی۔

سال 2021 میں، ہم نے ریٹیل اور کارپوریٹ دونوں شعبوں میں اپنے قدم جمانے کے ساتھ ساتھ ڈیجیٹل منظر نامے پر اپنی توجہ کو مسلسل مبذول رکھا۔ ریٹیل کے شعبے میں، ہم نے تمام

Corporate Office

20th Floor, Sky Tower - East Wing, Dolmen City, HC-3, Block No. 4,
Abdul Sattar Edhi Avenue, Clifton, Karachi.
(021) 111-000-301 info@tplinsurance.com www.tplinsurance.com
insurancetpl tplinsurance tplinsurance