

Premier  Insurance

بميشه كالتو

72nd Annual Report
2023



CONTENTS

	Company Information		Financial Statement (Window Takaful)
	<hr/>		<hr/>
02	Vision/ Mission Statement	92	Auditors' Report to the Members
03	Core Values	99	Annual Shariah Review Report 2023
04	Company Information	100	Statement of Financial Position
06	Our Journey	101	Statement of Profit and Loss
07	Board of Directors	102	Statement of Comprehensive Income
		103	Statement of Changes in Fund
		104	Statement of Cash Flows
		106	Notes to and Forming Part of the Financial Statements
		137	Pattern of Shareholding
		142	Branch Network
		143	Notice of Annual General Meeting Proxy Form
	Investor Information		
	<hr/>		
08	Key Operating and Financial Data		
	Corporate Governance		
	<hr/>		
09	Chairman's Review		
11	Report of the Directors to Members		
20	Statement of compliance with the Code of Corporate Governance for Insurers, 2016		
25	Review Report on the Statement of Compliance with Code of Corporate Governance		
	Financial Statements		
	<hr/>		
26	Auditors' Report to the Members		
34	Statement of Financial Position		
35	Statement of Profit and Loss		
36	Statement of Comprehensive Income		
37	Statement of Changes in Equity		
38	Statement of Cashflows		
40	Notes to and Forming Parts of the Financial Statements		



Vision Statement

Our vision is to be the first choice company for all stakeholders, while achieving the stature of the market leader in the general insurance industry of Pakistan.



Mission Statement

Our mission is to be a professionally managed and financially sound, top general insurance company. Premier Insurance strives to work in the interest of all stakeholders including our clients, employees, reinsurers, shareholders and the nation.



CORE VALUES

Professionalism

Our clients deserve the best service. Premier Insurance guarantees that it remains Pakistan's first choice insurer by hiring highly competent, intelligent and skilled management to be able to best facilitate our client's needs.

Empathy

We are in the business of providing security because we understand our clients' apprehension when their valuable assets are at risk. With empathy, we are able to not only provide professional service but personalised service because we understand you.

Integrity

Premier Insurance upholds its integrity by being upright, honest and candid in all its dealings. With integrity, we foster trust by our clients in the company.

Tradition

Premier Insurance is Pakistan's first insurer and we have a long and proud tradition of promptly settling claims and providing exemplary service since 1952. The company was conceived for the service of the nation and till today we stand steadfastly by our founding principles which has helped us develop relationships lasting generations.



COMPANY INFORMATION

Board of Directors

Mr. Khalid Bashir
(Chairman)
Mr. Imran Maqbool
Mr. Ahsan Bashir
Mr. Attaullah A. Rasheed
Mr. Sharik Bashir
Mr. Salman Rafi
Mrs. Rukhsana Saleem

Audit Committee

Mrs. Rukhsana Saleem
(Chairman)
Mr. Imran Maqbool
(Member)
Mr. Ahsan Bashir
(Member)
Mr. Rao Ali Zeeshan
(Secretary)

Investment Committee

Mr. Ahsan Bashir
(Chairman)
Mr. Nadeem Maqbool
(Member)
Mr. Imran Maqbool
(Member)
Mr. Attaullah A. Rasheed
(Member)
Mr. Amjed Bahadur Ali
(Secretary)

Chief Executive Officer

Mr. Nadeem Maqbool

Chief Financial Officer

Mr. Amjed Bahadur Ali

Company Secretary

Mr. Fariq Mahmood Khan Rohilla

Ethics, Human Resource, Remuneration & Nomination Committee

Mr. Salman Rafi
(Chairman)
Mr. Sharik Bashir
(Member)
Mr. Nadeem Maqbool
(Member)
Mrs. Rukhsana Saleem
(Member)
Mrs. Niina Afridi
(Secretary)

Claim Settlement Committee

Mr. Imran Maqbool
(Chairman)
Mr. Nadeem Maqbool
(Member)
Mr. Ahsan Bashir
(Member)
Mr. Hasan Mustafa
(Secretary)

COMPANY INFORMATION

Underwriting Committee

Mr. Attaullah A. Rasheed
(Chairman)
Mr. M.K.Baig
(Member)
Mr. Afzal Ur Rehman
(Member)
Mrs. Humera Jawaid
(Secretary)

Risk Management & Compliance Committee

Mr. Nadeem Maqbool
(Chairman)
Mr. Sharik Bashir
(Member)
Mr. Amjed Bahadur Ali
(Member)
Mrs. Niina Afridi
(Secretary)

Registrar

FAMCO Share Registration Services
(Pvt) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.

P : (21) 34380101-2
F : (21) 34380106
E : www.famcosrs.com

Reinsurance & Co-Insurance Committee

Mr. Sharik Bashir
(Chairman)
Mr. Afzal Ur Rehman
(Member)
Mr. Ali Muhammad
(Secretary)

Auditors

BDO Ibrahim & Co, Chartered
Accountants.

Legal Advisors

Arfin & Company Advocates

Registered & Head Office

5th Floor, State Life Building No.2A
Wallace Road, Karachi-74000,
Pakistan.

P : (21) 32416331-4
F : (21) 32416572
E : info@pil.com.pk
W : www.pil.com.pk

OUR JOURNEY

1952 - Zahid Hussain, the 1st Governor of the State Bank of Pakistan brought together leading industrialists of the newly established country realising the need for a Pakistani insurer - a crucial component for a young, burgeoning economy. This event set into motion the conception of Premier Insurance, a company with a vision to serve the nation.

Today, the company remains steadfast by its founding principles. It is a leading insurer listed on the Karachi, Lahore and Islamabad Stock Exchanges having earned numerous Top Companies' Awards. Premier Insurance is a member of the Insurance Association of Pakistan, a member of the Management Association of Pakistan and is licensed by the Securities and Exchange Commission of Pakistan.

Our business spans the country, provides services to clients across all economic sectors and offers products in all classes of general insurance. Premier Insurance employs exceedingly proficient management that enables the company to remain competitive, growing and at the cutting edge of technology.

It is our historical practice of striving to achieve prompt settlement of even the largest claims that has allowed us to build relationships lasting generations, with some of the oldest institutions of Pakistan, and attract new clients seeking to prosper in the modern economy.

With our values firmly anchored in our founders' objective of serving the nation, we are committed to maintaining and forever building upon our tradition of excellence in all that we do.

Board Of Directors



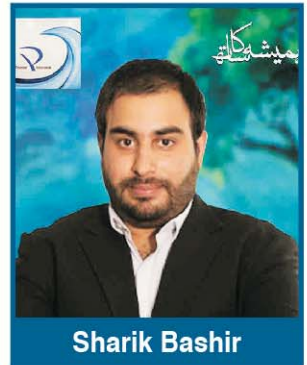
Nadeem Maqbool



Imran Maqbool



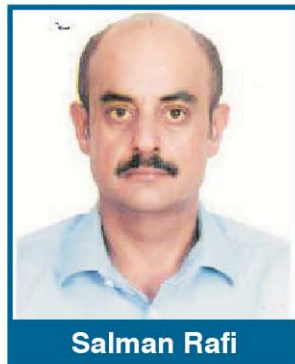
Ahsan Bashir



Sharik Bashir



Attaullah A Rasheed



Salman Rafi



Rukhsana Saleem

Premier Insurance is a stalwart of the insurance industry of Pakistan. As the first company created after the independence of Pakistan, the company has for long been a trusted partner for her clients, and an anchor institution that has thrived through the history of this nation. Boasting a strong balance sheet and maintaining our reputation of trust and reliability, we are confident that the company will continue to be a partner of choice for the leading businesses of Pakistan.

With the combined efforts of our new team and the old trusted faces that have been with us through decades, we believe that Premier Insurance will push boundaries and expand business rapidly throughout the nation. Given the positive economic climate, improved security, greater foreign investment and growing middle class, we feel the company is well-poised to succeed in a revitalised Pakistan. The company will continue to innovate, continue to provide creative solutions to protect our clients from risks and continue to be a model of exemplary service in the years to come. May Premier Insurance and Pakistan prosper always.



Khalid Bashir
Chairman

KEY OPERATING AND FINANCIAL DATA

	2023	2022	2021	2020	2019	2018
Paid-up capital	505,650	505,650	505,650	505,650	505,650	505,650
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	422,071	330,088	807,058	811,584	631,698	687,314
Total reserves	441,746	349,763	826,733	831,259	651,373	706,989
Total equity	947,396	855,413	1,332,383	1,336,909	1,157,023	1,212,639
Total assets	2,615,861	2,843,926	3,479,358	3,249,280	2,975,300	3,163,733
Premium written (Including Takaful Contribution)	700,140	775,187	770,470	607,425	633,067	685,474
Premium written	515,683	606,816	602,428	532,726	501,364	535,977
Net premium	314,859	288,183	246,737	195,194	223,329	290,309
Investment income	45,685	(3,651)	151,791	22,366	(135,584)	42,937
Impairment of financial assets	-	(49,546)	(9,397)	(26,996)	(167,430)	(75,581)
Profit / (loss) before taxation	16,277	(183,075)	(19,311)	(110,036)	(274,655)	53,390
Profit / (loss) after taxation	7,938	(190,265)	(27,534)	(117,112)	(239,761)	44,822
Return on equity*(%)	0.88%	-17.39%	-2.06%	-9.39%	-20.24%	3.74%
Book value per share**(Rs.)	18.74	16.92	26.35	26.44	22.88	23.98
Earnings / (loss) per share** (Rs.)	0.16	(3.76)	(0.54)	(2.32)	(4.74)	0.89
Cash dividend (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Stock dividend (Bonus - %)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CHAIRMAN'S REVIEW

It is my pleasure to present the 72nd Annual Report of your Company.

The Year 2023 was a year of severe macroeconomic stress, the country had faced unprecedented challenges, a rapidly declining Rupee, import prioritization and record interest rates, threatening of defaults, and political uncertainty; all reflected in a weak GDP growth of 0.3%. Headline inflation peaked at 38% as compared to 25.4% in the same period last year. Foreign exchange reserves had reached precarious levels at the end of FY'23. However, the signing of the IMF's Standby Arrangement and the release of the first tranche, along with the support from friendly countries, provided the immediate boost to reserves. The first half of FY'24 has seen more stability and some emerging signs of growth, led by a rebound in agriculture.

The Large-Scale Manufacturing Index declined marginally Year over Year. Despite the global downturn, exports increased by 7.5%. Consequently, the trade deficit for H1FY'24 narrowed by 35% to USD 9.9 billion, with a current account surplus in Dec'23. The momentum in the industrial sector is expected to pick up in H2FY'24 and a 2-3% GDP growth forecast for FY'24 remains on track. Tax revenue rose by 30%, with FBR collection reaching Rs 4.5 trillion as the Government continued to increase taxes on existing payers rather than widening the tax base. The KSE-100 index increased by 35% in Q4 of 2023 alone, finishing at 62,451 in December 2023, up 55% for the year.

Operations

During the period under review, the Company's performance has shown some improvement and the management is continuing its efforts to improve further. During 2023, the GWP has declined and Net premium has increased by 9%. On the investment side, the company earned Investment income of Rs. 45.684 million compared to loss of Rs. (3.65) million in the same period last year. The profit before tax was Rs. 16.28 million as against loss of Rs. (183.07) million and profit after taxation was Rs. 7.94 million as compared to loss after tax Rs. (190.26) million of last year.

The Company's Window Takaful Operations reported a gain of 10% in gross written contribution during the year 2023. The overall claim ratio reduced by 25% as compared to last year due to which Takaful Operation reported profit before taxation to Rs. 11.35 million as against loss of Rs. (7.37) million of last year.

By fostering trust with its long-standing clientele and concentrating on both new and old products, Premier Insurance is making a concerted effort to improve stakeholder value. A more effective management structure is being implemented as they continue cost-cutting and restructuring initiatives. We understand that in the current global order, staying competitive is essential, and we will keep working towards this goal in order to help the company increase shareholder returns and become a market leader. The Company will continue to fortify its relationships with its customers and work in tandem with them to meet their demands. The management of the Company is committed to enhancing performance in the upcoming years.

I wish to place on record my appreciation and gratitude for the support received by the Company from Board of Directors, the Securities and Exchange Commission of Pakistan. I would also like to thank the field force, officers and staff of the Company for the dedicated efforts and all our stakeholders.

Khalid Bashir
Chairman

چیمبرین کا جائزہ

میں 72 ویں سالانہ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

سال 2023 شدید معاشی دباؤ کا سال تھا، ملک کو غیر معمولی دشواریوں جیسے روپے کی قدر میں گراؤ، درآمدات میں مسلط ترجیحات اور بلند ترین شرح سود، ملکی نادر ہندگی کا خطرہ اور غیر یقینی سیاسی صورتحال کا سامنا رہا جن کی وجہ سے GDP میں انتہائی معمولی 0.3 فیصد اضافہ ہوا۔ گزشتہ سال ملکی زرمبادلہ کے ذخائر کم ترین سطح پر پہنچ گئے۔ تاہم IMF کے عارضی معاہدے پر دستخط اور چلی قسط کی ادائیگی کے ساتھ ساتھ دوست ممالک کے تعاون سے زرمبادلہ کے ذخائر میں فوری اضافہ ہوا۔ FY24 کی پہلی ششماہی میں مزید استحکام دیکھنے میں آیا اور زراعت میں بحالی کی وجہ سے نمو کی کچھ علامات نظر آئیں۔

بڑے پیداواری شعبے کے انڈیکس میں سال بہ سال کمی ہوئی ہے۔ عالمی سست روی کے باوجود برآمدات میں 7.5 فیصد اضافہ ہوا۔ جس کے نتیجے میں H1FY'24 میں ملکی تجارتی خسارہ 35 فیصد کم ہو کر 9.9 بلین روپے رہ گیا، یعنی دسمبر 2023 میں رواں کھانہ منافع میں رہا۔ صنعتی شعبے کی موجودہ روانی سے توقع ہے کہ H2FY'24 میں اضافہ ہوگا اور FY'24 میں جی ڈی پی 3-2 فیصد رہنے کی پیش گوئی کے ساتھ اپنی ڈگر پر واپس آجائے گی۔ ٹیکس محصولات میں 30 فیصد اضافہ ہوا یعنی FBR کے محصولات 4.5 ٹریلین روپے پہنچ گئے کیونکہ حکومت نے ٹیکس دہندگان کا حلقہ وسیع کرنے کے بجائے موجودہ ٹیکس دہندگان پر ٹیکس کی شرح میں اضافہ کیا۔ صرف 2023 کی چوتھی سہ ماہی میں KSE-100 انڈیکس میں 35 فیصد اضافہ ہوا جو کہ دسمبر 2023 میں 62,451 پر بند ہوا ایک ہی سال میں 55 فیصد اضافہ ہوا۔

آپریٹنرز

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی میں کچھ بہتری آئی اور انتظامیہ اس میں مزید بہتری کے لئے مسلسل کوششیں کر رہی ہے۔ 2023 کے دوران GWP میں کمی ہوئی اور خالص پریمیوم میں 9 فیصد اضافہ ہوا۔ سرمایہ کاری کی جانب دیکھا جائے تو کمپنی کو 45.684 بلین روپے کی سرمایہ کاری آمدنی ہوئی ہے جبکہ گزشتہ سال اسی مدت میں (3.65) بلین کا خسارہ ہوا تھا۔ منافع قبل از ٹیکس 16.28 بلین روپے رہا جو کہ گزشتہ سال (183.07) بلین روپے خسارہ تھا اور منافع بعد از ٹیکس 7.94 بلین روپے رہا جبکہ گزشتہ سال (190.26) بلین روپے خسارہ تھا۔

کمپنی کے ونڈو کنفل آپریٹرز کے خام تحریر شدہ کنٹریبیوشن میں سال 2023 کے دوران 10 فیصد اضافہ ہوا ہے۔ کلیم کی مجموعی شرح میں گزشتہ سال کی نسبت 25 فیصد کمی ہوئی جس کی وجہ سے کنفل آپریٹرز سے منافع قبل از ٹیکس 11.35 بلین روپے رہا جبکہ گزشتہ سال (7.37) بلین روپے کا خسارہ تھا۔ ہمارے دیرینہ گاہکوں کے ہم پر اعتماد اور نئی اور موجودہ دونوں مصنوعات پر توجہ مرکوز کرتے ہوئے پریمیر انشورنس متعلقین کی قدر میں اضافہ کے لئے ٹھوس کوشش کر رہی ہیں۔ لاگت میں مسلسل کمی اور از سر نو ساخت بندی کیلئے ایک موثر انتظامی ساخت نافذ کی جا رہی ہے۔ ہم موجودہ عالمی منظر نامہ کو سمجھتے ہیں اس لئے مسابقت پذیر رہنا انتہائی ضروری ہے اور ہم اس مقصد پر کام کرتے رہیں گے تاکہ کمپنی کے حصص یافتگان کے منافع میں اضافہ ہو اور ہم مارکیٹ میں سرفہرست بن جائیں۔ کمپنی اپنے گاہکوں کے ساتھ تعلقات کو مسلسل مضبوط کرے گی اور ان کی طلب کو پورا کرنے کے لئے کام کرے گی۔ کمپنی کی انتظامیہ آنے والے سالوں میں اپنی کارکردگی کو مزید بہتر بنانے کے لئے کوشاں ہے۔

میں اس موقع پر بورڈ آف ڈائریکٹرز، سیکورٹیز اینڈ اینڈیجمنٹیشن آف پاکستان کی جانب سے کمپنی کو موصول ہونے والے تعاون پر اپنی ستائش کرتا ہوں اور ان کا مشکور ہوں۔ میں کمپنی کی فیلڈ فورس، افسران اور ملازمین کی کوششوں اور تمام متعلقین کا بھی مشکور ہوں۔

خالد بشیر

چیمبرین

REPORT OF THE DIRECTORS TO MEMBERS

The Directors of your Company are pleased to present the 72nd Annual Report of the Company together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2023.

Economic Situation

During the Financial year 2023, Pakistan's economy declined, with GDP growth registered at a minimal 0.29% as against (6% - 2022). The country was faced with macroeconomic imbalances as well as severe domestic inflationary and fiscal pressures. In addition, there was exchange rate instability and high interest rates which led to an increasing cost of business. Due to these reasons, industrial activity remained under pressure. Despite challenges, the projections for the current year are optimistic and because of fiscal consolidation efforts, Pakistan's economic growth for FY 2024 is estimated at 2.4% the equity markets started to perform well in the 4th quarter of the period under review and the 100 index closed at 62,451 points at the year end.

Performance Review

Following is the overall performance of the Company for the year ended December 31, 2023

	Conventional		Takaful	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
	----- (Rupees) -----			
Premium / contribution written	515,683	606, 816	184,457	168,371
Net Premium / contribution	314,859	288,183	88,922	90,187
Underwriting Result	(56,972)	(244,433)	3,861	(28,668)
Investment Income /(loss)	45,685	(3,651)	318	34
Profit / (Loss) before taxation	16,277	(183,075)	11,347	(7,367)
Profit / (Loss) after taxation	7,938	(190,265)	-	-
Earnings /(Loss) per share	0.16	(3.76)		

Conventional Operations

The Company's operations showed a lower Gross Written Premium when compared with the corresponding period. Net Premium increased by 9% over the previous year. Motor & Health showed growth of 26% and 18% whereas the Property side depicts a decline. The decline in Marine premium can be attributed to lower imports in the country but this line of business should improve in the coming period. There was decline in Fire business which is attributed to increased Co Insurance due to restrictions on Facultative lines. The overall net claim ratio reduced by 52% as compared to the last year. The company earned Investment income of Rs. 45.684 million compared to loss of Rs. (3.65) million in the same period last year. The profit before tax was Rs. 16.28 million as against loss of Rs. (183.07) million and profit after taxation was Rs. 7.94 million as compared to loss after tax Rs. (190.26) million of last year

REPORT OF THE DIRECTORS TO MEMBERS

Window Takaful Operations

Company's Window Takaful Operations gross contribution showed growth of 10% as compared to the last year. Fire, Marine and Health business increased by 10%, 16% and 26% respectively whereas Motor business remained the same as last year Miscellaneous business was reduced by 25%. The overall net claim ratio reduced by 25% as compared to last year.

Through better risk retention measures and increased efficiency, the claims were controlled and this helped in reducing the underwriting losses. Since the stock market performed well during the year, this has resulted in an increase in investment income to Rs. 45.69 million as against loss of Rs. 3.65 million of last year. During the period under review, the cost of living was high on the back of rising inflation and currency devaluation, In spite of these factors general and administrative expenses were almost same as compared to 2022. Other fixed costs are continuously decreasing because various cost control measure that are being reviewed on an ongoing basis.

Appropriation of Profit/ (Loss)

The profit after tax during this year is Rs. 7.94 million as against the loss after tax of Rs. (190.27) million of last year.

Credit Rating

Your Company has been rated by PACRA and has assigned a rating of "A" to the Company.

Annual Evaluation of the Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance.

Future Outlook

Pakistan's economy has seen unprecedented levels of economic stagnation due to a number of challenges, including high interest rates, a depreciating currency, import restrictions, and political unrest. Nevertheless, we aim to intensify our efforts to work as efficiently as possible and benefit our stakeholders in order to meet the company's long-term goals. We intend to remain true to our strategy of focusing on increasing our market share by retaining our current clientele, and research new business opportunities.

Reinsurance/Re Takaful

The major losses which have taken place over the last 2/3 years have made the Reinsurance market very tough with new conditions and higher costs. However, we are happy to report that we have been able to place all our treaties for Conventional and Retakaful with leading international companies such as SAUDI Re, Labuan Re, Labuan Re-Takaful, Tunis Re-Takaful Arab Re, and Kenya Re.

REPORT OF THE DIRECTORS TO MEMBERS

Corporate and Financial Reporting Framework

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

- i. Proper books of accounts have been maintained by the Company.
- ii. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- iii. Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- iv. The system of internal controls is sound in design and has been effectively implemented and monitored.
- v. There is no significant doubt about the Company's ability to continue as a going concern.
- vi. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- vii. Key operating and financial data for the last six years is annexed with the report.
- viii. The value of investments of Provident Fund based on an audited financial statements as at December 31, 2022 was Rs. 74.25 million.
- ix. The statement of pattern of shareholding in the Company as at 31 December 2022 is included with the Report.
- x. During 2023, four meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Meetings attended
Mr. Khalid Bashir - Chairman	4
Mr. Nadeem Maqbool - Chief Executive	4
Mr. Ahsan Bashir	4
Mr. Asadullah Khawaja	4
Mr. Imran Maqbool	4
Mr. Attaullah A Rasheed	3
Mr. Sharik Bashir	3
Ms. Shameen Azfar	1
Ms. Rukhsana Saleem	1
Mr. Salman Rafi	1

Leave of absence was granted to director unable to attend a meeting.

REPORT OF THE DIRECTORS TO MEMBERS

Compliance with the Code of Corporate Governance

A statement of compliance with the Code of Corporate Governance is annexed with this report.

Related Party Transactions

All related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. All related party transactions during the year 2023 were placed before the Audit Committee and the Board for their review and approval. These transactions were reviewed by the Audit Committee and approved by the Board.

Statement of Ethics and Business Practices

The Board has adopted the Statement of Ethics and Business Practices and placed the same on its website. This has been disseminated to all the employees who are required to observe these rules of conduct in relation to business and regulations.

Board of Directors

The Board of Directors consists of seven individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. Except Chief Executive and one director, all the directors of the Company are non-executive directors.

The Board of Directors was reconstituted upon the completion of its term on June 22, 2023 and the following Directors were elected for a term of three years.

Mr. Khalid Bashir - Chairman
Mr. Imran Maqbool
Mr. Ahsan Bashir
Mr. Sharik Bashir
Mr. Attaullah A Rasheed
Mr. Salman Rafi
Mrs. Rukhsana Saleem

Directors' Remuneration Policy

In order to comply with Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company has a policy with respect to the remuneration of Chairman, Chief Executive, Non-Executive, Executive and Independent Directors. The Board of Directors have approved the meeting attending fee for Board, Audit and other committee meetings.

REPORT OF THE DIRECTORS TO MEMBERS

Board Committees

The Board constituted committees as required under the Code of Corporate Governance namely: Audit Committee, Ethics, Human Resource, Remuneration & Nomination Committee, Underwriting, Claims, Reinsurance and Co-insurance, Investment and Risk Management & Compliance Committees. The committees are chaired by members having sound experience in giving strategic direction to the company through these committees. The responsibilities of the committees are defined by Terms of Reference which are set in accordance with the requirements of the Code. All committees have met during the year as required by the Code.

Appointment of Auditors

On the recommendation of the Board's Audit Committee, the Board of Directors has recommended the appointment of M/s. BDO Ebrahim & Co. (Chartered Accountants) as statutory auditors of the company for the next term i.e., year ending on December 31, 2024 for the approval of the members in the AGM.

Acknowledgement

We would like to thank our valued customers for their continued patronage and support and to our Re-Insurers, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

On behalf of the Board

Chairman

CEO/Director

Karachi, Dated: March 21, 2024

بورڈ کے معاوضہ کی پالیسی

لنڈیکینیٹر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے کمپنی کے پاس چیئرمین، چیف ایگزیکٹو، نان ایگزیکٹو، ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ سے متعلق ایک پالیسی ہے۔ بورڈ آف ڈائریکٹرز نے بورڈ، آڈٹ اور دیگر کمیٹیوں کے اجلاس میں شرکت کے لئے فیس منظور کی ہے۔

بورڈ کی کمیٹیاں

بورڈ نے کوڈ آف کارپوریٹ گورننس کے تقاضوں کے تحت درج ذیل کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی، اینٹیکس، ہیومن ریسورس، ریویژن اینڈ نوٹیفیکیشن کمیٹی، انڈر رائٹنگ کمیٹی، ری انشورنس اینڈ گوانٹورنس، انویسٹمنٹ اینڈ رسک مینجمنٹ اور کمپلائنس کمیٹیاں۔ ان کمیٹیوں کے چیئرمین ایسے ممبران ہیں جو کمپنی کو ان کمیٹیوں کے ذریعے راہنمائی فراہم کرنے کے لئے ضروری تجربہ رکھتے ہیں۔ کمیٹیوں کی ذمہ داریوں کو ضابطہ کے تقاضوں کو ملے کیا گیا ہے۔ ضابطہ کے تحت سال کے دوران تمام کمیٹیوں کے اجلاس ہوئے۔

آڈیٹرز کی تقرری

بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز BDO ابراہیم اینڈ کو (چارٹرڈ اکاؤنٹنٹس) کی اگلی مدت یعنی 31 دسمبر 2024 کو ختم ہونے والے سال کے لئے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے جس کی منظوری AGM میں ممبران سے لی جائے گی۔

خراج تحسین

ڈائریکٹران ہمارے قابل قدر گاہکوں کی مسلسل سرپرستی اور تعاون اور ری انشورنس، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی راہنمائی اور مدد کے شکر گزار ہیں۔

آپ کے ڈائریکٹران کمپنی کے افسران، فیلڈ فورس اور ملازمین کی کوششوں پر انہیں ستائش پیش کرتے ہیں جنہوں نے کمپنی کی نمو اور اس کے کاروبار کی مسلسل کامیابی میں معاونت کی۔

منجانب بورڈ

.....

سی ای او/ڈائریکٹر

.....

چیئرمین

کراچی مورخہ 21 مارچ 2024

حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام
4	مسٹر خالد بشیر - چیئر مین
4	مسٹر ندیم مقبول - چیف ایگزیکٹو
4	مسٹر احسن بشیر
4	مسٹر اسد اللہ خواجہ
4	مسٹر عمران مقبول
3	مسٹر عطاء اللہ اے رشید
3	مسٹر شارق بشیر
1	مسز شامین اظفر
1	مسز رخسانہ سلیم
1	مسٹر سلمان رفیع

جو ڈائریکٹر حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

کوڈ آف کارپوریٹ گورننس کی پاسداری

کوڈ آف کارپوریٹ گورننس کی پاسداری کا بیان اس رپورٹ میں منسلک کیا گیا ہے۔

لمحظہ فریقین کے ساتھ سودے

لمحظہ فریقین کے ساتھ سودے عمومی طریقہ کار کے تحت یکساں بنیاد پر اوکٹینیز ایکٹ 2017 کی لاگو شدہ کی پاسداری کرتے ہوئے انجام پائے۔ سال 2023 کے دوران لمحظہ فریقین کے ساتھ سودوں کو آڈٹ کمیٹی اور بورڈ کے روبرو جائزہ اور منظوری کے لئے پیش کیا گیا۔ ان سودوں کا جائزہ آڈٹ کمیٹی نے لیا اور ان کی منظوری بورڈ نے دی۔

اخلاقیات اور کاروباری طور طریقوں سے متعلق بیان

بورڈ نے اخلاقیات اور کاروباری طور طریقوں پر مشتمل بیان کو اختیار کیا ہے اور اسے اپنی ویب سائٹ پر ڈال دیا ہے۔ اسے تمام ملازمین میں تقسیم کر دیا گیا ہے جن کے لئے ضروری ہے کہ کاروبار اور ضوابط سے متعلق کاموں میں ان اصولوں پر عمل کریں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز سات افراد پر مشتمل ہے جو کہ کمپنی کی نگرانی اور کلیدی رہنمائی کے لئے درکار علم، تجربے اور مہارت کے حامل ہیں۔ چیف ایگزیکٹو اور ایک ڈائریکٹر کے سوا کمپنی کے تمام ڈائریکٹران نان ایگزیکٹو ڈائریکٹران ہیں۔

22 جون 2023 کو مدت مکمل ہونے پر بورڈ کی از سر نو تشکیل بندی ہوئی ہے اور درج ذیل ڈائریکٹران تین سال کی مدت کے لئے منتخب ہوئے ہیں:

- مسٹر خالد بشیر - چیئر مین
- مسٹر عمران مقبول
- مسٹر احسن بشیر
- مسٹر شارق بشیر
- مسٹر عطاء اللہ اے رشید
- مسٹر سلمان رفیع
- مسز رخسانہ سلیم

لاگت میں اضافہ ہوا۔ ان تمام عوامل کے باوجود عمومی اور انتظامی اخراجات تقریباً وہی رہے جو کہ 2022 میں تھے۔ لاگت کنٹرول کرنے کے مختلف اقدامات کے جاری مسلسل جائزے کی وجہ سے دیگر اخراجات میں مسلسل کمی آ رہی ہے۔

منافع کے مصارف

سال کے دوران منافع بعد از ٹیکس 7.94 بلین روپے رہا جبکہ گزشتہ سال (190.27) بلین روپے کا خسارہ بعد از ٹیکس ہوا تھا۔

کریڈٹ ریٹنگ

آپ کی کمپنی کی ریٹنگ PACRA کرتی ہے۔ PACRA نے آپ کی کمپنی کو "A" ریٹنگ سے نوازا ہے۔

بورڈ کی کارکردگی کی سالانہ تشخیص

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے تحت بورڈ نے اپنی کارکردگی کی تشخیص کے لئے ایک نظام تشکیل دیا ہے۔

مستقبل کی پیش بینی

پاکستان کی معیشت کو کئی ایک دشواریوں بشمول بلند شرح سود، گرتی ہوئی کرنسی، درآمدات پر پابندیاں اور سیاسی بے چینی کی وجہ سے غیر معمولی سطح کے معاشی جمود کا سامنا ہے۔ تاہم ممکنہ حد تک ہم اپنی کام کی کارکردگی کو بہتر بنانے کی کوششوں کو تیز کر سکیں گے اور متعلقین کے مفاد میں کمپنی کے طویل مدتی اہداف حاصل کریں گے۔ موجودہ گاہکوں کو برقرار رکھنے ہونے اور نئے کاروباری مواقعوں کو تلاش کر کے ہم مارکیٹ میں اپنا حصہ بڑھانے کی حکمت عملی کو اپنانے کرنے کا ارادہ رکھتے ہیں۔

ری انشورنس

جو بڑے نقصانات رونما ہوئے ہیں ان میں گزشتہ 2/3 سال سے ری انشورنس کی مارکیٹ نئی شرائط اور بلند لاگتوں کی وجہ سے بہت مشکل ہو گئی ہے۔ تاہم یہ بتاتے ہوئے ہم اظہار مسرت کرتے ہیں کہ ہم سرفہرست عالمی کمپنیوں جیسے سعودی ری، لائبرٹی ری، لائبرٹی ری تکافل، تیونس ری تکافل عرب ری اور کینیڈا ری کے ساتھ روابط جاری اور دہرے تکافل کے لئے معاہدے کرنے میں کامیاب ہو گئے ہیں۔

ادارتی مالیاتی رپورٹنگ

کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج، کیش فلوا، ٹینٹمنٹ اور ایکویٹی میں تبدیلی کو شفاف طور پر پیش کرتے ہیں۔

- i کمپنی کے کھاتوں کی کتابیں معقول انداز میں رکھی گئی ہیں۔
- ii کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ معقول حساباتی پالیسیاں اختیار کی گئی ہیں اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔
- iii منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور کسی بھی انحراف کو درست انداز میں منکشف کیا گیا ہے۔
- iv اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔
- v کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی ٹیک و شبہ نہیں ہے۔
- vi کاروباری نظم و نسق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے سے کوئی بڑا انحراف نہیں ہوا۔
- vii گزشتہ چھ سالوں کے کاروباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔
- viii سرمایہ کاری کی مالیت کی بنیاد پر ویڈنٹ فنڈ کے آڈٹ شدہ مالیاتی گوشوارے تختہ 31 دسمبر 2022 کے مطابق 74.25 بلین روپے ہیں۔
- ix کمپنی کی حصص داری کی ساخت کا گوشوارہ برائے 31 دسمبر 2022 رپورٹ میں شامل کیا گیا ہے۔
- x 2023 کے دوران بورڈ کے پانچ اجلاس ہوئے، ہر سہ ماہی میں کم از کم ایک اور ان میں حاضری درج ذیل رہی:

ممبران کے لئے ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران کمیٹی کی 72 ویں سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال 31 دسمبر 2023 پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

معاشی صورتحال

مالیاتی سال 2023 کے دوران پاکستان کی معیشت میں تنزلی رہی جس سے GDP میں نمونہ ترین سطح 0.29 فیصد (2022 میں 6 فیصد) پر رہی۔ ملک کو معاشی عدم توازن کے ساتھ شدید افراط زر اور مالیاتی دباؤ کا سامنا رہا۔ اس کے علاوہ زرمبادلہ کی شرح میں عدم استحکام اور بلند شرح سود کی وجہ سے کاروبار کی لاگت میں اضافہ ہوا۔ ان وجوہات کے نتیجے میں صنعتی سرگرمی دباؤ میں رہیں۔ ان دشواریوں کے باوجود موجودہ سال کے امکانات حوصلہ افزاء ہیں اور مالیاتی انجام دہی کو دشواری کی وجہ سے FY 2024 میں پاکستان کی معاشی نمونہ میں 2.4 فیصد کا تخمینہ لگایا گیا ہے کیونکہ اسٹاک ایکسچینج نے 4 ماہی یعنی زیر جائزہ مدت میں اچھی کارکردگی دکھائی ہے اور سال کے اختتام پر 100 انڈیکس 62,451 پوائنٹس پر بند ہوا۔

کارکردگی کا جائزہ

اختتام پذیر سال 31 دسمبر 2023 میں کمپنی کی مجموعی کارکردگی درج ذیل رہی:

روایتی		مکافل		
31 دسمبر 2023	31 دسمبر 2022	31 دسمبر 2023	31 دسمبر 2022	
(روپے '000 میں)				
515,683	606,816	184,457	168,371	تحریری شدہ پر بیمہ / کٹری بیوشن
314,859	288,183	88,922	90,187	خالص پر بیمہ / کٹری بیوشن
(56,972)	(244,433)	3,861	(28,668)	ذمہ دہی کے نتائج
45,685	(3,651)	318	34	سرمایہ کاری آمدن / (خسارہ)
16,277	(183,075)	11,347	(7,367)	منافع / خسارہ قبل از ٹیکس
7,938	(190,265)	-	-	منافع / خسارہ بعد از ٹیکس
0.16	(3.76)			فی حصص آمدن / خسارہ

روایتی آپریشنز

ان آپریشنز کا خاتمہ تحریر شدہ پر بیمہ گزشتہ مدت کی بہ نسبت کم رہا۔ گزشتہ سال کی بہ نسبت خالص پر بیمہ میں 9 فیصد اضافہ ہوا۔ موثر اور صحت بیمہ میں بالترتیب 26 فیصد اور 18 فیصد نمو ہوئی جبکہ جائیداد کی طرف کی دیکھی گئی۔ میرین پر بیمہ میں کمی کی وجہ ملک میں درآمدات میں کمی تھی لیکن آنے والی مدت میں اس نوعیت کے کاروبار میں بہتری آئے گی۔ آتشزدگی کے بیمہ میں کمی کی وجہ فی کلیموں لائنوں پر پابندی کے نتیجے میں کو۔ انشورنس میں اضافہ سے منسوب ہے۔ گزشتہ سال کی بہ نسبت مجموعی خالص کلیم کی شرح میں 52 فیصد کمی ہوئی۔ کمپنی کو 45.684 ملین روپے کی سرمایہ کاری آمدن ہوئی جبکہ گزشتہ سال اسی مدت میں (3.65) ملین روپے کا خسارہ ہوا تھا۔ منافع قبل از ٹیکس 16.28 ملین روپے رہا جو کہ گزشتہ سال (183.07) ملین روپے رہا اور منافع بعد از ٹیکس 7.94 ملین روپے رہا جو کہ گزشتہ سال (190.26) ملین روپے تھا۔

وڈ ونگافل آپریشنز

کمپنی کے وڈ ونگافل آپریشنز کے خاتمہ کٹری بیوشن میں گزشتہ سال کی بہ نسبت 10 فیصد کمی ہوئی۔ آتشزدگی، میرین اور صحت بیمہ کے کاروبار میں بالترتیب 10 فیصد، 16 فیصد اور 26 فیصد اضافہ ہوا جبکہ موٹر کاروبار گزشتہ سال جتنا ہی رہا۔ منفرق کاروبار میں 25 فیصد کمی ہوئی۔ خالص کلیم کی مجموعی شرح میں گزشتہ سال کی بہ نسبت 25 فیصد کمی ہوئی۔

بیمہ میں درپیش خطرات صحیح جانچنے کے اقدامات اور بہتر کارکردگی کی وجہ سے کلیمز قلیل رہے اور اس سے ذمہ دہی کے خساروں کو کم کرنے میں مدد ملی۔ چونکہ سال کے دوران اسٹاک مارکیٹ کی کارکردگی اچھی رہی اس لئے سرمایہ کاری آمدن بڑھ کر 45.69 ملین روپے رہی جبکہ گزشتہ سال 3.65 ملین روپے کا خسارہ ہوا تھا۔ زیر جائزہ مدت کے دوران بڑھتے ہوئے افراط زر اور کرنسی کی قدر میں کمی کی وجہ سے زندگی گزارنے

Statement of compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Year ended December 31, 2023

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

Premier Insurance Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: 6
 - b. Female: 1
2. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	Mrs. Rukhsana Saleem
Executive Directors	Mr. Salman Rafi
Non-Executive Directors	Mr. Sharik Bashir
	Mr. Khalid Bashir (Chairman)
	Mr. Ahsan Bashir
	Mr. Imran Maqbool
	Mr. Attaullah A. Rasheed

The independent director meets the criteria of independence as laid down under the Code.

The fraction has not been rounded up to one as the Board believes and understands that two (2) independent directors are sufficient and have requisite competencies, skills, knowledge and experience to fulfill their obligations as per requirements of the applicable law and regulations.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, excluding the listed subsidiary of a listed holding company, 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 NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred on the Board during the year 2023.
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct, has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the company.

8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations. These include material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated. The Board has complied with the requirement of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG Regulations, 2019.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
12. All the directors have been provided appropriate material/guidelines on the orientation course as such they are fully aware of their duties and responsibilities. Two of the directors are certified under Directors' training program while other meet the criteria of eligibility having 15 years of experience on the Board of listed companies and 14 years of education as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
13. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The Board had approved the remuneration of Chief Financial Officer, Company Secretary and the Head of Internal Audit Department.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and CCG Regulations, 2019 and fully describes the salient matters required to be disclosed.
15. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before the approval of the Board.
16. The director, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Mr. Attaullah A. Rasheed	Chairman
Mr. Afzal ur Rahman	Member
Mr. M. K. Baig	Member
Ms. Humera Jawaid	Member/Secretary

Claim Settlement Committee;

Name of Member	Category
Mr. Imran Maqbool	Chairman
Mr. Ahsan Bashir	Member
Mr. Nadeem Maqbool	Member
Mr. Hassan Mustafa	Member/Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Sharik Bashir	Chairman
Mr. Afzal ur Rahman	Member
Mr. Ali Muhammad	Member/Secretary

Risk Management & Compliance Committee;

Name of Member	Category
Mr. Nadeem Maqbool	Chairman
Mr. Sharik Bashir	Member
Mr. Amjed Bahadur Ali	Member
Ms. Niina Afridi	Secretary

19. The Board has formed the following Board Committees:

Ethic, Human Resource, Remuneration & Nomination Committee:

Name of Member	Category
Mr. Salman Rafi	Chairman
Mr. Sharik Bashir	Member
Mr. Nadeem Maqbool	Member
Mrs. Rukhsana Saleem	Member
Ms. Niina Afridi	Secretary

Investment Committee:

Name of Member	Category
Mr. Ahsan Bashir	Chairman
Mr. Nadeem Maqbool	Member
Mr. Imran Maqbool	Member
Mr. Attaullah A. Rasheed	Member
Mr. Amjed Bahadur Ali	Secretary

20. The Board has formed an Audit Committee. It comprises of three (3) members of whom one (1) is an independent director and two (2) are non-executive directors. The Chairman of the Committee is an Independent Director.

The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mrs. Rukhsana Saleem	Chairman
Mr. Ahsan Bashir	Member
Mr. Imran Maqbool	Member
Mr. Rao Ali Zeeshan	Secretary

21. The meetings of the Committees, except Ethics, Human Resource, Remuneration & Nomination were held at least once in a half year, Audit Committee meetings were held once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
22. The Board has set up an effective internal audit department which comprises of suitably qualified and experience staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on full time basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, Risk management and grievance functions/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 o(2000):

Name of Person	Designation
Mr. Nadeem Maqbool	Chief Executive Officer
Mr. Amjed Bahadur Ali	Chief Financial Officer
Mr. Fariq M.K Rohilla	Company Secretary
Mr. Sharik Bashir	Executive Director
Ms. Niina Afridi	Compliance Officer
Mr. M. K. Baig	Head of Marketing
Mr. Afzal ur Rahman	Head of Operations
Mr. Rao Ali Zeeshan	Head of Internal Audit
Ms. Humera Jawaid	Acting Head of Underwriting
Mr. Ali Muhammad	Acting Head of Reinsurance
Mr. Hassan Mustafa	Head of Claims

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered 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.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency, on August 25, 2023 is "A".
30. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
31. The Board has set up a grievance function, which fully complies with the requirements of the Code.
32. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

By Order of the Board

Chairman

Chief Executive Officer

Karachi, Dated: March 21, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PREMIER INSURANCE LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of **Premier Insurance Limited** for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations and provision lxxvi of the Code.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code and Regulations as applicable to the Company for the year ended December 31, 2023.

KARACHI

DATED: MARCH 26, 2024

UDIN: CR202310067GeiLKhjTI



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT ON AUDIT OF FINANCIAL STATEMENTS TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **PREMIER INSURANCE LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2023, the profit and loss account, the statement of comprehensive income, cash flows statement, the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information 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, profit and loss account, statement of comprehensive income, the cash flows statement and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the loss and total comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p>Compliance with laws and regulations</p> <p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017, Insurance Rules, 2017 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the insurance business of the Company. The Company is required to comply with a number of these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework; • Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and • Reviewed the Company’s documentation and correspondence with the regulators.
2.	<p>Revenue Recognition - Premium Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 574.517 million representing 3% decrease. This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • 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;

S. No	Key audit matters	How the matter was addressed in our audit
	<p>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 because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<ul style="list-style-type: none"> • 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.
3.	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p>	
	<p>Outstanding claims including IBNR are amounting to Rs. 607.489 million as at December 31, 2023.</p> <p>The outstanding claims including IBNR represented 37.45% of the Company's total liabilities.</p> <p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded; • Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<ul style="list-style-type: none"> • We 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 assessing IBNR; • Assessed of competence, capability and objectivity of management's expert; • Assessed the data provided by the Company to its actuary for completeness and accuracy and assured that the same has been provided to us; and • Considered the adequacy of the Company's disclosures about the estimates used.
4.	Minimum Solvency Requirement	
	<p>The Company has incurred loss after tax for the year amounting to Rs. 3,554 million, and its accumulated losses and equity as at the year-end aggregated to Rs. 1.019 million and Rs. 918.576 million respectively.</p> <p>The Company is required to maintain minimum solvency margins under the requirement of Insurance Ordinance, 2000. Reviewing compliance with the minimum solvency requirements and Company's plans to maintain minimum solvency margins are significant aspects for our audit since it may have an impact on the going-concern assumption used for the preparation of the financial statements. Therefore, we have considered this area as a key audit matter.</p> <p>Refer note 39 to the financial statement for details.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We reviewed and recomputed management's calculation of solvency margin as of December 31, 2023 in accordance with the requirements of insurance Ordinance. 2000; • We evaluated Company's future financial projections and underlying assumptions as approved by the Board, as well as the sensitivity analysis prepared in this context. We assessed the possible mitigating actions identified by management in the event that actual results are below projected results, including utilization of available assets to maintain solvency; and

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> We also assessed the adequacy of the Company's disclosure regarding the status of compliance with minimum solvency requirements and its plans to maintain the future required solvency margins, which are included in note 39 to the financial statements.
5.	Impairment of available for sale investment	
	<p>As disclosed in note 9 to the accompanying financial statements of the Company for the year ended December 31, 2023, the Company has investments in equity securities and units of open-end mutual funds amounting to Rs.701.565 million, which have been classified under the available for sale category, representing 27.11% of total assets of the Company.</p> <p>These investments are valued based on the quoted prices and considered for impairment in case of a significant or prolonged decline in value.</p> <p>We have identified the valuation of investments as a key audit matter due to volatility of share prices during the year, its impact on the financial statements and the management judgements that may be required in making the assessments about the impairment of financial assets.</p> <p>(Refer to notes 3.15 and 8 to the financial statements for relevant disclosures).</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> We reviewed the appropriateness of the accounting policies and practices followed by the Company to recognize impairment of equity investments on the basis of the requirements of the financial reporting standards; We obtained an understanding of the procedures applied by the Company to identify impairments in the equity and mutual fund portfolio and observed the applications of such procedures; We evaluated management's assessments of the indicators for impairment and compared the quoted values of equity investments and net asset values of mutual funds with their cost to check that the Company's policy for impairment is consistently applied and impairment charge is appropriately recognized; We checked the valuations of equity investments on the basis of quoted market prices at the Pakistan Stock Exchange Limited and valuation of mutual funds based on net assets values as at December 31, 2023; and

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> We also assessed the adequacy of the overall disclosures in the financial statements in respect of the equity investment portfolio in accordance with the requirements of the financial reporting framework as applicable to the Company.

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and the 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 Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated April 05, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: MARCH 26, 2024

UDIN: AR202310067VmPCGuoXY



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Assets			
Property and equipment	6	196,594	205,205
Intangible assets	7	543	776
Investment properties	8	346,758	321,317
Investments			
- Equity securities	9	618,023	541,795
- Mutual funds	9	83,542	71,233
Investment in associate	10	259,222	248,436
Loans and other receivables	11	24,852	24,580
Insurance / reinsurance receivables	12	477,430	557,966
Reinsurance recoveries against outstanding claims	24	276,075	489,897
Salvage recoveries accrued		1,397	596
Deferred commission expense	25	21,517	28,694
Taxation - provision less payment		19,478	19,271
Deferred tax asset	13	50,746	50,333
Prepayments	14	81,282	132,702
Cash and bank	15	39,063	53,729
		<u>2,496,522</u>	<u>2,746,530</u>
Total Assets of Window Takaful Operations - Operator's Fund	19	119,339	97,396
Total Assets		2,615,861	2,843,926
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	16.2	505,650	505,650
Reserves	17	1,450,085	1,367,000
Accumulated losses		(1,008,339)	(1,017,237)
Total Equity		947,396	855,413
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	607,489	897,213
Unearned premium reserves	23	273,246	332,080
Premium deficiency reserves		-	3,059
Unearned reinsurance commission	25	12,738	24,251
Retirement benefit obligations	18	6,935	7,742
Lease liabilities	20	3,954	7,972
Insurance / reinsurance payables		469,773	411,414
Other creditors and accruals	21	225,724	238,609
Unclaimed dividends		22,443	22,746
Total Liabilities		1,622,302	1,945,086
		<u>46,163</u>	<u>43,427</u>
Total Liabilities of Window Takaful Operations - Operator's Fund		46,163	43,427
Total Equity and Liabilities		2,615,861	2,843,926
Contingencies and commitments			
	22		

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Net insurance premium	23	314,859	288,183
Net insurance claims	24	(145,465)	(305,162)
Premium deficiency		3,059	(3,059)
Net commission expense and other acquisition costs	25	(22,658)	(9,608)
Insurance claims and acquisition expenses		(165,064)	(317,829)
Management expenses	26	(206,768)	(214,787)
Underwriting results		(56,973)	(244,433)
Investment income / (loss)	27	45,685	(3,651)
Rental income		4,839	4,840
Revaluation gain on investment property		25,441	23,577
Other income	28	6,794	51,088
Other expenses	29	(5,645)	(9,144)
		77,114	66,710
Results of operating activities		20,141	(177,723)
Finance costs - lease liability		(626)	(1,164)
Share of profit from associate		11,172	3,179
Income / (loss) before tax from General Insurance Operations		30,687	(175,708)
Loss before tax from Window Takaful			
Operations - Operator's Fund		(14,410)	(7,367)
Profit / (loss) before tax		16,277	(183,075)
Income tax expense	30	(8,339)	(7,190)
Profit / (loss) for the year		7,938	(190,265)
Profit / (loss) per share - Rupees	31	0.16	(3.76)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Profit / (loss) for the year		7,938	(190,265)
Other comprehensive income / (loss) :			
Items that may be reclassified subsequently to profit & loss account			
Unrealized income / (loss) on available-for-sale investments during the year	36	81,472	(130,965)
Re-measurement of defined benefit plan for the year		960	43
Share of other comprehensive income / (loss) from associated company		1,613	(155,783)
Other comprehensive income / (loss) for the year		84,045	(286,705)
Total comprehensive income / (loss) for the year		91,983	(476,970)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Reserves							Total reserves	Total equity
	Issued, subscribed and paid-up	Capital reserves		General reserve	Revenue reserves		Accumulated losses			
		Reserve for exceptional losses	Devaluation reserve		Revaluation Reserves - Available for sale investments of the Company and associate	Revaluation Reserves - Property and Equipment				
----- Rupees in '000 -----										
Balance as at January 01, 2022	505,650	19,490	185	996,851	601,363	35,859	(827,015)	826,733	1,332,383	
Loss for the year ended December 31, 2022	-	-	-	-	-	-	(190,265)	(190,265)	(190,265)	
Other comprehensive (loss) / income for the year	-	-	-	-	(286,748)	-	43	(286,705)	(286,705)	
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(286,748)	-	(190,222)	(476,970)	(476,970)	
Balance as at December 31, 2022	505,650	19,490	185	996,851	314,615	35,859	(1,017,237)	349,763	855,413	
Balance as at January 01, 2023	505,650	19,490	185	996,851	314,615	35,859	(1,017,237)	349,763	855,413	
Profit for the year ended December 31, 2023	-	-	-	-	-	-	7,938	7,938	7,938	
Other comprehensive income for the year	-	-	-	-	83,085	-	960	84,045	84,045	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	83,085	-	8,898	91,983	91,983	
Balance as at December 31, 2023	505,650	19,490	185	996,851	397,700	35,859	(1,008,339)	441,746	947,396	

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

STATEMENT OF CASHFLOWS

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Operating activities			
a) Underwriting activities			
Insurance premium received		591,761	576,933
Reinsurance premium paid		(147,787)	(286,330)
Claims paid		(638,066)	(653,111)
Reinsurance and other recoveries received		403,103	474,275
Commission paid		(71,636)	(56,106)
Commission received		28,685	44,139
Other acquisition costs paid		(15,599)	(11,790)
Management expenses paid		(207,421)	(178,652)
Net cash used in underwriting activities		(56,960)	(90,642)
b) Other operating activities			
Income tax paid		(8,546)	(5,848)
Other operating receipts		(142)	32,466
Loans advanced, deposits (paid) / received		(425)	25,564
Other liabilities reversed / (paid)		18,671	(28,904)
Total cash generated from other operating activities		9,558	23,278
Total cash used in all operating activities		(47,402)	(67,364)
Investment activities			
Profit / return received		35,647	46,718
Rental received		4,839	4,840
Payment for investments made		(8,746)	(5,837)
Proceeds from investments disposed		1,681	706
Fixed capital expenditure incurred		(609)	(1,199)
Proceeds from sale of property and equipment		2,959	4,480
Total cash generated from investing activities		35,771	49,708
Financing activities			
Finance cost paid		(626)	(1,164)
Dividend paid		(303)	(4)
Payment of lease liability		(2,106)	(3,411)
Total cash used in financing activities		(3,035)	(4,579)
Net cash used in all activities		(14,666)	(22,235)
Cash and cash equivalents at beginning of the year		53,729	75,964
Cash and cash equivalents at end of the year	15	39,063	53,729

STATEMENT OF CASHFLOWS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
Reconciliation to profit and loss account			
Operating cashflows		(47,402)	(67,364)
Depreciation and amortization expense	26	(6,791)	(8,721)
Finance costs		(626)	(1,164)
Gain on sale of operating fixed assets	28	2,139	3,306
Net realized gain on investments	27	2,640	263
Impairment in value of available for sale securities		-	(49,546)
Rental income		4,839	4,840
Dividend income	27	43,784	46,280
Other income	28	4,655	47,783
Share of profit from associate		11,172	3,179
Loss from Window Takaful Operations - Operator's Fund	19	(14,410)	(7,367)
(Decrease) / increase in assets other than cash		(340,287)	(341,714)
Increase / (decrease) in liabilities other than borrowings		322,784	156,383
Gain on revaluation of investment property		25,441	23,577
Profit / (Loss) after taxation		7,938	(190,265)

Definition of cash and cash equivalent

Cash and cash equivalent comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturing 3 months from the date of acquisition.

Cash for the purpose of the statement of cash flows consists of:

Cash and other equivalent

Cash	-	-
Stamps in hand	224	251
	224	251

Current and other accounts

Current accounts	18,222	6,489
PLS account	20,617	46,989
	38,839	53,478

Total cash and cash equivalent

	39,063	53,729
--	---------------	---------------

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Company) was incorporated as a public limited Company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Off. I.I. Chundrigar Road, Karachi. The Company has been allowed to work as Window Takaful Operator since October 02, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

Following are the geographical location and address of all the business units of the Company:

Head office - Registered Office

5th Floor, State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi, Province of Sindh, Pakistan.

Branches

i) Province of Punjab, Pakistan:

- Zonal office, 162 Shadman II, Lahore
- CSD North, 162 Shadman II, Lahore
- Mall Branch, 23 Shahrah-e-Quaid-e-Azam, Lahore
- 4th Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
- 1st Floor, Regency Arcade, 949-Mall Road, Faisalabad
- Block - L, Trust Plaza, G.T Road, Gujranwala

ii) Province of Sindh, Pakistan:

- CSD South Karachi, 5th Floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi
- Clifton Branch, 5th Floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi

iii) Province of Khyber Pakhtunkhwa, Pakistan:

- 1081/A, Rehman Building, Saddar Road, Peshawar

iv) Province of Baluchistan, Pakistan:

- 43-Regal Plaza, 2nd Floor, Circular Road, Quetta

v) Islamabad Capital Territory

- 64-E 2nd Floor, Masco Plaza, Jinnah Avenue, Blue Area, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 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:

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

- International Financial Reporting Standards (IFRS), Interim Financial Reporting (IAS) 34 issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations (WTO) of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

2.1.2 The total assets of Operator Fund of WTO include an amount of Rs.93.903 million (2022: Rs. 71.903 million) being Qard-e-Hasna receivable from Participant Takaful Fund of WTO. 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.

2.1.3 A separate set of financial statements of the Window Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012 & General Takaful Accounting Regulations, 2019.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for available for sale investments & investment property that have been measured at fair value and staff gratuity which is stated at present value.

2.3 Functional and presentation currency

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

2.4 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

2.5 **New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 - Insurance Contracts	January 01, 2026

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards

3. MATERIAL ACCOUNTING POLICIES

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

3.1 Property and equipment

3.1.1 Operating assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account by applying the reducing balance method from the availability of property and equipment to the date of disposal.

Rates of depreciation:

- Computer equipment	30%
- Office equipment, furniture and fixtures	10%
- Motor vehicles	20%

Buildings are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account by applying the straight line method from the availability of assets to the date of disposal.

Rates of depreciation:

- Buildings	5%
-------------	----

Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and replacements are capitalized if they meet the capitalization criteria as per policy.

Gain or loss on disposal of fixed assets is taken to profit and loss account.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.1.2 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment. Transfers are made to operating assets when the assets are available for use as intended by management.

3.1.3 Impairment of operating fixed assets

The carrying amounts of fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the related assets are written down to the estimated recoverable amount and the impairment loss is charged to profit and loss account.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged to profit and loss account by applying the reducing balance method from the dates of available to use to disposal.

Rate of amortization used is 30%.

3.2.1 Impairment of intangible assets

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the related assets are written down to the estimated recoverable amount and the impairment loss is charged to profit and loss account.

3.3 Investment properties

Investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account. The fair value is assessed by the involvement of an individual qualified valuation expert at the end of each reporting date. Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account.

3.4 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Fire and property damage

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their Business activities. These contracts are generally one year contracts except some contracts that are of three months period.

Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

Accident and health

Accident and health insurance contract mainly compensates hospitalization and out-patient medical coverage to the insured. These contracts are generally one year contracts.

Miscellaneous

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normally travel insurance contracts expire within two months time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

3.5 Deferred commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the one by twenty four method.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.6 Unearned premium reserve

The provision for unearned portion of premiums is calculated by applying one by twenty fourths' method, except Marine Insurance for which unearned premium is calculated by applying one by six method as prescribed by Insurance Accounting Regulations, 2017.

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 and commission and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The charge for premium deficiency reserve is recorded in the profit and loss account.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. Further, actuarial valuation has been carried out to determine amount of premium deficiency reserve in respect of health insurance.

Provision has been reversed for Health business as the unearned premium reserve for the class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Re-insurance contracts held

The Company enters into re-insurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-insurance premium is accounted for in the same period as the related premium for the direct or accepted re-insurance business being re-insured.

Re-insurance liabilities represent balances due to re-insurance companies. Amounts payable are estimated in a manner consistent with the related re-insurance contract. Re-insurance assets represent balances due from re-insurance companies. Amounts recoverable from re-insurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-insurance policies and are in accordance with the related re-insurance contracts.

The Company assesses its re-insurance assets for impairment on reporting date. If there is objective evidence that the re-insurance asset is impaired, the Company reduces the carrying amount of the re-insurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

3.9 Reinsurance recoveries against outstanding claims

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

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.10 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premium due but unpaid and claims payable to insurance contract holders.

The company maintains general provision as per the approved policy of board. In addition, if there is objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

Assets, liabilities and capital expenditure, that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, stamps in hand, current and savings accounts and short term deposits with maturity of 3 months or less from date of acquisition.

3.13 Revenue recognition

a) Premium / Underwriting result

Premium written, including administrative surcharge, under a policy is recognized from the date of issuance of the policy to which it relates. Premium on facultative reinsurance accepted is reflected in the financial statements along with direct premium.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The earned premium less reinsurance, claims, commission and allocable expenses of management are reflected in the profit and loss account as the underwriting result.

b) Commission income

Commission income from other insurers / re-insurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any under the terms of reinsurance arrangement is recognized when the company's right to receive the same are established.

c) Investment income

Gain / loss on disposal of investments is taken to the profit and loss account on transaction date.

d) Dividend income

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

e) Return on bank accounts

Return on bank accounts are accounted for on accrual basis.

f) Rental Income

Rental income from investment properties are recognized on accrual basis of accounting.

3.14 Claim

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

Salvage values are recorded based on surveyor reports on accrual basis at the occurrence of claims.

3.15 Investments

3.15.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit and loss - held-for-trading investments in which case the transaction costs are charged to the profit and loss account.

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. Investments are recognized and classified as follows:

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.15.2 Held-for-trading

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss of the period in which it arises.

3.15.3 Held-to-maturity

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

Subsequently, these are measured at amortized cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortized over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

3.15.4 Available-for-sale

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

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the market value. The Company uses Stock Exchange quotations at the reporting date to determine the market value of listed shares. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the date of reporting.

Unquoted

Unquoted investments are recorded at cost less impairment (if any) in accordance with the above requirement.

3.15.5 Recognition / de-recognition of investments

Investments are recognized / derecognized by the Company on the date it commits to purchase / sell the investments.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.15.6 Investment in Associates - Equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost and the carrying amount is adjusted to recognize the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.15.7 Impairment in investments

Impairment is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

3.16 Offsetting of financial assets and liabilities

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

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

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 “Guidelines for Estimation of Incurred but not reported claims reserve, 2016” to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2022 and December 31, 2023 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.18 Taxation

Current

Provision for taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred

Provision for deferred tax is made using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.19 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

3.19.1 Employees' compensated absences

Compensated absences are accounted for in the year in which the absences are earned based on actuarial valuation.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.19.2 Defined contribution plan

There is an approved contributory provident fund for all permanent employees and is administered by trustees. Equal monthly contributions are made by the company and employees to the fund, at the rate of 10% of basic salary. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

3.19.3 Defined benefit plan

Retirement benefits are payable to staff, subject to completion of prescribed qualifying period of service under the scheme.

The latest actuarial evaluation was carried out as at December 31, 2023. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/asset, taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognized in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

3.20 Leases

Assets acquired under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under finance lease less financial charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated on the same basis as owned assets.

3.21 Prepayment

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

3.22 Other creditors and accruals

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

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

3.23 Loans and other receivables

Loan advances and other receivable are paid and recorded as per the approval of delegation of financial powers. Which are subsequently accounted for after the recovery of amount or services against which the payments were made.

3.24 Financial Instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively including transaction cost. These financial assets and liabilities are subsequently measured at fair value or cost, as the case maybe. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the profit and loss account.

3.25 Lease liability and right of use asset

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Company has the option, under some of its leases to lease the assets for additional terms subject to rental agreement between the parties to the contract. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.26 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 and 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 and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.27 Zakat

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

3.28 Dividend distribution

Dividend distributions (including stock dividend) are recognized as a liability in the period in which the dividends are approved.

3.29 Management expenses

Management expenses note is prepared in accordance with the requirements of Insurance Rules, 2017. The Company adopts accrual basis of accounting for its expense recognition. All expenses of management have been allocated between conventional and window takaful operators fund on the basis of premium and contribution underwritten.

3.30 Contingencies

Contingencies are disclosed when 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 recognized 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.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.31 Share Capital and reserves

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. Appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2022.

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a. Provision for outstanding claims including claims incurred but not reported [IBNR] - note 3.17
- b. Provision for premium deficiency reserves - note 3.7
- c. Reinsurance recoveries against outstanding claims - note 3.9
- d. Provision against premium due but unpaid - note 3.10
- e. Useful life of depreciable / amortizable assets - notes 3.1 & 3.2
- f. Impairment of assets - notes 3.1.3 , 3.2.1 & 3.15.7
- g. Staff retirement benefits - note 3.19
- h. Provision for current & deferred taxes - note 3.18
- i. Fair valuation of investment properties - note 3.3
- j. Salvage recoveries - note 3.14
- k. Lease terms and discount rates - note 3.25
- l. Contingencies - note 3.3

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. IFRS 9 defines the terms principal as being the fair value of the financial asset at initial recognition and the interest as being compensation for (i) the time value of money and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately.

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets.

	December 31, 2023				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	Change in unrealized gain or (loss) during the year
----- Rupees in '000 -----					
Financial assets					
Investment in associate Investments	259,222				
- Equity securities - available for sale	419,854	198,169			
- Mutual funds - available for sale	61,256	22,016			
Loan and other receivables*	24,657		195		
Cash and bank	18,446		20,617		
TOTAL	783,435	220,185	20,812	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of the fair values.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	167,456	172,925
Capital work-in-progress	6.2	26,109	26,109
Right of use assets	6.3	3,029	6,171
		196,594	205,205

6.1 Operating fixed assets

Particulars	2023							
	----- Cost -----			----- Accumulated Depreciation -----				Depreciation Rate
	As at January 01, 2023	Additions / (Disposals)	As at December 31, 2023	As at January 01, 2023	Depreciation for the year / (disposals)	As at December 31, 2023	Written down value as at December 31, 2023	
----- Rupees in '000 -----								%
Land	140,450	-	140,450	-	-	-	140,450	-
Building	21,551	-	21,551	14,003	1,004	15,007	6,544	5%
		-			-			
Computer equipment	14,476	134 (1,059)	13,551	11,772	866 (991)	11,647	1,904	30%
Office equipment	8,025	478 (241)	8,262	4,457	369 (118)	4,708	3,554	10%
Furniture and fixtures	25,000	- (1,731)	23,269	18,542	609 (1,277)	17,874	5,395	10%
Vehicles (Owned)	62,685	- (1,794)	60,891	50,488	2,412 (1,619)	51,282	9,609	20%
	272,187	612 (4,825)	267,974	99,262	5,260 (4,005)	100,517	167,456	

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Particulars	2022							Depreciation Rate
	----- Cost -----			----- Accumulated Depreciation -----				
	As at January 01, 2022	Additions / (Disposals)	As at December 31, 2022	As at January 01, 2022	Depreciation for the year / (disposals)	As at December 31, 2022	Written down value as at December 31, 2022	
----- Rupees in '000 -----							%	
Land	140,450	-	140,450	-	-	-	140,450	-
Building	21,551	-	21,551	12,997	1,006	14,003	7,548	5%
		-			-			
Computer equipment	13,539	937	14,476	10,809	963	11,772	2,704	30%
		-			-			
Office equipment	10,012	262	8,025	5,584	408	4,457	3,568	10%
		(2,249)			(1,535)			
Furniture and fixtures	25,440	-	25,000	18,163	721	18,542	6,458	10%
		(440)			(342)			
Vehicles (Owned)	66,996	-	62,685	51,362	3,075	50,488	12,197	20%
		(4,311)			(3,949)			
	277,988	1,199	272,187	98,915	6,173	99,262	172,925	
		(7,000)			(5,826)			

6.1.1 Disposal of operating fixed assets

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / Loss	Mode of Disposal	Purchaser	Location
----- Rupees in '000 -----								
Honda City (2010) - AYT 699	1,794	1,615	175	2,400	2,225	Tender	Mr. Anwer	Karachi
Miscellaneous *	3,031	2,390	641	555	(86)	Tender	Various	Various
	4,825	4,005	816	2,955	2,139			

* This include all assets sold during the year that have book value less than Rs.50,000.

6.1.2 There are no assets held by third parties or assets with zero values.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
6.2 Capital work-in-progress			
Property acquisition and renovation costs	6.2.1	26,109	26,109
		26,109	26,109

6.2.1 Market value of this property assessed by independent valuation company stands at Rs.112.644 million as at December 31, 2023.

6.3 Right-of-use assets

The Company has recognized right-of-use assets in respect of the following leases:

As at January 01	6,171	8,387
Less: reversal due to termination	(1,843)	-
	4,328	8,387
Depreciation expense	(1,299)	(2,216)
As at December 31	3,029	6,171

7. INTANGIBLE ASSETS

Particulars	2023							Amortization Rate
	----- Cost -----			----- Accumulated Amortization -----				
	As at January 01, 2023	Additions	As at December 31, 2023	As at January 01, 2023	Amortization for the year	As at December 31, 2023	Written down value as at December 31, 2023	
----- Rupees in '000 -----							%	
Software	13,866	-	13,866	13,090	233	13,323	543	30%

Particulars	2022							Amortization Rate
	----- Cost -----			----- Accumulated Amortization -----				
	As at January 01, 2022	Additions	As at December 31, 2022	As at January 01, 2022	Amortization for the year	As at December 31, 2022	Written down value as at December 31, 2022	
----- Rupees in '000 -----							%	
Software	13,866	-	13,866	12,757	333	13,090	776	30%

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
8. INVESTMENT PROPERTY			
Opening net book value / cost as at January 01		321,317	297,740
Unrealized fair value gain	8.1	25,441	23,577
Closing net book value as at December 31		346,758	321,317

8.1 Investment properties consists of the following:

Particulars	Location	Note	Fair value as at Dec 31, 2023	Improvement	Fair value as at Dec 31, 2022	Gain for the year ended Dec 31, 2023
----- Rupees in '000 -----						
Bungalow, Aga Khan Road	Islamabad	7.2	285,268	-	263,577	21,691
Office, Clifton	Karachi	7.2	20,240	-	20,240	-
Apartment, Silver Oaks	Islamabad	7.2	41,250	-	37,500	3,750
			346,758	-	321,317	25,441

8.2 The fair value of the investment properties was determined by Hamid Mukhtar & Co. (Private) Ltd and Pakistan Inspection Co. (Pvt.) Ltd. external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The last revaluation was carried out on December 2023.

8.3 The covered area of the bungalow, office and apartment are 8,793 Sq. ft., 1,012 Sq. ft. and 1500 Sq. ft. respectively.

9. INVESTMENTS

Particulars	2023				2022			
	Cost	Impairment / provision for the year	Revaluation surplus	Carrying value	Cost	Impairment / provision for the year	Revaluation surplus	Carrying value
----- Rupees in '000 -----								
Available-for-sale								
Related parties								
Listed shares	187,816	-	76,886	264,702	196,282	(8,466)	108,556	296,372
Other than related parties								
Unlisted shares	1,483	-	-	1,483	1,483	-	-	1,483
Listed shares	230,555	-	121,283	351,838	273,316	(41,080)	11,704	243,940
Mutual funds *	61,526	-	22,016	83,542	52,778	-	18,455	71,233
	481,380	-	220,185	701,565	523,859	(49,546)	138,715	613,028

* Investments in Mutual funds includes units placed as statutory deposit with State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
10. INVESTMENT IN ASSOCIATE			
Balance as at January 01		248,436	405,040
Share of profit		11,172	3,179
Less: Dividend received		(2,000)	(4,000)
Share of other comprehensive Income / (loss)		1,613	(155,783)
Balance as at December 31		259,222	248,436

The company's interests in its associate company, namely, Crescent Powertec Limited (incorporated in Pakistan) is as follows:

Year	Assets	Liabilities	Revenues	Profit	Other comprehensive (loss) / income	% Interest held
	----- Rupees in '000 -----					
As at December 31, 2023	278,052	(18,829)	1,206	11,172	1,613	8%
As at December 31, 2022	304,033	(55,597)	5,604	3,179	(155,783)	8%

The Company has accounted for investment in Crescent Powertec Limited as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company have significant influence therein. The conclusion is mainly reached on the basis of the facts that the Company's three director are also the Board member of Crescent Powertec Limited which comprise of five members, resulted in 60% (2022: 60%) representation on the Board of investee company.

The complete set of financial statements of the associate for the period ended December 31, 2023 are currently not available, and therefore, the Company has continued to record its investment on the basis of management accounts of the associate for the year ended December 31, 2023.

* This majorly includes share of dividend income of associate.

	Note	2023	2022
		----- Rupees in '000 -----	
11. LOANS AND OTHER RECEIVABLES			
Mark-up and dividend receivable		195	348
Loans to employees	11.1	1,543	1,711
Deposits		9,868	11,061
Advance to agents		1,263	1,643
Other receivables		11,983	9,817
		24,852	24,580

11.1 These are short term, unsecured interest free loans and advances provided to permanent employees of the Company adjustable against salaries.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
12. INSURANCE / REINSURANCE RECEIVABLES			
Premium due but unpaid		404,366	482,542
Less: Provision for doubtful receivables from insurance contract holder		(178,715)	(173,558)
		225,651	308,984
Amounts due from other insurers / reinsurers		368,979	361,340
Less: Provision for doubtful receivables from insurers / reinsurers		(117,200)	(112,358)
		251,779	248,982
		477,430	557,966

12.1 The movement in provision for doubtful receivables from insurance contract holders is as follows:

Balance at January 01	(173,558)	(167,490)
Charge for the year - net	(5,157)	(6,068)
Balance at December 31	(178,715)	(173,558)

12.2 The movement in provision for doubtful receivables from insurers / reinsurers is as follows:

Balance at January 01	(112,358)	(106,290)
Charge for the year - net	(5,157)	(6,068)
Write-off	315	-
Balance at December 31	(117,200)	(112,358)

12.3 The Company has co-insurance and re-insurance arrangements with various insurance and a re-insurance companies. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other co-insurers, and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between the respective insurance companies in normal course of business. The Company believes that the current balances of co-insurers and re-insurer reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence. In this regard, the Company exchanged balance information with various co-insurers based on significance of the balances and the re-insurers. This information corroborates the balance position of the Company in all material respects.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
13. DEFERRED TAX ASSET			
Taxable temporary differences arising from:			
- difference in accounting and tax base of property and equipment		(91,391)	(86,878)
Deductible temporary differences arising from:			
- Unused tax losses and other deductible temporary differences		142,137	137,211
	13.1	<u>50,746</u>	<u>50,333</u>

13.1 As at the year end, the aggregate amount of unused carry forward business losses (including depreciation) and other deductible temporary differences (mainly on account of provision against investments, provision against doubtful receivable) amounts to Rs. 827.419 million (2022: Rs. 875.375 million), net deferred tax asset on which amounts to Rs. 239.951 million (2022: Rs. 253.858 million). However, the Company has recognized deferred tax asset on such deductible temporary differences to the extent of Rs. 50.746 million (2022: Rs. 50.333 million), after adjusting taxable temporary difference.

	Note	2023	2022
		----- Rupees in '000 -----	
14. PREPAYMENTS			
Prepaid reinsurance premium ceded	23	76,979	130,491
Other prepaid expense		4,303	2,211
		<u>81,282</u>	<u>132,702</u>
15. CASH AND BANK			
Cash and cash equivalent			
- Policy and revenue stamps, bond papers		224	251
Cash at bank			
- Current accounts		18,222	6,489
- Savings account	15.1	<u>20,617</u>	<u>46,989</u>
		<u>39,063</u>	<u>53,729</u>

15.1 The rate of return on savings account held with various banks range from 10.00% to 21.66% per annum (2022: 7.96% to 14.60%).

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

16. SHARE CAPITAL

16.1 Authorized Capital

2023	2022		2023	2022
Number of shares in '000			----- Rupees in '000 -----	
75,000	75,000	Ordinary shares of Rs.10 each.	750,000	750,000

16.2 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
Number of shares in '000			----- Rupees in '000 -----	
200	200	Ordinary share of Rs. 10 each fully paid in cash	2,000	2,000
50,365	50,365	Ordinary shares of Rs.10 each issued as fully paid bonus share	503,650	503,650
50,565	50,565	As at December 31	505,650	505,650

16.3 As at December 31, 2023, the number of shares held by the associated undertakings were 13,428,803 (2022: 13,410,121) of Rs.10 per share.

	Note	2023	2022
		----- Rupees in '000 -----	
17. RESERVES			
Capital reserves			
Reserve for exceptional loss	17.1	19,490	19,490
Devaluation reserve	17.2	185	185
		19,675	19,675
Revenue reserves			
General reserve		996,851	996,851
Revaluation reserve - AFS Investments and associate		397,700	314,615
Revaluation reserve - Property and equipment	17.3	35,859	35,859
Total revenue reserves		1,430,410	1,347,325
Total reserves		1,450,085	1,367,000
Accumulated losses			
		(1,008,339)	(1,017,237)
		441,746	349,763

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

17.1 This reserve was created at 10% of premium income net of reinsurance till the year 1978 in terms of the repealed Income Tax Act, 1922.

17.2 Consequent of the devaluation of the Pakistani Rupee in 1972, security deposit with the government of Lebanon and balances with overseas banks were converted at the new rates of exchange. This resulted in an increase in value which was transferred to capital reserve in year 1973.

17.3 This reserve was created in the year 2018 upon transfer of properties from property and equipment to investment property.

	Note	2023	2022
		----- Rupees in '000 -----	
18. RETIREMENT BENEFIT OBLIGATIONS			
Gratuity	18.1	1,527	1,901
Employee compensated absences	18.11	5,408	5,841
		<u>6,935</u>	<u>7,742</u>
18.1 Liability in statement of financial position - Gratuity			
Present value of defined benefit obligation	18.4	1,527	1,901
		<u>1,527</u>	<u>1,901</u>
18.2 Movement in the net liability recognized			
Balance at 01 January		1,901	2,292
Expense for the year		247	250
		<u>2,148</u>	<u>2,542</u>
Payments during the year		(225)	(80)
Experience adjustment		(396)	(561)
Balance at 31 December		<u>1,527</u>	<u>1,901</u>
18.3 Expense recognized in the profit or loss account			
Interest cost on defined benefit obligation		247	250
Expense / (income) chargeable to profit and loss account		<u>247</u>	<u>250</u>
18.4 Reconciliation of the present value of the defined benefit obligations			
Present value of obligation as at January 01		1,901	2,292
Interest costs on defined benefit obligation	18.3	247	250
Benefit paid		(225)	(80)
Experience adjustment	18.5	(396)	(561)
Present value of obligation as at December 31		<u>1,527</u>	<u>1,901</u>

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
----- Rupees in '000 -----			
18.5 Total re-measurements chargeable in other comprehensive income			
Re-measurement of plan obligation		(396)	(561)
Experience adjustments		(396)	(561)
Returns on plan assets, excluding interest income		(396)	(561)
18.6 Maturity profile of defined benefit obligation			
Average duration of the defined benefit obligation is:		3.10 Years	3.16 Years

18.7 The estimated expenses to be charged to profit and loss account for the year 2024 is Rs. 170,027/-

18.8 Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.

18.9 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	2023	2022
Principal actuarial assumptions used are as follows:		
Discount rate used for Interest Cost in Profit and loss charge	15.50%	14.50%
Discount rate used for year end obligation	15.50%	14.50%
Salary increase used for year end obligation		
Salary increase FY2020	0%	0%
Salary increase FY2021	0%	0%
Salary increase FY2022	0%	0%
Salary increase FY2023	0%	0%
Salary increase FY2024	0%	0%
Salary increase FY2025 & onward	0%	0%
Next salary is increased at	January 1, 2024	January 1, 2023
Retirement assumption	Age 60	Age 60

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
Base		
Discount rate +100 bps	1,486	1,849
Discount rate -100 bps	1,571	1,957
Salary increase rate +100 bps	1,527	1,901
Salary increase rate -100 bps	1,527	1,901
Molarity rate +10%	1,527	1,901
Molarity rate -10%	1,526	1,901
Withdrawal rate +10%	1,549	1,932
Withdrawal rate -10%	1,503	1,868

18.10 Historical data of gratuity scheme

	2023	2022	2021	2020	2019
	----- Rupees in '000 -----				
Present value of defined benefits	1,527	1,901	2,292	1,179	1,179
Experience adjustment arising on plan liabilities	(396)	(561)	168	4	430

18.11 Movement in the net liability recognized in the statement of financial position - Employee Compensated Absences

	Note	2023	2022
		----- Rupees in '000 -----	
Balance at January 01		5,841	5,398
Expense for the year		386	159
		6,227	5,557
Interest cost on defined benefit obligation		834	626
Payment during the year		(1,249)	(860)
Experience adjustment		(564)	518
Balance at December 31		5,248	5,841

18.12 Expense recognized in the profit or loss account

Current service cost	386	159
Interest cost	834	626
	1,220	785

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

18.13 Historical data of leave encashment scheme

	2023	2022	2021	2020	2019
	----- Rupees in '000 -----				
Present value of defined benefit obligations	5,248	5,841	5,398	3,547	3,268
Experience adjustment arising on plan liabilities	(564)	518	1,264	(133)	(1,031)
				2023	2022

18.14 Principal Actuarial Assumptions

Following are important actuarial assumptions used in the benefits valuation:

Discount rate	15.50%	14.50%
Salary increase rate (p.a.)	15.50%	14.50%

18.15 Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.

18.16 The estimated expenses to be charged to profit and loss account for the year 2024 is Rs. 947,251/-

18.17 Average duration of the defined benefit obligation is: 6.24 yrs.

	2023	2022
	----- Rupees in '000 -----	

19. WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND

Assets

Loan and other receivables	308	225
Receivable from PTF	16,145	12,792
Deferred commission expense	7,353	8,329
Cash and bank	1,630	4,147
	25,436	25,493
Qard-e-hasna contributed to PTF	93,903	71,903
Total Assets	119,339	97,396
Total Liabilities	185,129	148,776

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Operator's revenue accounts			
Wakala fee		62,969	61,285
Commission expense		(16,033)	(15,694)
General, administrative and management expenses		(62,072)	(51,999)
Modarib's share of PTF Investment income		3,949	2,399
Profit on bank accounts		279	272
Other expenses		(3,502)	(3,630)
Loss for the year		(14,410)	(7,367)

20. LEASE LIABILITIES

Lease liability against Right of Use

Opening balance		7,972	10,218
Payment / termination of lease liability		(4,644)	(3,410)
		3,328	6,808
Finance cost		626	1,164
Closing balance		3,954	7,972

21. OTHER CREDITORS AND ACCRUALS

Bonus payable		3,102	3,102
Commissions payable		138,561	170,117
Federal excise duty and sales tax		17,342	17,100
Deposits and margins		2,127	2,127
Provision for rent	21.1	14,000	14,000
Others	21.2	50,592	32,163
		225,724	238,609

21.1 This represents provision for rent amounting to Rs.14 million (2022: Rs.14 million) against which the Company is in litigation with the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

21.2 This includes outstanding claims in respect of which cheques aggregating to Rs.2.6 million (2022: Rs.2.5 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated May 19, 2014:

	2023	2022
	----- Rupees in '000 -----	
1 to 6 months	-	-
More than 6 months	2,652	2,499
	2,652	2,499

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Claims not encashed

	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- Rupees in '000 -----					
2023	-	39	152	7	2,454	2,652
2022	-	38	7	39	2,415	2,499

Note **2023** **2022**
 ----- Rupees in '000 -----

22. CONTINGENCIES AND COMMITMENTS

22.1 Commitments

Commitment for capital expenditure	22.1.1	15,038	<u>15,038</u>
------------------------------------	--------	---------------	---------------

22.1.1 This represents the commitment regarding capital expenditure in Investment Property.

22.2 Contingencies

22.2.1 The Company received a show cause notice dated November 06, 2019 from Securities Exchange Commission of Pakistan (SECP) on account of settlement of claim to Pakistan Chipboard (Pvt.) Limited amounting to Rs.199.699 million for implementation of the order dated January 19, 2018 passed by FIO. On March 20, 2020, SECP had passed an order to the Company, directing it to comply with the order passed by FIO on January 19, 2018. The management is of the view that claim is invalid based on the policy. Accordingly, the Company has filed an appeal against this order. Currently, the matter is pending and no provision has been made in the financial statements as the management believes that, based on the advice of its legal counsellor, that there will be no unfavorable outcome.

22.2.2 The Company received a show cause notice dated April 26, 2016 from Sindh Revenue Board (SRB) on account of not charging and paying Sindh Sales Taxes amounting Rs. 188.8 million for services received from foreign reinsurance companies from 2011 to 2014. The Company is of the view that the said amendment was imposed in the Sindh Sales Tax on Services Act, 2011 in the year 2014 that was prospective in nature and can not be made basis for recovery of the said sales tax for the above mentioned year and accordingly the Company filed an appeal with Commissioner Appeals (Sindh Revenue Board). Currently the matter is pending adjudication and no provision has been made in these financial statements as the Company believes, based on the advice of its legal advisor, that the matter will be decided in its favor.

22.2.3 During 2021, the Deputy Commissioner Inland Revenue passed an assessment order for the tax year 2015 for a net demand of Rs.5.4 million. The Company filed an appeal against the order before Deputy Commissioner (Appeals) and based on the opinion of the tax advisor of the Company, the management believes that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these financial statements.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

- 22.2.4** During the year 2022, the Additional Commissioner Inland Revenue passed an assessment order for the tax year 2020 for a net demand of Rs.3.25 million. The Company filed an appeal against the order before Commissioner (Appeals) and based on the opinion of the tax advisor of the Company, the management believes that the matter will ultimately be decided in the favor of the Company. Accordingly, no provision has been made in these financial statements.
- 22.2.5** The Sindh Revenue Board (SRB) has not extended the exemption on health insurance with effect from July 1, 2023. The management of the Company sought a legal opinion from legal advisors, who confirmed the Company's contention that health insurance is not a service, but, an underwriter's promise to pay to its policyholders in the future, as is also clearly defined in the definition of the term "insurance" under the Insurance Ordinance, 2000. The insurance industry decided to challenge the matter and a constitutional petition has been filed at the Honorable Sindh High Court. Given the above, the Company is not charging sales tax on the policies written in the province of Sindh, nor recognising the liability for SST in the financial statement. Contingent liability exposure on this matter as at December 31, 2023 amounts to Rs. 25.901 million (2022: Nil).
- 22.2.6** During the year, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Ordinance for the tax year 2018 for a net demand of Rs.13.9 million. The company have filed an appeal before the Commissioner Appeals based on the opinion of the tax advisor of the Company, the management believes that the matter will ultimately be decided in the favor of the Company. No additional provision is required to be made in these financial statements.
- 22.2.7** With respect to appeal filed by the department for the tax year 2010, 2012 & 2013, the Appellate Tribunal Inland Revenue passed an order in favor of the Department. The company has filed a reference appeal against the order of Appellate Tribunal Inland Revenue before the Sindh High Court based on the opinion of the tax advisor of the Company, the management believes that the matter will ultimately be decided in the favor of the Company. No additional provision is required to be made in these financial statements.

	2023	2022
	----- Rupees in '000 -----	
23. NET INSURANCE PREMIUM		
Written gross premium	515,683	606,816
Add: Unearned premium reserve opening	332,080	319,480
Less: Unearned premium reserve closing	(273,246)	(332,080)
Premium earned	574,517	594,216
Less: Reinsurance premium ceded	206,146	277,412
Add: Prepaid reinsurance premium opening	130,491	159,112
Less: Prepaid reinsurance premium closing	(76,979)	(130,491)
Reinsurance expense	259,658	306,033
Net insurance premium	314,859	288,183

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
24. NET INSURANCE CLAIMS		
Claims paid	637,265	652,515
Less: Outstanding claims including IBNR opening	(897,213)	(1,026,820)
Add: Outstanding claims including IBNR closing	607,489	897,213
Claims expense	347,541	522,908
Less: Reinsurance and other recoveries received	415,898	442,196
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(489,897)	(714,347)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	276,075	489,897
Reinsurance and other recoveries revenue	202,076	217,746
Net insurance claims	145,465	305,162

24.1 The net provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2023 amounted to Rs. 50.19 million (2022: Rs. 54.92 million).

24.2 Claim Development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident Year	CLAIM DEVELOPMENT TABLE									
	Prior Years	2015	2016	2017	2018	2019	2020	2021	2022	2023
	----- (Rupees in '000) -----									
Estimate of ultimate claims cost:										
At end of accident year		549,129	780,536	638,177	309,753	211,456	243,018	834,017	598,621	244,809
One year later		609,555	792,576	681,549	265,234	167,378	218,906	802,136	613,337	
Two years later		592,145	808,369	673,049	265,147	173,836	212,496	824,149		
Three years later		603,781	813,336	664,076	265,544	174,504	209,700			
Four years later		604,848	809,445	664,220	262,291	174,553				
Five years later		605,043	808,485	668,173	262,248					
Six years Later		605,871	810,934	669,636						
Seven Years Later		606,912	811,129							
Eight Years Later		606,895								
Current estimate of cumulative claims	806,939	606,895	811,129	669,636	262,248	174,553	209,700	824,149	613,337	244,809
Cumulative payments till date	770,417	570,899	626,884	653,712	254,364	170,997	199,260	710,312	323,134	109,850
Liability recognised in statement financial position	36,522	35,996	184,244	15,924	7,884	3,556	10,440	113,837	290,203	134,959

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
25. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS		
Commission paid or payable	40,080	49,552
Add: Deferred commission opening	28,694	19,206
Less: Deferred commission closing	(21,517)	(28,694)
Commission expense	47,257	40,064
Less: Commission received or recoverable from reinsurers	28,685	44,139
Add: Unearned reinsurance commission opening	24,251	22,358
Less: Unearned reinsurance commission closing	(12,738)	(24,251)
Commission from reinsurance	40,198	42,246
Net commission expense / (income)	7,059	(2,182)
Add: Other acquisition costs:		
Tracking device expenses	295	238
Service charges	10,820	10,755
Other costs	4,484	797
	15,599	11,790
Net Commission expense and other acquisition costs	22,658	9,608
26. MANAGEMENT EXPENSES		
Employee benefit cost	26.1 145,455	156,393
Travelling expenses	2,957	2,099
Advertisement and sales promotion	1,422	747
Printing and stationary	1,977	2,371
Depreciation	6,558	8,388
Amortization	233	333
Rent, rates and taxes	1,950	1,729
Legal and professional charges - business related	12,757	6,398
Electricity, gas and water	5,834	6,158
Entertainment	2,026	2,314
Vehicle running expenses	1,293	1,330
Office repairs and maintenance	3,234	3,346
IT & software related expense	2,389	2,791
Bank charges	29	92
Postages, telegrams and telephone	4,229	4,423
Insurance expense	1,608	1,459
Annual supervision fee SECP	991	910
Bad and doubtful debts	10,314	12,136
Others	1,512	1,370
	206,768	214,787

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
26.1 Employee benefit cost		
Salaries, allowance and other benefits	138,598	149,542
Charges for post employment benefit	6,857	6,851
	<u>145,455</u>	<u>156,393</u>
27. INVESTMENT INCOME		
Income from equity securities and mutual fund units		
Available for sale		
- Equity securities	33,492	40,537
- Mutual funds	10,292	5,743
Net realized gain on investments		
Available for sale		
- Equity securities and Mutual Funds	2,640	263
Total investment income	<u>46,424</u>	<u>46,543</u>
Less: Impairment in value of available for sale securities		
- Equity Securities	-	(49,546)
Less: Investment related expenses	(739)	(648)
	<u>45,685</u>	<u>(3,651)</u>
28. OTHER INCOME		
Return on bank balances	3,068	2,906
Gain on sale of operating fixed assets	2,139	3,306
Liabilities no longer required written back	-	14,540
Miscellaneous	1,587	30,336
	<u>6,794</u>	<u>51,088</u>
29. OTHER EXPENSES		
Auditors' remuneration	2,400	2,720
Fees and subscription	4,346	5,667
Donations	-	40
Others	(1,101)	717
	<u>5,645</u>	<u>9,144</u>
29.1 Auditors' remuneration		
Audit fee	1,391	1,669
Review of interim financial statements	395	483
Special certifications and other	614	568
	<u>2,400</u>	<u>2,720</u>

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
30. TAXATION		
Current tax	8,752	9,690
Deferred tax	(413)	(2,500)
	<u>8,339</u>	<u>7,190</u>

30.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of the Income Tax Ordinance, 2001.

	2023	2022
	----- Rupees in '000 -----	
31. PROFIT / (LOSS) PER SHARE		
Profit / (loss) after tax for the year	<u>7,938</u>	<u>(190,265)</u>
	-- Number of shares in '000 --	
Weighted average number of ordinary shares	<u>50,565</u>	<u>50,565</u>
Profit / (loss) per share	<u>0.16</u>	<u>(3.76)</u>

No figure for diluted earnings per share has been presented as the company has not issued any instrument which would dilute its basic profit / (loss) per share when exercised.

32. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Director		Executive	
	2023	2022	2023	2022	2023	2022
	----- Rupees in '000 -----					
Managerial remuneration	-	-	3,240	3,240	71,826	63,810
Leave encashment	-	-	-	-	853	628
Bonus	-	-	-	-	-	-
Exgratia allowance	-	-	-	-	-	-
Fuel and travelling	-	-	2,986	1,356	14,758	13,343
Contribution to defined contribution plan	-	-	270	270	3,949	4,228
Rent and house maintenance	-	-	1,080	1,080	19,431	19,913
Utilities	-	-	2,360	1,080	15,448	15,887
Medical	-	-	-	-	3,361	3,137
Others	5	5	1,111	3,109	1,860	1,525
	<u>5</u>	<u>5</u>	<u>11,047</u>	<u>10,135</u>	<u>131,486</u>	<u>122,471</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>41</u>	<u>43</u>

Director fee for the year is Rs. 928 thousand (2022: Rs. 1,460 thousand).

Chief executive officer did not take any kind of remuneration from the Company.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

33. NUMBER OF EMPLOYEES

The total and average number of employees during the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
	----- Number -----	
As at year end	<u>82</u>	<u>95</u>
Average during the year	<u>87</u>	<u>98</u>

34. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, entities under common control, entities with common Directors, shareholder and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices except for compensation to key management personnel which is carried out on basis of employment terms and conditions. The transactions with related parties are as follows:

	2023	2022
	----- Rupees in '000 -----	
Transactions during the year		
Associated Companies		
Premium underwritten	119,301	161,254
Premium received	149,169	172,219
Claims paid	44,068	84,981
Dividend received	-	11,019
Others	5,964	7,090
Others		
Premium underwritten	12	499
Premium received	14	832
Claims paid	-	
Balances		
Associated Companies		
Premium receivable	85,707	78,887
Claims outstanding	51,305	68,439
Commission outstanding	341	1,015
Others		
Premium receivable	117	117

34.1 Company's contribution toward staff provident fund for the year is Rs. 4.04 million (2022: Rs. 4.80 million).

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

35. SEGMENT REPORTING

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
----- Rupees in '000 -----												
Premium receivable (inclusive of FED / Sales Tax, Federal insurance fee and Administrative surcharge)	132,022	261,620	47,336	57,944	97,098	76,668	231,426	196,441	52,031	65,067	559,913	657,740
Less: FED / sales tax	15,601	22,400	5,107	6,337	12,067	9,255	-	-	6,469	7,831	39,244	45,823
Less: Federal insurance fee	1,024	1,499	412	488	814	628	2,291	1,950	445	535	4,986	5,100
Gross written Premium (inclusive of Administrative surcharge)	115,397	237,720	41,817	51,118	84,217	66,785	229,135	194,491	45,117	56,702	515,683	606,816
Gross direct premium	101,539	149,703	40,146	47,427	80,250	61,450	228,905	194,168	43,975	53,242	494,815	505,990
Facultative inward premium	13,219	87,021	641	2,239	2,731	3,987	-	-	544	2,710	17,135	95,957
Administrative surcharge	639	996	1,030	1,453	1,236	1,348	230	323	598	750	3,733	4,870
Insurance premium earned	206,154	242,987	44,174	50,971	76,349	63,477	196,856	182,894	50,984	53,887	574,517	594,216
Insurance premium ceded to reinsurers	(168,312)	(221,593)	(36,345)	(30,134)	(4,297)	(3,624)	(29,264)	(23,628)	(21,440)	(27,054)	(259,658)	(306,033)
Net Insurance premium	37,841	21,394	7,830	20,838	72,052	59,853	167,592	159,265	29,544	26,833	314,859	288,183
Commission income from reinsurers	25,538	28,359	6,267	5,273	333	273	4,818	4,135	3,242	4,206	40,198	42,246
Net underwriting income	63,379	49,753	14,097	26,111	72,385	60,125	172,410	163,400	32,786	31,039	355,057	330,429
Insurance claims expense	(74,415)	(320,065)	(8,697)	(19,799)	(22,429)	(34,486)	(157,207)	(158,144)	(84,793)	9,586	(347,541)	(522,908)
Insurance claims recovered from reinsurers and other recoveries revenue	78,170	212,377	10,035	12,168	4,736	1,171	28,691	12,316	80,444	(20,286)	202,076	217,746
Net Insurance claims	3,755	(107,688)	1,338	(7,631)	(17,693)	(33,315)	(128,516)	(145,828)	(4,349)	(10,700)	(145,465)	(305,162)
Commission expense	(20,967)	(15,519)	(1,443)	(3,233)	(5,140)	(4,136)	(12,505)	(11,195)	(7,203)	(5,981)	(47,257)	(40,064)
Premium deficiency	-	-	-	-	-	-	3,059	(3,059)	-	-	3,059	(3,059)
Management expense	(74,194)	(87,831)	(15,898)	(18,424)	(27,478)	(22,944)	(70,848)	(66,109)	(18,349)	(19,478)	(206,768)	(214,787)
Other acquisition cost	814	1,229	174	645	7	1,224	(16,795)	(15,656)	201	767	(15,599)	(11,790)
Net insurance claims and expenses	(90,592)	(209,809)	(15,829)	(28,643)	(50,304)	(59,171)	(225,605)	(241,847)	(29,700)	(35,393)	(412,030)	(574,862)
Underwriting result	(27,213)	(160,056)	(1,732)	(2,532)	22,082	955	(53,195)	(78,447)	3,086	(4,354)	(56,973)	(244,433)
Investment income / (loss)											45,685	(3,651)
Rental income											4,839	4,840
Revaluation gain on investment property											25,441	23,577
Other income											6,794	51,088
Other expenses											(5,645)	(9,144)
Finance cost											(626)	(1,164)
Share of profit from associate											11,172	3,179
Share of loss from WTO - Operator's Fund											(14,410)	(7,367)
Profit / (loss) before tax											16,277	(183,075)

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

35.2 Segment assets and liabilities

The following presents segments assets and liabilities for the year ended December 31, 2023 and December 31, 2022:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	----- Rupees in '000 -----											
Segment assets	191,495	473,509	69,393	101,821	139,753	133,027	380,236	387,402	74,869	112,943	855,745	1,208,702
Unallocated corporate assets											1,760,115	1,635,224
Total assets											2,615,861	2,843,926
Segment Liabilities	305,060	652,246	110,546	140,256	222,633	183,242	605,736	533,637	119,270	155,576	1,363,245	1,664,957
Unallocated corporate liabilities											259,057	280,129
Total liabilities											1,622,302	1,945,086

36. MOVEMENT IN INVESTMENTS - AVAILABLE FOR SALE

	Rupees in '000
January 01, 2022	788,225
Additions	5,837
Disposals (sale and redemptions)	(523)
Fair value net gains (excluding net realized gains)	(130,965)
Impairment losses	(49,546)
December 31, 2022	613,028
Additions	8,746
Disposals (sale and redemptions)	(1,681)
Fair value net gains (excluding net realized gain)	81,472
December 31, 2023	701,565

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

37.1 Insurance Risk

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

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

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

Frequency and severity of claims

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

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

	2023	2022
	Maximum Gross Risk Exposure	Maximum Gross Risk Exposure
	----- Rupees in '000 -----	
Fire and property damage	6,420,905	8,356,757
Marine, aviation and transport	1,470,000	610,930
Motor	37,500	37,500
Health	114,944	2,000
Miscellaneous	70,000	160,000

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

Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on actuary advice.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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 initially recognized amount. The provision for claims incurred but not reported is recorded on actuarial advice which is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

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

Class	2023	2022
	Assumed net loss ratio	
Fire and property damage	-5%	34%
Marine, aviation and transport	-15%	39%
Motor	79%	97%
Health	82%	92%
Miscellaneous	5%	-112%

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 uses techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Company mostly 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 / (loss) before tax net of reinsurance.

	Pre tax profit / (loss)		Shareholders' equity	
	2023	2022	2023	2022
	----- (Rupees in '000) -----			
10% increase in loss	(14,547)	(30,516)	(14,547)	(30,516)
10% decrease in loss	14,547	30,516	14,547	30,516

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Claims development

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

Geographical concentration of insurance risk

To optimize benefits from the principle of averages and law of large numbers, geographical spread of risk is of extreme importance. There are number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insured's.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, we have utilized precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

2023 2022
----- Rupees in '000 -----

38. Financial risk

38.1 Financial instruments by category

Financial assets

Loans and receivables

Loans and other receivables	24,852	24,580
Insurance / reinsurance receivables	477,430	557,966
Reinsurance recoveries against outstanding claims	276,075	489,897
Salvage recoveries accrued	1,397	596
Cash and bank balances	39,063	53,729

Available for sale

Investments - equity securities	618,023	541,795
---------------------------------	---------	---------

Financial liabilities

At amortized cost

Outstanding claims including IBNR	607,489	897,213
Lease liabilities	3,954	7,972
Insurance / reinsurance payables	469,773	411,414
Other creditors and accruals	211,724	224,609
Unclaimed dividend	22,443	22,746

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

38.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

- Credit risk
- Liquidity risk
- Market risk

38.2.1 Credit risk

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

The Risk Management function is regularly conducting detailed analysis on sectors/industries and identify the degree by which the company's policy holder and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while determining required provisions against financial assets where required.

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

	2023	2022
	----- Rupees in '000 -----	
Bank deposits	38,840	53,478
Premium due but unpaid - net of provision	225,651	308,984
Amount due from other insurers / reinsurers - net of provision	251,779	248,982
Accrued investment income	195	348
Reinsurance recoveries against outstanding claim	276,075	489,897
Deposits and other receivables	24,657	24,232
	817,197	1,125,921

General provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
----- Rupees in '000 -----		
The age analysis of premium due but unpaid is as follows:		
Up to 1 year	119,230	137,716
1 -2 years	12,651	9,447
2 - 3 years	4,535	4,788
Over 3 years	267,950	330,591
	404,366	482,542

The age analysis of premium due but unpaid from related parties is as follows:

Up to 1 year	57,625	71,800
1 -2 years	8,372	3,111
2 - 3 years	2,772	1,089
Over 3 years	2,423	1,399
	71,192	77,399

The credit quality of claim recoveries from Reinsurance Companies can be assessed with reference to external credit ratings.

	Amount due from reinsurance operators	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2023	2022
----- Rupees in '000 -----					
A or above	262,605	141,050	50,036	453,691	866,631
BBB	19,146	72,819	26,943	118,908	84,556
Others	87,228	62,493	-	149,721	30,541
Total	368,979	276,362	76,979	722,320	981,728

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

Bank	Rating agency	2023	
		Short term	Long term
MCB Bank Limited	PACRA	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
Faysal Bank Limited	PACRA / VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
National Bank Limited	PACRA / VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
FINCA Microfinance Bank Limited	VIS	A-2	A-
Allied Bank Limited	PACRA	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

38.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Due to COVID-19 outbreak Company's policy holders and their businesses has been adversely impacted. The management is continuously monitoring the liquidity position and solvency position and is taking necessary precautionary measures where ever needed.

The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	2023			Total
	Within 1 year	2 - 5 years	More than 5 years	
----- (Rupees in '000) -----				
Financial liabilities				
Outstanding claims including IBNR	607,489	-	-	607,489
Lease liabilities	772	3,182	-	3,954
Insurance / reinsurance payables	469,773	-	-	469,773
Other creditors and accruals	211,724	-	-	211,724
Unclaimed dividend	22,443	-	-	22,443
	1,312,201	3,182	-	1,315,383

	2022			Total
	Within 1 year	2 - 5 years	More than 5 years	
----- (Rupees in '000) -----				
Financial liabilities				
Outstanding claims including IBNR	897,213	-	-	897,213
Lease liabilities	2,276	4,881	816	7,973
Insurance / reinsurance payables	411,414	-	-	411,414
Other creditors and accruals	224,609	-	-	224,609
Unclaimed dividend	22,746	-	-	22,746
	1,558,258	4,881	816	1,563,955

38.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Company limits market risk by maintaining a diversified portfolio and its continuously monitoring. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

38.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The Company invests in securities and has deposits that are subject to interest / mark-up rate risk.

Maturity profile of financial assets and liabilities:

2023	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
	Effective rate % per annum	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	
----- Rupees in '000 -----							
FINANCIAL ASSETS							
Investments in equity securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	230,402	230,402	230,402	
Loans and other receivables	-	-	-	10,550	9,868	20,418	20,418
Insurance receivables	-	-	-	477,430	-	477,430	477,430
Reinsurance recoveries against outstanding claims	-	-	-	276,362	-	276,362	276,362
Salvage recoveries accrued	-	-	-	1,397	-	1,397	1,397
Cash	10.00 - 21.66	20,617	-	20,617	18,446	-	18,446
December 31, 2023		20,617	-	20,617	784,185	240,270	1,024,455
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	-	-	-	607,247	-	607,247	607,247
Insurance payables	-	-	-	469,773	-	469,773	469,773
Other creditors and accruals	-	-	-	208,551	-	208,551	208,551
Lease liabilities		772	3,182	3,954	-	-	3,954
December 31, 2023		772	3,182	3,954	1,285,571	-	1,285,571
OFF BALANCE SHEET ITEMS							
Capital commitments	-	-	-	15,038	-	15,038	15,038
December 31, 2023		-	-	15,038	-	15,038	15,038
Interest risk sensitivity gap		19,845	(3,182)	16,663	(501,386)	240,270	(261,117)
							(244,453)

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2022	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
	Effective rate % per annum	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	
----- Rupees in '000 -----							
FINANCIAL ASSETS							
Investments in equity securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	248,436	248,436	248,436	
Loans and other receivables	-	-	-	11,876	11,061	22,937	22,937
Insurance receivables	-	-	-	557,966	-	557,966	557,966
Reinsurance recoveries against outstanding claims	-	-	-	489,897	-	489,897	489,897
Salvage recoveries accrued	-	-	-	596	-	596	596
Cash	7.96 - 14.60	46,989	-	46,989	6,740	-	6,740
December 31, 2022		46,989	-	46,989	1,067,075	259,497	1,326,572
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	-	-	-	897,213	-	897,213	897,213
Insurance payables	-	-	-	411,414	-	411,414	411,414
Other creditors and accruals	-	-	-	224,609	-	224,609	224,609
Lease liabilities		2,276	5,696	7,972	-	-	7,972
December 31, 2022		2,276	5,696	7,972	1,533,236	-	1,533,236
OFF BALANCE SHEET ITEMS							
Capital commitments	-	-	-	-	15,038	15,038	15,038
December 31, 2022	-	-	-	-	15,038	15,038	15,038
Interest risk sensitivity gap		44,713	(5,696)	39,017	(466,161)	259,497	(206,665)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

38.4.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

38.4.3 Other price risk

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

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

The following table summarizes the Company's other price risk as of December 31, 2023 and 2022. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
----- Rupees in '000 -----			
December 31, 2023	5%	<u>700,082</u>	<u>35,004</u>
December 31, 2022	5%	<u>611,545</u>	<u>30,577</u>

38.5 Operational Risk

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where ever required, while ensuring adequate controls to ensure that the Company's information assets are adequately protected from emerging cyber threats.

38.6 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, to meet the regulatory solvency and paid-up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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.

Currently the Company has a paid-up capital of Rs.505.650 million against the minimum required capital of Rs.500 million set by the SECP vide SRO 828.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

During the year, the Company incurred profit after tax of Rs.7.938 million and its accumulated losses were Rs.1,008 million as at December 31, 2023. The excess in net admissible assets over minimum requirement was Rs.118.298 million as at December 31, 2023. The management and Board of the Company despite the above financial position is confident that there are no issues in terms of going concern assessment of the Company, as the Company has prepared financial projections which depict that there are sufficient resources in foreseeable future to support the operational activities of the Company. In addition, the Company's paid-up capital is in compliance with the minimum requirement as per the applicable laws. Accordingly, these financial statements are prepared on going concern basis of accounting.

39. STATEMENT OF SOLVENCY

Assets	2023 Rupees in '000
Property and equipment	196,594
Intangible assets	543
Investment properties	346,758
Investments in associate	259,222
Investments	710,385
Loans and other receivables	96,540
Insurance / reinsurance receivables	535,872
Reinsurance recoveries against O/S claims	291,277
Salvage recoveries accrued	1,757
Deferred commission expense	21,517
Taxation - provision less payment	19,478
Deferred tax asset	50,746
Prepayments	94,937
Cash and bank deposits	105,413
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	119,339
Total Assets (A)	2,850,378
 In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(d) Loans to employees	1,543
(h) Insurance / reinsurance receivables	68,258
(k) Cash and bank deposits	437
(i) Intangible assets	543
(j) Deferred tax assets	50,746
(s) Investments	220,137
(g) Investments	259,222
(u) - (i) Vehicles	9,609
(u) - (ii) Office equipment and computers	5,458
(u) - (iii) Furniture and fixtures	5,395
(k) Guarantees under bond insurance	2,127
Qard-e-Hasna contributed by operator's fund	93,903
Total of In-admissible assets (B)	717,379
Total Admissible Assets (C=A-B)	2,132,999

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Total Liabilities

	2023 Rupees in '000
Underwriting provisions	
Outstanding claims including IBNR	695,540
Unearned premium reserves	328,618
Unearned commission income	15,222
Contribution deficiency reserve	1,516
Retirement benefit obligations	6,935
Lease liabilities	3,954
Insurance / reinsurance payables	498,754
Other creditors and accruals	245,556
Unclaimed dividends	22,443
Total liabilities related of operator's fund	46,163
Total Liabilities (D)	1,864,701
Total Net Admissible Assets (E=C-D)	<u>268,298</u>

Minimum Solvency Requirement (higher of following)

Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	93,350	
Method C - U/s 36(3)(c)	128,499	150,000
Excess in Net Admissible Assets over Minimum Requirements		<u>118,298</u>

- 39.1** The law is silent with regard to the inadmissibility of the "Prepaid reinsurance premium ceded" and "Deferred commission expense" in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.
- 39.2** Regulation 6(2) of General Takaful Accounting Regulations, 2019 ("Takaful Regulations 2019") assets and liabilities of window takaful operation included in computation of solvency requirements.
- 39.3** As clarified by Securities and Exchange Commission of Pakistan, the current year solvency statement includes assets and liabilities of participant takaful fund. The change has also been reflected in prior year.

40. PROVIDENT FUND

The Company operates an approved contributory provident fund (the fund) for its permanent employees. Details of net assets and investments as per 2023 (2022: audited) financial statements of the fund are as follows:

	2023	2022
	----- Rupees in '000 -----	
Size of the fund	97,605	74,253
Cost of investments made	32,146	70,017
Fair value of investments	46,558	66,302
Investment - (%)	47.7%	89.4%

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

All investments in collective investment scheme, listed equity and listed debt securities from the provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and the conditions specified thereunder.

	2023	2022
	----- Rupees in '000 -----	
Break-up of investments		
Mutual Funds	46,558	31,388
Treasury Bills	-	34,914
Bank balance	51,047	7,951

41. 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 these financial statements are categorized 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.

There had been no transfers between the fair value of hierarchy during the year.

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:

	2023		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Available for sale investments (measured at fair value)			
Equity securities	616,540	1,483	-
Mutual fund units	-	83,542	-
	616,540	85,025	-

NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2022		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
Available for sale investments (measured at fair value)			
Equity securities	540,312	1,483	-
Mutual fund units	-	71,233	-
	540,312	72,716	-

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on March 21, 2024 by the Board of directors of the Company.

43. GENERAL

43.1 There is no individual class of business within the category of 'miscellaneous', where the gross premium of the class of business is 10% or more of the gross premium revenue of the company.

43.2 The comparative information has been reclassified, rearranged or additionally restated in these financial statements, wherever necessary, to facilitate comparative and to confirm with changes in presentation in the current period. However there were no material reclassification / restatements to report.

43.3 All amounts have been rounded to the nearest thousand Rupees.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON AUDIT OF FINANCIAL STATEMENTS TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **PREMIER INSURANCE LIMITED - WINDOW TAKFUL OPERATIONS**, (the Operator), which comprise the statement of financial position as at December 31, 2023, profit and loss account, the statement of comprehensive income, the cash flows statement, the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information 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, profit and loss account, statement of comprehensive income, the cash flows statement and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2023 and of the loss and total comprehensive loss, its cash flows and the changes in equity 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 Matters

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

Page - 1

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p>Compliance with laws and regulations</p> <p>The Operator is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019, Takaful Rules, 2012 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Operator. The Operator is required to comply with these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Operator.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the relevant legal and regulatory framework within which the Operator operates and assessed the design and operation of its key controls over this framework; • Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and • Reviewed the Operator’s documentation and correspondence with the regulators.
2.	<p>Revenue Recognition - Contribution Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance contribution respectively.</p> <p>The Operator earns revenue primarily from contribution income, which amounts to Rs. 116.566 million (2022: 112.934 million) representing 3% 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.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of contribution; • Assessed the appropriateness of the Operator’s accounting policy for recording of contribution and in line with the requirements of applicable law, accounting and reporting standards;

S. No	Key audit matters	How the matter was addressed in our audit
	<p>We have identified revenue recognition from contribution income as a key audit matter as it is one of the key performance indicators of the Operator and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<ul style="list-style-type: none"> • Traced the contribution 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 contribution income and ensured that appropriate amount has been recorded as provision for unearned contribution in liabilities.
3.	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p>	
	<p>Outstanding claims including IBNR are amounting to Rs. 54.901 million as at December 31, 2023.</p> <p>The outstanding claims including IBNR represented 28% of the Operator's total liabilities.</p> <p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded; • Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<ul style="list-style-type: none"> • We 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 Operator for identification of IBNR; • Assessed of competence, capability and objectivity of management’s expert; • Assessed the data provided by the Operator to its actuary for completeness and accuracy and assured that the same has been provided to us; and • Considered the adequacy of the Operator’s disclosures about the estimates used.
4.	Minimum Solvency Requirement	
	<p>The Operator has incurred loss after tax for the year amounting to Rs. 14.410 million, and its accumulated losses and equity as at the year-end aggregated to Rs. 115.790 million and Rs. 65.790 million respectively.</p> <p>The Operator is required to maintain minimum solvency margins under the requirement of Insurance Ordinance, 2000. Reviewing compliance with the minimum solvency requirements and Operator’s plans to maintain minimum solvency margins are significant aspects for our audit since it may have an impact on the going-concern assumption used for the preparation of the financial statements. Therefore, we have considered this area as a key audit matter.</p> <p>Refer note 35 to the financial statement for details.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We reviewed and recomputed management’s calculation of solvency margin as of December 31, 2023 in accordance with the requirements of insurance Ordinance. 2000; • We evaluated Operator’s future financial projections and underlying assumptions as approved by the Board, as well as the sensitivity analysis prepared in this context. We assessed the possible mitigating actions identified by management in the event that actual results are below projected results, including utilization of available assets to maintain solvency; and

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> We also assessed the adequacy of the Operator's disclosure regarding the status of compliance with minimum solvency requirements and its plans to maintain the future required solvency margins, which are included in note 35 to the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Page - 6

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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

Other Matter

The financial statements of the Operator for the year ended December 31, 2022 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated April 05, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: MARCH 26, 2024

UDIN: AR2023100679gOenNbdI


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

MUFTI UBAID UR RAHMAN ZUBAIRI

Graduate from Jamia Darul Uloom Karachi, Pakistan
Shariah Advisor-PREMIER Window Takaful Operations

مفتی عبید الرحمن زبیری

فاضل جامعہ دارالعلوم کراچی

شرعی مشیر، پریمیر ونڈو تکافل آپریشنز

Annual Shariah Review Report 2023

For the period ended December 2023

Premier Insurance Limited started its Window Takaful Operations on 2nd Oct 2015. (Hereafter referred to as PIL-WTO). As Shariah Advisor of PIL-WTO, I have examined the financial statements for the year ended 31st December 2023. In my opinion, and to the best of my understanding based on the provided information and explanation, I report as under:

Shariah Certification:

- The Takaful Policies issued during the year are in accordance with the guidelines of Shariah.
- Takaful Fund investments are made in accordance with Shariah principles. Also, all Takaful bank accounts are kept in Islamic banks and are distinct from the conventional insurance business.
- Segregation of Window Takaful Operations is an essential part of valid Takaful contracts. I am pleased to state that in PIL-WTO all the Takaful Funds, Investments, and Bank Accounts are kept separate from its conventional insurance business, as per the requirement of Shariah as well as Takaful Rules 2012.

Conclusion:

While concluding; I state that the Shariah principles were followed in the practical implementation of PIL-WTO this year. I am grateful to the Board of Directors of PIL, Management, Head of Window Takaful Operations, Shariah Compliance Officer, Divisional and Branch Heads and all relevant departments who cooperated with me and provided me every possible support to ensure Shariah Compliance in our Takaful practices.

In the end; I pray to Allah Almighty that the passion and dedication with which Premier Insurance Limited has launched its Window Takaful Operations; may Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Premier Insurance Limited-Window Takaful Operations.



Mufti Ubaid ur Rahman Zubairi
Shariah Advisor
Premier Insurance Limited-Window Takaful Operations
6th March 2024

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
----- Rupees in '000 -----					
Assets					
Investments					
Mutual funds	9	-	-	8,220	4,630
Term deposits	10	-	-	600	600
Other receivables	12	308	225	40,861	21,846
Takaful / retakaful receivables	14	-	-	58,442	43,584
Retakaful recoveries against outstanding claims	21	-	-	15,202	6,930
Qard-e-hasna contributed to PTF	11	93,903	71,903	-	-
Salvage recoveries accrued		-	-	360	397
Receivable from PTF	13	16,145	12,792	-	-
Deferred wakala expense	24	-	-	30,827	29,218
Deferred commission expense	25	7,353	8,329	-	-
Prepayments	15	-	-	13,655	11,548
Cash and bank	16	1,630	4,147	66,350	71,349
Total Assets		119,339	97,396	234,517	190,102
Funds and Liabilities					
Reserve attributable to:					
Operator's Fund (OPF)					
Statutory fund		50,000	50,000	-	-
Accumulated deficit		(115,790)	(101,380)	-	-
Balance of Operator's Fund		(65,790)	(51,380)	-	-
Participant's Takaful Fund (PTF) / Waqf					
Seed money		-	-	500	500
Revaluation reserves		-	-	387	(939)
Accumulated deficit		-	-	(56,036)	(67,382)
Balance of Participant's Takaful Fund / Waqf		-	-	(55,149)	(67,821)
Qard-e-Hasna		-	-	93,903	71,903
Liabilities					
PTF Underwriting provisions					
Unearned contribution reserve	20	-	-	88,051	83,119
Outstanding claims including IBNR	21	-	-	54,900	59,670
Contribution deficiency reserve		-	-	1,516	3,029
Reserve for Unearned retakaful rebate	23	-	-	2,484	2,054
		-	-	146,951	147,872
Unearned wakala fees	24	30,827	29,218	-	-
Takaful / retakaful payables		-	-	28,981	23,659
Payable to OPF	18	-	-	16,145	12,792
Other creditors and accruals	17	154,302	119,558	3,686	1,697
Total Liabilities		185,129	148,776	48,812	38,148
Total Fund and Liabilities		119,339	97,396	234,517	190,102
Contingencies and commitments	19				

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
Participant's Takaful Fund			
Contribution earned - net of wakala fee	20	116,556	112,934
Less: Contribution ceded to retakaful	20	(27,634)	(22,747)
Net contribution revenue	20	88,922	90,187
Re-takaful rebate earned	23	5,021	4,333
Net underwriting income		93,943	94,520
Net claims - reported / settled	21	(79,829)	(107,562)
- IBNR	21	(6,529)	(6,998)
Reversal of contribution deficiency reserve		1,514	1,131
		(84,844)	(113,429)
Other direct expenses	22	(5,238)	(9,759)
Surplus / (deficit) before investment income		3,861	(28,668)
Investment income	28	318	34
Other income	29	11,117	6,977
Less: Modarib's share of investment income	30	(3,949)	(2,399)
Surplus / (deficit) for the year		11,347	(24,056)
Operator's Fund			
Wakala fee	24	62,969	61,285
Commission expense	25	(16,033)	(15,694)
General, administrative and management expenses	26	(62,072)	(51,999)
		(15,136)	(6,408)
Modarib's share of PTF investment income	30	3,949	2,399
Profit on bank accounts		279	272
Other expenses	27	(3,502)	(3,630)
Loss for the year		(14,410)	(7,367)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
Participant's Takaful Fund		
Surplus / (deficit) for the year	11,347	(24,056)
Other comprehensive income / (loss) for the year:		
Unrealized income / (loss) on available for sale securities	1,325	(405)
Total comprehensive income / (loss) for the year	<u>12,672</u>	<u>(24,461)</u>
Operator's Fund		
Loss for the year	(14,410)	(7,367)
Other comprehensive income / (loss) for the year:		
Unrealized income / (loss) on available for sale securities	-	-
Total comprehensive loss for the year	<u>(14,410)</u>	<u>(7,367)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer Chairman Director Director Chief Financial Officer

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

For the year ended December 31, 2023

	Attributable to Operator's Fund			Total
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale	Accumulated deficit	
----- Rupees in '000 -----				
Balance as at January 01, 2022	50,000	-	(94,013)	(44,013)
Net loss for the year	-	-	(7,367)	(7,367)
Other comprehensive income for the year	-	-	-	-
Balance as at December 31, 2022	<u>50,000</u>	<u>-</u>	<u>(101,380)</u>	<u>(51,380)</u>
Balance as at January 01, 2023	50,000	-	(101,380)	(51,380)
Net loss for the year	-	-	(14,410)	(14,410)
Other comprehensive income for the year	-	-	-	-
Balance as at December 31, 2023	<u>50,000</u>	<u>-</u>	<u>(115,790)</u>	<u>(65,790)</u>
Attributable to participants of the Participant's Fund				
	Seed Money	Unrealized gain / (loss) on revaluation of available-for-sale	Accumulated deficit	Total
----- Rupees in '000 -----				
Balance as at January 01, 2022	500	(534)	(43,326)	(43,360)
Deficit for the year	-	-	(24,056)	(24,056)
Other comprehensive loss for the year	-	(405)	-	(405)
Balance as at December 31, 2022	<u>500</u>	<u>(939)</u>	<u>(67,382)</u>	<u>(67,821)</u>
Balance as at January 01, 2023	500	(939)	(67,382)	(67,821)
Surplus for the year	-	-	11,347	11,347
Other comprehensive income for the year	-	1,325	-	1,325
Balance as at December 31, 2023	<u>500</u>	<u>386</u>	<u>(56,035)</u>	<u>(55,149)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS STATEMENT OF CASH FLOWS

As at December 31, 2023

	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
----- Rupees in '000 -----					
Operating activities					
a) Takaful activities					
Contribution received		-	-	119,974	143,784
Re-takaful contributions paid		-	-	(24,601)	(25,046)
Claims / benefit paid		-	-	(104,305)	(126,733)
Re-takaful and other recoveries received		-	-	4,905	14,589
Commissions (paid) / re-takaful rebate received		(13,914)	(14,763)	5,451	4,253
Wakala fees received		61,225	68,907	-	-
Wakala fees paid		-	-	(61,225)	(68,907)
Modarib share received / (paid)		3,949	2,399	(3,949)	(2,399)
Total cash generated from / (used in) takaful activities		51,260	56,543	(63,750)	(60,459)
b) Other operating activities					
General and administration expenses paid		(65,729)	(55,879)	(4,886)	(3,922)
Amounts due from other takaful / retakaful operators		-	-	14,858	25,403
Deposits and other receivables		72	139	18,688	10,107
Received from Premier Insurance Limited		33,618	15,316	-	19,086
Accrued salvage recoveries		-	-	(37)	(47)
Other liabilities settled		(17)	(66)	(1,989)	185
Total cash (used in) / generated from other operating activities		(32,056)	(40,490)	26,634	50,812
Total cash generated from / (used in) operating activities		19,204	16,053	(37,116)	(9,647)
Investment activities					
Accrued investment income		-	-	327	488
Bank profit received		279	272	11,117	6,821
Sale of investment - net		-	-	(1,327)	405
Total cash generated from investing activities		279	272	10,117	7,714
Total cash (used in) / generated from all activities		(2,517)	(11,175)	(4,999)	25,567
Cash and cash equivalents at beginning of the year		4,147	15,322	71,349	45,782
Cash and cash equivalents at the end of the year	16	1,630	4,147	66,350	71,349

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS STATEMENT OF CASH FLOWS

As at December 31, 2023

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
Note	----- Rupees in '000 -----			
Reconciliation to profit and loss account				
Operating cash flows	19,483	16,053	(26,999)	(9,647)
Investment income	-	272	318	34
(Decrease) / increase in assets other than cash	2,460	(8,209)	47,771	(44,003)
(Increase) / decrease in liabilities	(36,353)	(15,483)	(9,743)	29,560
Loss for the year	(14,410)	(7,367)	11,347	(24,056)
Attributed to:				
Operator's Fund	(14,410)	(7,367)	-	-
Participants' Takaful Fund	-	-	11,347	(24,056)
	(14,410)	(7,367)	11,347	(24,056)
Definition of cash and cash equivalent				
Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months.				
Cash for the purpose of the statement of cash flows consists of:				
Cash and other equivalent				
Policy, revenue stamps and bond papers	-	-	-	-
Current and other accounts				
Current and savings accounts	1,630	4,147	66,350	71,349
Total cash and cash equivalent	16 1,630	4,147	66,350	71,349

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on October 02, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The operator of the Company is listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on October 31, 2015 under the Waqf Deed with a Seed money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2. BASIS OF PRESENTATION

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 1416(I)/2019 dated November 20, 2019 has prescribed format of the presentation of published financial statements for general takaful operator for takaful business.

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

2.1.1 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 Accounting Standards (IAS) 34, interim Financial Reporting issued by the International Accounting Standards Board (IASB) as for interim Financial Reporting notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2.1.2 In terms of the requirements of the Takaful Rules, 2012 & General Takaful Rules, 2019, read with SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund have been presented as a single line item in the balance sheet and statement of comprehensive income of the Operator respectively.

2.1.3 Further, 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 under the historical cost convention except investments which are carried at fair value and at amortized cost.

2.3 Functional and Presentation Currency

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

3. APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Operator's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Operator's operations or are not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance Contracts

4. MATERIAL ACCOUNTING POLICIES

The Operator adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Operator to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in this Note Material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The significant accounting policies and method of computation adopted in preparation of financial statements are consistent to all years presented in these financial statements.

4.1 Takaful Contracts

Takaful contracts are those contracts under which the Operator as insurer has accepted takaful risk from the takaful contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an takaful contract, it remains an takaful contract for the remainder of its tenure, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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

Fire and property damage

Fire and property takaful contracts mainly compensate the Operator customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the participant properties in their Business activities. These contracts are generally one year contracts except some contracts that are of three months period.

Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

Accident and health

Accident and health takaful contract mainly compensates hospitalization and out-patient medical coverage to the insured. These contracts are generally one year contracts.

Miscellaneous

Other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop takaful etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within two months time.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Operator neither issues investment contracts nor does it issue takaful contracts with discretionary participation features (DPF).

4.2 Deferred commission expense / acquisition cost

Commission expenses are deferred and recognized as an asset in correlation with unearned contribution that is recognized in the subsequent reporting period to comply with the requirement of General Takaful Accounting Regulations, 2019 as an expense in accordance with the pattern of recognition of contribution.

4.3 Reserve for unearned contribution

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Operator. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 1/24 method as specified in the General Takaful Accounting Regulations, 2019.

4.4 Contribution deficiency reserve

The Operator is required as per General Takaful Rules, 2012 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 and rebate and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The charge for contribution deficiency reserve is recorded in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency reserve by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution reserve. Further, actuarial valuation has been carried out to determine amount of contribution deficiency reserve in respect of health takaful business as required by SRO 16 (I) of 2012 issued by SECP on dated January 09, 2012.

Provision has been made for Health business as the unearned contribution reserve for the class of business as at the year end is not adequate to meet the expected future liability after retakaful from claims and other expenses, expected to be incurred after the reporting date in respect of Participant's Membership Document in force at reporting date.

4.5 Retakaful contracts held

The Operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contribution is accounted for in the same period as the related contribution for the direct or accepted retakaful business being retakaful.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

The Operator assesses its retakaful assets for impairment on balance sheet date. If there is objective evidence that the retakaful asset is impaired, the Operator reduces the carrying amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit or loss account.

4.6 Receivables and payables related to takaful contracts

Receivables and payables relating to takaful contracts are recognized when due. These include contribution due but unpaid and claims payable to takaful contract holders.

The Operator maintains general provision as per the approved policy of board. In addition, if there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that takaful receivable and recognizes the loss in profit or loss account.

4.7 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segments reporting of operating results using the classes of business as specified under the General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 29.

Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, stamps in hand, current and PLS accounts and short term deposits having maturity of less than three months.

4.9 Revenue recognition

a) Contribution / underwriting result

Contribution written, including administrative surcharge, under a policy is recognized from the date of issuance of the participant membership document to which it relates.

The earned contribution less retakaful rebate, claims, direct expenses and wakala fee are reflected in the profit or loss account as the underwriting result.

b) Wakala fee

Wakala fee is recognized as income in the Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognized as a liability of the Operator's Fund.

c) Retakaful rebate

Retakaful rebate from retakaful operators is recognized on a quarterly basis as per terms and conditions agreed with the retakaful operators.

d) Profit on Islamic investment products

Profit on Islamic investment products is recognized on an accrual basis.

e) Dividend income

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

f) Gain / loss on sale of available for sale investments

Gain / loss on sale of available for sale investments are included in profit or loss account.

4.10 Investments

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investments. The investments are classified upon recognition as:

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Available-for-sale

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

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the market value. Market value of open-ended mutual funds is determined by using MUFAP rates at the date of reporting.

Held-to-maturity

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

Subsequently, these are measured at amortized cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortized over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

4.11 Offsetting of financial assets and liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the statement of financial position when the Operator has a legally enforceable right to set-off the recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

4.12 Provision for outstanding claims / benefits

PTF maintains provision in respect of all known claims against losses incurred up to the reporting date which is measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim / benefits except as otherwise expressly indicated in a takaful contract.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking in to account tax credits and rebates available, if any.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

4.14 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

4.15 Impairment of operating fixed assets

The carrying values of the operating assets are reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed recoverable amount, the assets are written down to their recoverable amount.

4.16 Management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the year.

4.17 Qard-e-hasna

Qard-e-Hasna is provided by OPF to PTF in case of deficit in PTF.

4.18 Other creditors and accruals

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

4.19 Financial Instruments

Financial assets and liabilities are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively including transaction cost. These financial assets and liabilities are subsequently measured at fair value or cost, as the case maybe. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the profit and loss account.

4.20 Modarib fee

The Operator also manages the participants' investment as modarib and charges 35.00% (2022: 35.00%) of investment income and bank deposits earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4.21 Contingencies

Contingencies are disclosed when 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 entity, or a present obligation that arises from past event but is not recognized 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.

5. ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and expectation of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
a) Provision for outstanding claims including claims incurred but not reported (IBNR)	22
b) Re-takaful recoveries against outstanding claims	22
c) Contribution deficiency reserve	-

6. USE OF JUDGEMENTS AND ESTIMATES

The preparation of these financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2023.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

7. FINANCIAL AND TAKAFUL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Operator are consistent with those disclosed in the annual financial statements of the Operator for the year ended December 31, 2023.

During the start of 2020, the COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. The World Health Organization has declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 has adversely impacted the Insurance industry on a number of fronts including increase in overall credit risk pertaining to the contribution receivables and other financial assets, disruption in growth due to slowdown in economic activity, continuity of business operations and managing cyber security threat as a significant number of the company's staff is working from home.

Due to overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the company's financial position and financial performance cannot be predicted with reasonable certainty. The management continues to monitor the developing situation and would proactively manage any risk arising thereof.

7.1 Credit Risk

The Risk Management function is regularly conducting detailed analysis on sectors/industries and identify the degree by which the company's policy holder and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while determining required provisions against financial assets where required.

7.2 Liquidity Risk

Due to COVID-19 outbreak company's policy holders and their businesses has been adversely impacted. The management is continuously monitoring the liquidity position and solvency position and is taking necessary precautionary measures where needed.

7.3 Market Risk

The company has significant investment in shares classified as available-for-sale category. Due to COVID-19 pandemic, the Pakistan Stock Market (PSX) has shown volatility in performance during the period, accordingly the management is continuously monitoring the shares portfolio for significant price fluctuations and is taking necessary precautionary measures where needed and provisions where required.

7.4 Interest Rate Risk

The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. Due to COVID-19 Pandemic, the State Bank of Pakistan has responded to the crises by reducing the Policy Rate. Accordingly, the market interest rates have declined significantly. The management is continuously monitoring the situation and is taking necessary precautionary measures where needed.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

7.5 Operational Risk

COVID-19 pandemic has created an unprecedented challenge for company in terms of Business Continuity Management. The management is closely monitoring the situation and has invoked required actions to ensure the safety and security of company's staff and uninterrupted service to policy holders.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Operator's information assets are adequately protected from emerging cyber threats.

8. CONTRIBUTION DEFICIENCY RESERVE

Reversal has been made as the contribution deficiency reserve for Health class of business as at December 31, 2023 and considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date except health department.

9. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. IFRS 9 defines the terms principal as being the fair value of the financial asset at initial recognition and the interest as being compensation for (i) the time value of money and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately.

- a)** financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b)** all other financial assets.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

<u>Operator's Fund</u>	December 31, 2023				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	Change in unrealized gain or (loss) during the year
	----- (Rupees) -----				
Financial assets					
Cash and bank	-	-	1,630	-	-
TOTAL	-	-	1,630	-	-

<u>Participant's Takaful Fund</u>	December 31, 2023				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	Change in unrealized gain or (loss) during the year
	----- (Rupees) -----				
Financial assets					
Investments					
- Mutual funds - available for sale	7,365	835	-	-	-
- Term Deposits	-	-	600	-	-
other receivables*	-	-	1,148	-	-
Cash and bank	448	-	65,902	-	-
TOTAL	7,813	835	67,650	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of the fair values.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

10. INVESTMENTS IN MUTUAL FUNDS - PTF

	2023			2022		
	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
----- Rupees in '000 -----						
Classified at available for sale						
Mutual fund units	7,365	-	8,220	5,100	-	4,630
	<u>7,365</u>	<u>-</u>	<u>8,220</u>	<u>5,100</u>	<u>-</u>	<u>4,630</u>

11. INVESTMENTS IN TERM DEPOSITS - PTF

		2023			2022		
		Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
Note ----- Rupees in '000 -----							
Classified at held to maturity							
Term deposit receipt	11.1	600	-	600	600	-	600
		<u>600</u>	<u>-</u>	<u>600</u>	<u>600</u>	<u>-</u>	<u>600</u>

11.1 This represents a term deposit with bank having profit at the average rate of 10.75% per annum (2022: 7.5%) having maturity till April 17, 2024.

12. QARD-E-HASNA CONTRIBUTED TO PTF

	2023	2022
----- Rupees in '000 -----		
Balance as at the beginning of the year	71,903	44,403
Repayment during the year	-	(5,000)
Qard-e-Hasna contributed during the year	22,000	32,500
Balance as at the end of the year	<u>93,903</u>	<u>71,903</u>

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

13. OTHER RECEIVABLES - Considered good

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Profit receivable	16	5	1,148	821
Federal excise duty	292	220	4,514	3,717
Others	-	-	35,199	17,308
	<u>308</u>	<u>225</u>	<u>40,861</u>	<u>21,846</u>

14. RECEIVABLE FROM PTF

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Wakala fee receivable	16,145	12,792	-	-
	<u>16,145</u>	<u>12,792</u>	<u>-</u>	<u>-</u>

15. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good

Contribution due but unpaid	41,487	33,734
Less: Provision for doubtful receivables takaful participants' holders	(5,714)	(5,714)
	<u>35,773</u>	<u>28,020</u>
Amounts due from other takaful / retakaful operators	22,669	15,564
	<u>58,442</u>	<u>43,584</u>

2023 2022
----- Rupees in '000 -----

15.1 The Operator has co-takaful and re-takaful arrangements with various takaful operators and re-takaful companies. Under the above arrangements, the receivable and payable balance is due when contribution collected or claims settled by the lead operator on behalf of other co-operators, and in case of re-takaful, the contribution ceded to and claims recoverable from the re-takaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements are done between the respective takaful operators in normal course of business. The Operator believes that the current balances of co-takaful and re-takaful reflected in the records of the Operator are based on the underlying contracts and transactions supported by appropriate evidence. In this regard, the Operator exchanged balance information with various co-takaful based on significance of the balances and the re-takaful. This information corroborates the balance position of the Operator in all material respects.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
16. PREPAYMENTS		
Prepaid retakaful contribution ceded	12,862	10,573
Other prepaid expense	793	975
	<u>13,655</u>	<u>11,548</u>

17. CASH AND BANK

Note	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Cash and cash equivalent				
Policy, revenue stamps and bond papers	-	-	39	29
Cash at bank				
Current accounts	-	-	409	127
Profit and loss sharing accounts				
17.1	<u>1,630</u>	<u>4,147</u>	<u>65,902</u>	<u>71,193</u>
	<u>1,630</u>	<u>4,147</u>	<u>66,350</u>	<u>71,349</u>

17.1 The rate of return on profit and loss sharing accounts held with Islamic banks during the year range from 3.81% to 17.00% per annum (2022: 2.84% to 14.03%).

18. OTHER CREDITORS AND ACCRUALS

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Payable to Premier Insurance Limited	139,555	105,937	-	-
Federal takaful fee	-	-	(99)	-
Sales tax on services	-	-	16	(249)
Commission payable	14,869	13,726	-	-
Auditor's fee	398	478	-	-
Others	(520)	(583)	3,769	1,946
	<u>154,302</u>	<u>119,558</u>	<u>3,686</u>	<u>1,697</u>

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

19. PAYABLE TO OPF

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Wakala fee payable	-	-	16,145	12,792
	-	-	16,145	12,792

20. CONTINGENCES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2023 (2022: Nil).

21. NET CONTRIBUTION

	2023	2022
	----- Rupees in '000 -----	
Written gross contribution	184,457	168,371
Less: Wakala fee	(62,969)	(61,285)
Contribution Net of Wakala Fee	121,488	107,086
Add: Unearned contribution reserve opening	83,119	88,967
Less: Unearned contribution reserve closing	(88,051)	(83,119)
Contribution earned	116,556	112,934
Less: Retakaful contribution ceded	29,923	23,199
Add: Prepaid retakaful contribution opening	10,573	10,121
Less: Prepaid retakaful contribution closing	(12,862)	(10,573)
Retakaful expense	27,634	22,747
Net contribution	88,922	90,187

22. NET CLAIMS EXPENSE

	2023	2022
	----- Rupees in '000 -----	
Claims paid or payable	104,304	126,733
Less: Outstanding claims including IBNR opening	(59,670)	(70,595)
Add: Outstanding claims including IBNR closing	54,901	59,670
Claims expense	99,535	115,808
Less: Retakaful and other recoveries received	4,906	14,589
Less: Retakaful recoveries against outstanding claims - opening	(6,930)	(20,271)
Add: Retakaful recoveries against outstanding claims - closing	15,202	6,930
Retakaful and other recoveries revenue	13,177	1,248
Net claim	86,358	114,560

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

22.1 Claim Development

The Operator maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident Year	CLAIM DEVELOPMENT TABLE							
	2016	2017	2018	2019	2020	2021	2022	2023
	----- (Rupees in '000) -----							
Estimate of ultimate claims cost:								
At end of accident year	70,403	94,439	84,202	77,427	68,306	99,559	132,094	119,790
One year later	74,900	92,291	87,485	85,070	56,613	86,517	114,904	
Two years later	75,196	87,982	84,959	83,937	57,157	86,918		
Three years later	72,605	87,756	84,858	84,269	56,990			
Four years later	72,550	87,431	84,190	83,937				
Five years later	72,547	87,828	84,017					
Six years Later	72,903	87,800						
Seven Years Later	72,952							
Current estimate of cumulative claims	72,952	87,800	84,017	83,937	56,990	86,918	114,904	119,790
Cumulative payments till date	72,628	84,797	83,126	83,463	55,696	84,255	109,537	75,522
Liability recognised in statement financial position	324	3,003	891	474	1,295	2,664	5,366	44,268

23. DIRECT EXPENSES - PTF

Tracking services
Service charges
Others

	2023	2022
	----- Rupees in '000 -----	
	415	483
	4,943	5,983
	(120)	3,293
	<u>5,238</u>	<u>9,759</u>

24. RETAKAFUL REBATE - PTF

Rebate from re-takaful received
Add: Deferred rebate opening
Less: Deferred rebate closing
Rebate from retakaful earned

	2023	2022
	5,451	4,253
	2,054	2,134
	(2,484)	(2,054)
	<u>5,021</u>	<u>4,333</u>

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
25. WAKALA FEE - OPF			
Gross wakala fee		64,578	59,363
Add: Deferred wakala opening		29,218	31,140
Less: Deferred wakala closing		(30,827)	(29,218)
Net wakala fee		<u>62,969</u>	<u>61,285</u>
<p>The shareholders of the Operator manage the general takaful operations for the participants and charges 35% for all class of Business (2022: 35%) of the gross contribution written as wakala fee against the services.</p>			
26. COMMISSION EXPENSE - OPF			
Commission paid or payable		15,057	16,918
Add: Deferred commission opening		8,329	7,105
Less: Deferred commission closing		(7,353)	(8,329)
Commission expense		<u>16,033</u>	<u>15,694</u>
27. GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES - OPF			
Employee benefit cost		52,217	43,480
Rent, rates and taxes		698	480
Communications		532	443
Fuel and power		2,087	1,709
Travelling expenses		1,058	582
Entertainment		725	642
Advertisements and sales promotions		948	1,660
Repair and maintenance		1,155	928
Printing and stationery		696	647
Vehicle running expenses		463	369
Annual supervision fee SECP		267	119
Miscellaneous		1,226	940
		<u>62,072</u>	<u>51,999</u>
28. OTHER EXPENSES - OPF			
Auditors' remuneration	28.1	507	618
Fees and subscription		2,995	3,012
		<u>3,502</u>	<u>3,630</u>
28.1 Auditors' remuneration			
Audit fee		257	307
Interim review		108	132
Shariah audit		142	170
Others		-	9
		<u>507</u>	<u>618</u>

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	2023	2022
	----- Rupees in '000 -----	
29. INVESTMENT INCOME - PTF		
Income from mutual funds		
Realized gain on sale of mutual fund units	123	-
Dividend income	144	-
Income from term deposits		
Return on term deposits	51	34
	318	34
30. OTHER INCOME - PTF		
Profit on bank deposits	11,117	6,821
Exchange gain	-	156
	11,117	6,977

31. MODARIB FEE

The operator manage the participants' investments as a Modarib and charge 35% (2022: 35%) Modarib's share of the investment income earned by PTF.

32. RELATED PARTY TRANSACTIONS - PTF

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

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

	2023	2022
	----- Rupees in '000 -----	
Transactions during the year		
Associated companies		
Contribution underwritten	12,220	11,047
Contribution received	8,360	18,784
Claims paid	5,663	3,199
Commission paid	-	128
Year end balances		
Associated companies		
Contribution receivable	2,016	(119)
Claims outstanding	753	1,235
Commission outstanding	59	59

32.1 Operator's contribution toward staff provident fund during the year is Rs.1.504 million (2022: 1.391 million).

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

33. SEGMENT INFORMATION

33.1 Participants Takaful Fund

Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
----- Rupees in '000 -----												
Contribution receivable (inclusive of Federal Excise Duty / Sales Tax, Federal Takaful Fee and Administrative surcharge)	22,360	19,914	9,758	8,549	98,006	97,226	68,089	53,939	3,456	4,587	201,669	184,215
Less: Federal excise duty	2,482	1,841	1,007	1,025	11,528	10,838	-	-	417	553	15,434	14,257
Less: Federal takaful fee	168	126	86	74	820	814	674	534	30	40	1,778	1,587
Gross written contribution (inclusive of administrative surcharge)	19,710	17,947	8,665	7,450	85,658	85,575	67,415	53,405	3,009	3,994	184,457	168,371
Gross direct contribution	16,608	12,566	8,336	7,114	79,295	78,760	67,340	53,325	2,976	3,930	174,556	155,696
Facultative inward contribution	2,939	5,238	-	43	3,644	4,214	-	-	-	-	6,583	9,495
Administrative surcharge	163	143	328	294	2,719	2,601	75	80	33	63	3,318	3,180
Less: Wakala expense	(6,920)	(5,352)	(2,882)	(2,469)	(30,417)	(26,506)	(21,673)	(24,981)	(1,078)	(1,977)	(62,969)	(61,285)
Takaful contribution earned	19,745	15,286	8,234	7,055	86,905	75,731	61,923	71,375	2,718	4,772	179,525	174,219
Takaful contribution ceded to retakaful operators	(12,940)	(11,954)	(5,696)	(4,884)	(7,991)	(4,591)	-	-	(1,007)	(1,318)	(27,634)	(22,747)
Net takaful contribution	(115)	(2,020)	(344)	(298)	48,497	44,634	40,250	46,394	633	1,477	88,922	90,187
Rebate earned	2,963	2,690	1,237	1,073	591	267	-	-	230	303	5,021	4,333
Net underwriting income	2,848	670	893	775	49,088	44,901	40,250	46,394	863	1,780	93,943	94,520
Takaful claims	(2,558)	(2,066)	(622)	(445)	(51,842)	(38,705)	(43,522)	(75,734)	(991)	1,141	(99,535)	(115,808)
Takaful claims recovered from retakaful	1,509	1,851	355	181	11,107	858	-	-	206	(1,641)	13,177	1,248
Net claim	(1,049)	(215)	(267)	(264)	(40,735)	(37,847)	(43,522)	(75,734)	(785)	(500)	(86,358)	(114,560)
Contribution deficiency reserve	-	-	-	-	-	-	1,514	1,131	-	-	1,514	1,131
Other direct expense	(77)	(512)	(32)	(212)	(339)	(2,441)	(4,778)	(6,480)	(11)	(114)	(5,238)	(9,759)
Surplus / (Deficit) before investment income	1,722	(57)	594	299	8,014	4,613	(6,537)	(34,690)	67	1,166	3,861	(28,668)
Investment income											318	34
Other Income											11,117	6,977
Less: Modarib's share of investment income											(3,949)	(2,399)
Surplus / (deficit) for the year											11,347	(24,056)

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Segment assets and liabilities

The following presents segments assets and liabilities as at December 31, 2023 and December 31, 2022:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
----- Rupees in '000 -----												
Segment assets	12,661	9,772	5,566	4,057	55,022	46,595	43,304	29,079	1,933	2,175	118,486	91,678
Unallocated corporate assets											116,031	98,424
Total assets											234,517	190,102
Segment liabilities	18,637	17,961	8,193	7,456	80,995	85,642	63,745	53,447	2,845	3,997	174,416	168,502
Unallocated corporate liabilities											21,347	17,518
Total liabilities											195,763	186,020

33.2 Operators Fund

Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
----- Rupees in '000 -----												
Wakala fee earned	6,920	5,352	2,882	2,469	30,417	26,506	21,673	24,981	1,078	1,977	62,969	61,285
Commission expense	(2,563)	(1,778)	(566)	(551)	(10,790)	(9,123)	(1,650)	(2,294)	(465)	(1,948)	(16,033)	(15,694)
Management expense	(6,827)	1,164	(2,847)	172	(30,048)	(25,735)	(21,410)	(26,749)	(940)	(852)	(62,072)	(51,999)
	(2,470)	4,738	(531)	2,090	(10,421)	(8,352)	(1,387)	(4,062)	(326)	(823)	(15,136)	(6,408)
Modarib's share of PTF investment income											3,949	2,399
Profit on bank deposits											279	272
Other expenses											(3,502)	(3,630)
Loss before taxation											(14,410)	(7,367)

Segment assets and liabilities

The following presents segments assets and liabilities as at December 31, 2023 and December 31, 2022:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
----- Rupees in '000 -----												
Segment assets	786	888	345	369	3,415	4,233	2,687	2,642	120	198	7,354	8,330
Unallocated corporate assets											111,985	89,066
Total assets											119,339	97,396
Segment liabilities	3,294	3,114	1,448	1,293	14,315	14,850	11,267	9,268	503	693	30,827	29,218
Unallocated corporate liabilities											154,302	119,558
Total liabilities											185,129	148,776

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

34. MOVEMENT IN INVESTMENTS

	OPF		PTF	Total
	Available for sale	Available for sale	Held to maturity	
----- Rupees in '000 -----				
January 01, 2022	-	5,035	600	5,635
Addition	-	-	2,400	2,400
Disposal (sale and redemption)	-	-	(2,400)	(2,400)
Designated at available for sale upon initial recognition	-	(405)	-	(405)
As at December 31, 2022	-	4,630	600	5,230
Addition	-	9,142	2,400	11,542
Disposal (sale and redemption)	-	(6,877)	(2,400)	(9,277)
Designated at available for sale upon initial recognition	-	1,325	-	1,325
As at December 31, 2023	-	8,220	600	8,820

35. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

35.1 Takaful Risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at balance sheet date.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

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

Class	2023	2022
	----- Rupees in '000 -----	
Fire and property damage	2,657,115	495,793
Marine, aviation and transport	750,000	900,000
Motor	50,000	60,000
Health	1,200	1,000
Miscellaneous	38,383	45,000

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analyzed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	PTF			
	2023		2022	
	Revenue	Equity	Revenue	Equity
----- Rupees in '000 -----				
Impact of change in claim liabilities by + 10%				
Fire and property damage	(534)	(534)	(356)	(356)
Marine, aviation and transport	(151)	(151)	(203)	(203)
Motor	(2,851)	(2,851)	(2,588)	(2,588)
Health	(1,675)	(1,675)	(2,624)	(2,624)
Miscellaneous	(280)	(280)	(196)	(196)
	(5,491)	(5,491)	(5,967)	(5,967)

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	PTF			
	2023		2022	
	Revenue	Equity	Revenue	Equity
----- Rupees in '000 -----				
Impact of change in claim liabilities by - 10%				
Fire and property damage	534	534	356	356
Marine, aviation and transport	151	151	203	203
Motor	2,851	2,851	2,588	2,588
Health	1,675	1,675	2,624	2,624
Miscellaneous	280	280	196	196
	5,491	5,491	5,967	5,967

35.2 Financial risk

Maturity profile of financial assets and liabilities:

OPF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
----- Rupees in '000 -----							
Financial assets							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	16,161	-	16,161	16,161
Cash and bank	-	1,630	1,630	-	-	-	1,630
December 31, 2023	-	1,630	1,630	16,161	-	16,161	17,791
Financial liabilities							
Other creditors and accruals	-	-	-	398	153,904	154,302	154,302
December 31, 2023	-	-	-	398	153,904	154,302	154,302
----- Rupees in '000 -----							
PTF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
----- Rupees in '000 -----							
Financial assets							
Investments	600	8,220	8,820	-	-	-	8,820
Loans and other receivables	-	-	-	36,347	-	36,347	36,347
Takaful receivables	-	-	-	58,442	-	58,442	58,442
Retakaful recoveries against outstanding claims	-	-	-	15,213	-	15,213	15,213
Cash and bank	-	65,902	65,902	448	-	448	66,350
December 31, 2023	600	74,122	74,722	110,450	-	110,450	185,172
Financial liabilities							
Claims payable	-	-	-	55,372	-	55,372	55,372
Other creditors and accruals	-	-	-	3,687	-	3,687	3,687
Takaful payables	-	-	-	28,981	-	28,981	28,981
December 31, 2023	-	-	-	88,040	-	88,040	88,040

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

OPF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000							
Financial assets							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	12,797	-	12,797	12,797
Cash and bank	-	4,147	4,147	-	-	-	4,147
December 31, 2022	-	4,147	4,147	12,797	-	12,797	16,944
Financial liabilities							
Other creditors and accruals	-	-	-	478	119,080	119,558	119,558
December 31, 2022	-	-	-	478	119,080	119,558	119,558
PTF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000							
Financial assets							
Investments	600	4,630	5,230	-	-	-	5,230
Loans and other receivables	-	-	-	18,129	-	18,129	18,129
Takaful receivables	-	-	-	43,584	-	43,584	43,584
Retakaful recoveries against outstanding claims	-	-	-	6,930	-	6,930	6,930
Cash and bank	-	71,193	71,193	156	-	156	71,349
December 31, 2022	600	75,823	76,423	68,799	-	68,799	145,222
Financial liabilities							
Claims payable	-	-	-	59,670	-	59,670	59,670
Other creditors and accruals	-	-	-	1,697	-	1,697	1,697
Takaful payables	-	-	-	23,659	-	23,659	23,659
December 31, 2022	-	-	-	85,026	-	85,026	85,026

35.3 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The Risk Management function is regularly conducting detailed analysis on sectors/industries and identify the degree by which the company's policy holder and their businesses have been impacted. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while determining required provisions against financial assets where required.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

The carrying amounts of the following financial assets represent the maximum exposure to credit risk:

	2023	2022	2023	2022
	OPF		PTF	
	----- Rupees in '000 -----			
Financial assets:				
Bank balances	1,630	4,147	66,350	71,349
Takaful / retakaful receivables	-	-	58,442	43,584
Retakaful recoveries against outstanding claims	-	-	15,202	6,930
	<u>1,630</u>	<u>4,147</u>	<u>139,994</u>	<u>121,863</u>

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

Bank	Rating agency	2023	
		Short term	Long term
Meezan Bank Limited	VIS	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	AA-
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

	2023	2022
	----- Rupees in '000 -----	
The age analysis of contribution due but unpaid is as follows:		
Up to 1 year	34,265	26,167
1 - 2 years	121	488
2 - 3 years	338	199
Over 3 years	6,764	6,880
	<u>41,488</u>	<u>33,734</u>

The age analysis of contribution due but unpaid from related parties is as follows:

Up to 1 year	6,534	(412)
1 - 2 years	(871)	294
2 - 3 years	-	-
Over 3 years	-	-
	<u>5,663</u>	<u>(118)</u>

The credit quality of claim recoveries from retakaful operators can be assessed with reference to external credit ratings.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

	Amount due from reinsurance operators	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2023	2022
----- Rupees in '000 -----					
A or above (including PRCL)	21,805	10,192	8,618	40,615	27,475
BBB	-	5,020	4,244	9,264	2,832
Others	865	-	-	865	2,759
Total	22,670	15,202	12,862	50,744	33,067

35.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities, In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	2023			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
----- (Rupees in '000) -----				
Claims payable	-	-	54,900	-
Other creditors and accruals	154,302	-	3,686	-
Takaful payables	-	-	28,981	-
Total	154,302	-	87,567	-
----- (Rupees in '000) -----				
	2022			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
----- (Rupees in '000) -----				
Claims payable	-	-	59,670	-
Other creditors and accruals	119,558	-	1,697	-
Takaful payables	-	-	23,659	-
Total	119,558	-	85,026	-

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

35.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

The Operator limits market risk by investing in instruments carrying low risk and actively monitors the key factors that affect the underlying value of these instruments.

35.6 Operational Risk

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Company's information assets are adequately protected from emerging cyber threats.

36. STATEMENT OF SOLVENCY

	2023 Rupees in '000
Assets	
Investments	8,820
Loans and other receivables	40,861
Takaful / retakaful receivables	58,442
Retakaful recoveries against outstanding claims	15,202
Salvage recoveries accrued	360
Deferred wakala expense	30,827
Prepayments	13,655
Cash and bank deposits	<u>66,350</u>
Total Assets (A)	234,517
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(h) Insurance / reinsurance receivables	<u>17,970</u>
Total of In-admissible assets (B)	17,970
Total Admissible Assets (C=A-B)	216,547
Total Liabilities	
Underwriting provisions	
Outstanding claims including IBNR	54,900
Unearned contribution reserve	88,051
Contribution deficiency reserve	1,516
Unearned retakaful rebate	2,484
Takaful / retakaful payables	28,981
Payable to OPF	16,145
Other creditors and accruals	<u>3,686</u>
Total Liabilities (D)	195,763
Total Net Admissible Assets (E=C-D)	20,784

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

37. 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 categorized 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:

	2023		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
PTF			
Available for sale investments (measured at fair value)			
Mutual fund units	-	8,220	-
	-	8,220	-

	2022		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	----- Rupees in '000 -----		
PTF			
Available for sale investments (measured at fair value)			
Mutual fund units	-	4,630	-
	-	4,630	-

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 21, 2024 by the Board of Directors of the Operator.

PREMIER INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

39. GENERAL

39.1 There is no individual class of business within the category of 'miscellaneous', where the gross contribution of the class of business is 10% or more of the gross premium revenue of the Operator.

39.2 The comparative information has been reclassified, rearranged or additionally restated in these financial statements, wherever necessary, to facilitate comparative and to confirm with changes in presentation in the current year. However there were no material reclassification / restatements to report.

39.3 All amounts have been rounded to the nearest thousand Rupees.

Chief Executive Officer

Chairman

Director

Director

Chief Financial Officer

CATEGORIES OF SHAREHOLDING

As at December 31, 2023

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	9	2,721,101	5.38
2	Associated Companies, Undertakings and related Parties	10	13,428,803	26.56
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	5	861,899	1.70
5	Insurance Companies	3	5,474,810	10.83
6	Modarabas and Mutual Funds	2	158	0.00
7	Share holders holding 10%	2	14,740,441	29.15
8	General Public : a. local b .Foreign	1,848	23,363,627	46.20
9	Others	42	4,714,707	9.32
Total (excluding : share holders holding 10%)		1,919	50,565,105	100.00

CATEGORY DETAILS OF SHAREHOLDING

As at December 31, 2023

Directors, Chief Executive Officer, and their spouse and minor children

SNO.	FOLIO	NAME	HOLDING
1	03277-104904	SHARIK BASHIR	410,775
2	03277-2772	SALMAN RAFI	137,567
3	03277-48704	NADEEM MAQBOOL	478,724
4	03277-48705	NAZIA MAQBOOL	202,251
5	03277-9900	IMRAN MAQBOOL	489,278
6	03525-4544	AHSAN BASHIR	394,411
7	03525-5627	ASMA IMRAN MAQBOOL	153,299
8	03525-72378	KHALID BASHIR	294,467
9	03525-96446	BEGUM TANVEER KHALID BASHIR	160,329
TOTAL >>			2,721,101

Associated Companies, Undertakings and related Parties

1	635	M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	213
2	02113-1292	MOHD AMIN MOHA BASHIR LTD	11,510
3	02113-2720	Equity Textiles Limited	1,579,749
4	03277-2582	JUBILEE SPINNING & WEAVING MILLS LIMITED	18,682
5	03277-31027	CRESCENT FIBRES LTD	69,621
6	03525-16675	CRESCENT COTTON MILLS LTD	303,384
7	03525-48327	SURAJ COTTON MILLS LTD.	1,298,971
8	03525-48328	SHAMS TEXTILE MILLS LIMITED	739,069
9	03525-48329	CRESCENT POWERTEC LIMITED	9,266,031
10	03525-8794	THE CRESCENT TEXTILE MILLS LTD	141,573
TOTAL >>			13,428,803

Banks, Development Financial Institutions, Non Banking Financial Institutions

1	593	INDUSTRIAL DEVELOPMENT BANK LIMITED	1,128
2	133	M/S. BIBOJEE INVESTMENT LIMITED.	12,526
3	00083-36	IDBL (ICP UNIT)	99
4	03277-7003	PAKISTAN INDUSTRIAL DEVELOPMENT CORP.	847,948
5	03525-100145	ESCORTS INVESTMENT BANK LIMITED	198
TOTAL >>			861,899

Insurance Companies

1	673	M/S.STATE LIFE INSURANCE CORPN.OF PAK.	283
2	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	5,474,410
3	03277-8997	THE CRESCENT STAR INSURANCE CO.LTD.	117
TOTAL >>			5,474,810

Modarabas and Mutual Funds

1	1501	M/S.FIRST INTERFUND MODARABA.	117
2	1781	M/S.FIRST CONFIDENCE MODARABA.	41
TOTAL >>			158

CATEGORY DETAILS OF SHAREHOLDING

As at December 31, 2023

Others

SNO.	FOLIO	NAME	HOLDING
1	110	M/S.THE PAN ISLAMIC STEAMSHIP CO.LTD	65
2	169	M/S.AUSTRALASIA BANK LTD.	2,923
3	345	M/S.MUTUAL TRADING CO.LTD.	1
4	362	M/S.TAYYAB KATCHI & CO.LIMITED.	5,314
5	389	M/S.GOLDEN VALLEY TRADING CO.LTD.	3,525
6	503	M/S.VALIKA INVESTMENT CORPN.LTD.	5,184
7	985	M/S.CRESCENT TRADING CORPN.(PVT) LTD	9,095
8	1144	ALI TRUST, LAHORE.	41
9	1665	M/S.SITARA ENTERPRISES (PVT) LTD.	177
10	2279	M/S. N.H. SECURITIES (PVT) LTD.	23
11	2350	M/S.PROGRESSIVE GARMENTS (PVT) LTD.	11,797
12	2352	M/S.CRESCENT SPINNING MILLS LTD.	7,372
13	2577	M/S.AMIN BASHIR VENTURES (PVT) LTD.	12,290
14	3032	TRUSTI BONUS FBR	33,476
15	3042	TRUSTEE TO 5% BONUS FBR	42,135
16	3068	TRUSTEE TO 5% BONUS FBR 10% BOUNS	15,864
17	3069	TRUSTEE TO BOUNS FRACTION SHARES COMPANY SECRETARY	1,032
18	3082	TRUSTEE TO BONUS FRACTION SHARE COMPENY SECRETARY	958
19	01651-27483	ROOMI HOLDINGS (PVT.) LIMITED	34,000
20	01917-33	PRUDENTIAL SECURITIES LIMITED	2,340
21	01917-41	PRUDENTIAL SECURITIES LIMITED	122
22	02287-14	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	293
23	02287-22	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	8,548
24	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	912
25	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	29
26	03277-13417	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	72,055
27	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	270,510
28	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	12,589
29	03277-94725	ROOMI HOLDINGS (PVT.) LIMITED	1,234,000
30	03277-9699	BURMA OIL MILLS LTD	191,697
31	03525-113676	MASOOD HOLDINGS (PRIVATE) LIMITED	1,955,500
32	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	741
33	03525-63817	NH SECURITIES (PVT) LIMITED.	933
34	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
35	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	562
36	04580-23	CAPITAL VISION SECURITIES (PVT) LTD.	167
37	04705-87224	FEDERAL BOARD OF REVENUE	239,711
38	05512-94493	ROOMI HOLDINGS (PVT.) LIMITED	20,500
39	06502-14392	MASOOD HOLDINGS (PRIVATE) LIMITED	414,500
40	07419-21562	ROOMI HOLDINGS (PVT.) LIMITED	87,000
41	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	465
42	14241-22	FIKREES (PRIVATE) LIMITED	16,260
TOTAL >>			4,714,707

PATTERN OF SHAREHOLDING

As at December 31, 2023

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
582	1	100	16,177
434	101	500	114,032
184	501	1,000	134,649
358	1,001	5,000	870,098
101	5,001	10,000	721,324
55	10,001	15,000	682,719
23	15,001	20,000	389,362
22	20,001	25,000	487,441
19	25,001	30,000	515,262
12	30,001	35,000	383,573
13	35,001	40,000	480,067
8	40,001	45,000	338,727
3	45,001	50,000	146,538
7	50,001	55,000	360,826
2	60,001	65,000	125,832
4	65,001	70,000	269,515
9	70,001	75,000	654,003
3	80,001	85,000	247,580
7	85,001	90,000	613,441
2	90,001	95,000	185,585
1	95,001	100,000	100,000
2	100,001	105,000	207,008
1	115,001	120,000	116,549
1	120,001	125,000	123,403
4	125,001	130,000	508,637
3	130,001	135,000	401,679
2	135,001	140,000	276,574
1	140,001	145,000	141,573
1	145,001	150,000	145,155
5	150,001	155,000	766,495
1	160,001	165,000	160,329
1	175,001	180,000	175,632
1	180,001	185,000	181,131
1	190,001	195,000	191,697
1	195,001	200,000	198,457
3	200,001	205,000	605,596
1	205,001	210,000	207,324
1	215,001	220,000	218,005

PATTERN OF SHAREHOLDING

As at December 31, 2023

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
1	235,001	240,000	239,711
1	270,001	275,000	270,510
1	280,001	285,000	282,384
1	290,001	295,000	294,467
1	300,001	305,000	303,384
3	305,001	310,000	918,996
2	325,001	330,000	657,000
1	345,001	350,000	348,307
1	350,001	355,000	354,077
1	375,001	380,000	377,785
1	390,001	395,000	394,411
2	410,001	415,000	825,275
1	435,001	440,000	439,997
1	455,001	460,000	459,441
1	475,001	480,000	478,724
2	485,001	490,000	976,335
1	505,001	510,000	505,643
1	545,001	550,000	550,000
1	565,001	570,000	568,461
1	570,001	575,000	571,152
2	575,001	580,000	1,153,505
1	665,001	670,000	669,701
1	700,001	705,000	701,259
1	735,001	740,000	739,069
1	845,001	850,000	847,948
1	960,001	965,000	964,430
1	1,180,001	1,185,000	1,183,054
1	1,215,001	1,220,000	1,219,423
1	1,230,001	1,235,000	1,234,000
1	1,295,001	1,300,000	1,298,971
1	1,575,001	1,580,000	1,579,749
1	1,955,001	1,960,000	1,955,500
1	5,470,001	5,475,000	5,474,410
1	9,265,001	9,270,000	9,266,031
1,919			50,565,105

BRANCH NETWORK

Karachi

Head Office

5th Floor, State Life Building 2-A, Wallace Road,
Off. I.I. Chundrigar Road, Karachi, Pakistan.

Phone: 021-32416331-4

Fax: 021-32416572

Clifton Branch

5th Floor, State Life Building 2-A, Wallace Road,
Off. I.I. Chundrigar Road, Karachi, Pakistan.

Phone: 021-32416331-4

Fax: 021-32416572

North Zone

Zonal Office Lahore

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

Mall Branch Lahore

23 Shahrah-e-Quaid-e-Azam, Lahore.

Phone: 042-37230602-3

Multan Branch

P-KOK Towers

Nishter Chowk, Multan

Phone: 061-4515007-9

Faisalabad Branch

1st Floor Regency Arcade,
949-Mall Road, Faisalabad.

Phone: 041-2632211-3

Fax: 041-2617802

Gujranwala Branch

Block - L, Trust Plaza,
G.T Road, Gujranwala.

Phone: 055-3256432

Islamabad Branch

64-E 2nd Floor, Masco Plaza,
Jinnah Avenue, Blue Area, Islamabad.

Phone: 051-2803024-5

Fax: 051-2348169

Peshawar Branch

Lamsy Arcade, 1st Floor, Fakhar-e-Alam Road,
Peshawar Cantt.

Phone: 091-5273757 / 5277809

Fax: 091-5277809

Sialkot Branch

Room # 3 & 4, Sahib Plaza,
Saga Chowk, Defence Road, Sialkot.

Phone: 052-3572192-3

Quetta Branch

43-Regal Plaza 2nd Floor

Circular Road Quetta

Phone: 081-2842883

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 72nd Annual General Meeting ("AGM") of PREMIER INSURANCE LIMITED ("the Company") will be held on **April, 23, 2024**, at 10:30 am at Registered Office, 5th Floor, State Life Building No. 2A, Wallace Road, Karachi as well as through Video link facility to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2023, together with the Chairman's Review, Directors' and Auditors' Reports thereon.

The above financial statements and documents can be viewed/downloaded using the following link and QR enabled code



Link : <http://pil.com.pk/pin/wp-content/uploads/2024/03/2023-PIL-ANNUAL-REPORT.pdf>

2. To appoint Auditors and fix their remuneration. The members are hereby given notice that the Audit Committee and the Board of Directors have recommended the name of M/s. BDO Ebrahim & Co, Chartered Accountants for appointment as auditors of the Company.

By Order of the Board

Fariq Mahmood Khan Rohilla
Company Secretary

Karachi: April 02, 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes:

AGM by Video-link facility

The Company has made arrangements for the shareholders, directors and others to attend AGM through electronic means.

The members and their proxies who wish to attend the AGM are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) at email company.secretary@pil.com.pk at least two working days before the AGM.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the email address they provided to the Company for this purpose. The Login facility will remain open from the start of the meeting till its proceedings are concluded.

Closure of Share Transfer Books

The Members Register of the Company shall remain closed from **April 16, 2024 to April 23, 2024** (both days inclusive). Transfers received in order at the office of our Registrar, FAMCO Share Registration Services (Pvt) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan by the close of business on **April 15, 2024** will be treated in time for the purpose of attending, speaking and voting at the AGM.

Participation in the Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him / her and proxies so appointed shall have same rights and obligations as respect attending, speaking and voting at the meeting as are available to members. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy forms in English and Urdu languages are annexed to the notice sent to the members. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.

Circulation of Annual Reports

As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(1)/2023 dated March 21, 2023, the shareholders of Premier Insurance Limited had accorded their consent for circulation of Annual Financial Statements along with Auditors and Directors Reports, etc. to its members through QR enabled code and weblink.

NOTICE OF ANNUAL GENERAL MEETING

The Company has also placed a copy of the Notice of AGM, Annual Financial Statements for the year ended December 31, 2023 along with Auditors and Directors Reports thereon and Chairman's Review and other information on the website of the Company: www.pil.com.pk

Electronic Transmission of Financial Statements

Pursuant to Notification vide SRO 787 (I) / 2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future. In this regards, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

The Company will send the financial statements in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by a member on the standard request form available on the website of the Company.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of member(s) to timely update the share registrar of any change in his (her / its / their) registered email address at the address of Company's Registrar in case of physical folio or with their Participants / brokers or CDC Investor Account Services, where their shares are held in electronic form.

Deposit of Physical Shares into CDC Accounts

As per section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act. The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing regulations of the stock exchange.

Dividend, Electronic Credit Mandate (Mandatory)

Pursuant to the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank account designated by the entitled shareholder(s) ("the bank account"). Therefore, in order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in "Electronic Credit Mandate Form" available on Company's website i.e. www.pil.com.pk and send the completed form along with a copy of a valid CNIC or provide the following information to the registrar of the Company M/s. FAMCO Share Registration Services (Pvt) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

NOTICE OF ANNUAL GENERAL MEETING

Folio Number: _____
Name of Shareholder: _____
Title of the Bank Account: _____
Email address: _____
International Bank Account (IBAN) (24 digits): _____
Name of Bank: _____
Name of Bank Branch and Address: _____
Cellular Number of Shareholder: _____
Landline Number of Shareholder: _____
CNIC/NTN _____ Number: _____ (in case of corporate shareholder) (Attach Copy)
Signature of Member _____

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN is already been incorporated/updated in the CDC account or physical folio of the shareholder.
In case of non-submission, all future dividend payments may be withheld.

UNCLAIMED DIVIDEND / SHARES U/S 244 OF THE COMPANIES ACT, 2017:

An updated list for unclaimed dividend/shares of the Company is available on the Company's website www.pil.com.pk. These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website.

Claim Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

Email and Contact Details (Mandatory)

Members are requested to have their updated email and cell number incorporated in their physical folio with the Share Registrar of the Company and with their Participant or Broker / CDC Investor Account Services where their shares are held in electronic form.

Change of Address

Shareholders are requested to notify our Registrar immediately of any change in their addresses.

Zakat Exemption

In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Share Registration Services (Pvt) Limited, of the Company. In case shares are held in scrip less form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. No exemption from deduction of zakat will be allowed from future dividends, unless the above documents are complete in all respects have been timely filed.

SHARE REGISTRAR

FAMCO Share Registration Services (Pvt) Limited

8-F, Next to hotel Faran, Nursery Block-6,
P.E.C.H.S., Shahrah-e-Faisal, Karachi.

Phones: (21) 34380101-2

Fax : (21) 34380106

Email : info.shares@famco.com.pk

Subject Consent for Electronic Transmission of Annual Report

Dear Sirs,

I/we, being the shareholder(s) of Premier Insurance Limited, ("Company"), do hereby give consent and authorize the company for electronic transmission of the Annual Report containing Annual Audited Financial Statements, Directors' Report and Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the company of any change in my Email address.

I understand that the transmission of Annual Report via the Email shall meet the requirements as mentioned under Section 50,158,233 and 236 of the Companies Ordinance, 1984.

Name of Shareholder(s): _____

Fathers / Husband Name: _____

CNIC: _____ NTN (if any): _____

Participant ID / Folio No: _____ Telephone: _____

Mailing address: _____

Email address:

Date: _____

Premier Insurance Limited
State Life Building No. 2A
5th Floor, Wallace Road Karachi

Signature
(In case of corporate shareholders,
the authorized signatory shall sign)

پریمیئر انشورنس لمیٹڈ

اسٹیٹ لائف بلڈنگ، پانچویں منزل، نمبر-A-2، والیک روڈ، کراچی نمبر-74000

نائب پراکسی فارم

سالانہ جنرل میٹنگ

میں اہم _____ ولد _____ بحیثیت ممبر پریمیئر انشورنس لمیٹڈ کے عام شیئر
رکھتا رکھتی ہوں بمطابق رجسٹرڈ فولیو نمبر _____ اور/یا _____ سی ڈی سی _____ کے شراکت دار، شناختی کارڈ
نمبر _____ ذیلی اکاؤنٹ نمبر _____ قومی شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____
اپوائنٹ _____ جو کہ کمپنی کا پہلے سے ممبر ہے، بمطابق فولیو نمبر _____
یا ناکام رہا/رہی _____ کیلئے _____ بطور میرے نائب میری غیر موجودگی میں حاضر
ہوگی/ہوگا اور میرے لئے میری معرفت ووٹ ڈالے جو کہ کمپنی کے سالانہ اجلاس عام بمطابق 23 اپریل 2024 بوقت 10:30 am بجے رجسٹرڈ آفس، کراچی میں منعقد ہوگا۔

دستخط مورخہ _____ دن _____ 2024-

۱- گواہ: _____

دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

۲- گواہ: _____

دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

نوٹ:

۱- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس، بمقام پانچویں منزل، اسٹیٹ لائف بلڈنگ نمبر-A-2، والیک روڈ، کراچی کے پتے پر ارسال کر دے۔

۲- سی ڈی سی شیئر ہولڈرز اور ان کے نائب پر لازم ہے کہ وہ اپنے شناختی کارڈ کی فوٹو کاپی تصدیق شدہ یا پاسپورٹ کی کاپی اس پراکسی فارم کو کمپنی میں جمع کرنے سے پہلے ساتھ منسلک کریں۔

Premier Insurance Limited

5th Floor, State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi, Pakistan.

Proxy Form Annual General Meeting

I/We _____ of _____
being a member of Premier Insurance Limited and holder of Ordinary shares as per Registered Folio No _____ and/or CDC Participant I.D.No _____
Sub-Account No _____ CNIC No _____
or Passport No _____ hereby appoint _____
of _____ who is also a member of the company, having Folio No _____
or failing him/her _____ as my/our Proxy in my/our
absence to attend, speak and vote for me/us and on my/ our behalf at the Annual General Meeting of
the company to be held on Tuesday April, 23 2024, time 10:30 am at Registered Office, Karachi.

Signed this _____ day of _____ 2024

1. Witness:
Signature _____
Name _____
Address _____
CNIC or Passport No _____
2. Witness:
Signature _____
Name _____
Address _____
CNIC or Passport No _____



Signature of Shareholder

Note:

1. Proxies in order to be effective must be received at the Registered Office of the company at 5th Floor, State Life Building No. 2-A, Wallace Road, Karachi not later than 48 hour before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the company.

Premier Insurance Limited

Since 1952 as a life-time companion we have delivered distinctive general insurance services across the country with diligence, zeal and commitment. Yet our journey to excel continues; to do more and better for our clients.



www.pil.com.pk