

# TPL Insurance



Annual Report  
2022



Take Ownership

Pledge To Learn



Lead with Compassion



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## OUR VISION

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

## OUR MISSION

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

# OUR VALUES

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## TAKE OWNERSHIP

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



## PLEDGE TO LEARN

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



## LEAD WITH COMPASSION

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

# 2022 IN REVIEW



Pakistan's first Insurance Company in the Metaverse



PACRA IFS rating maintained at AA

**finnfund**

\$3 million capital injection from Finnfund



**Insurtech of the Year**

Winner 2021

**Best General Insurer**

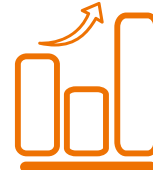
Winner 2021



Over 3.8 billion Premium achieved



Over 400k Mobile App downloads



Over Rs. 100 million digital sales



Launched Platinum Drive as a Premium Telematics based Auto Insurance



Launched Pakistan's first Buy Now Pay Later Insurance



Launched Pakistan's first Digital Bus Travel Insurance



Declaration of 35% interim bonus shares





## CEO'S MESSAGE

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Mr. Muhammad Aminuddin  
CEO, TPL Insurance



For TPL Insurance (TPLI), 2022 was about commitment. We remained committed to developing higher capabilities and capacities to cater to our customers' ever-changing needs and create more financial inclusion. Alongside, we aimed to achieve and maintain sustainable growth in the future. Our focus on diversifying our business on multi product and multi-channel basis assisted the company to cope with challenges with a sense of urgency.

In July 2022, TPLI welcomed Finnfund, a major development financier and impact investor in Finland, with their acquisition of 17.59% shareholding in the Company. Previously, in April 2021, DEG (Deutsche investitins-und Entwicklungsgesellschaft mbH), a wholly owned subsidiary of KfW Group, Germany had acquired 19.9% shareholding in the Company. With a strong capital base and encouragement from foreign investors, the IFS rating of the Company stands at AA by PACRA. TPLI achieved a growth of 16% in the year 2022 and closed the year with a Gross Premium of PKR 3.8 billion. The loss ratios remained at 48%, despite losses from urban flooding and crop insurance losses from flooding, and this is below the industry loss ratio.

Our journey of innovation and market development continued throughout the year. TPLI's collaboration with partnering organizations brought Pakistan's first Area Yield Index Crop Insurance; a cover that insures farmers' crop yield against a pre-set historical benchmark. In the Motor segment, Platinum Drive was launched, a Premium Pay How You Drive product covering a variety of risks. This was followed by Pakistan's first Buy Now Pay Later product, considering challenges faced by customers and offering convenience of auto debit facility on credit cards. A range of other products, such as Extended Warranty, Personal Cyber Insurance, and Bus Travel Insurance, have also been introduced in the market, showing significant potential.

The drive to improve customer servicing through digitization has progressed with the launch of My-TPLI portal on the website, featuring improvements in the TPLI Mobile App. On the Health Tech front, TPLI integrated online doctor's consultation, lab test facility, and medicine delivery through the app. Underpinned by our focus on customer centricity, online policy issuance, policy download, claim intimations, renewals and payment options are just a click away via the TPLI mobile app, TPLI WhatsApp and our website.

As Pakistan's leading Insurtech, TPLI continues to innovate despite challenging times. Our workforce perpetually looks at ways to utilize the digital paradigm to redefine insurance and we intend to continue this in the future. We are the first Insurance brand to step into the Metaverse where customers can get detailed tours on TPLI products as well as navigate to purchase insurance at their convenience.

Other important areas of focus are diversity, inclusivity and gender equity. TPLI enables women and persons with disabilities professionally with initiatives to bring them to the frontline, making them everyday heroes. The company also provides paternity and maternity leaves, as well as daycare facilities for working mothers. To promote equity and support gender equality, work-life balance is promoted.

Our commitment to disruption of the market through innovation, customer centricity and target segment development has been appreciated by our partners, sponsors, and customers. All this has been achieved through the hard work of our workforce, guidance from the sponsors and unconditional support from our business partners.

I thank my team and I am grateful for their tremendous resolve and resilience. I would also like to thank all our stakeholders, business partners, Securities and Exchange Commission of Pakistan, and above all our customers who have placed their trust in TPL Insurance.

Warm Regards,



Muhammad Aminuddin  
CEO, TPL Insurance

# BOARD OF DIRECTORS



**Mr. Jameel Yusuf Ahmed S. St.**  
Director / Chairman



**Mr. Muhammad Ali Jameel**  
Director



**Mr. Muhammad Aminuddin**  
CEO



**Ms. Naila Kassim**  
Director



**Rana Assad Amin**  
Director



**Ms. Ayla Majid**  
Director



**Mr. Aqueel E. Merchant**  
Director



**Mr. Benjamin Brink**  
Director

# MANAGEMENT TEAM

**Muhammad Aminuddin**  
Chief Executive Officer

**Syed Ali Hassan Zaidi**  
Chief Operating Officer

**Yousuf Ali**  
Chief Financial Officer

**Hashim Sadiq Ali**  
Chief Internal Auditor

**Danish Qazi**  
Company Secretary & Group General Counsel

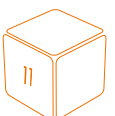
**Furqan Ul Huda**  
Chief Information Officer

**Nader Nawaz**  
Group Head HR & Admin

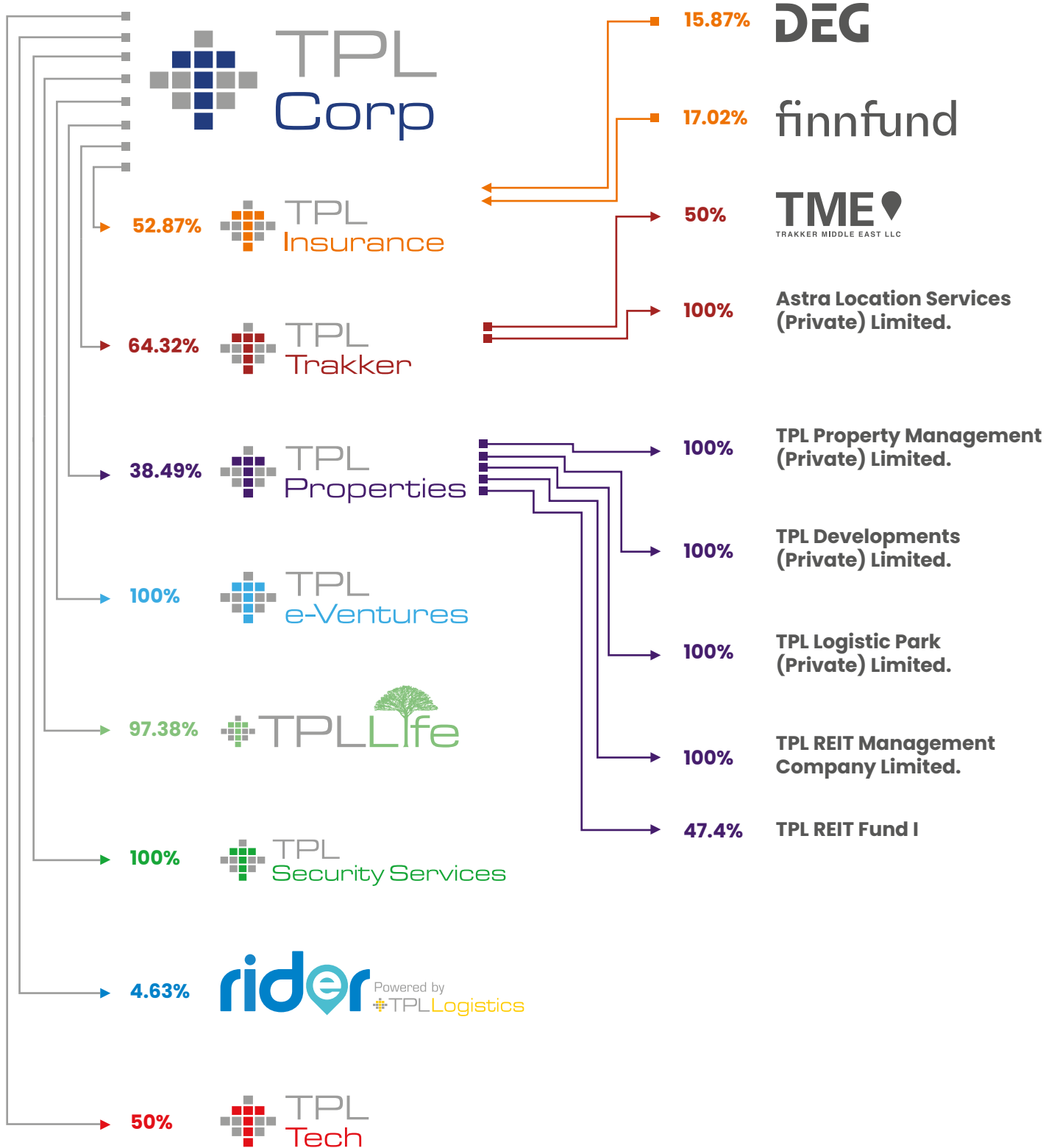
**Sarah Dawood**  
Head of Corporate Brand

**Shadab Khan**  
Head of Reinsurance

**Zia Mehdi**  
Head of Takaful



# GROUP ARCHITECTURE



# COMPANY PROFILE

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## TPL INSURANCE

TPL Insurance (TPLI) is a pioneer in seamless insurance services in Pakistan, through state-of-the-art Insurtech infrastructure and a 24/7 Contact Center. TPLI offers all lines of General Insurance including Auto, Fire, Marine, Health, Home, Travel, Mobile, Cyber Risk, Engineering and Agriculture, with both Conventional and Takaful (Islamic) solutions for its customers. The reinsurance treaties are managed with leading reinsurers such as Hannover Re and IFS rating of the company issued by PACRA is AA. TPLI has disrupted the existing insurance ecosystem by servicing and delivering exceptional value to customers through integrations with multiple business partners, spanning startups and established players.

TPLI's Mobile App is one of the leading Insurtech platforms in Pakistan, offering an end-to-end insurance experience of real time policy issuance, claim lodging, self-surveys, renewals, payments and much more. TPLI also introduced Pakistan's first usage-based insurance product - DrivePro, enabling customers to track, monitor and earn rewards based on their driving behavior. These initiatives among others have enabled the Company to achieve new industry benchmarks, such as, processing claims instantly while remaining customer-friendly and maintaining superior service standards.

TPL Insurance is also the first player in the insurance industry to launch Buy Now, Pay Later (BNPL) Auto Insurance with easy monthly installments on 3 or 6 months and zero interest rate to facilitate its customers.

TPLI recently became the 1<sup>st</sup> Insurer in Pakistan with their presence in the Metaverse, whereby focusing on the next generation of its customers. Users can virtually meet, greet and discuss their insurance needs and experiences. Users can also learn about our products or latest offers as they walk around in our Metaverse gallery. In upcoming months, we are focusing on issuing policies and providing services to everyone virtually to make it easier for the customers to avail all benefits.

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# PRODUCT PORTFOLIO



## AUTO

A range of Auto Insurance covers to protect customer vehicles.



## BIKE

Coverage of motor bikes from any unfortunate events while commuting or being stationary. Easy to avail via the TPLI Mobile App.

### Comprehensive Cover

Vehicle is covered for all accidental and rain water damages, accessory theft or theft / snatching of vehicle along with third party claims. Complete coverage throughout the year with bundle value add-ons, exclusively designed for TPLI customers.

### 2T

Vehicle coverage for theft / snatching and Third-Party Liabilities with affordable prices and free value-added features for old vehicles. Favorable for customers who take care of their vehicles and maintain them.

### Secure T

Protects old vehicle (over 3 years old) for Total Loss, theft / snatching, Third-Party and Terrorism Perils. Secure T is affordable and provides complete reassurance for any major accidental or theft claims.

### DrivePro

Comprehensive coverage with telematics features to track individual driving score, view driving violation data, spot areas for improvement on the go and earn points for safe driving. Earned points can be redeemed on the TPLI Mobile App to get discounts.

### Zero Dep Comprehensive

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

### Self-Insurance

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

### Smart Ride Plus (Comprehensive)

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

### Smart Ride

TPL Smart Ride protects your bike from Theft and Total Loss.



## HOME

TPL Home cover protects home structure and contents from unexpected events such as burglary, house-breaking, natural calamities, riots, and accidents, with flexible coverage under three variants: Home Ownership, Tenant and Landlord. Comprehensive protection for valuables, covering a variety of household items, including cash and jewelry. Coverage also includes loss or damage to your property.



## MOBILE

Protection from Accidental Damage or Physical Loss in case of Theft or Armed Robbery. Coverage includes damage to Phone Screen as follows:

- Accidental and /or Physical damage to screen up to 10% of depreciated value
- Theft /Armed Robbery of mobile phones up to depreciated value
- Maximum sum insured - Rs. 100,000/-



## TRAVEL

Comprehensive services available for trips anywhere in the world. Packages include complete solutions for emergencies during travel, specially covering hospitalization, where payments are made directly to the hospital.

### Domestic Travel Cover

From loss of baggage to medical emergencies and trip cancellations, coverage provides assistance to make the trip easier.

### International Travel Cover

Cover against widest range of emergencies, including flight delays, unexpected injuries, baggage loss, emergency return to home, hijacking, trip cancellation and baggage delays.

### Hajj/Umrah

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

### Ziarat

A comprehensive package covering all kinds of emergencies during Ziarat.

### Student Guard

Students can get covered against incidents related to health and travel accidents in a foreign country. Coverage includes flight delays, personal liabilities and assistance.





## PROPERTY

Property Insurance enables businesses to minimize the impact of unexpected events, enabling them to organize activities with greater certainty.

### **Fire and Allied Perils**

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

### **Business Interruption or Consequential Loss**

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

### **Terrorism**

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



## MARINE

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

Marine Liability products provide coverages for charterers, marina operators, ship repairers, stevedores, terminal operators and wharfingers on both a primary and excess basis. Technologically advanced, fast solutions for marine cargo import, export and inland transit. Comprehensive coverage for goods in transit for manufacturers, importers and exporters, commodity traders operating locally and internationally, logistics companies and more.



## ENGINEERING

Appropriate protection on numerous coverages, including:

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



## CYBER RISK

End-to-end coverage against cyber security and confidentiality breaches, cyber extortion and vulnerabilities that can cause significant damage to businesses.

Cyber Insurance provides first Party Cover, Third Party Cover, Business Interruption and Crisis Management, keeping in perspective the regulatory, PR and operational costs resulting from cybercrimes.



## MISCELLANEOUS

Indemnity for corporate clientele to compensate for pecuniary losses covered under the cash in safe, cash in transit, fidelity guarantee, workmen compensation, plate glass, neon sign, personal accident, burglary insurance, aviation hull insurance and aviation liability etc.



## AGRICULTURE

Facilitating farmers to overcome underlying risks involved in crop cultivation and livestock rearing. Farmers can get financial coverage for crops and livestock against fire, lightning, storms, earthquakes, flooding, landslides, subsidence, snowfall and external accidents caused by livestock related illness, disease and insects.

### Crop

Ensures protection against either the loss of crops due to natural disasters, such as hail, drought and flood.

TPLI also provides Yield based Crop Insurance to farmers through international partners, which complements other risk management instruments, like reducing negative impacts of various perils that can prevent farmers from unfortunate risks. Such as, having to sell household assets or consume savings, stabilizing farmers' incomes and facilitating farmers' access to credit or increasing farmers' ability for credit repayment.

### Livestock

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



## HEALTH

Protects customers from the burden of medical treatments in the event of hospitalization, resulting from serious illness or accidents. Patients who are financially vulnerable can avail the micro health product which enables policy holders to get treatment at any hospital across Pakistan as per their convenience. TPLI has one of the largest networks of cashless hospitalization in the Micro Health segment, as well as provides Group Health solutions with digitized claims solutions and wellness programs.

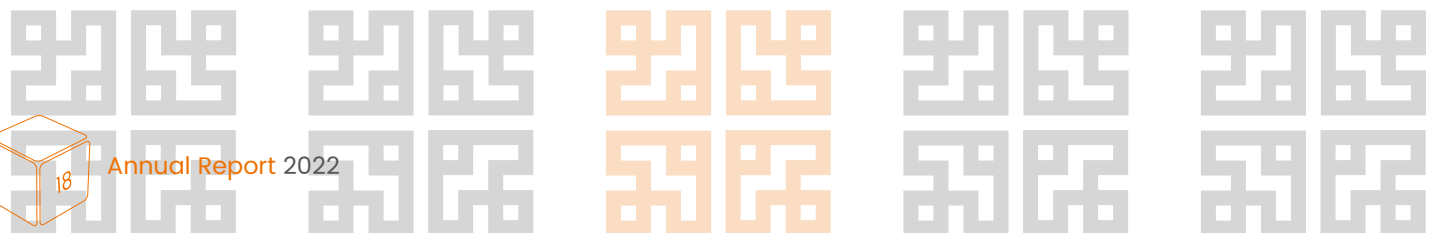
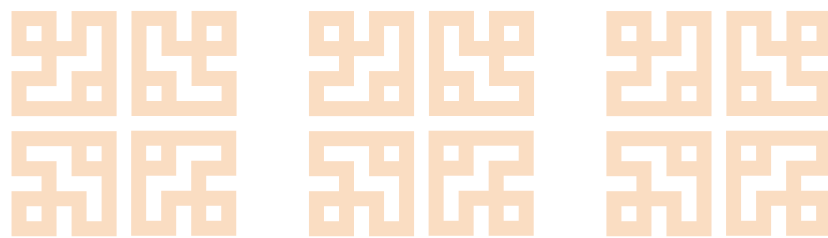


Window Takaful Operations

# WINDOW TAKAFUL OPERATIONS

TPL is the 2<sup>nd</sup> largest Window Takaful Operator in Pakistan. Licensed in 2014, TPL Window Takaful Operations (WTO) division has grown over the years, contributing significantly to the top-tiers. The strategic objectives of the division are as follows:

- Establish direct Takaful services and emphasize on risk mitigation by providing Islamic insurance i.e. Takaful services for non-life business
- Provide Islamic Insurance solutions through call center and offer 24/7 service with the fastest claim settlement and processing time in the industry, backed by our robust in-house survey capability
- Build upon our marketing and distribution channels and also to strengthen our business relationships with Islamic banks and financial institutions which provide Islamic products
- Offer fair and equitable premium rates, while ensuring effective risk profiling for our policy holders
- Introduce ethical principles in line with Islamic rules to achieve the highest standards in conducting business. Mufti Talha Iqbal, Shariah Advisor and Mufti Zakaria Iqbal, Head of Shariah Compliance, are instrumental in the development of our Takaful business



# MOBILE APP

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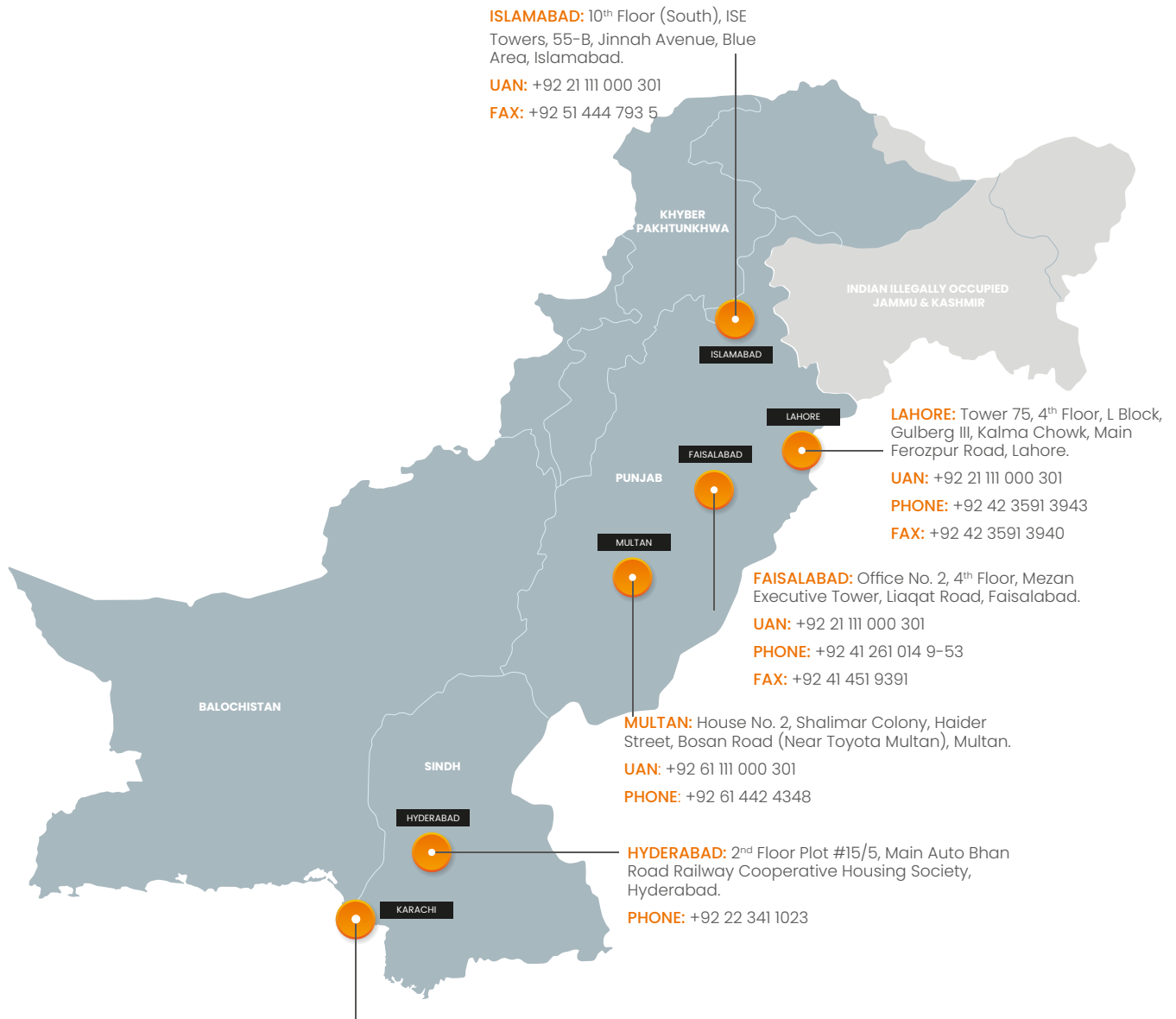
TPLI Mobile App, launched as Pakistan's first Insurance App in 2018, it has now evolved into a Lifestyle Insurance App catering to a wide range of customers' insurance and non-insurance needs such as partnerships and integrations with Vouch365 (providing coupons/discounts from ordering food, dine in, beauty and children activities), MediQ (providing access to doctors online and medicines/lab tests from the convenience of customers' home) and easily book flight tickets with Sastaticket.

With new products added for different target segments, such as domestic Travel Insurance, Bike Insurance, and Women's Health Insurance, the TPLI Mobile App is a leading innovative solution providing a one-stop shop, where customers can easily buy insurance products (Auto, Home, Travel, Bike, Health and Mobile), lodge claims, manage and renew their policies as well as conduct self-surveys. The App also allows customers to update their profile information and gives access to 24/7 live chat with agents.

As a Lifestyle App, TPLI makes it extremely convenient for customers to avail services hassle-free. TPLI Mobile App has telematics products which track driving behaviors and rewards customers for good driving habits. TPLI rewards customers on milestones and a reward wallet functionality has also been developed into the App. Users can also earn rewards by referring the App or buying insurance products. Reward points can be used to gain further discounts in buying or renewing products, or can be transferred using the reward wallet.



# GEOGRAPHICAL PRESENCE



**KARACHI REGISTERED OFFICE:** 20<sup>th</sup> Floor, Sky Tower, East Wing, Dolmen City, HC-3, Abdul Sattar Edhi Avenue, Block No. 4, Clifton, Karachi.

**UAN:** +92 21 111 000 301

**PHONE:** +92 21 3713 0223

**FAX:** +92 21 3531 6031-2

## BRANCH OFFICES:

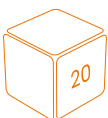
**Karachi:** Plot 19-B, Sindhi Muslim Cooperative Housing Society (SMCHS), Near Roomi Masjid, Shahrah-e-Faisal, Karachi.

**UAN:** +92 21 111 000 301

**PHONE:** +92 21 3713 0223

**FAX:** +92 21 3531 6031-2

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



# SWOT ANALYSIS



- Pakistan's first end-to-end Digital Insurance Company with Lifestyle Insurance App
- Pakistan's first Insurance at Metaverse
- Preferred Insurer for Retail Customer base
- Product innovation for all customer segments and fast to market capability
- Real time online renewals and claim settlement through Mobile App
- Pakistan's second largest Window Takaful operations
- Pakistan's only Yield based Crop Insurance and Digital Livestock Insurance
- Cross sell opportunities with Group companies
- Backed by foreign stakeholders to develop insurance sector in Pakistan



- Lack of product awareness among tech savvy Gen Z
- Low reinsurance capacities available to underwrite larger risks
- Relatively smaller corporate customer base as compared to the competitors



- Tapping on the youth segment to spread awareness about insurance industry
- Partnerships with digital aggregators and other retail or micro centric partners to increase customer touch points
- Product Innovation and service delivery in Micro Insurance segment
- Diversifying in small to medium sized corporate segments



- Political and economic instability
- Competition from digital only insurance companies and brokers
- Low awareness of insurance amongst the masses
- Shrinking reinsurance capacities due to global economic challenges

# PESTEL ANALYSIS



## Political

Political uncertainty throughout the year resulted in significant economic turmoil in the country. With shaken investor confidence, pressure on PKR and hyperinflation environment, the country is heading towards a closely contested election in the year. In such political situation, insurance industry will remain under pressure to achieve real growth.

## Environmental

Climate change is a fast-becoming risk to society as the increase in emission of greenhouse gases has taken its toll on our climate. A single catastrophic event can have disastrous effects and leave the insurance companies obliged to pay out large amounts of money as compensation to policy holders. We have seen significant flooding during the year as a result of climate related changes.



## Social

Family formation, trends in fertility, mortality and migration have also experienced a seismic shift over the past few decades resulting in changing demographics and socio-economic structures of societies. A significant segment of the young population is developing in Pakistan which will impact the demand for insurance.

## Technological

The growth of IoT devices affecting the availability of real-time information gives insurers an opportunity to have an edge over the competition. This information can be used to offer more affordable prices with better underwriting and risk management. Advances in AI techniques and collection of data of insured assets is allowing insurers to make data driven decisions.



## Economical

High interest rates will provide good returns on investments of insurance funds. However, the demand for insurance products would remain weak, consequently in low underwriting results. Hyperinflation causes the value of items insured to increase, which in turn increases the claims servicing cost, such as cost to repair or replacement of parts in Auto Insurance or higher medical care costs due to increasing medicine and healthcare service costs.

## Legal

Regulator has issued draft regulations for “risk based capital” requirement which will strengthen the capital structure of the insurance industry. Apart from introducing regulatory measures, governments may decide to introduce laws, the effect of which can impact the industry as a whole. This might lead to industry premium growth or consequently the size of the market might attract larger players and greater competition.



# PORTER'S 5 FORCES ANALYSIS

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

## **Threats of New Entrants**

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

## **Bargaining Power of Suppliers**

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

## **Bargaining Power of Customers**

Having the smaller customer base may increase the bargaining power of the buyers, as they want to pay less for the best offering. TPL Insurance has a wide range of insurance products and relatively large customer base which decreases the bargaining power of the buyers. To hold this edge, the company is constantly innovating and diversifying into new products to increase customer base from existing and new products and channels.

## **Threat of Substitute Products and Services**

With the changing market dynamics and customers' preferences, threat of substitute risk management products exist and might affect the insurance industry. To lower this risk, TPL Insurance understands the core customer needs through thorough research and offer continuous innovation to provide better solutions, experience and satisfaction to its customers.

## **Rivalry among Existing Competitors**

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



# SIGNIFICANT CHANGES FROM PRIOR YEARS

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TPL Insurance is continually working towards product enhancement and channel diversification to improve its product penetration across all insurable segments of the country. Exceeding on customer expectations using tech driven solutions have always been the focus of company. TPLI launched new digital products and improved experience through digitization for its customer through its Lifestyle Mobile App and customer portal on its website. Further, in a hyperinflationary environment, TPLI focused on managing costs whilst maintaining its service standards and improving the customer experience.

With investments from foreign investors in past couple of years, TPL Insurance is building ecosystems around its products that facilitates customer acquisition and servicing along with improved customer journey and experience. Despite challenging economic environment, the company continued to deliver on its commitments such as Yield based Crop Insurance, New Pay How You Drive Product – Platinum Drive and enhancement on services for its health portfolio.

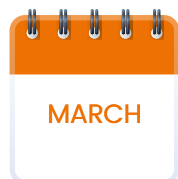


# CALENDAR OF MAJOR EVENTS



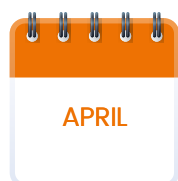
FEBRUARY

- Board of Directors meeting to review and approve Annual Financial Statements for the year ended Dec 31, 2021



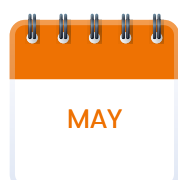
MARCH

- Signed agreement with Bookme.pk for Pakistan's first Digital Bus Travel Insurance



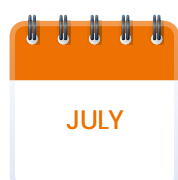
APRIL

- Board of Directors meeting to review Condensed Financial Statements for the quarter ended Mar 31, 2022
- Annual General Meeting of the Shareholders of the Company
- Strategic partnership with Standard Chartered Bank for end-to-end Digital Insurance experience for SCB customers



MAY

- PACRA maintained the IFS rating at AA
- Launched Platinum Drive as a Premium Telematics based Auto Insurance



JULY

- \$3 million capital injection from FinnFund



AUGUST

- Board of Directors meeting to review Condensed Financial Statements for the half year ended June 30, 2022
- Improvement in Retakaful treaty limits of the Company for Property business by 50%
- Initiation of Management Trainee Officer program



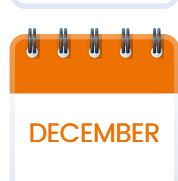
OCTOBER

- Board of Directors meeting to review Condensed Financial Statements for the nine months ended Sep 30, 2022
- Declaration of 35% interim bonus shares
- Pakistan's first Buy Now Pay Later Insurance rolled out with auto deduct facility



NOVEMBER

- Mobile App downloads crossed 400K mark
- Agreement signed with Indus Motor Company for Toyota Protection Program



DECEMBER

- Board of Directors meeting to review and approve budget for the Year 2023
- Launched Pakistan's first Insurance Company on Metaverse
- Won the prestigious "Brands of the Year Award" for Insurtech of the Year and Best General Insurer

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

# OTHER INFORMATION

## BANKERS

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

## SHARE REGISTRAR

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





## REGISTERED OFFICE

20<sup>th</sup> Floor, Sky Tower – East Wing  
Dolmen City, HC-3, Abdul Sattar  
Edhi Avenue, Block No. 4 Clifton  
Karachi, Sindh.  
UAN: +92 21 111 000 301  
Tel: +92 21 3713 0223  
Fax: +92 21 3531 6031-2

## AUDITORS

BDO Ebrahim & Co.  
Chartered Accountants

## WEB PRESENCE

 [www.tplinsurance.com](http://www.tplinsurance.com)  
 [insurancetpl](https://www.facebook.com/insurancetpl)  
 [tplinsurance](https://twitter.com/tplinsurance)  
 [tplinsurance](https://www.linkedin.com/company/tplinsurance)

## LEGAL ADVISOR

Lari & Co.  
Maritime & Insurance Advocates

# HORIZONTAL ANALYSIS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Balance Sheet	2022	2021	2020	2019	2018	2017
----- Rupees in million -----						
Property and equipment	422.0	401.2	257.5	429.1	129.6	91.4
Investments	1,740.0	1,390.4	920.8	729.4	1,026.3	1,213.3
Loans and other receivables	344.5	355.3	95.8	287.9	335.4	260.4
Insurance / reinsurance receivables	633.1	611.8	418.7	308.3	298.3	448.6
Reinsurance and other recoveries against outstanding claims	596.8	486.6	371.7	89.8	126.8	102.0
Deferred commission expense	238.9	181.2	179.5	156.8	164.8	105.6
Deferred taxation	-	-	16.4	44.1	32.0	21.2
Prepayments	413.8	305.1	319.3	218.3	259.6	209.3
Taxation - payments less provision	12.9	8.0	8.1	-	-	-
Cash and bank balances	1,569.4	1,046.4	913.4	702.4	251.9	247.2
<b>Total Assets</b>	<b>5,971.4</b>	<b>4,786.0</b>	<b>3,501.2</b>	<b>2,966.1</b>	<b>2,624.7</b>	<b>2,699.0</b>
Issued, subscribed and paid up share capital	1,983.9	1,171.9	938.7	938.7	938.7	755.2
Accumulated (losses) / profits	(59.8)	(65.3)	(164.5)	(114.0)	16.9	253.9
Share premium - net of share issuance cost	42.8	221.2	8.0	8.0	8.0	138.7
Other capital reserves	124.6	77.6	24.1	-	-	-
Other comprehensive income reserve	107.5	189.0	(7.3)	-	-	-
Available-for-sale reserve	-	-	-	(29.7)	(26.7)	(26.4)
<b>Total Shareholders' Fund</b>	<b>2,199.0</b>	<b>1,594.3</b>	<b>799.0</b>	<b>803.0</b>	<b>936.9</b>	<b>1,121.4</b>
Participant's Takaful Fund	(54.7)	(67.5)	41.4	(48.9)	(170.3)	(201.7)
<b>Total Equity</b>	<b>2,144.3</b>	<b>1,526.8</b>	<b>840.4</b>	<b>754.1</b>	<b>766.6</b>	<b>919.7</b>
Provision for outstanding claims [including IBNR]	827.0	574.2	525.3	252.5	275.4	228.4
Provision for unearned premium	1,888.9	1,688.8	1,379.7	1,211.2	1,147.8	1,149.8
Premium deficiency reserves	-	3.4	2.5	-	-	-
Deferred commission income	79.6	63.0	63.3	41.4	24.2	5.4
Deferred taxation	10.4	36.9	-	-	-	-
Premiums received in advance	22.8	26.5	18.0	15.7	8.7	4.4
Insurance / reinsurance payables	380.4	322.0	275.0	206.9	189.3	158.9
Other creditors and accruals	382.7	345.0	267.4	193.7	195.9	198.6
Taxation - provision less payments	-	-	-	14.0	16.8	33.8
Lease liability against right-of-use asset	235.3	199.4	129.6	276.6	-	-
<b>Total Shareholders' Equity and Liabilities</b>	<b>5,971.4</b>	<b>4,786.0</b>	<b>3,501.2</b>	<b>2,966.1</b>	<b>2,624.7</b>	<b>2,699.0</b>

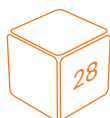
Profit and Loss Account	2022	2021	2020	2019	2018	2017
----- Rupees in million -----						
Net insurance premium (Net of Premium Deficiency Reserve)	2,970.4	2,397.6	2,162.6	2,136.2	2,246.6	2,068.8
Net Insurance claims	(1,415.4)	(1,112.7)	(970.1)	(882.9)	(965.4)	(893.2)
Net commission expense	(269.1)	(221.5)	(198.1)	(274.4)	(236.1)	(160.1)
Management expenses	(1,100.6)	(945.5)	(878.1)	(867.2)	(915.2)	(836.5)
<b>Underwriting results</b>	<b>185.3</b>	<b>117.9</b>	<b>116.3</b>	<b>111.7</b>	<b>129.9</b>	<b>179.0</b>
Investment income	84.9	78.7	90.5	80.9	0.9	28.0
Other income	61.8	32.2	113.5	71.2	69.8	33.9
Financial charges	(30.9)	(26.8)	(35.2)	(29.6)	(1.6)	(0.8)
Other expenses	(236.0)	(207.1)	(205.6)	(178.2)	(164.3)	(146.5)
<b>Profit / (Loss) before tax for the year</b>	<b>65.1</b>	<b>(5.2)</b>	<b>79.4</b>	<b>56.0</b>	<b>34.7</b>	<b>93.5</b>
Taxation	(46.8)	(4.5)	(39.7)	(25.5)	(10.9)	(58.3)
<b>Profit / (Loss) after tax</b>	<b>18.3</b>	<b>(9.7)</b>	<b>39.7</b>	<b>30.5</b>	<b>23.8</b>	<b>35.2</b>
<b>Profit / (Loss) after tax attributable to shareholders</b>	<b>5.5</b>	<b>99.2</b>	<b>(50.6)</b>	<b>(107.2)</b>	<b>3.6</b>	<b>105.1</b>
<b>Profit / (Loss) after tax attributable to PTF</b>	<b>12.8</b>	<b>(108.9)</b>	<b>90.3</b>	<b>137.7</b>	<b>20.2</b>	<b>(69.9)</b>

# VERTICAL ANALYSIS

## FOR THE YEAR ENDED DECEMBER 31, 2022

<b>Balance Sheet</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Property and equipment	7.1%	8.4%	7.4%	14.5%	4.9%	3.4%
Investments	29.1%	29.1%	26.3%	24.6%	39.1%	45.0%
Loans and other receivables	5.8%	7.4%	2.7%	9.7%	12.8%	9.7%
Insurance / reinsurance receivables	10.6%	12.8%	12.0%	10.4%	11.4%	16.6%
Reinsurance and other recoveries against outstanding claims	10.0%	10.2%	10.6%	3.0%	4.8%	3.8%
Deferred commission expense	4.0%	3.8%	5.1%	5.3%	6.3%	3.9%
Deferred taxation	0.0%	0.0%	0.5%	1.5%	1.2%	0.8%
Prepayments	6.9%	6.4%	9.1%	7.4%	9.9%	7.8%
Taxation - payments less provision	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%
Cash and bank balances	26.3%	21.9%	26.1%	23.7%	9.6%	9.2%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Issued, subscribed and paid up share capital	33.2%	24.5%	26.8%	31.7%	35.8%	28.0%
Accumulated (losses) / profits	-1.0%	-1.4%	-4.7%	-3.8%	0.6%	9.4%
Share premium - net of share issuance cost	0.7%	4.6%	0.2%	0.3%	0.3%	5.1%
Other capital reserves	2.1%	1.6%	0.7%	0.0%	0.0%	0.0%
Other comprehensive income reserve	1.8%	4.0%	-0.2%	0.0%	0.0%	0.0%
Available-for-sale reserve	0.0%	0.0%	0.0%	-1.0%	-1.0%	-1.0%
<b>Total Shareholders' Fund</b>	<b>36.8%</b>	<b>33.3%</b>	<b>22.8%</b>	<b>27.1%</b>	<b>35.7%</b>	<b>41.6%</b>
Participant's Takaful Fund	-0.9%	-1.4%	1.2%	-1.7%	-6.5%	-7.5%
<b>Total Equity</b>	<b>35.9%</b>	<b>31.9%</b>	<b>24.0%</b>	<b>25.4%</b>	<b>29.2%</b>	<b>34.1%</b>
Provision for outstanding claims [including IBNR]	13.9%	12.0%	15.0%	8.5%	10.5%	8.5%
Provision for unearned premium	31.6%	35.3%	39.4%	40.8%	43.7%	42.6%
Deferred commission income	1.3%	1.3%	1.8%	1.4%	0.9%	0.2%
Premium deficiency reserves	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Deferred taxation	0.2%	0.8%	0.0%	0.0%	0.0%	0.0%
Premiums received in advance	0.4%	0.6%	0.5%	0.5%	0.3%	0.2%
Insurance / reinsurance payables	6.4%	6.7%	7.9%	7.0%	7.2%	5.9%
Other creditors and accruals	6.4%	7.2%	7.6%	6.5%	7.5%	7.4%
Taxation - provision less payments	0.0%	0.0%	0.0%	0.5%	0.6%	1.3%
Lease liability against right-of-use asset	3.9%	4.2%	3.7%	9.3%	0.0%	0.0%
<b>Total Shareholders' Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>Profit and Loss Account</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net insurance premium (Net of premium deficiency reserve)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net Insurance claims	-47.7%	-46.4%	-44.9%	-41.3%	-43.0%	-43.2%
Net commission expense	-9.1%	-9.2%	-9.2%	-12.9%	-10.5%	-7.7%
Management expenses	-37.1%	-39.4%	-40.6%	-40.6%	-40.7%	-40.4%
Underwriting results	<b>6.2%</b>	<b>4.9%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.8%</b>	<b>8.7%</b>
Investment income	2.9%	3.3%	4.2%	3.8%	0.0%	1.4%
Other income	2.1%	1.3%	5.3%	3.3%	3.1%	1.6%
Financial charges	-1.0%	-1.1%	-1.6%	-1.4%	-0.1%	0.0%
Other expenses	-8.0%	-8.6%	-9.5%	-8.3%	-7.3%	-7.1%
Profit / (Loss) before tax for the year	<b>2.2%</b>	<b>-0.2%</b>	<b>3.7%</b>	<b>2.6%</b>	<b>1.7%</b>	<b>4.5%</b>
Taxation	-1.6%	-0.2%	-1.8%	-1.2%	-0.5%	-2.8%
Profit / (Loss) after tax	<b>0.6%</b>	<b>-0.4%</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.7%</b>

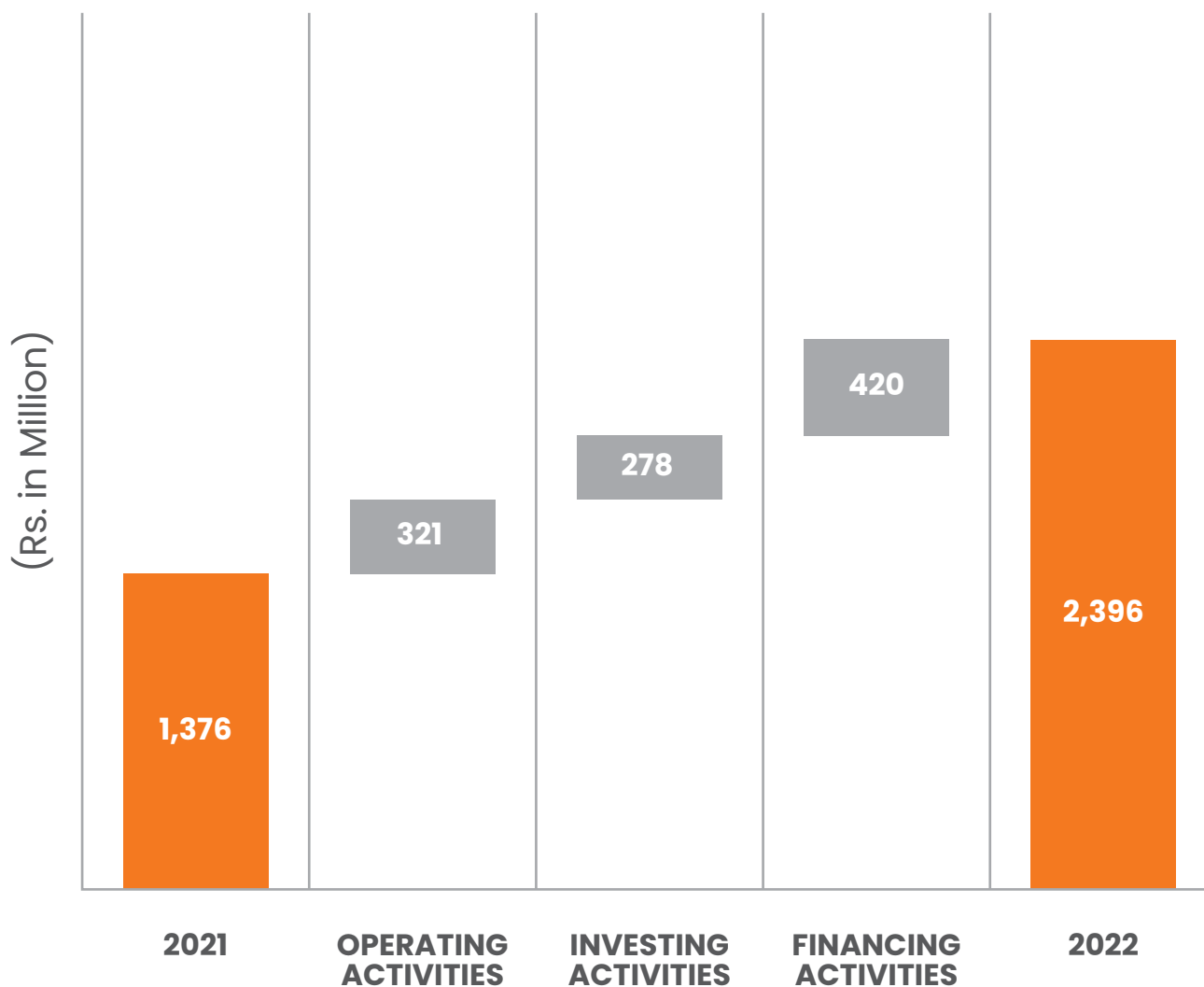


# CASHFLOW ANALYSIS

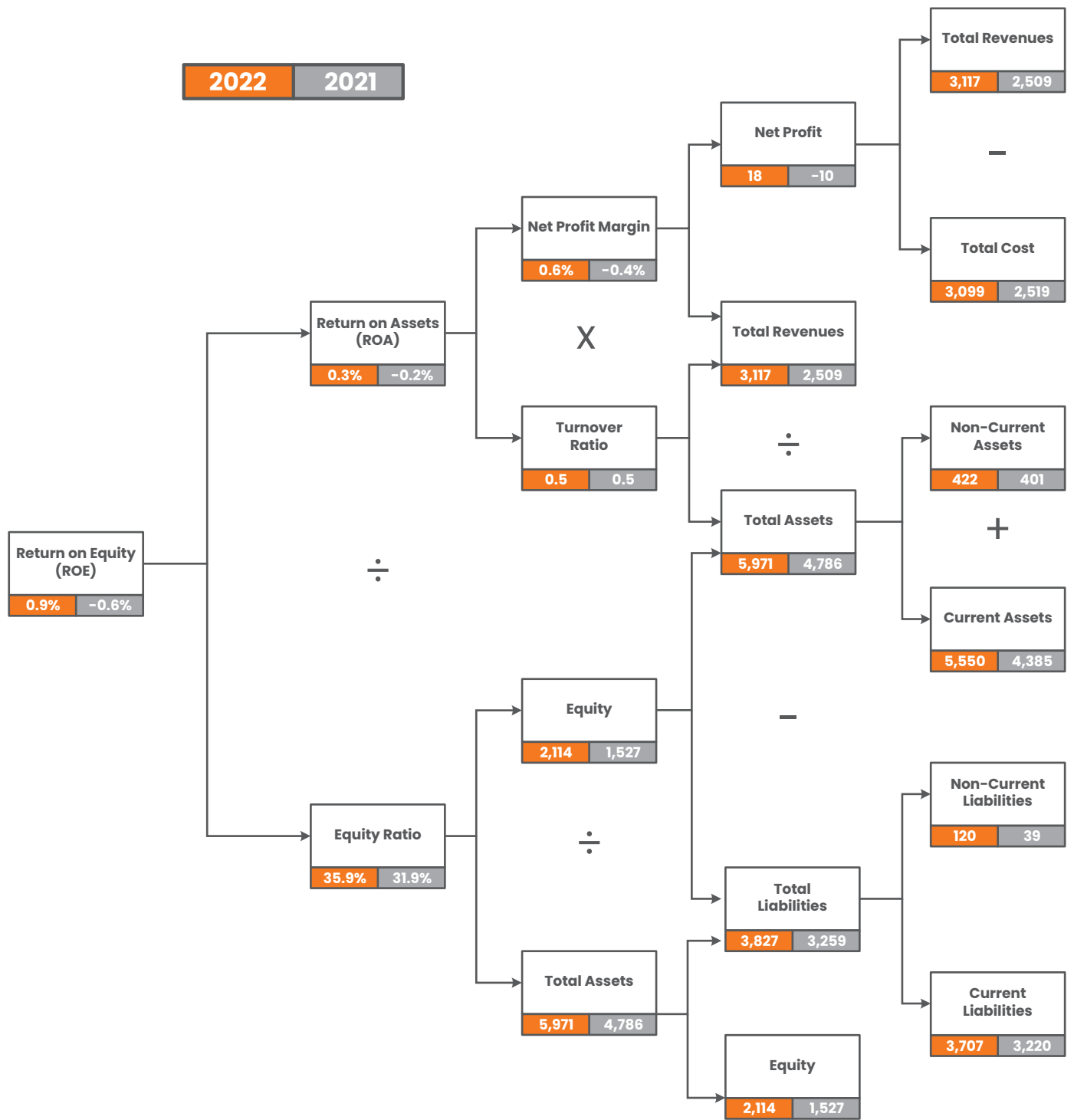
## FOR THE YEAR ENDED DECEMBER 31, 2022

Particulars	2022	2021	2020	2019	2018	2017
----- Rupees in million -----						
Net Cashflows from Operating Activities	321.4	(36.3)	494.2	349.0	212.7	(76.6)
Net Cashflows from Investing Activities	277.9	165.0	(418.1)	411.5	(101.8)	(438.3)
Net Cashflows from Financing Activities	420.0	259.3	(210.1)	(240.0)	(186.2)	(0.8)
<b>Net Cash Inflow / (Outflow)</b>	<b>1,019.3</b>	<b>388.0</b>	<b>(134.0)</b>	<b>520.5</b>	<b>(75.3)</b>	<b>(515.6)</b>
Cash and cash equivalent at the start of the year	1,376.4	988.4	1,122.4	601.9	677.2	1,192.9
<b>Cash and cash equivalent at the end of the year</b>	<b>2,395.7</b>	<b>1,376.4</b>	<b>988.5</b>	<b>1,122.4</b>	<b>601.9</b>	<b>677.2</b>

## CASH & CASH EQUIVALENT



# DUPONT ANALYSIS



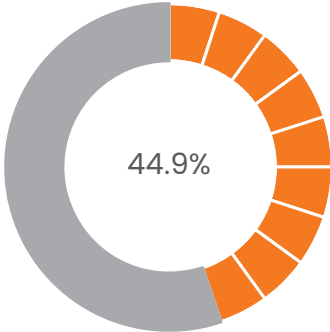
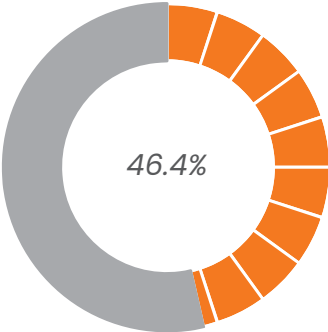
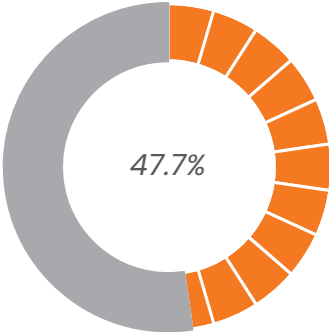
# RATIO ANALYSIS

2022

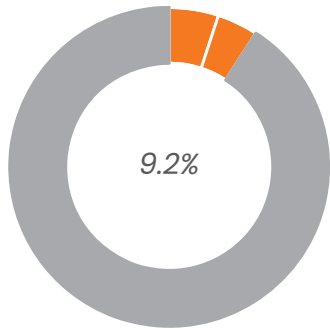
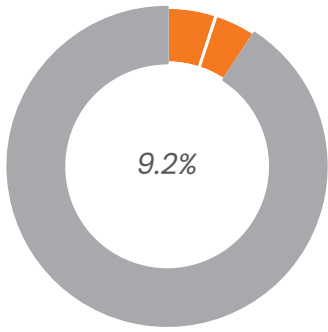
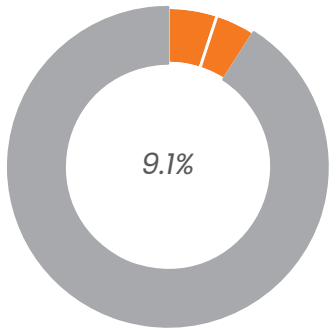
2021

2020

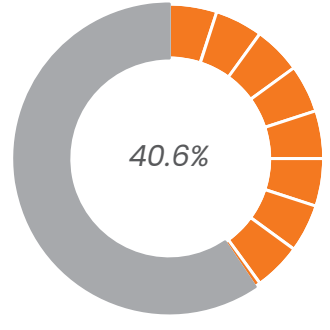
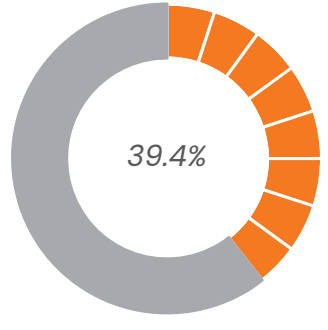
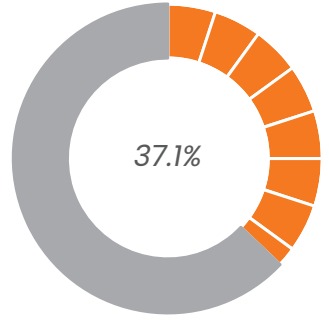
Claim Ratio %



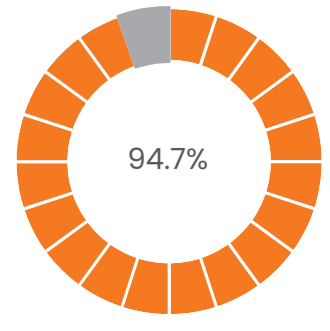
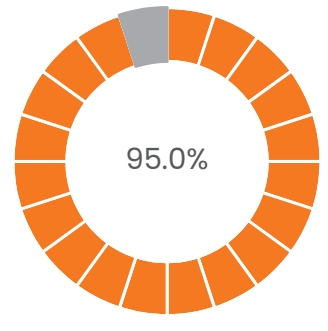
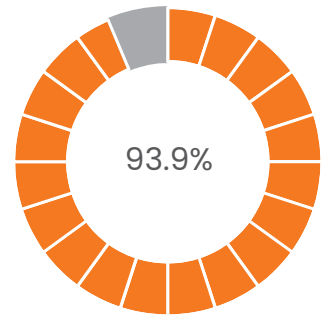
Commission Ratio %



Management Expense Ratio %



Combined Ratio %

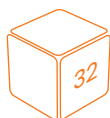




# RATIO ANALYSIS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021	2020	2019	2018	2017
<b>Profitability</b>							
Profit Before Tax / Gross Premium	%	1.7%	-0.2%	2.9%	2.2%	1.4%	4.1%
Profit Before Tax / Net Premium	%	2.2%	-0.2%	3.7%	2.6%	1.5%	4.5%
Profit After Tax / Gross Premium	%	0.5%	-0.3%	1.3%	1.2%	1.0%	1.5%
Profit After Tax / Net Premium	%	0.6%	-0.4%	1.8%	1.4%	1.1%	1.7%
Underwriting Result / Gross Premium	%	4.8%	3.6%	4.2%	4.5%	5.4%	7.8%
Underwriting Result / Net Premium	%	6.2%	4.9%	5.4%	5.2%	5.8%	8.7%
Profit Before Tax / Total Income	%	2.1%	-0.2%	3.4%	2.4%	1.5%	4.4%
Profit After Tax / Total Income	%	0.6%	-0.4%	1.7%	1.3%	1.0%	1.7%
Combined ratio	%	93.8%	95.0%	94.6%	94.8%	94.2%	91.3%
Net Claims / Net Premium	%	47.7%	46.4%	44.9%	41.3%	43.0%	43.2%
Management Expenses / Net Premium	%	37.1%	39.4%	40.6%	40.6%	40.7%	40.4%
Net Profit Margin	%	0.6%	-0.4%	1.7%	1.3%	1.0%	1.7%
<b>Return to Shareholders</b>							
Return on Equity	%	0.9%	-0.6%	4.7%	4.0%	3.1%	3.8%
Return on Capital Employed	%	0.8%	-0.6%	4.7%	3.3%	3.1%	3.8%
Return on Assets	%	0.3%	-0.2%	1.1%	1.0%	0.9%	1.3%
Earnings / (Loss) Per Share attributable to Shareholders' Fund	Rs.	0.1	0.57	(0.29)	(0.61)	0.02	0.60
Price Earning Ratio	Times	167.5	52.4	N/A	N/A	1,053.4	41.3
Price to Book Ratio	Times	1.3	3.3	6.6	5.6	4.1	3.9
Breakup value per share	Rs.	12.6	9.1	4.6	4.6	5.4	6.4
<b>Market Data</b>							
Market Price per share at the end of the year	Rs.	16.8	29.7	30.3	25.7	21.9	24.8
Market Price per share - Highest during the year	Rs.	34.9	44.5	35.8	29.7	25.7	28.4
Market Price per share - Lowest during the year	Rs.	15.4	23.4	16.0	18.3	19.3	17.1
<b>Performance / Liquidity</b>							
Current Ratio	Times	1.5	1.4	1.2	1.2	1.3	1.5
Cash / Current Liabilities	%	42.3%	32.5%	34.4%	34.5%	13.6%	13.9%
Total Assets Turnover	Times	0.5	0.5	0.7	0.8	0.9	0.8
Fixed Assets Turnover	Times	7.4	6.3	9.2	5.3	17.9	23.3
Total Liabilities / Equity	Times	1.8	2.1	3.2	2.9	2.4	1.9
Cashflow from Operations Margin	%	10.8%	-1.5%	22.9%	16.3%	9.5%	-3.7%
No. Of days in Premium Receivable	Days	60	68	56	45	45	71
No. Of days in Claim Settlement	Days	59	29	58	67	56	52
Paid-up Capital / Total Assets	%	33.2%	24.5%	26.8%	31.6%	35.8%	28.0%
Earning assets / Total Assets	%	55.4%	50.9%	52.4%	48.3%	48.7%	54.1%
Shareholders' Equity / Total Assets	%	36.8%	33.3%	22.8%	27.1%	35.7%	41.5%



# COMMENTS ON KEY FINANCIAL DATA

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## Performance Ratios

- Claim ratio increased from 46.4% to 47.7% due to increased claim cost on motor and health portfolio and impact of flood related claims.
- Commission ratio maintained at 9% during the year.
- Expense ratio improved from 39.4% to 37.1% during the year.
- Combined ratio decreased by 1.2% at 93.8% against last year at 95.0%
- Company's book value per share has increased to Rs. 12.6 per share.

## Balance sheet

- The Company's total assets have grown 2.2X to Rs. 5.97 billion at the end of 2022 from Rs. 2.7 billion at the end of 2017.
- Number of days in claim settlement has increased by 30 days compared to the prior year at 29 days. This is due to increased proportion of non-motor claims, which are settled over longer duration.
- Shareholders' equity has increased by over Rs. 1.2 billion to Rs. 2.144 billion over the past 6 years.

## Profit and loss Account

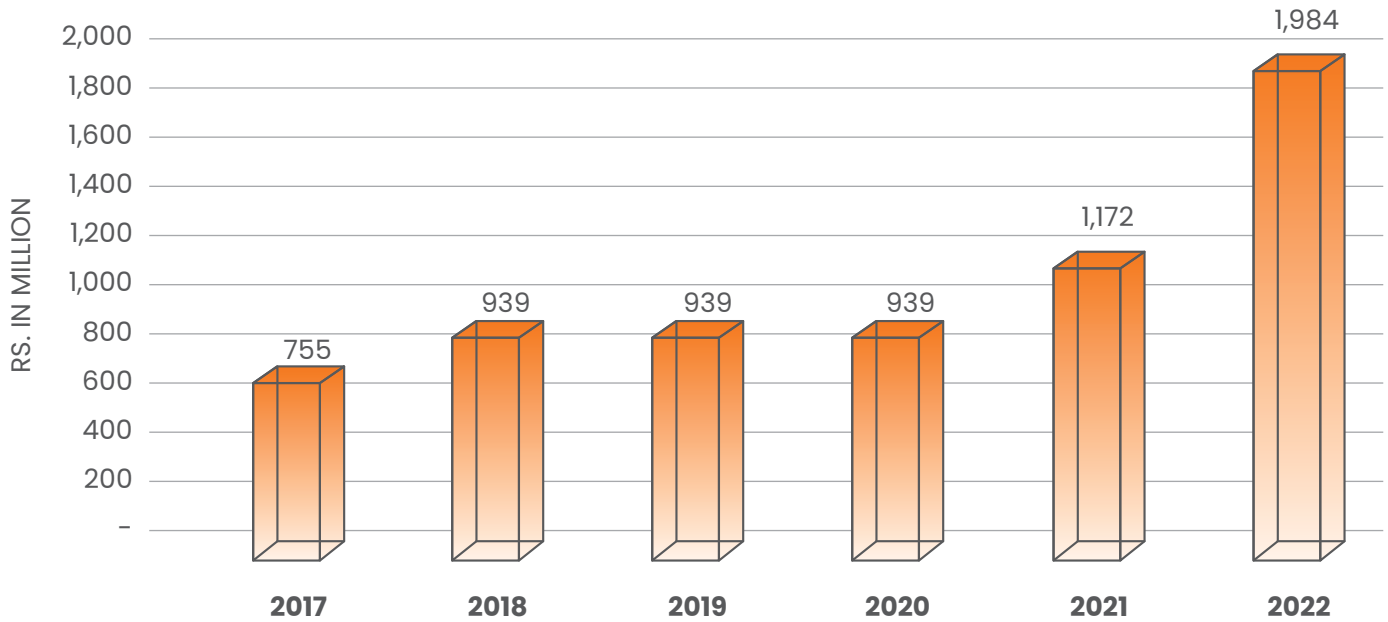
- The gross and net premium have reported growth of 66% and 43% respectively over the period of six years. During the year, gross and net written premium have reported growth of 16% and 17% respectively.

## Cash Flows

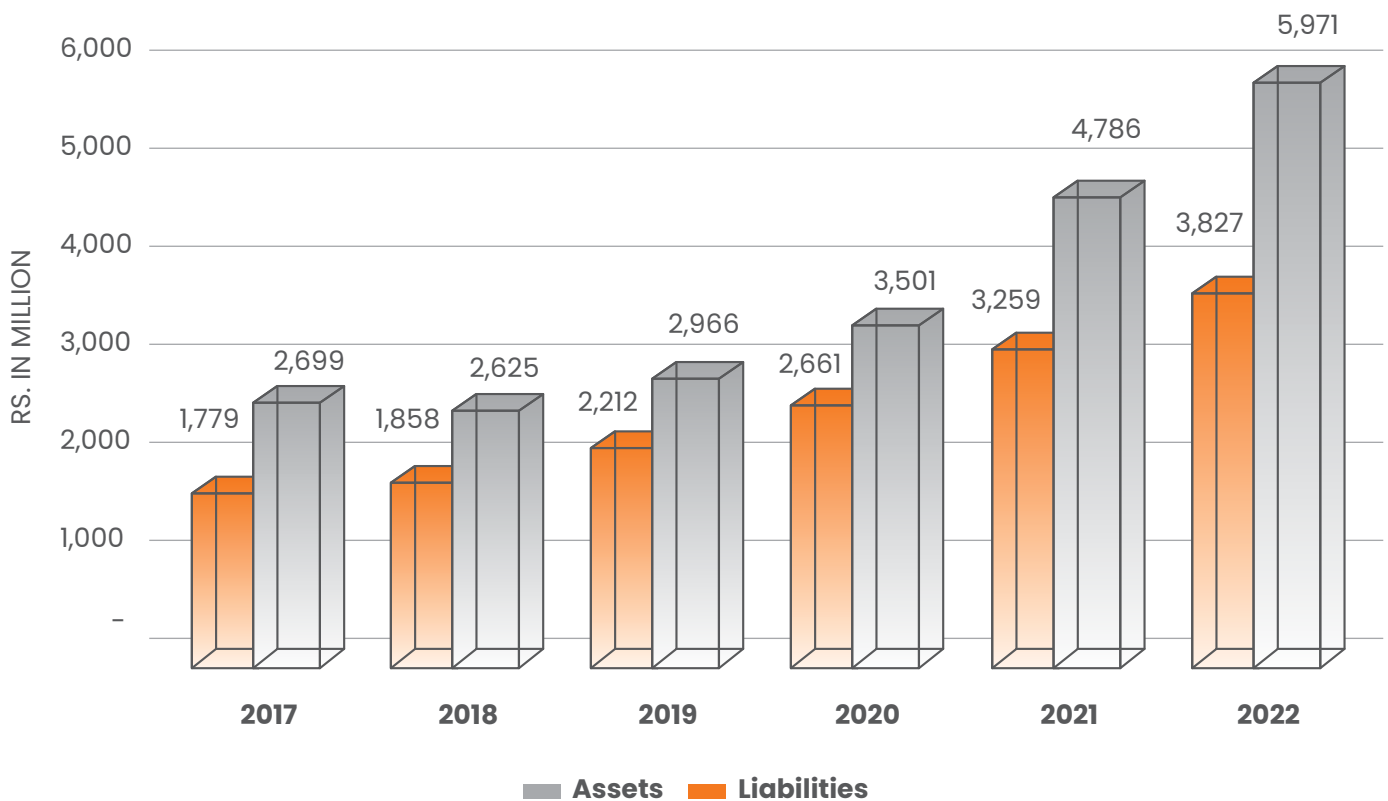
- During the year, the Company generated net cash flow of Rs. 1,019 million. The company maintains strong liquidity position to carry out its operations smoothly.

# PERFORMANCE AT A GLANCE

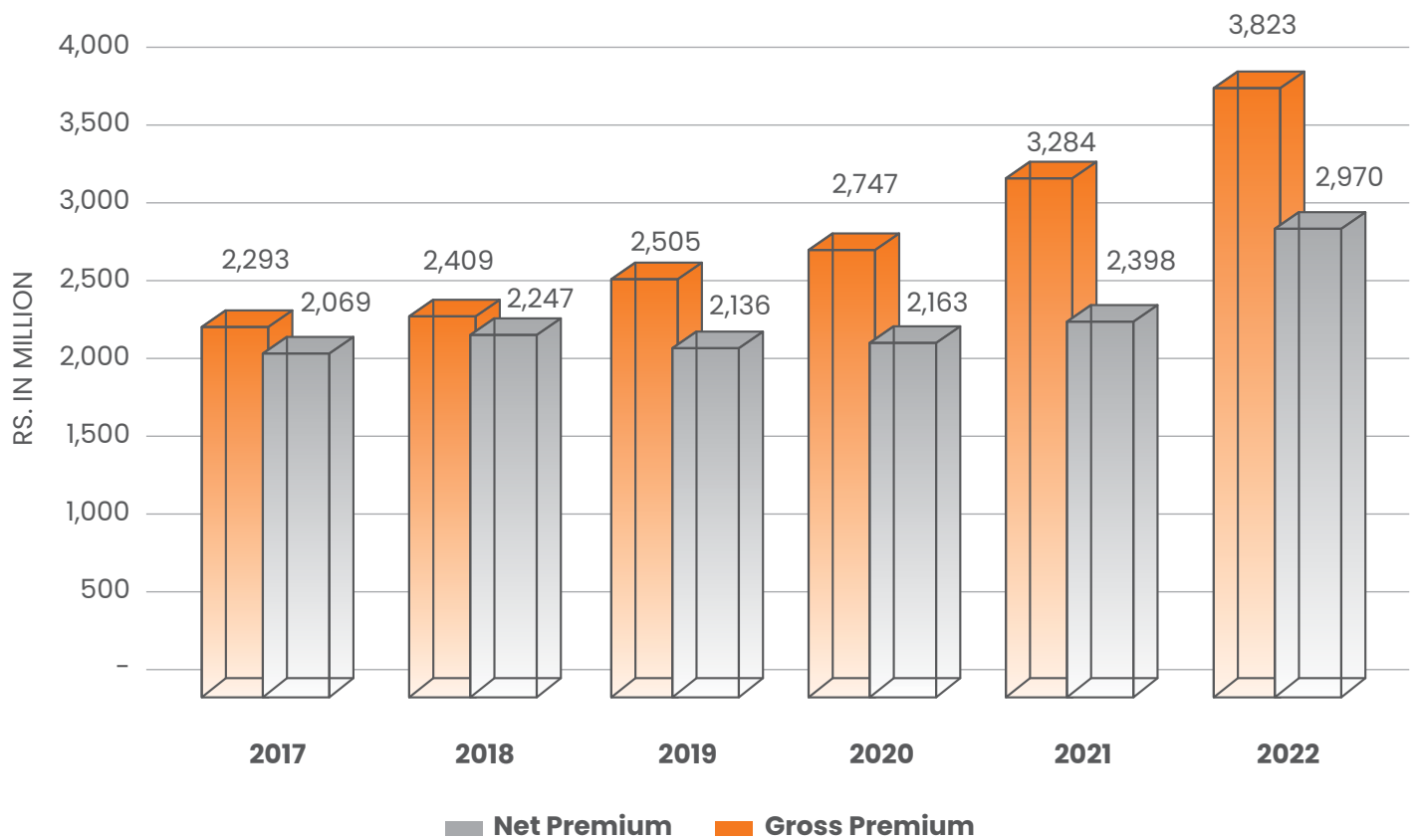
## SHARE CAPITAL



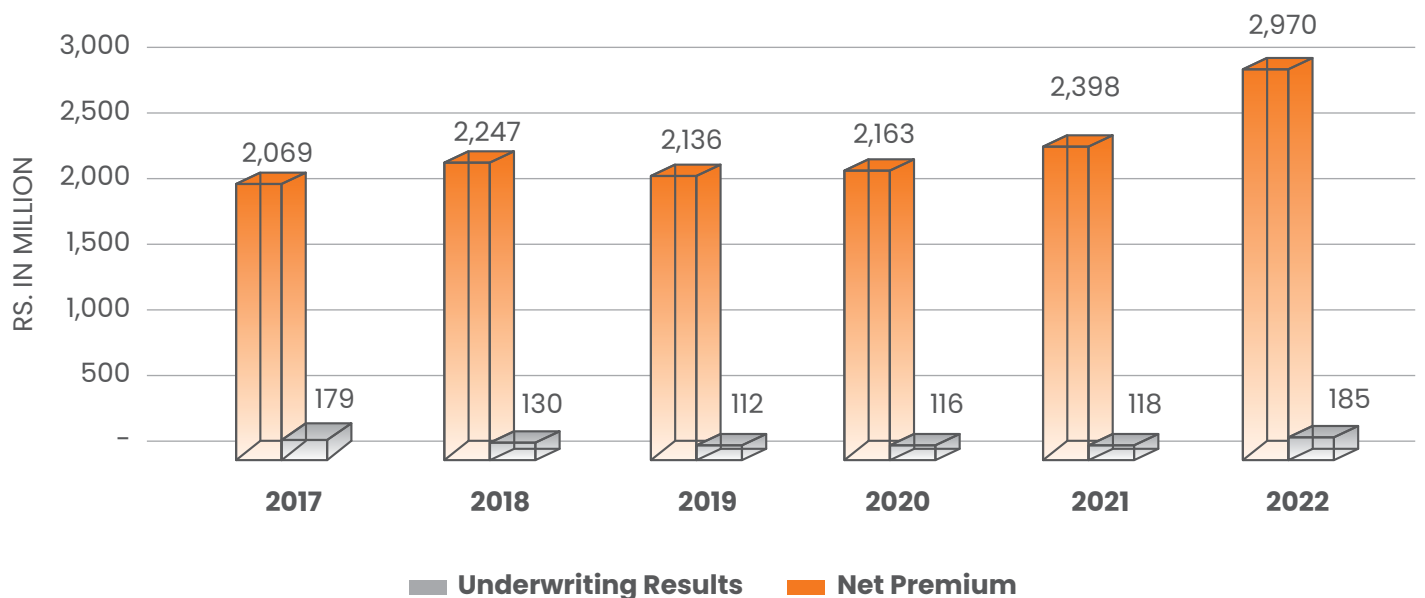
## ASSETS AND LIABILITIES



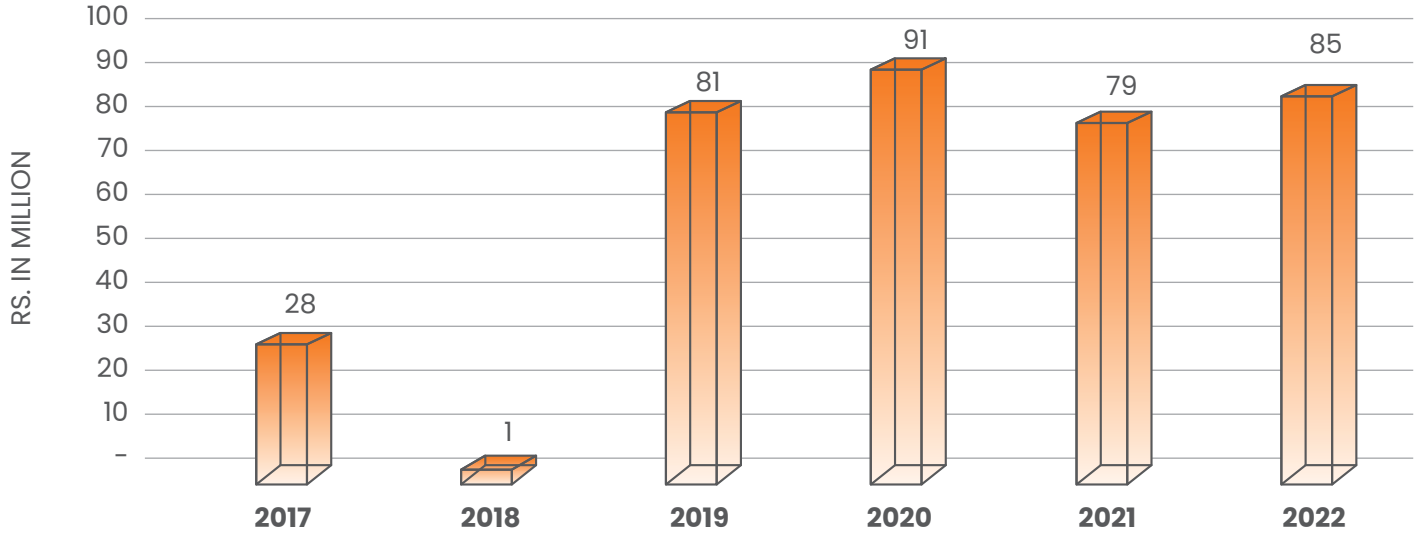
## GROSS PREMIUM VS. NET PREMIUM



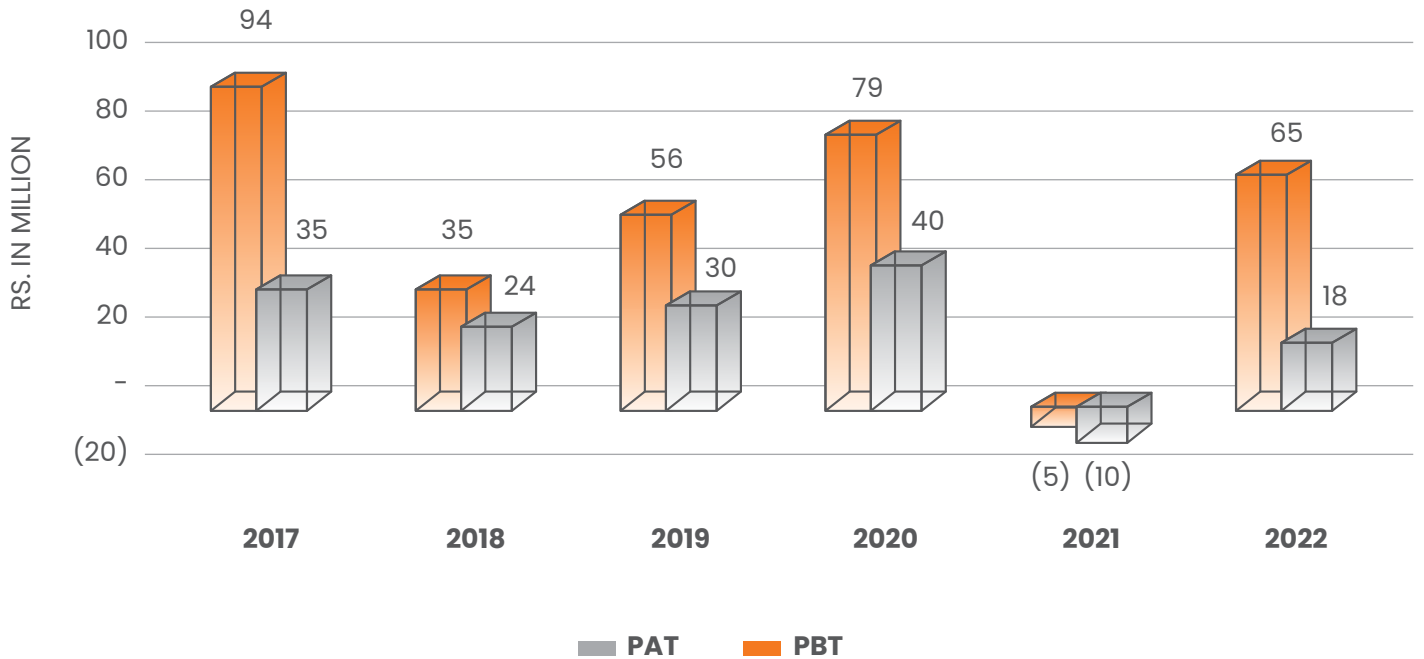
## NET PREMIUM VS. UNDERWRITING RESULTS



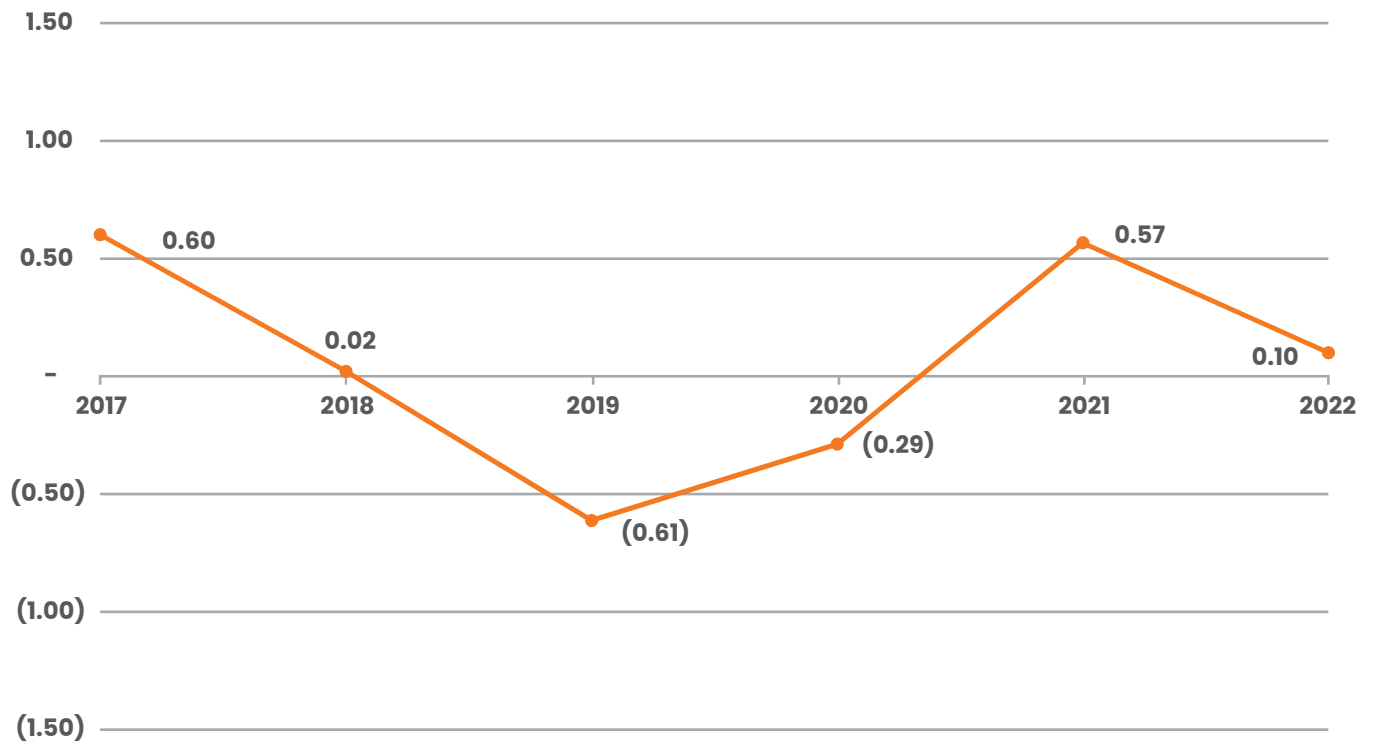
## INVESTMENT INCOME



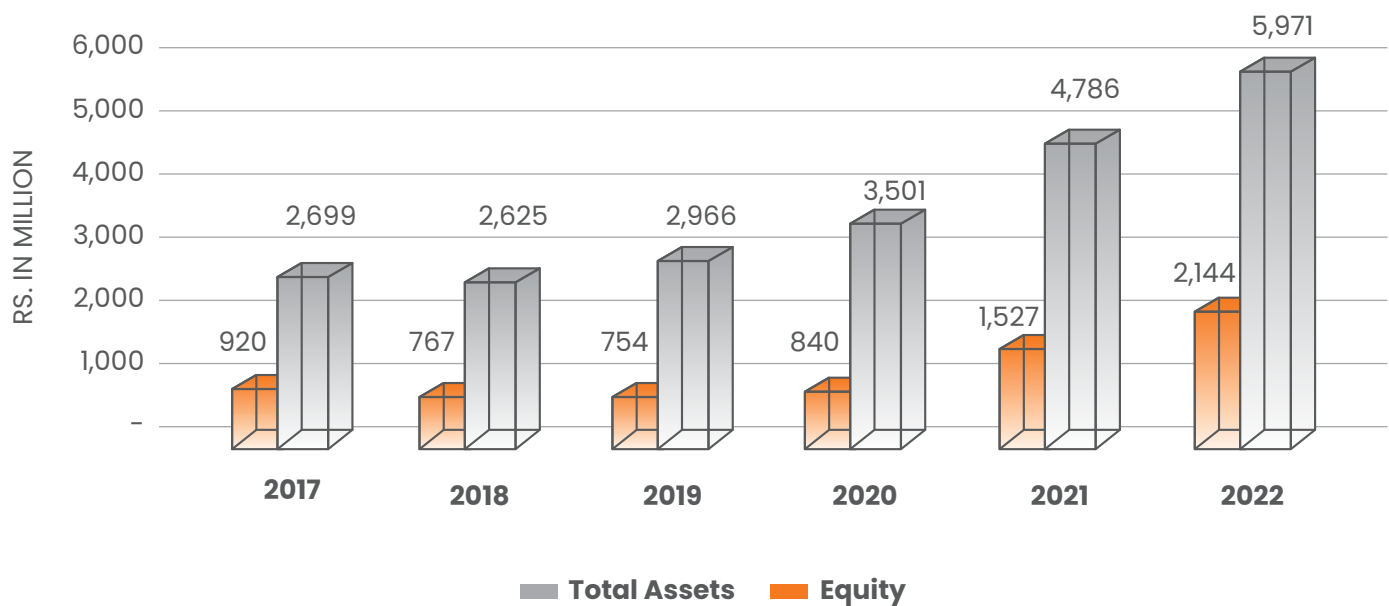
## PBT VS. PAT



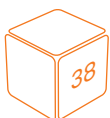
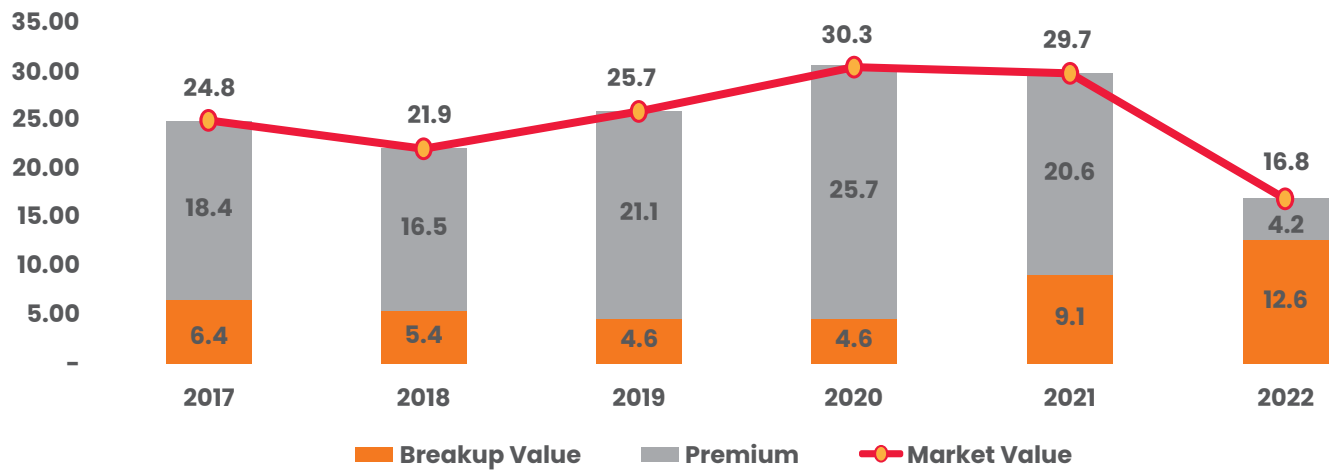
## EARNING PER SHARE (RUPEES)



## EQUITY VS. TOTAL ASSETS



## BREAKUP VALUE VS. MARKET VALUE (RUPEES)



# SHARE PRICE SENSITIVITY ANALYSIS

	Max Price (Rs.)	Min Price (Rs.)	Average Volume	Closing Price (Rs.)
January	30.12	25.45	2,438	25.45
February	31.95	23.65	1,545	28.49
March	34.90	27.01	5,893	32.20
April	34.84	30.25	1,143	32.50
May	33.80	24.92	5,850	26.91
June	34.80	22.76	10,886	33.74
July	34.25	26.50	73,639	27.94
August	29.40	25.45	36,350	27.29
September	27.89	22.25	53,048	25.62
October	28.69	18.70	88,214	19.82
November	20.05	16.27	42,225	17.97
December	18.44	15.43	90,900	16.75

## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

### Wealth Generated

Net premium earned		
Reversal of premium deficiency reserve		
Commission from reinsurers		
Investment and other income		
Less: Claims, Expenses and charge of premium deficiency reserve (excluding employees remuneration, donation, depreciation and taxes)		

2022	
(Rupees)	%
2,967,029,185	
-	
145,210,307	
146,711,918	
3,258,951,410	
(1,779,930,365)	
<b>1,479,021,045</b>	<b>100%</b>

2021	
(Rupees)	%
2,398,356,823	
-	
131,062,369	
110,850,372	
2,640,269,564	
(1,475,171,054)	
<b>1,165,098,510</b>	<b>100%</b>

### Wealth Distributed

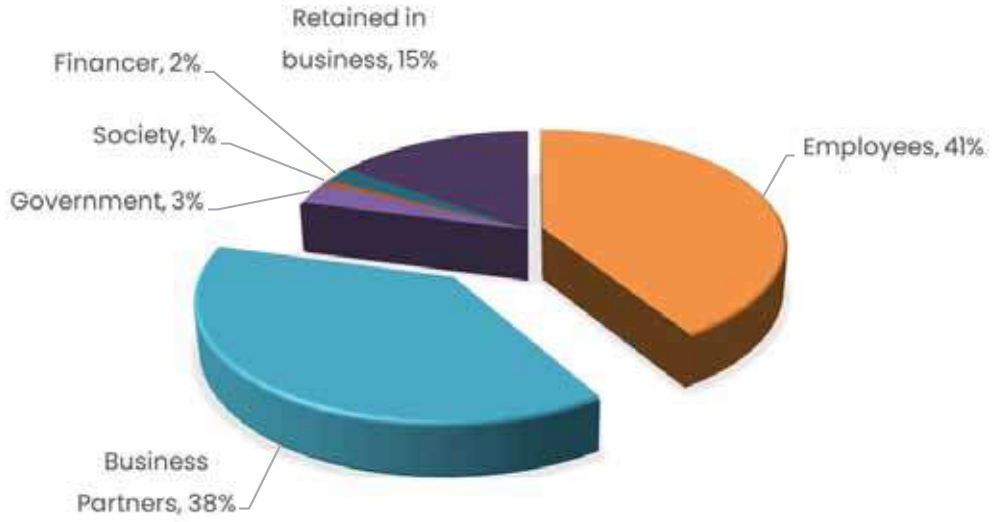
To employees		
To business partners		
To government		
To society		
To financier		
Retained in business		
Depreciation and amortization		
Retained profit / loss		

2022	
(Rupees)	%
606,186,724	41%
563,207,589	38%
46,796,741	3%
9,749,156	1%
30,947,089	2%
203,870,199	14%
18,263,547	1%
222,133,746	15%
<b>1,479,021,045</b>	<b>100%</b>

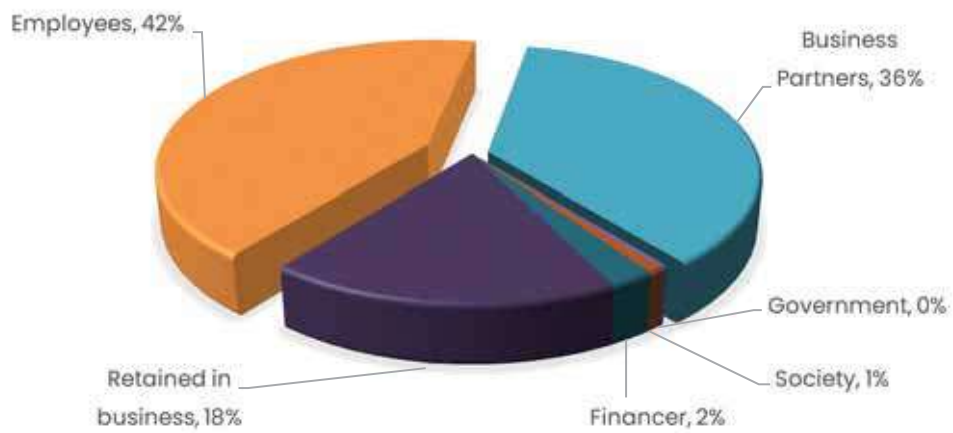
2021	
(Rupees)	%
493,257,338	42%
422,647,331	36%
4,463,650	0%
8,708,722	1%
26,788,241	2%
218,920,979	19%
(9,687,751)	-1%
209,233,228	18%
<b>1,165,098,510</b>	<b>100%</b>



## 2022



## 2021



# STATEMENT OF CHARITY ACCOUNT

S.No.	Particulars	2022	2021
1.	Education	1.10	6.37
2.	General Donations	2.98	1.34
3.	Health Care and Environment	5.65	1.00
	<b>Total</b>	<b>9.73</b>	<b>8.71</b>

## STAKEHOLDER'S ENGAGEMENT:

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

### Minority Shareholders

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

### Customers

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

### Banks

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

### Media

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

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## Regulators

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

## Analysts

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

## Steps taken by the Board towards Stakeholders' Engagement:

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

# ISSUES RAISED IN THE LAST AGM, DECISIONS TAKEN AND THEIR IMPLEMENTATION

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

1. Approval of minutes of the Annual General Meeting held on April 22, 2021
2. Approval of Audited Financial Statements for the year ended December 31, 2021 together with the Directors Reports, Chairman Review Report and Auditors Report thereon;
3. Approval for Appointment of Auditors for the year ending December 31, 2022
4. Approval for renewal of advance of Rs. 300 million to the associated Company TPL Trakker Limited.



# STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

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

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

In Annual Report 2022, we have covered following elements of International Integrated Reporting Framework.

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

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

# SHARIAH ADVISOR'S PROFILE

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## **Mufti Muhammad Talha Iqbal**

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

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



# COMPOSITION OF BOARD AND MANAGEMENT COMMITTEES

## A. Board Committees

### 1) Ethics, HR, Remuneration and Nomination Committee

Naila Kassim	Chairperson
Muhammad Ali Jameel	Member
Rana Assad Amin	Member
Ayla Majid	Member
Nader Nawaz	Secretary

### 2) Investment Committee

Muhammad Ali Jameel	Chairman
Rana Assad Amin	Member
Muhammad Aminuddin	Member
Benjamin Brink	Member
Yousuf Zohaib Ali	Secretary

### 3) Audit Committee

Aqueel Merchant	Chairman
Rana Assad Amin	Member
Muhammad Ali Jameel	Member
Ayla Majid	Member
Hashim Sadiq Ali	Secretary

## B. Management Committees

### 1) Underwriting Committee

Aqueel Merchant	Chairman
Head of underwriting	Member
Syed Ali Hassan Zaidi	Member
Shumail Iqbal	Secretary

### 2) Claim Settlement Committee

Benjamin Brink	Chairman
Tariq Ali Farooqui	Member
Yousuf Zohaib Ali	Member
M. Kumail Mushtaq Ali	Member
Ayla Majid	Member
Ovais Alam	Secretary

### 3) Reinsurance & Coinsurance Committee

Aqueel Merchant	Chairman
Syed Ali Hassan Zaidi	Member
Head of underwriting	Member
Muhammad Aminuddin	Member
Shadab Khan	Secretary

### 4) Risk Management & Compliance Committee

Ayla Majid	Chairperson
Syed Ali Hassan Zaidi	Member
Muhammad Aminuddin	Member
Kamran Rafique	Member
Benjamin Brink	Member
Shadab Khan	Secretary

# TERMS OF REFERENCE – BOARD AND MANAGEMENT COMMITTEES

## 1. Audit Committee

The Audit Committee is responsible for:

- (a) recommending the appointment of external auditors by the Company's shareholders and shall consider any question of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- (b) determining appropriate measures to safeguard the Company's assets;
- (c) reviewing preliminary announcements of results prior to publication;
- (d) reviewing quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on: (i) major judgmental areas; (ii) significant adjustments resulting from the audit; (iii) the going-concern assumption; (iv) any changes in accounting policies and practices; (v) compliance with applicable accounting standards; and (vi) compliance with statutory and regulatory requirements;
- (e) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (f) reviewing management letter issued by external auditors and management's response thereto;
- (g) ensuring coordination between the internal and external auditors of the Company;
- (h) reviewing the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- (i) consideration of major findings of internal investigations and management's response thereto;
- (j) ascertaining the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- (k) reviewing the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- (l) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- (m) determination of compliance with relevant statutory requirements;
- (n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- (o) consideration of any other issue or matter as may be assigned by the Board of Directors.

## 2. Ethics, Human Resource, Remuneration and Nominations Committee

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

- (a) proposing a remuneration approach and related policies;



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- (b) preparing remuneration reports and disclosures on compensation practices, on an annual basis but at least prior to the convening of the annual general meeting for the immediate preceding year;
  - (c) reviewing and making recommendations to the Board of directors regarding the specific remuneration, retirement, succession planning of the Board members, the CEO, senior management and key officers;
  - (d) reviewing and approving training need assistance at all levels of the organization;
  - (e) establishing code of business and corporate ethics that are circulated to all the staff members;
  - (f) implementing the Board's policy on Board's renewal so that the Board individually and collectively continues to maintain target skill levels and independence;
  - (g) making recommendation to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in their profile and any succession plans;
  - (h) ensuring proper orientation of Board members in respect of their responsibilities; and
  - (i) establishing a mechanism for the formal assessment of the effectiveness of the Board as a whole as well as the contribution of individual Board members along with ongoing training to fulfill their role requirements.

### **3. Investment Committee**

The Investment Committee is responsible for:

- (a) setting investment policies (subject to approval of the Board) and guidelines, including policies and guidelines regarding asset classes, asset allocation ranges, and prohibited investments in compliance with regulatory requirements;
- (b) overseeing investment and reinvestment of the funds and maintenance of adequate solvency as laid down under Insurance Ordinance 2000 and rules framed thereunder;
- (c) monitoring the management of the funds by reviewing written reports from investment staff and by discussions with investment staff at Committee meetings that focus on the primary determinants of returns, including asset allocation and investment strategy;
- (d) evaluating investment performance based on a comparison of actual returns and benchmarks as the Board or Committee may from time to time select. The evaluation will take into account compliance with investment policies and guidelines and risk levels;
- (e) conducting a quarterly performance evaluation of the Committee and report its findings to the Chairman of the Board.

### **4. Risk Management and Compliance Committee**

The Risk Management Committee is responsible for:

- (a) overseeing the activities of the Risk Management function of the Company, and making appropriate recommendations to the Board;
- (b) assisting the Board in implementation of the decision taken by the Board to mitigate probable risks falling within the scope of the risk management function;



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- (c) assessing, quantifying, monitoring and controlling the nature, significance and interdependence of the risk (at individual level and aggregate level) to which the Company is or may be exposed and shall also manage them accordingly;
  - (d) ensuring that the Company's Risk Management system is well integrated into its organization structure, decision making process and corporate culture and that there is a clear link to other functions;
  - (e) assisting the Board in its oversight of the risk profile, Risk Management framework and the risk reward strategy determined by the Board;
  - (f) reviewing and approving the Company's Risk Management policy including risk appetite and risk strategy;
  - (g) reviewing the adequacy and effectiveness of risk management and controls;
  - (h) assisting in oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
  - (i) reviewing Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile;
  - (j) periodically reviewing changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
  - (k) reviewing and recommending approval of the Board risk management procedures and controls for new products and services.

## **5. Underwriting Committee**

The Underwriting Committee is responsible for:

- (a) reviewing periodically the policies and guidelines governing the Company's insurance and reinsurance underwriting;
- (b) reviewing periodically the policies and guidelines regarding the Company's agent, broker, insured, ceding Company, and reinsurer counterparty risk in connection with its insurance and reinsurance underwriting activities;
- (c) evaluating the Company's professional and development plans for key insurance and reinsurance underwriting and actuarial functions;
- (d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee.

## **6. Claims Settlement Committee**

The Claims Settlement Committee is responsible for:

- (a) establishing, implementing and maintaining the claims processing time;
- (b) claims monitoring and ensuring the transparency, fairness and equality;
- (c) reviewing and analyzing periodically the feedback & complains obtained through the mechanism;



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- (d) reviewing claims for suggesting corrective underwriting measures;
  - (e) ensuring that salvage sales made are at their optimum price and with transparency.

## **7. Reinsurance and Coinsurance Committee**

The Reinsurance and Coinsurance Committee is responsible for:

- (a) monitoring on an ongoing basis the processes and procedures, policies and guidelines, counterparty risk and risk appetite of the Company;
- (b) ensuring adequate reinsurance protection available to the Company;
- (c) monitoring exposure to reinsurer and ensuring the reinsurance placements are not concentrated to minimise credit risk;
- (d) performing such other responsibilities regarding the Company's insurance and reinsurance underwriting activities or policies or other matters as the Board may from time to time assign the Committee;
- (e) monitoring that proper commission are charged on outward cessions.

# DIRECTORS TRAINING PROGRAMME

All Directors on the Board are fully conversant with their duties and responsibilities as Directors of the Company. Five (05) of the Seven (07) of the Directors of the Company have undertaken the Directors' Training Program (DTP) from Securities and Exchange Commission of Pakistan (SECP) approved institutions whereas one (1) Director stands exempted from the requirement of certification of DTP.

The names of the Directors who have obtained the DTP Certification are as follows:

1. Mr. Rana Assad Amin
2. Mr. Jameel Yusuf Ahmed
3. Ms. Ayla Majid
4. Mr. Benjamin Brink
5. Ms. Naila Kassim

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

1. Mr. Ali Jameel

Further to the above, the Company is also complying with the requirement of Head of Departments and Female Executives to undertake DTP.

## OTHER DIRECTORSHIPS OF COMPANY'S EXECUTIVE DIRECTORS

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

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

# ROLE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

## Chairman

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

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

## Chief Executive Officer

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

- to lead, in conjunction with the Board, the development of the Company's strategy;
- to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- to ensure the Company is appropriately organised and appropriately staffed and to enable it to achieve the approved strategy;

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

# POLICY OF RELATED PARTY TRANSACTIONS

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The Board has duly approved the Company's policy related party transaction policy which complies with all applicable laws, including the Companies Act, 2017, the Companies (Related Party Transaction and Maintenance of Records) Regulations, 2018 and the listing regulations of the exchange. The Board gave its approval to the policy which outlines the conditions relating to the nature of related party relationship, potential risks and mitigating measures, pricing limitation applicable in case of certain related party transactions.

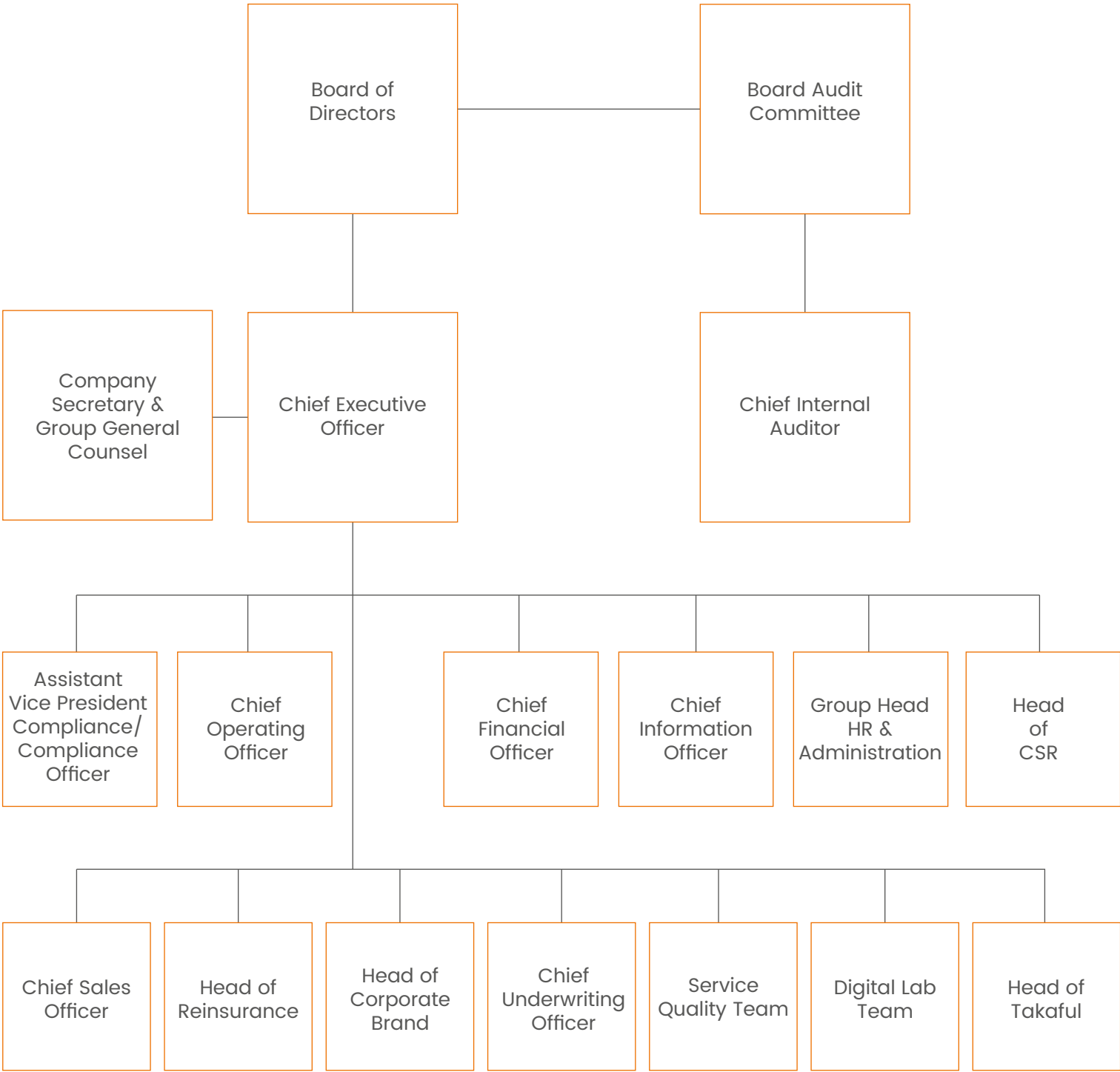
The Board oversees the Company's compliance with legal and regulatory requirements in related to related party transactions. It has established general standards for approving transactions with related parties at different levels, as well as identifying which transactions require the members' approval and, where appropriate, recommending the same to the members.

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

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

The Company engaged in a number of related party transactions throughout the year in accordance with the fair and equitable/arms-length principle, which were examined and authorized by the Board upon the recommendation of the Board Audit Committee.

# ORGANIZATION CHART



# WHISTLEBLOWING POLICY SPEAK UP WITH CONFIDENCE

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## 1. Introduction

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

## 2 Scope of the Policy

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

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

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



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

### **3 Who can raise a concern?**

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

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

## **4 Procedure**

### **4.1 Raising a concern**

To raise a concern under the policy please complete the whistle blowing complaint form which can be found in Annexure A. You are requested to duly fill the form or log a complaint while using HRIS online portal and submit it to Human Resources department. If you are unsure about whether your concerns are best dealt with under this policy or Grievance procedure, please read the scope of policy section above, which provides examples of the issues that should be reported using this form. If, having read the whistleblowing policy, you remain unsure about which procedure to use, please consult your HR Business Partner for further advice.

### **4.2 Process**

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

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

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

### **4.3 Investigation**

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

### **4.4 Records**

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

### **4.5 Reporting of outcomes**

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

## **5.0 Confidentiality and Protection Mechanism**

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

### **5.1 Complaints of retaliation as a result of disclosure**

The company accepts that it has an obligation to ensure that employee who make a disclosure without malice and in good faith are protected, regardless of whether or not the concern raised is

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upheld. An employee who has made a disclosure and who feels that, as a result, he or she has suffered adverse treatment should submit a formal complaint under the grievance procedure as set out in the relevant employee handbook detailing what has been done to him or her. If it appears that there are reasonable grounds for making the complaint, the onus will be on the person against whom the complaint of adverse treatment has been made to show that the actions complained of were not taken in retaliation for the disclosure.

Where it is determined that there is a prima facie case that an employee has suffered adverse treatment, harassment or victimization as a result of his or her disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator in accordance with the relevant procedure.

## **6.0 Success of the Policy and its implementation**

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

# CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

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## 1. Ethical Obligations

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

## 2. Code of Conduct

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

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

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

## 3. Conflict of Interest

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

## 4. Child Labor and Worker Exploitation Policy

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

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## 5. Confidentiality

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

## 6. Privacy of Records

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

## 7. Environmentally Friendly

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

## 8. Bribery and Fraud

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

## 9. Gifts, Entertainment and Gratuities

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



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## 10. Misconduct

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

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

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

## 11. Health and Fire Safety

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

## 12. Environmental Safety

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

## 13. Legal Proceedings

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

## 14. Compliance

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



# SUCCESSION PLANNING

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Our succession planning process covers the following areas:

## Step 1 – Identify Key Positions

Criteria for key positions include:

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

## Step 2 – Build Job Profiles for each Key Position

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

## Step 3 – Competency Gap Analysis

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

## Step 4 – Development Opportunities

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

## Step 5 – Individual Development Plans

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

## Step 6 – Maintain Skills Inventory

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



# POLICY FOR ACTUAL AND PERCEIVED CONFLICT OF INTEREST

TPL Insurance Limited ensures highest standards of ethics, integrity, safeguards the interest and reputation of the Company and protects against instances of improper behavior that could harm employees due to conflict of interest. The purpose of the policy is to ensure that everyone working for or on behalf of the Company, including the Directors and Employees adheres to and upholds the rules of conduct and ethical business practices. The objective is to assist employees in performing their duties in an environment that is free from any improper influence and in taking all reasonable precautions to avoid being in an actual, apparent or potential conflict of interest. Additionally, the Policy provides guidance and details on how to identify and report any conflicts of interest.

## POLICY FOR SAFETY OF RECORDS OF THE COMPANY

TPL Insurance Limited ensures that comprehensive and accurate records of all activities and decisions are created, managed and kept in accordance with the relevant legislation. The Company guarantees the security of records in the following manner:

- The Company has a documented business continuity plan (BCP) / Disaster Recovery Plan (DRP). These plans guarantee that business operations will continue in the event of a catastrophe and explain how to keep corporate records secure.
- Every department of the Company is responsible for ensuring to generate backup logs on the Server on a daily basis.
- The Company has sophisticated equipment in place that enables electronic retrieval of printed data that can be readily extracted.

## SECURITY CLEARANCE POLICY

TPL Insurance Limited permits its international shareholders and directors to become a part of the Company by adhering to the requirements of the Ministry of Interior (the MOI).

In this regard, the foreign shareholders and directors apply for security clearance with the MOI via the Securities and Exchange Commission of Pakistan. The aforementioned application is supported up by an undertaking on stamp paper from the foreign shareholders and directors that, in the event that the security clearance is denied, they will sell their stock in the company or resign from their positions (as appropriate).

The Company also obtains identity documents with the application, such as copies of the Company's incorporation documents, passports and CVs of the Directors (where appropriate).

## POLICY ON DIVERSITY

TPL Insurance Limited is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion. The Company believes in having a diverse and inclusive Board to bring a range of perspectives and insights to challenge management and support good decision making. The Company's diversity activities include, but are not limited to, its methods and guidelines for hiring and choosing employees, as well as for professional growth and training.

The Company values the distinctions among its employees that make them unique, including age, disabilities, ethnicity, family or material status, language, physical and mental ability, political affiliation, race, and socioeconomic level.



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The Company maintains an environment that involves a workplace culture based on gender, diversity which fosters and upholds cooperative behavior, courteous communication, and teamwork, among other things. All employees have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion and at all other company sponsored and participative events. All employees are also encouraged to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Moreover, if any employee believes to have been treated with any kind of discrimination which is against the Company's diversity policy, they may seek immediate assistance from their respective supervisor or an HR representative for prompt action.

## POLICY ON RETENTION OF BOARD FEE BY THE EXECUTIVE DIRECTOR IN OTHER COMPANIES

The Executive Directors of the Company, Mr. Muhammad Ali Jameel and Mr. Muhammad Aminuddin are also Non-Executive Directors on the boards of other Companies, and they are remunerated in accordance with the respective Company's policies and authorized by their Board of Directors.

## INVESTOR GRIEVANCE POLICY

TPL Insurance has a clear and comprehensive procedure for handling investor grievances and subsequently addressing those grievances. Our compliance team undertakes to guarantee that the investors are provided with quality and professional services.

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

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

In such circumstances, the Company Secretary is the primary contact. The investors may directly write to the Company Secretary at the following address:

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

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

THK Associates (Private) Limited  
Plot no. 32-C  
Jami Commercial Street 2  
D.H.A Phase VII  
Karachi 75500  
Pakistan  
Tel: (0092 (021) 35310191-6



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For general questions or complaints, investors may also send an email to the designated email address [info@tplinsurance.com](mailto:info@tplinsurance.com). Alternatively, an investor may contact the Securities & Exchange Commission of Pakistan Complaint Cell by using the interactive link on the company website if they are dissatisfied with the Company's or the share registrar's answer to their complaint.

## IT GOVERNANCE FRAMEWORK

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

The Policy entails the following aspects:

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

## ANNUAL EVALUATION OF BOARD'S PERFORMANCE

A questionnaire that assess the performance of the Board of Directors as a whole as well as that of individual directors has been established by the Company's Board as a method for the Board to review its own performance on an annual basis.

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

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

This performance evaluation exercise aids the Company's Board in assessing its procedures and efficiency with the goal of guaranteeing a more effective and efficient operation and its functions, with an emphasis on succession planning, the composition of the Board and the utilization of the Board's time.

## PERFORMANCE REVIEW OF THE CEO

The Board of Directors appoint the Chief Executive Officer (CEO) for a tenure of three (3) years. The operational, financial and strategic goals are set by the Board's Ethics, Human Resources, Remuneration and Nomination Committee to assess his performance. The Committee evaluates and monitors the CEO's performance annually.

# CHAIRMAN'S REVIEW REPORT

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It is my privilege to share with our respected members the impressive performance of TPL Insurance Limited ("the Company") and provide an overview of the Board's performance for the period concluded on December 31, 2022. The Company has successfully maintained its growth trajectory and diversified into other areas of business. This accomplishment is a testament to the effective leadership and unwavering determination of the Management team.

The Board took an active stance in preserving the Company's profitability and furnishing the Management with strategic advice, notwithstanding challenging market conditions involving severe floods, political uncertainty, and currency devaluation. The Board expresses its satisfaction with the Company's substantial achievements.

During the year, the Company has on-boarded (17.59% stake in the Company) to Finnish Fund for Industrial Cooperation Limited, ("Finnfund"), a major development financier and impact investor, investing in responsible and profitable businesses in the developing countries. This marks the Company's second capital injection by a foreign investor following DEG. The entrance of such a player in such challenging times is a testament of the future of the Company.

Our Board is composed of a diverse and well-balanced group of individuals possessing a range of skills, knowledge, and experience. This enables them to consistently provide expert guidance and support to the management team. The Board is fully committed to maintaining transparency and good corporate governance practices, which are integral to fulfilling its responsibilities. Throughout the year, the Board's sub-committees met on an adequate basis and provided necessary assurance to the Board regarding the correct implementation of audit and remuneration structures and processes.

As a representative of the Board, I would like to convey our appreciation to the esteemed shareholders, management, and other stakeholders of the Company. We hope that the Company will continue to drive innovation, exceed stakeholder expectations, and achieve sustained growth in the future.



**Jameel Yusuf S.St.**

Chairman of the Board  
As of December 31, 2022



# AUDIT COMMITTEE REPORT

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## Internal Audit Function

The Company's Internal Audit Function ('the Function') comprises of Chief Internal Auditor (CIA), Manager and supporting staff. The CIA reports directly to the Board Audit Committee ('the Committee') in accordance with requirements of Code of Corporate Governance (COCG). He is also Secretary of the Committee and attended all Committee meetings held during the year.

The Terms of Reference (TORs) of the Committee are laid down in accordance with the requirements of COCG which are also approved by the Board of Directors ('the BOD'). Further, the Company also have approved Internal Audit Charter and Internal Audit Manual which specifies the objective, authority, responsibility, audit approach and methodology etc. of the Function. The Committee ensures that the Function complies with all regulatory requirements with regard to Internal Audit.

Internal Audit department performs risk-based audit of different functions and departments of the Company according to audit plan approved by the Committee and submit its finding on a quarterly basis to the management and the Committee. Internal Audit Team have unrestricted access to management, staff, information systems and data files to ensure transparency and effectiveness of their audit processes.

## Composition of the Committee

The Committee comprises of four members, three of which are non-executive directors and one independent director who is the chairman of the Committee.

All of the members of the Committee have relevant knowledge and experience in finance and accounting matters and most of them also fulfil the definition of being 'financially literate'. Further, the BOD is satisfied that the members of the Committee are competent and possess necessary skills and experience required to fulfil their responsibilities.

The Committee convened four meetings during the year.

The Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) attended the Committee meetings by invitation.

## Review of Financial Results

The Committee reviews the annual and interim financial statements of the Company before these financial statements are recommended by the Committee to the BOD for approval in accordance with Terms of Reference of the Committee.

The Committee also reviews the External Auditors' Reports on half yearly and annual financial statements of the Company and management letter issued by external auditors and the management's response to the observations highlighted by external auditors.

## Committee's approach towards Risk Management

The Committee is delegated with the authority from the BOD to provide independent oversight of the Company's financial reporting and internal control systems, and the adequacy of the external and internal audits. The Committee is provided with sufficient resources to perform its duties including support, as necessary, from the Function, the external auditors, legal counsel and management in examining all matters relating to the Company's adopted accounting policies and practices, and in reviewing all material financial, operational and compliance controls.

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## Significant Observations/ Improvements highlighted by the Function

During the year, the Function performed audit of multiple areas and summary of suggestions for improvement are as follows:

- Ensure that approved policies and Standard Operating Procedures are in place for each function.
- Strengthen controls over processes.
- Reconciliations with Insurance partners.
- Reporting hierarchy to be re-aligned to avoid conflict of interest.
- System integration to avoid duplication of work.

The management has been very co-operative during the course of the audits and suggestions highlighted above has been agreed/ adopted.

## Opinion of the Internal Audit

Based on the scope of reviews undertaken and the sample tests performed during the year, significant assurance can be given on the overall adequacy and effectiveness of the organization's framework of governance, risk management and control, however improvements required have been suggested to the management.

## Review of Internal Control Systems

The Committee reviews the effectiveness of the Company's policies and procedures regarding internal control systems by reviewing the work of the Function and the Company's external auditors, and regular reports from management including those on risk management, regulatory compliance and legal matters. In conjunction with the Risk Committee and based on opinion of Internal Audit given above, the Committee reviewed and concur with the management confirmation that the Company's risk management and internal control systems were effective for the year ended December 31, 2022. The Committee is satisfied that the Company has adopted necessary control mechanisms to ensure that it satisfactorily complies with the requirements of the COCG in respect of internal control systems.

## Review of Accounting, Financial Reporting and Internal Audit Functions

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

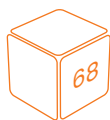
## Review of Related Party Transactions

The Committee has reviewed these transactions and confirmed that the transactions entered into by the Company are in accordance with the applicable requirements.

## External Auditors

The Committee has reviewed and discussed all Key Audit Matters and other issues identified during the external audit with the External Auditors and management, along with the methods used to address the same.

The Committee held an independent meeting with the External Auditors during the year without the presence of management.



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The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and will be discussed accordingly in the Committee meeting following the receipt of the management letter.

The Committee has reviewed the external auditors' independence and objectivity. External auditors have confirmed that they have been given satisfactory rating under Quality Control Review program of the Institute of Chartered Accountants of Pakistan.

Being eligible for reappointment under the listing regulations, the Committee has recommended the reappointment of M/s. BDO Ebrahim & Co., Chartered Accountants, as External Auditors of the Company for the year ending December 31, 2023 on terms to be approved by the BOD.

For and on behalf of

Board Audit Committee



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**Aqueel E. Merchant**  
Chairman Board Audit Committee  
23 February 2023

# DIRECTORS' REPORT

On behalf of the Board of Directors of TPL Insurance Limited ("the Company"), I am pleased to present the Annual Report of the Company for the year ended December 31, 2022.

## ECONOMIC REVIEW

2022 witnessed one of the worst floods in the history of Pakistan, with estimated losses in the range of 32 billion US Dollars. External debt repayments and delays in IMF agreement led to foreign exchange reserves depleting precariously increasing the USD parity from Rs. 176 at the beginning of the year to Rs. 224 at the end of the year. Contractionary policies including increase in discount rate restricted growth during 2022. According to World Bank Forecast, Pakistan's economy is expected to grow at 2% during Fiscal Year 2022-23.

Equity market continued volatile year as macroeconomic indicators, political uncertainty, increase in discount rate and rupee devaluation weighed negatively on investors. The benchmark index dropped 10.5% during the year to 39,947 (2021: 44,416).

Rupee devaluation, increase in discount rate, restrictions on auto financing, and delays in opening of import LCs impacted the motor vehicle sales during 2022. Auto industry reported motor vehicle sales of 188,318 units in 2022 as opposed to 198,930 units in previous year. Impact of these factors would be more significant in 2023 as recent reports show significant decline in sales orders of motor assemblers.

## BUSINESS REVIEW

### GROSS WRITTEN PREMIUM

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

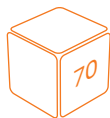
During the year, the company reported Consolidated Gross Written Premium ("GWP") of Rs. 3,823 Million registering growth of 16% YoY despite political and economic challenges facing the country. The premium includes contribution written by window takaful operations of the Company which amounts to Rs. 1,815 Million (2021: Rs. 1,490 Million).

Year	Consolidated Gross written premium (Rs. In Millions)	Growth %
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	2,746.9	10%
2021	3,284.0	20%
<b>2022</b>	<b>3,823.0</b>	<b>16%</b>

The Company's motor portfolio reported growth of 9% at Rs 2,764 Million (2021: 2,537 Million). This is despite the fact that motor vehicle sales declined by 5% during the year. Substantial deterioration in USD exchange rate parity, significant increase in discount rate, and policy measures to restrict financing of motor vehicles impacted the motor sales during fourth quarter 2022 and will have impact on motor portfolio in the year 2023.

During 2022, the Company continued its growth journey and further expanded its footprint in other lines of business. Fire portfolio registered growth of 45% at Rs. 452.6 Million (2021: Rs. 312.6 Million). Health portfolio reported growth of 44% at 397 Million (2021: 276 Million) and Miscellaneous segment report growth of 72% at 142 Million (2021: 142 Million).

In the year 2022, TPL Insurance continued its strategy of diversification to improve product penetration across all insurable segments of the country. With focus on increasing its digital footprint, company managed to improve its mobile app usage by 3X with record digital sales and improved volumes from digital partners. Improvements were made in digital offerings to exceed customer expectations such as My-TPLI portal,



seamless renewals & health concierge services via app etc. TPLI also launched new products Pay How You Drive - Platinum Drive, Domestic Bus Travel and Yield Based Crop Insurance and Buy Now Pay Later solution considering the needs of different target segments.

TPL Insurance's diversification of its distribution channels also resulted in significant growth from broker, agency and digital channels. The diversification strategy of the company is critical for delivering sustainable growth and will assist in avoiding excessive pressures on any particular segment. Despite distressed economic environment, the company continued to deliver on its commitment of unmatched customer service and experience with a focus on cost management.

## CLAIMS ANALYSIS

In 2022, claim ratio increased to 48%. The increase is attributed to flood losses, which impacted the motor and crop portfolios to the tune of Rs. 21 Million. Motor claim ratio reported at 41% (2021: 43%) Health business reported claim ratio of 83%, compared to 97% in 2021. Miscellaneous class reported claim ratio of 91%, mainly attributed to crop and livestock losses due to flood. Fire and Marine portfolios reported increase in claim ratios to 52% and 75%, mainly attributed to certain large losses.

YEARLY CLAIMS INCURRED	
Year	% of Earned Premium
2016	46%
2017	43%
2018	43%
2019	44%
2020	45%
2021	46%
<b>2022</b>	<b>48%</b>

## REINSURANCE

The Company continues to have strong relationship with reinsurance partners. The Company has treaty arrangements with blue-chip AA rated reinsurers. Keeping in view the growing portfolios, the Company continues to focus on increasing treaty capacities in all classes of business. During the year, the Company has enhanced its natural catastrophe cover for Takaful motor class from Rs. 500 Million to Rs. 600 Million and Rs. 1.2 Billion for conventional segment. We also increased our property and marine capacities significantly in both conventional and takaful books. We also arranged new treaty arrangements in Takaful for Miscellaneous, Terrorism and Bankers' Blanket.

## WINDOW TAKAFUL OPERATIONS

The Company's Window Takaful Operations (WTO) continue to grow and has underwritten contributions amounting to Rs. 1,815 Million (2021: Rs. 1,489 Million), reporting YoY growth of 22%. The consolidated assets of operator fund and participant takaful fund amounts to Rs. 1,573.3 Million (2021: Rs. 1,402.8 Million). The Company continues to maintain 2nd position in motor takaful market.

During the year, the participant takaful fund reported a surplus of Rs. 12.8 Million (2021: Deficit of Rs. 108.8 Million). The surplus is attributed to improvements in claim ratios in motor takaful portfolio.

## CAPITAL INCREASE

During the period, the Company has received capital injection of US\$ 3 million (PKR equivalent of 625.4 million) from FinnFund against the issuance of 25,017,600 ordinary shares having face value of PKR 10/- each other than by way of rights. The shares were issued at a price of Rs. 25/- per share. This is the second capital injection by a foreign investor in the Company. Earlier, in 2021, DEG, a German Development Financial Institution also injected capital in PKR equivalent of US\$ 3 million into the Company taking up 19.9% shareholding in the Company.

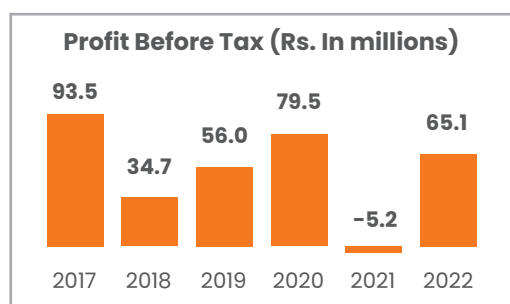
In addition to the above, the Company has issued 4,750,000 shares against exercise of options granted to eligible employees of the Company in accordance with Employee Share Option Scheme of the Company.





## FINANCIAL REVIEW

### PROFITABILITY AND GROWTH



The Company has recorded a consolidated pre-tax profit of Rs 65.1 Million (2021: pre-tax loss of Rs. 5.2 Million). The results include pre-tax surplus attributable to Participants' Takaful Fund amounting to Rs. 20.5 Million (2021: Deficit of Rs. 95.8 Million). The profit attributable to shareholders' fund amounted to Rs. 6.5 Million (2021: Profit of Rs. 99.2 Million). The pre-tax and post-tax basic earning per share are Rs. 0.25 and Rs. 0.03 respectively (2021: Rs. 0.60 and Rs. 0.66).

The lower profitability is mainly attributed to realized and unrealized losses in equity market and mutual funds and investment made in digital infrastructure and penetration into new segments.

### INVESTMENTS

As at 31 December 2022, investments made by the Company (including investments made by Participant's Takaful Fund) stands at Rs. 1,740.0 Million (2021: Rs. 1,390.4 Million). These mainly comprise of investments in term deposits amounting to 828.8 Million (2021: 432.5 Million), investment in government securities amounting to Rs. 173.2 Million (2021: Rs. 320.4 Million), investment in corporate debt instruments amounting to Rs. 250 Million (2021: Rs. 25 Million) and investment in equities and mutual funds amounting to Rs. 488.1 Million (2021: 612.6 Million). The aggregate market value of these investments is Rs. 1,723.6 Million (2021: Rs. 1,381.4 Million).

### CASH & BANK BALANCES

The cash and bank balances of the Company stands at Rs. 1,569.4 Million (2021: Rs. 1,046.4 Million). This includes cash and bank balances Participants' Takaful Fund amounting to Rs.122.6 Million (2021: Rs. 103.4 Million).

### DIVIDEND

The Board of Directors approved issuance of interim 35% bonus shares, i.e. 35 shares for each 100 shares held. The Board of Directors don't recommend any further final distribution (2021: Nil).

### INSURER FINANCIAL STRENGTH (IFS) RATING

During the year, The Pakistan Credit Rating Agency Ltd (PACRA) has maintained the Insurers Financial Strength (IFS) rating of the Company at AA with a stable outlook.

### KEY FINANCIAL DATA FOR THE LAST SIX YEARS

#### Income Statement

(Rs. In Millions)

	2022	2021	2020	2019	2018	2017
Gross premium written	3,823.1	3,284.0	2,746.9	2,505.3	2,408.7	2,292.7
Net premium revenue	3,066.0	2,398.4	2,163.1	2,136.2	2,246.6	2,068.8
Underwriting expenses	(2,880.7)	(2,280.5)	(2,046.8)	(2,024.5)	(2,116.7)	(1,957.1)
Underwriting results	185.3	117.8	116.3	111.7	129.9	111.7
Investment income and other income	146.7	110.8	204.1	152.1	70.7	61.9
Other expenses	(267.0)	(233.9)	(240.8)	(207.8)	(165.9)	(80.1)
Profit / (Loss) before tax for the year	65.1	(5.2)	79.6	56.0	34.7	93.5
<b>Profit / (Loss) after tax</b>	<b>19.3</b>	<b>(9.7)</b>	<b>39.8</b>	<b>30.5</b>	<b>23.8</b>	<b>35.2</b>
Other Comprehensive Income	(81.5)	196.4	22.4	(4.4)	10.9	(38.6)
<b>Total Comprehensive Income</b>	<b>(62.2)</b>	<b>186.6</b>	<b>62.2</b>	<b>26.1</b>	<b>34.7</b>	<b>(3.4)</b>



**Balance Sheet****(Rs. In Millions)**

	2022	2021	2020	2019	2018	2017
Paid up share capital	2,027	1,393.1	946.7	946.7	955.6	1,009.1
Accumulated (losses) / Unappropriated profits	(58.8)	(26.2)	(164.5)	(114.0)	8.0	138.7
Other comprehensive income reserve	107.5	189.0	(7.3)	(29.7)	(26.7)	(26.4)
Other capital reserves	124.6	77.6	24.1	-	-	-
Participant's Takaful Fund	(54.7)	(67.5)	41.4	(48.9)	(170.3)	(201.7)
<b>Total Equity</b>	<b>2,145.4</b>	<b>1,566</b>	<b>840.4</b>	<b>754.1</b>	<b>766.6</b>	<b>919.7</b>

	2022	2021	2020	2019	2018	2017
Investments	1,740.0	1,390.4	920.8	729.4	1,026.3	1,213.3
Fixed assets	422.0	401.2	257.5	426.5	122.0	70.0
Capital work in progress	-	-	-	2.6	7.6	21.4
Cash and bank deposits	1,569.4	1,046.4	913.4	702.4	251.9	247.2
Other assets	2,241.0	1,987.1	1,409.5	1,105.2	1,216.9	1,147.1
<b>Total Assets</b>	<b>5,972.5</b>	<b>4,825.2</b>	<b>3,501.2</b>	<b>2,966.1</b>	<b>2,624.7</b>	<b>2,699.0</b>
Underwriting liabilities	2,795.6	2,393.3	1,970.8	1,505.1	1,447.4	1,383.6
Other liabilities	1,031.5	929.9	690.0	706.9	410.7	395.7
<b>Total Liabilities</b>	<b>3,827.1</b>	<b>3,259.2</b>	<b>2,660.8</b>	<b>2,212.0</b>	<b>1,858.1</b>	<b>1,779.4</b>

**AUDITORS**

M/s BDO Ebrahim & Company, Chartered Accountants ("BDO") retire and being eligible, have offered themselves for reappointment. Board of Directors have recommended appointment of M/s BDO Ebrahim & Company Chartered Accountants as auditors of the Company for the year ending 31 December 2023, at a fee to be mutually agreed.

**RELATED PARTY TRANSACTIONS**

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

**ANTIMONEY LAUNDERING AND COUNTERFINANCING OF TERRORISM**

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

**CORPORATE SOCIAL RESPONSIBILITY**

As Pakistan still struggles with the aftermath of the floods, we tailored our CSR program to prioritize making an impact around emergency relief services across the country. Under our group wide CSR platform, TPLCares, we contributed to organizations assisting our fellow citizens worst affected by this natural disaster.

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Realizing our vulnerability to climate change, we engaged subject matter experts and developed a robust Environmental, Social, and Governance framework to further our efforts in protecting the planet by limiting the impact of our business operations on the environment. At TPL, we remain aligned with the goals of the United Nation's 2030 Agenda for Sustainable Development and adhere to the triple bottom line approach i.e. profits, people and the planet.

Going forward in 2023, we aim to play a positive role with respect to community development via social impact investments along with giving time through our recently launched volunteer program. As always, healthcare, education and gender equality will continue to be at the forefront of our CSR strategy.

### **STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

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

- The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standard and other regulations (including but not limited to the Shariah guidelines /principles) as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The fundamentals of the Company are strong and there are no doubts about Company's ability to continue as a going concern.
- The Company has followed the best practices of the Corporate Governance and there has been no material departure there from.
- Key operating and financial data for the last six years in summarized form, is included in this annual report.
- Significant deviations from last year's operating results have been explained in this report
- Statutory payments on account of taxes, duties, levies and charges outstanding are in the normal course of business.
- The board is duly complying in respect of the Directors' Training Program as referred under the Clause 19(1)(i) of the Listed Companies (Code of Corporate Governance) Regulations, 2019



- The value of investments of provident fund on the basis of unaudited financial statements of the provident fund as on 31 December 2022 is Rs. 73.3 Million (2021: Rs. 69.2 Million).

## DIRECTORS' REMUNERATION

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

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

## INSURANCE ORDINANCE 2000

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

- In their opinion and to the best of their belief, the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with Insurance Ordinance 2000 and Insurance Rules made there under.
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid up capital, solvency and reinsurance arrangements; and as at the date of the statement, it continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

## CODE OF CONDUCT

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

## PATTERN OF SHARE - HOLDING

Statement of pattern of share-holding of the Company as at 31 December 2022 is as follows:

Shareholder's Category	Number of Shares Held	Percentage of Shareholding
Parent Company - TPL Corp Limited & TPL Holding	106,345,506	53.60%
Foreign Companies	65,262,510	32.90%
Directors and Senior Management Officer	3,584,424	1.81%
Banks, DFIs & NBFIs	25,164	0.01%
Mutual Funds	14,331,851	7.22%
General Public (Local)	6,959,951	3.51%
General Public (Foreign)	2,553	0.00%
Others	1,882,503	0.95%
<b>Total</b>	<b>198,394,462</b>	<b>100.00%</b>

## TRADING IN COMPANY'S SHARES

There was no trading in shares of the Company by major shareholder, Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other employees and their spouses and minor children during the year, except as follows:

S. No.	Name of Person	Trade Date	Nature	No. of shares	Rate (Rs.)
1.	TPL Corp Limited	08 June 2022	Buy	3,333,334	30
2.	Muhammad Aminuddin, CEO	27 October 2022	ESOS	2,000,000	10
3.	Yousuf Ali, CFO	04 October 2022	ESOS	500,000	10
4.	Syed Ali Hassan Zaidi, COO	04 October 2022	ESOS	250,000	10

## BOARD MEETINGS

Board of Directors comprise of 2 female and 6 male directors. The Board of Directors held six (06) meetings in 2022. The attendance is indicated as follows:

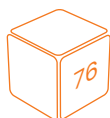
S. No.	Name of Person	MEETINGS ATTENDED
1	Mr. Jameel Yusuf (S.St)	6
2	Mr. Ali Jameel	6
3	Mr. Benjamin Brink	6
4	Mr. Rana Assad Amin	6
5	Mr. Syed Nadir Shah**	3
6	Ms. Ayla Majid	3
7	Mr. Muhammad Aminuddin	6
8	Ms. Naila Kassim	6
9	Mr. Andrew Borda*	1
10	Mr. Aqueel E. Merchant	5

\*Mr. Andrew Borda ceased his directorship on 28 April 2022. The casual vacancy was filled by Mr. Aqueel E. Merchant on 28 April 2022.

\*\*Mr. Syed Nadir Shah ceased his directorship on 24 August 2022 the casual vacancy was filled by Ms. Ayla Majid on 24 August 2022

## FUTURE OUTLOOK

The Company looks to continue on the path of innovation and disruption with customer centric solutions that deliver customer needs and surpass customer expectations. We are continuously expanding our existing product base and improving customer experience with tech driven solutions such as of advanced telematics, wellness solutions and 'Buy Now Pay Later' offering. These solutions will further cement our position as an insurtech leader with improved digital footprint, advance risk management via customer profiling and price optimization. The Company also looks forward to offer more lifestyle products such as extended warranty for appliances and gadgets, event insurance, art covers etc. to deliver convenience along with protection to its customers.



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We realize the importance of micro segment in our country and our efforts to develop the agriculture segment are appreciated by our partners, regulator and customers. Our initiative of launching Pakistan's first yield based crop insurance is well received by all quarters and we foresee agriculture insurance developing into mainstream revenue segment when it grows to its full potential. Moreover, our corporate lines segment is delivering growth and we anticipate a sustainable growth trajectory build upon prudent underwriting and risk management. The multi-channel, multi-product diversification strategy of the Company has resulted in low dependence on any particular segment which will assist the company is achieving sustainable growth despite economic challenges.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors,



**Muhammad Aminuddin**  
Chief Executive Officer



**Jameel Yusuf (S.St)**  
Chairman

24 February 2023

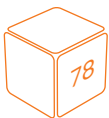
# MANAGEMENT RESPONSIBILITIES TOWARDS FINANCIAL STATEMENTS

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

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

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



# PATTERN OF SHAREHOLDING

## AS AT 31st DECEMBER 2022

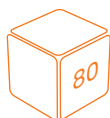
No. of Shareholders	From	To	Shares Held	Percentage
213	1	100	1,305	0.001
38	101	500	9,710	0.005
116	501	1,000	93,307	0.047
116	1,001	5,000	276,007	0.139
16	5,001	10,000	119,802	0.060
9	10,001	15,000	113,124	0.057
11	15,001	20,000	181,980	0.092
2	20,001	25,000	47,590	0.024
4	30,001	35,000	129,237	0.065
1	40,001	45,000	40,371	0.020
3	45,001	50,000	144,684	0.073
1	50,001	55,000	51,351	0.026
1	55,001	60,000	58,464	0.029
1	60,001	65,000	61,500	0.031
2	80,001	85,000	161,799	0.082
1	105,001	110,000	108,000	0.054
1	165,001	170,000	167,805	0.085
1	185,001	190,000	187,500	0.095
1	200,001	205,000	201,750	0.102
1	225,001	230,000	226,712	0.114
1	285,001	290,000	290,000	0.146
1	325,001	330,000	326,500	0.165
1	405,001	410,000	406,538	0.205
1	500,001	505,000	503,941	0.254
1	545,001	550,000	547,990	0.276
1	665,001	670,000	668,250	0.337
1	670,001	675,000	675,000	0.340
1	675,001	680,000	676,970	0.341
1	775,001	780,000	776,966	0.392
1	1,100,001	1,105,000	1,102,719	0.556
1	1,120,001	1,125,000	1,122,850	0.566
1	1,170,001	1,175,000	1,172,000	0.591
1	1,875,001	1,880,000	1,875,500	0.945
1	2,720,001	2,725,000	2,720,250	1.371
1	3,220,001	3,225,000	3,221,500	1.624
1	3,360,001	3,365,000	3,361,475	1.694
1	3,495,001	3,500,000	3,500,000	1.764
1	3,590,001	3,595,000	3,593,560	1.811
1	6,035,001	6,040,000	6,037,875	3.043
1	6,555,001	6,560,000	6,555,586	3.304
1	6,995,001	7,000,000	7,000,000	3.528
1	27,345,001	27,350,000	27,348,127	13.785
1	31,485,001	31,490,000	31,488,750	15.872
1	33,770,001	33,775,000	33,773,760	17.024
1	57,265,001	57,270,000	57,266,357	28.865
<b>564</b>		<b>Company Total</b>	<b>198,394,462</b>	<b>100.000</b>



# CATEGORY OF SHAREHOLDING

## AS AT 31st DECEMBER 2022

Particulars	No of Folio	No of Shares	Percentage
<b>DIRECTORS, CEO &amp; THEIR SPOUSE AND MINOR CHILDREN</b>	<b>3</b>	<b>2,721,924</b>	<b>1.37%</b>
MR. JAMEEL YOUSUF		837	0.00
MR. ALI JAMEEL		837	0.00
MUHAMMAD AMINUDDIN		2,720,250	1.37
<b>SENIOR MANAGEMENT OFFICER</b>	<b>2</b>	<b>862,500</b>	<b>0.43%</b>
SYED ALI HASSAN ZAIDI		187,500	0.09
YOUSUF ALI		675,000	0.34
<b>ASSOCIATED COMPANIES</b>	<b>8</b>	<b>106,345,506</b>	<b>53.60%</b>
TPL CORP LIMITED		104,891,570	52.87
TPL HOLDINGS (PRIVATE) LIMITED		1,453,936	0.73
<b>BANKS, DFI &amp; NBF</b>	<b>2</b>	<b>25,164</b>	<b>0.01%</b>
CHASE SECURITIES PAKISTAN (PRIVATE) LIMITED - MF		25,000	0.01
PARADIGM FACTORS (PRIVATE) LIMITED		164	0.00
<b>MUTUAL FUNDS</b>	<b>7</b>	<b>14,331,851</b>	<b>7.22%</b>
CDC - TRUSTEE HBL INVESTMENT FUND		226,712	0.11
CDC - TRUSTEE HBL GROWTH FUND		406,538	0.20
CDC - TRUSTEE FAYSAL STOCK FUND		6,037,875	3.04
CDC - TRUSTEE AKD OPPORTUNITY FUND		3,593,560	1.81
CDC - TRUSTEE NBP STOCK FUND		3,361,475	1.69
CDC - TRUSTEE HBL EQUITY FUND		201,750	0.10
CDC - TRUSTEE GOLDEN ARROW STOCK FUND		503,941	0.25
<b>GENERAL PUBLIC (LOCAL)</b>	<b>519</b>	<b>6,959,951</b>	<b>3.51%</b>
<b>GENERAL PUBLIC (FORGEIN)</b>	<b>8</b>	<b>2,553</b>	<b>0.00%</b>
<b>OTHERS</b>	<b>13</b>	<b>1,882,503</b>	<b>0.95%</b>
TOYOTA HYDERABAD MOTORS		45,106	0.02
BONUS FRACTION B-2018		255	0.00
RAO SYSTEMS (PVT.) LTD.		3,375	0.00
CDC STAY ORDER CASES WITH FRACTON		547,990	0.28
BONUS FRACTION B-2019		226	0.00
HABIB SUGAR MILLS LTD		81,083	0.04
SARFRAZ MAHMOOD (PRIVATE) LTD		675	0.00
MAPLE LEAF CAPITAL LIMITED		1	0.00
FEDERAL BOARD OF REVENUE		22,590	0.01
SUMYA BUILDERS & DEVELOPERS		1,122,850	0.57
NCC - PRE SETTLEMENT DELIVERY ACCOUNT		7,000	0.00
FALCON-I (PRIVATE) LIMITED		1	0.00
TOYOTA SAHARA MOTORS (PVT) LTD		51,351	0.03
<b>FOREIGN COMPANIES</b>	<b>2</b>	<b>65,262,510</b>	<b>32.90%</b>
DEG-DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH		31,488,750	15.87
FINNISH FUND FOR INDUSTRIAL COOPERATION LTD.		33,773,760	17.02
<b>Company Total</b>	<b>564</b>	<b>198,394,462</b>	<b>100%</b>



# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TPL Insurance Limited (the Company)

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

We have reviewed the enclosed Statement of Compliance with the 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 **TPL Insurance Limited** for the year ended **December 31, 2022** in accordance with the requirements of regulation 36 of the Regulations and provision xxvi 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.

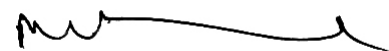
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent 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, 2022.

## KARACHI

**DATED:** February 24, 2023

**UDIN:** CR202210067rbum7woxM



**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.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

1. The total number of directors are 7 as per the following
  - a. Male : 5
  - b. Female : 2
2. The Company encourages representation of Independent and Non-Executive Directors representing the minority's interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director(s)	Mr. Aqueel E. Merchant, Ms. Naila Kassim
Executive Director(s)	Mr. Muhammad Aminuddin (Chief Executive Officer)
Non-Executive Director(s)	Mr. Jameel Yusuf Mr. Muhammad Ali Jameel Rana Assad Amin
Nominated Director	Mr. Benjamin Brink, Ms. Ayla Majid

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

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
4. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. The casual vacancies were duly filled up by the Directors as follows:

S. No.	Resigned	Dated	Appointment	Dated
1.	Mr. Andrew Borda	April 28, 2022	Mr. Aqueel E. Merchant	April 28, 2022
2.	Syed Nadir Shah	August 24, 2022	Ms. Ayla Majid	August 24, 2022

6. The Company has prepared a Code of Conduct, and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant



policies along with the dates on which they were approved or amended has been maintained by the Company.

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 Act and the Codes.
9. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirement of the Companies Act, 2017 and the Codes with respect to frequency, recording and circulating minutes of meeting of the Board.
10. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Codes.
11. The Board has duly complied with the Directors' Training Program requirement and the criteria as prescribed in the 2019 Code.
12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the 2016 Code.
13. An orientation of the Board of Directors was conducted to apprise them of their duties and responsibilities including the fiduciary duties as contained in the Companies Act, 2017.
14. The Board approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and condition of employment and complied with relevant requirements of the Codes.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the 2016 Code and fully describes the salient matters required to be disclosed.
16. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The Directors, Chief Executive Officer and other Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
18. The Company has complied with all the corporate and financial reporting requirements of the 2016 Code.
19. The Board has formed the following Management Committees:

**Underwriting Committee:**

<b>Name of the Member</b>	<b>Category</b>
Aqueel E. Merchant	Chairman
Altaf Ahmed Siddiqi	Member
Syed Ali Hassan Zaidi	Member
Shumail Iqbal	Secretary

**Claim Settlement Committee:**

Name of the Member	Category
Benjamin Brink	Chairman
Tariq Ali Farooqui	Member
Yousuf Zohaib Ali	Member
Muhammad Kumail Mushtaq Ali	Member
Ayla Majid	Member
Owais Alam	Secretary

**Reinsurance and Co-insurance Committee:**

Name of the Member	Category
Aqueel E. Merchant	Chairman
Syed Ali Hassan Zaidi	Member
Altaf Ahmed Siddiqi	Member
Muhammad Aminuddin	Member
Shadab Khan	Secretary

**Risk Management and Compliance Committee:**

Name of the Member	Category
Ayla Majid	Chairperson
Syed Ali Hassan Zaidi	Member
Muhammad Aminuddin	Member
Kamran Rafique Shaikh	Member
Benjamin Brink	Member
Shadab Khan	Secretary

20. The Board has formed the following Board Committees:

**Ethics, HR, Remuneration and Nomination Committee:**

Name of the Member	Category
Naila Kassim	Chairperson
Mohammad Ali Jameel	Member
Rana Assad Amin	Member
Ayla Majid	Member
Nader Nawaz	Secretary

## Compensation Committee

Name of the Member	Category
Mr. Aqueel E. Merchant	Chairman
Mr. Rana Assad Amin	Member
Mr. Nader Nawaz	Secretary

## Investment Committee:

Name of the Member	Category
Mohammad Ali Jameel	Chairman
Rana Assad Amin	Member
Muhammad Aminuddin	Member
Benjamin Brink	Member
Yousuf Zohaib Ali	Secretary

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

## Audit Committee:

Name of the Member	Category
Aqueel Merchant	Chairman
Rana Assad Amin	Member
Muhammad Ali Jameel	Member
Ayla Majid	Member
Hashim Sadiq Ali	Secretary

22. The meetings of the Committees, except Ethics, Human Resources and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by the 2016 Code.
23. The terms of references of the Committees have been formed, documented and advised to the Committees for Compliance.
24. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a regular basis.
25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as is required under the 2016 Code. Moreover, the persons heading the underwriting, claim, reinsurance and risk management departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Person	Designation
Mr. Muhammad Aminuddin	Chief Executive Officer
Mr. Yousuf Zohaib Ali	Chief Financial Officer
Mr. Kamran Rafique Shaikh	Compliance Officer
Mr. Danish Qazi	Company Secretary
Hashim Sadiq Ali	Head of Internal Audit
Mr. Altaf Ahmed Siddiqui	Head of Underwriting
Mr. Ovais Alam	Head of Claims
Ms. Shadab Khan	Head of Reinsurance
Syed Ali Hassan Zaidi	Chief Operating Officer
Mr. Nader Nawaz	Head of Grievance Dept.

26. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Codes or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the 2016 Code.
29. The Board ensures that the risk management system of the Company is in place as per the requirements of the 2016 Code. The Company has set up a risk management function/ department, which carries out its tasks as covered under the 2016 Code.
30. The Company has been rated by PACRA and the rating assigned by the rating agency on May 7, 2022 is AA with stable outlook.
31. The Board has set up a grievance department/function, which fully complies with the requirements of the 2016 Code.
32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the 2019 Code other material principles contained in the 2016 Code have been complied with.



By Order of the Board  
**Chairman**

Date: 23 February 2023

# SUSTAINABILITY REPORT



## SUSTAINABILITY

At TPL, we proactively integrate sustainability into our routine decision making processes. Dedicated to driving positive change, we are aligned with the goals of the United Nation’s 2030 Agenda for Sustainable Development. TPL Corp has used the UNSDGs as a guiding document to develop its CSR strategy and framework, and this approach is followed through all our social impact interventions. With this, we look forward to a journey filled with continuous learning and aspire to play an even greater role with respect to climate action.



TPLCares is the Group’s CSR platform, engages with the community via support for healthcare, education, gender equality and sports related initiatives.



# ANNUAL GIVING

Our yearly donations have historically contributed to the healthcare and education sectors of Pakistan. This year we also created awareness for previously supported institutions by conducting formal visits to better understand their needs and how the private sector can assist in making a greater impact. We believe healthcare and education are fundamental rights and should be provided to every soul with dignity and compassion and without discrimination of caste, creed, colour, or religion. Some of the institutions and initiatives we supported are featured below:

## LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

TPL Corp has made a contribution of USD 500,000 to the LSE South Asia Centre to support its academic activities which includes encouraging and supporting the most recent academic research on Pakistan for a new generation of researchers at LSE.

# USD 500,000

to the LSE South Asia Centre



## SIUT

The Sindh Institute of Urology and Transplantation (SIUT) is known to be one of the leading healthcare institutes in the world. It offers free-of-cost treatment of urological and nephrological ailments, oncological treatments, and organ transplantation facilities to the general public in Pakistan.

Our donation has resulted in

# 610 dialysis sessions



## JDC FOUNDATION

Jaffriya Disaster Management Cell Welfare Organization (JDC) is a Welfare and Non-Governmental Organization (NGO) commonly known as JDC Foundation Pakistan. It was established in 2009 and focuses on providing rehabilitation activities and medical emergency services in Sindh.

During the holy month of Ramadan, our collaboration with JDC provided

# Iftari & Sehri to 10,000 people



# CHILDLIFE FOUNDATION

ChildLife is providing the full spectrum of medical care, from Emergency Rooms to primary clinics, down to preventive practices. The Foundation has 11 state-of-the-art model Emergency Rooms in Pakistan. ChildLife Foundation also runs 30 primary care clinics in Karachi's slum areas and runs a Preventive Healthcare Program that has reached over 190,000 families so far.

Our contribution to the Emergency Rooms (ER) has positively impacted the well-being of approximately

# 1,500 children



## TPL AT JPMC WITH PATIENTS AID FOUNDATION

Mr. Jameel Yusuf S. St., Chairman, TPL Corp visited Jinnah Postgraduate Medical Centre (JPMC). He was accompanied by Mr. Mushtaq Chhapra (Vice-Chairperson PAF) and Dr. Tariq Mahmood (Head of Radiology & Oncology JPMC) who gave him a tour of the facility along with an update on the work being done. The Patients Aid Foundation (PAF) was established to alleviate the burden on Jinnah Postgraduate Medical Centre (JPMC) and provide free-of-cost high-quality healthcare to the less fortunate.

Left to right: Sitvat Jamal, Dr. Tariq Mahmood, Jameel Yusuf S. St., Mushtaq Chhapra, and Sohail Hussain.



## TPL VISITS LADY DUFFERIN HOSPITAL

Good Health & Well-being (UNSDG – 3) has been a key focus for TPL Corp's CSR strategy. In line with this vision, TPL Corp partnered with Lady Dufferin Hospital and contributed to their efforts in providing quality maternal healthcare in Karachi.

TPL Corp's support towards the hospital's clinical room will serve approximately

# 3,000 patients annually



## 3<sup>RD</sup> COMMISSIONER KARACHI CITY MARATHON

TPL partnered with Commissioner Karachi to support a marathon that saw over 10,000 visitors along with numerous runners (male & female) of all ages. Through this sponsorship, TPL contributed to diversity and gender inclusivity along with supporting sports in Pakistan.



Muhammad Ali Jameel, CEO, TPL Corp presenting an award to Hajra Khan.

## INDEPENDENCE DAY SPORTS CAMPAIGN

Based on the belief that an organization must give back to its nation, TPL paid a tribute to the nation's most illustrious athletes from diverse sporting backgrounds and rewarded them with Life Insurance. These individuals included Mahoor Shahzad, the Women's Singles Champion at the 2017 Pakistan International tournament; Shehroze Kashif, the youngest climber in the world to summit K2 and Mount Everest, Hajra Khan, Captain of Pakistan Women's National Football Team and Talha Talib, Pakistan's first Bronze medal winner at the World Weightlifting Championship. This initiative aimed to open up more opportunities for Pakistani athletes to train and confidently compete on an international level without the fear of serious injuries.



## VOLUNTEER PROGRAM

At TPL, we believe volunteering reflects our sense of responsibility for the planet and the community we live in. This year, our employees engaged in the following activities:

### BLOOD DRIVE

We successfully collected 31 blood bags for Indus Hospital with 41 donors (Male-35 and Female-6).



**95**  
lives saved

### BEACH CLEANUP

In line with UNSDG 15- Life on Land, we collaborated for an Environment Day Drive on 7<sup>th</sup> June at Sea View Beach, Clifton, and recorded 40 hours of voluntary service. We were successful in collecting approx. 140 kgs of waste.



**107kgs**  
of waste recycled

### BOOK DRIVE

We donated to the Kiran Foundation's Kitab Ghar Project and Library, where the books are being used by street children and the students of the DCTO, Lyari campus; a government school adopted by the Foundation.



**400**  
books donated

### TCF

In line with our CSR efforts towards UNSDG 4- Quality Education. Our employees committed their time to TCF's Rahbar Program.



**10**  
volunteers from TPL

### EARTH DAY

To celebrate Earth Day and make a positive impact with respect to energy conservation, we turned off the lights in all our offices.



**20kW**  
units of electricity saved

# EMPLOYEE WELFARE & SUPPORT

## LAUNCH OF EMPLOYEE-FRIENDLY POLICIES



Gender Equity  
Social Inclusion



Grievance  
Procedure



Work from  
Home



Flexible  
Hours



Child Education  
Policy

## ECO TIPS

A weekly email series for TPL Group has been launched which provides tips that can be used in everyday life to create a sustainable environment for our future generations.

Reaches over

**1,000**   
**employees**

## CPR

Cardiopulmonary Resuscitation (CPR) and Basic Life Support Training Sessions were conducted at our offices where employees were taught life-saving techniques to assist in medical emergency situations.

**50**   
**members**

of our staff both male and females participated and were given the necessary skills to save a life.

## L&D TRAININGS

For the continuous growth of our employees in their professional endeavours, we regularly conduct trainings (soft and technical), along with awareness sessions.



Awareness Sessions

**390**

employees



Soft Training

**254**

employees



Technical Training

**81**

employees

Some of the most well-received awareness sessions were as follows:



Prostate Cancer  
Awareness

**65**

participants



Mental Health  
Awareness

**79**

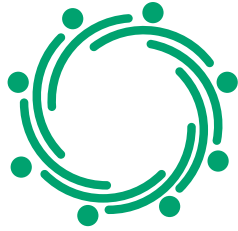
participants



World Literacy Day

**50**

participants



## COMMUNITY DEVELOPMENT

### DIVERSITY AND INCLUSION

We strive to operate with integrity and promote diversity and inclusion in the workplace. As an equal opportunity employer, our management teams ensure that people from diverse backgrounds are recruited at TPL. We partnered with NOWPDP last year to offer a 3-month internship to the differently-abled. Where 13 interns were inducted, of which 2 interns transitioned to full-time employment.



### TPLI WOMEN DAIRY FARMERS AWARENESS CAMPAIGN

As part of TPL Insurance (TPLI) CSR efforts toward gender equality, TPL Insurance and Research and Development Foundation (RDF) signed an MoU to launch a Women Farmers Poverty Alleviation Program in Sindh. This initiative aims to build livestock management capacity for women farmers across Sindh through tailor-made training sessions covering the importance of vaccinations, tips for the physical care of livestock, and best practices to improve yields. Phase 2 of the programme will deliver a digital platform that aims to connect these rural farmers to urban consumers thus giving them access to a larger market.

# AWARDS



## GDEIB AWARD

TPL was awarded the prestigious GDEIB Award 2021 in recognition of its visible initiatives and employee-friendly policies, including a supervised daycare centre, flexible working hours to maintain work-life balance, educational workshops for personal growth and internship programs to foster learning among the youth. This award brings TPL a step closer to its vision of being recognized as the employer of choice and continues to embed diversity, equality and inclusion as a part of its corporate culture.

## INTERNATIONAL CSR AWARD 2022

The CSR Awards are organized by The Professionals Network (TPN); a leading corporate entity based out of Karachi. Established in 2011, the network recognizes corporations and NGOs for their efforts towards bringing positive socio-economic change in Pakistan. At the 12<sup>th</sup> International Corporate Social Responsibility Awards 2022, TPL Insurance won two awards in the categories of Sustainability Innovation and Reporting and Transparency.



Award presented by H.E. Mr. Herman Hardynata Ahmad, Consul General, Consulate General of Malaysia to Mr. Sitvat Jamal, Group Head Communication and Sustainability.

## GOING GREEN

As a group focused on sustainability, we adhere to the triple bottom line approach, i.e. profits, people and the planet. Being green is no longer a cost of doing business but a catalyst for innovation and business growth in new markets. We believe, positive environmental practices reduce expenses and boost employee morale and engagement. Our sustainable interventions going forward in 2022-23 will also look at the following areas:



Carbon Emissions Management



Green Office Program, i.e. internal energy conservation and paper reduction project



Waste Management, i.e. reduce, reuse and recycle



Air Quality

# SCALING FOR IMPACT

Over the years, TPL has supported more than 50 non-profit organizations, educational institutes, and charitable trusts across Pakistan, ranging from local charities to international NGOs and universities. At TPL, we believe that a collective change begins with understanding the challenges faced by our communities.





# MANAGEMENT OBJECTIVES, KPI AND SIGNIFICANT CHANGES

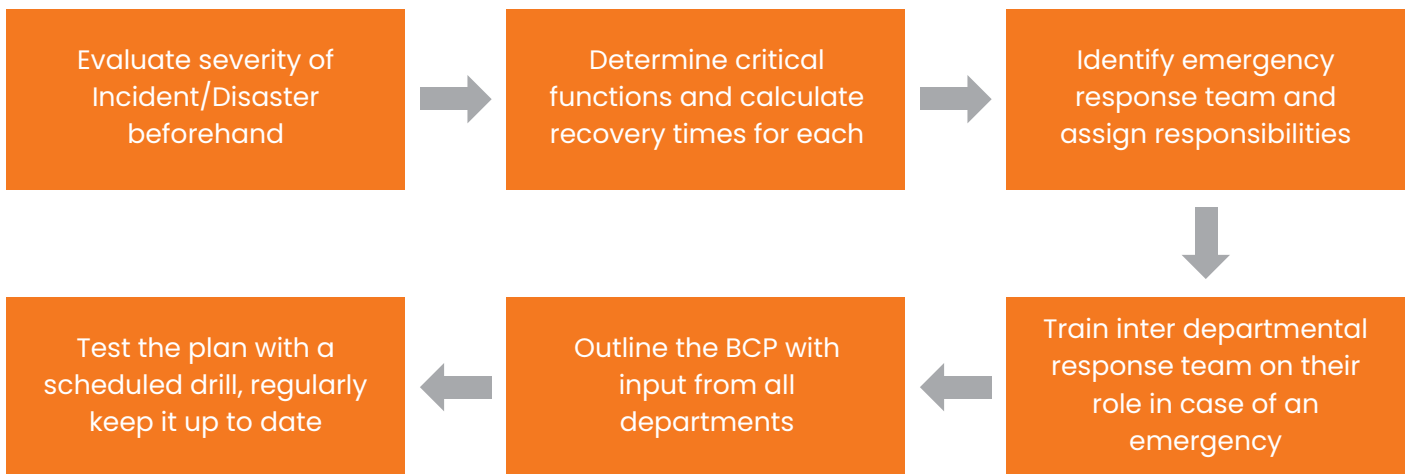
S.No.	Objective	Strategy	KPI
1.	Enhance Customer Satisfaction	Improve the efficiency of complaint management system, reduce the complaints and providing the best value for Money	<ul style="list-style-type: none"> <li>- No. of Complaints</li> <li>- Time taken to resolve those complaints</li> <li>- Value for Money</li> </ul>
2.	Augment Premium to Attain Sustainable Economic Advancement	Through innovation and digitization, generate demand for our products and diversify into new business channels	<ul style="list-style-type: none"> <li>- Growth in the turnover</li> </ul>
3.	Grooming of Human Capital	Through appropriate trainings, transparent reward and recognition mechanism and managed employee turnover ratio, we can achieve efficiency across the company	<ul style="list-style-type: none"> <li>- No. of trainings</li> <li>- Employee turnover ratio</li> </ul>
4.	Maximizing Shareholder Returns	By enhancing Company's topline and achieving efficiency in performance through digitization, shareholder returns would be maximized	<ul style="list-style-type: none"> <li>- EPS</li> <li>- ROE</li> <li>- Asset turnover</li> </ul>
5.	Enhance Operational Efficiency	By aligning our strategies with company objectives and through innovation and digitization, we can achieve operational efficiencies	<ul style="list-style-type: none"> <li>- Target vs. achieved</li> </ul>

# BUSINESS CONTINUITY PLAN

Business continuity (BC) refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood, pandemics or malicious attack by cybercriminals. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources, business partners and more.

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

This Business Continuity Plan is established to safeguard the organization's staff, its assets, its critical operations and its credibility; it follows an all hazards approach, including all risk reflected in the Risk Assessment.



# FORWARD LOOKING STATEMENT 2023

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

Based on our last year forward looking statement, TPL Insurance has taken multiple initiatives and launched insurance solutions for retail and corporate customers to further diversify its product offerings. TPL has diversified its product range by introducing mobile insurance, Health insurance, bike insurance and domestic or travel insurance during the year. TPL Insurance is the first insurance company in Pakistan by introducing telematics based insurance 'Drive- Pro' for its esteemed customers. Furthermore, the company has partnered with various non- traditional insurance channels and digital aggregators such as Sasta ticket, Vouch 365 and MediQ.

Also, TPL Insurance improved its penetration in the existing channels of banks and dealerships by partnering with new banks and dealerships across Pakistan.

## Forward Looking Statement:

With the recent global recession and keeping in view the government's initiatives to bring economic stability and growth for the year 2022, the company is determined to flourish in the upcoming year. To spread the awareness among the masses regarding insurance, the company has initiated its operations focusing on SMEs and Agriculture Industry with the aim of achieving positive results. Since automobile sector is booming and with the new giants entering the market and increased competition, the company is determined to grow in this sector by providing diversified range of insurance solutions, product development and penetration through new digital and non- digital retail channels. Buy Now, Pay Later (BNPL) is another value added feature which has been integrated on our app for easy installments for the customers. BNPL is interest free and the biggest breakthrough TPL Insurance did in the insurance sector of Pakistan. It makes buying easiest.

Metaverse is a virtual world where people can meet and interact, similar to their real-life experiences and interactions. TPL insurance is first company in Pakistan has held its meeting in Metaverse and this is the first step taken by TPL Insurance to establish a presence in the Metaverse, and insurance policies will be issued and serviced virtually in the upcoming months. The management has proved their strength by launching Pakistan's 1st Telematics based insurance solution "DRIVE PRO" in the market and is still committed to provide cutting edge IT based innovative solutions to its customer to enhance their insurance experience.

Moreover, with the emerging awareness regarding the Shariah compliant solutions, the company is determined to make a substantial growth in its Window Takaful Operations. Stock market is also witnessing a positive confidence in its growth, eventually leading to improved investment returns.

In this year we have introduced the new product range which is livestock insurance and crop insurance in consideration of farmers facing any kind of natural disasters or theft. Livestock Insurance and Crop Insurance are a part of Agriculture Insurance, it covers for the loss of livestock, which has an integral part of "Full Mortality coverage" which includes loss of animal and as well as theft. TPL's crop insurance ensures protection against either the loss of one's crops due to natural disasters, such as hail, drought and flood.

Furthermore, in order to spread the awareness among the youth and to create the importance of insurance products, TPL Insurance is about to introduce Pakistan's first Insure-tech challenge to engage the youth through universities. The company executing the Insure-tech makes the company the leading technology driven player of Insurance industry in Pakistan.



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### **Gross Premium and overall profitability:**

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

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

### **Return on Investments:**

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

### **Financial Strength:**

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

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



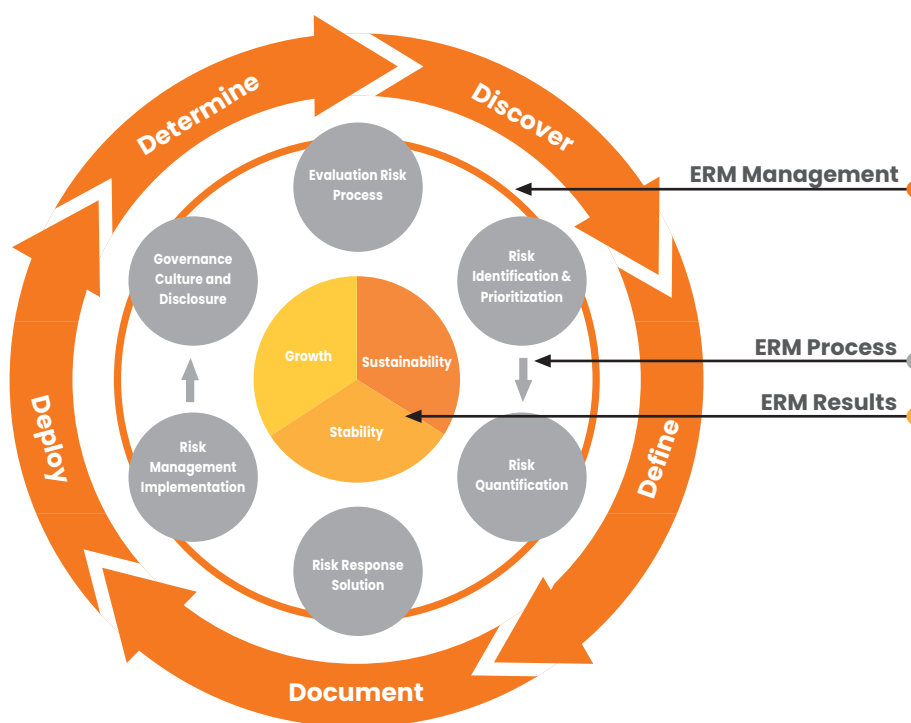
# RISK AND OPPORTUNITY REPORT

## ENTERPRISE RISK MANAGEMENT

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

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

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



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

- Overseeing the development and implementation of risk management policy / framework which will set the risk management tone in the Company. The policy / framework will provide the guidelines to help in the identification of risks, assess the priorities according to their impacts and likelihoods and implement the relevant procedures to mitigate those risks to an acceptable level.
- Overseeing compliance framework which will report on compliances with legislation and regulations of risks pertaining to the entity.
- Provide an analysis regarding Company's approved risk appetite level and communicate the same to the entire enterprise.

- Review and confirm that all responsibilities outlined in the framework have been carried out.
- Review and monitor the steps taken to mitigate the risks identified.
- Continually, obtain reasonable assurance from the management that all known and emerging risks have been identified, mitigated and managed and monitor the adequacy of risk identification process.
- Make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
- Receive and review risk based reports and ensure entity-wide risks are mitigated to an acceptable level.

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



**RISK MANAGEMENT METHODOLOGY**

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

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

Phase 1: Risk Assessment:

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

Phase 2: Risk Treatment

Phase 3: Review, Monitoring and Reporting



## Phase 1: Risk Assessment

Risk Assessment process has covers the following:

### i. Risk Identification:

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

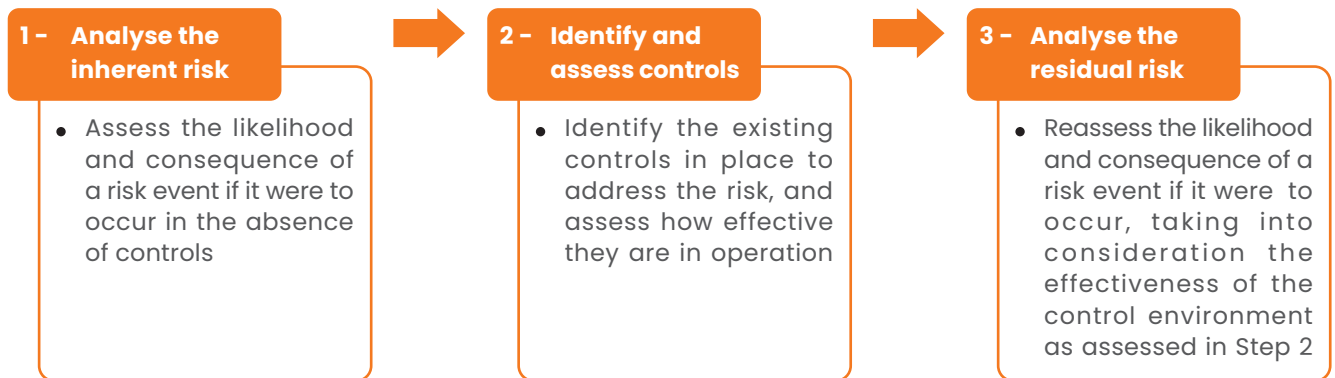
For documenting the Risk Management activity a risk register template is in place. The process of Risk Analysis, Risk Evaluation and Risk Treatment are documented within the template which comprises of following components:

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

### ii. Risk Analysis

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

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



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

### Step 1: Analyze the Inherent Risk

For each risk identified in the risk register, the likelihood of the risk occurring in the absence of

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

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

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

Consequence/ Impact Scale	Guiding Measures	
<b>Insignificant</b>	The risk may cause temporary operational inefficiency; however, business may be able to run as usual.	
	<b>Implications</b>	
	<b>Financial</b>	Less than Rs. 10 Million
	<b>Operational</b>	Temporary service disruption.
<b>Minor</b>	The risk is likely to have a limited adverse effect on organizational operations, organizational assets, or individuals; and may cause temporary operational inefficiency. It may arise due to non-compliance with standard operating procedures or their absence etc.	
	<b>Implications</b>	
	<b>Financial</b>	More than Rs. 10 Million but less than Rs. 50 Million
	<b>Operational</b>	Minor impact on product/ service delivery.
	<b>Legal/ Regulatory</b>	Regulatory/ police investigation of organization and/or Board without adverse findings.
<b>Material</b>	The risk is likely to have a material adverse effect on the organization or individuals associated with the organization (e.g., employees, customers). It may arise due to fundamental control weaknesses, non-compliance of policies, minor errors in financial information, etc.	
	<b>Implications</b>	
	<b>Financial</b>	More than Rs. 50 Million but less than Rs. 500 Million.
	<b>Operational</b>	Widespread discontent of customers and suppliers.
	<b>Brand/ Reputation</b>	Failure of prominent project, service or product. Localized negative media coverage. Investigation of serious individual misconduct.
<b>Legal/ Regulatory</b>	Regulatory/ police investigation with adverse findings against organization and/or Board.	



Consequence/ Impact Scale	Guiding Measures										
<p><b>Major</b></p>	<p>The risk is likely to have a serious effect on organizational operations, reputation, organizational assets, or individuals.</p> <table border="1" data-bbox="483 407 1490 890"> <thead> <tr> <th colspan="2" data-bbox="483 407 1490 462">Implications</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 470 786 512"><b>Financial</b></td> <td data-bbox="786 470 1490 512">More than Rs.500 Million but less than Rs. 1 Billion</td> </tr> <tr> <td data-bbox="483 512 786 554"><b>Operational</b></td> <td data-bbox="786 512 1490 554">Widespread failure or loss of product/service standards.</td> </tr> <tr> <td data-bbox="483 554 786 756"><b>Brand/ Reputation</b></td> <td data-bbox="786 554 1490 756">           Loss of a large number of customers to competitor organization.            Loss of suppliers/ service providers.            Loss of significant skills from Board or Senior Management.            Sustained public criticism of the organization.         </td> </tr> <tr> <td data-bbox="483 756 786 890"><b>Legal/ Regulatory</b></td> <td data-bbox="786 756 1490 890">           Civil action against organization and/or Board due to negligence.            New regulations that impede operations.         </td> </tr> </tbody> </table>	Implications		<b>Financial</b>	More than Rs.500 Million but less than Rs. 1 Billion	<b>Operational</b>	Widespread failure or loss of product/service standards.	<b>Brand/ Reputation</b>	Loss of a large number of customers to competitor organization. Loss of suppliers/ service providers. Loss of significant skills from Board or Senior Management. Sustained public criticism of the organization.	<b>Legal/ Regulatory</b>	Civil action against organization and/or Board due to negligence. New regulations that impede operations.
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<b>Legal/ Regulatory</b>	Civil action against organization and/or Board due to negligence. New regulations that impede operations.										
<p><b>Critical</b></p>	<p>A risk that can prove catastrophic or terminal for the whole organization.</p> <p>It may affect organizational operations, reputation, organizational assets, or individuals; it may lead to loss of significant customer(s), litigations and hefty financial penalties.</p> <table border="1" data-bbox="483 1100 1490 1625"> <thead> <tr> <th colspan="2" data-bbox="483 1100 1490 1155">Implications</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1163 786 1205"><b>Financial</b></td> <td data-bbox="786 1163 1490 1205">More than Rs. 1 Billion</td> </tr> <tr> <td data-bbox="483 1205 786 1373"><b>Operational</b></td> <td data-bbox="786 1205 1490 1373">           Unable to deliver product/ services.            Prohibited from service delivery at any level.            Loss of significant number of customers to competitor organization.         </td> </tr> <tr> <td data-bbox="483 1373 786 1541"><b>Brand/ Reputation</b></td> <td data-bbox="786 1373 1490 1541">           Collapse of organization.            Major inquiry into systemic misconduct.            Wholesale resignation of Board Members or Senior Management.         </td> </tr> <tr> <td data-bbox="483 1541 786 1625"><b>Legal/ Regulatory</b></td> <td data-bbox="786 1541 1490 1625">Criminal prosecution of organization and/or Board due to failure to comply with the law.</td> </tr> </tbody> </table> <p>It may be caused due to significant errors in financial information, non-compliance with regulatory requirements, or contractual terms, security breach of mission critical system; significant control weaknesses, etc.</p>	Implications		<b>Financial</b>	More than Rs. 1 Billion	<b>Operational</b>	Unable to deliver product/ services. Prohibited from service delivery at any level. Loss of significant number of customers to competitor organization.	<b>Brand/ Reputation</b>	Collapse of organization. Major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.	<b>Legal/ Regulatory</b>	Criminal prosecution of organization and/or Board due to failure to comply with the law.
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<b>Legal/ Regulatory</b>	Criminal prosecution of organization and/or Board due to failure to comply with the law.										

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

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

**Step 2: Identify and Assess Controls**

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

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

**Step 3: Analyze the Residual Risk**

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

**Phase 2: Risk Evaluation**

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

Risk Rating	Required action
<p style="text-align: center;"><b>Extreme</b></p>	<p><b>Intolerable level of risk</b></p> <ul style="list-style-type: none"> <li>• CEO to be informed ASAP and requested to provide urgent attention, guidance and approval of mitigation strategy.</li> <li>• Operations / activity should ideally be discontinued until level of risk is able to be reduced. Written instruction for such activity needs to be provided by the CEO of TPL Insurance Limited.</li> </ul>
<p style="text-align: center;"><b>High</b></p>	<p><b>Tolerable level of risk</b></p> <ul style="list-style-type: none"> <li>• Issues to be highlighted to the CEO and to the Risk Management &amp; Compliance Committee.</li> <li>• Action plan and attention of Senior Management required.</li> </ul>
<p style="text-align: center;"><b>Medium</b></p>	<p><b>Tolerable level of risk</b></p> <ul style="list-style-type: none"> <li>• Action plan and attention of Concerned Manager required.</li> </ul>
<p style="text-align: center;"><b>Low</b></p>	<p><b>Tolerable level of risk</b></p> <ul style="list-style-type: none"> <li>• Manage through routine procedures.</li> <li>• Concerned Manager to be intimated about it and its treatment.</li> <li>• Unlikely to need specific application of resources.</li> <li>• Protection to be sought in case of large impact through rare.</li> </ul> <p><b>Please Note:-</b> There may be instances where existing control is deemed as effective, therefore, residual risk rating may be computed as LOW; for such instances no risk treatment plans will be required.</p>

### Phase 3: Risk Treatment

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

- Mitigate the risk (e.g. implement controls to reduce the impact and likelihood of any negative event from occurring)
- Avoid the risk (e.g. avoid the activity/partnership/sponsorship altogether);
- Transfer the risk (e.g. obtain a specialized insurance premium, additional contract clause); or
- Accept the risk.

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

## RISKS & OPPORTUNITIES

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

Through its innovative practices, wider group engagement and attitude towards challenging market norms, the Company has successfully completed acquisitions by international stakeholders. This was done through SWOT analysis conducted by relevant parties, placing trust into company's board, management and everyone in order to take the Company to new heights of success. The Company has planned on building a new independent function as Risk Management and Actuarial Control to provide integration with operating activities and develop strategic viewpoint. The RMAC function would be headed by a senior risk and actuarial professional, possessing international experience, skills and qualification, in line with the best practices followed globally. This function would provide continuous invaluable feedback actively and shall assist in mitigating surprises in the underwriting and financial performance as well as achieve larger strategic objectives of the Company.

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

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

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

## Opportunities Assessment Developments

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

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



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## Materiality Approach

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

## Key sources of uncertainty

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

## Debt Repayment

The Company has not defaulted in payment of any debts and there is not any pending litigation against company, other than in ordinary course of business, as at December 31, 2022.

# QUALITY POLICY

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

- Providing reliable services in a manner that satisfies customer needs and expectations to achieve the customer satisfaction.
- Communicate the quality policy among the internal and external stakeholders along with the benchmark to surpass the customer expectations.
- Ensuring the performance of all the employees related to their assigned tasks.
- Implement risk management through a process of plan, control and mitigate in line with business requirements and norms.
- Comply as a minimum with all applicable statutory and regulatory requirements for quality management systems.
- To monitor the effectiveness and effectiveness of the Quality Management System by establishing measurable quality objectives and conduct reviews of Quality Management Systems (QMS)
- Encourage continual improvement using strategy of risk based thinking.



# INDEPENDENT AUDITOR'S REPORT

To the members of TPL Insurance Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **TPL INSURANCE LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2022 and of the profit 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 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 Matter	How the matter was addressed in our audit
1.	<b>Compliance with laws and regulations</b>	
	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	Our audit procedures in respect of this area included the following: <ul style="list-style-type: none"> <li>Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the</li> </ul>

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S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>various circulars issued by the SECP from time to time to regulate the business of the Company. The Company 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 Company.</p>	<p>design and operation of its key controls over this framework;</p> <ul style="list-style-type: none"> <li>● 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</li> <li>● Reviewed the Company's documentation and correspondence with the regulators.</li> </ul>
2.	<p><b>Revenue Recognition - Premium Earned</b></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. 3,823 million (2021: 3,284 million) representing 21.78% 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>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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>● Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium;</li> <li>● 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;</li> <li>● 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;</li> <li>● 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</li> <li>● Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.</li> </ul>

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S.No.	Key Audit Matter	How the matter was addressed in our audit
3.	<p><b>Valuation of outstanding claims including claims incurred but not reported (IBNR)</b></p>	
	<p>As disclosed in notes to these financial statements, outstanding claims including IBNR amounting to Rs. 827.148 as at December 31, 2022.</p> <p>The outstanding claims including IBNR represented 21.61% 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>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>	<p>Our audit procedures in respect of this area includes the following:</p> <p>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;</p> <p>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;</p> <p>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 identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>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</p> <p>Considered the adequacy of the Company's disclosures about the estimates used.</p>

### 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.

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## 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.

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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:

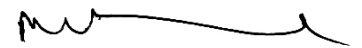
- a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of 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 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, 2021 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated March 25, 2022.

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

KARACHI  
DATED: February 24, 2023  
UDIN: AR202210067acW84IC6y



**BDO EBRAHIM & CO.**  
CHARTERED ACCOUNTANTS

### 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.

# STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

		2022	2021
	Note	----- (Rupees) -----	
<b>ASSETS</b>			
Property and equipment	5	410,064,741	383,871,680
Intangible assets	6	11,981,432	17,323,450
Investments			
Equity securities and mutual fund units	7	488,085,374	612,569,244
Government securities	8	173,150,127	320,375,662
Debt securities	9	250,000,000	25,000,000
Term deposits	10	828,800,000	432,500,000
Loans and other receivables	11	344,532,092	355,282,739
Insurance / reinsurance receivables	12	633,075,865	611,756,553
Reinsurance recoveries against outstanding claims		383,650,578	300,531,897
Salvage recoveries accrued		213,188,340	186,028,558
Deferred commission expense		238,890,919	181,245,659
Taxation - payment less provision		12,897,494	8,044,758
Prepayments	14	413,754,862	305,141,775
Cash and bank balances	15	1,569,424,161	1,046,390,718
<b>Total assets</b>		<b>5,971,495,985</b>	<b>4,786,062,693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary share capital	16	1,983,944,624	1,171,912,610
Share premium - net of share issuance cost	17	42,798,044	221,161,937
Other capital reserves	17	124,635,000	77,568,750
Accumulated losses	17	(59,868,332)	(65,318,421)
Other comprehensive income reserve	17	107,507,443	189,044,216
Total shareholders' fund		2,199,016,779	1,594,369,092
<b>Participant's Takaful Fund</b>			
Ceded money		2,000,000	2,000,000
Accumulated deficit		(56,668,035)	(69,481,501)
Total participant's takaful fund	18	(54,668,035)	(67,481,501)
Total equity		2,144,348,744	1,526,887,591
<b>Liabilities</b>			
Underwriting Provisions			
Outstanding claims including IBNR		827,148,524	574,184,279
Unearned premium reserves		1,888,870,811	1,688,811,536
Unearned reinsurance commission		79,618,696	62,964,528
Premium deficiency reserve		-	3,350,270
Premium received in advance		22,775,389	26,549,603
Insurance / reinsurance payables	19	380,390,167	322,021,605
Other creditors and accruals	20	382,675,678	344,977,936
Lease liability against right-of-use asset		235,290,468	199,423,299
Deferred taxation	13	10,377,508	36,892,046
<b>Total liabilities</b>		<b>3,827,147,241</b>	<b>3,259,175,102</b>
<b>Total equity and liabilities</b>		<b>5,971,495,985</b>	<b>4,786,062,693</b>
<b>Contingencies and commitments</b>			
	21		

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- (Rupees) -----	
Net insurance premium	22	2,967,029,185	2,398,356,823
Net Insurance claims expense	23	(1,415,410,264)	(1,112,666,717)
Reversal / (charge) of premium deficiency reserve		3,350,270	(824,108)
Net commission expense & other acquisition cost	25	(269,092,381)	(221,488,795)
Insurance claims and commission expense		(1,681,152,375)	(1,334,979,619)
Management expenses	26	(1,100,559,961)	(948,600,154)
Underwriting results		185,316,849	114,777,050
Investment income	27	84,863,782	78,666,536
Other income	28	61,848,136	32,183,836
Other expenses	29	(236,021,390)	(204,063,281)
Results of operating activities		96,007,377	21,564,140
Financial charges	30	(30,947,089)	(26,788,241)
<b>Profit / (loss) before tax</b>		65,060,288	(5,224,101)
Income tax expense	31	(46,796,741)	(4,463,650)
<b>Profit / (loss) after tax</b>		18,263,547	(9,687,751)
<b>Other comprehensive income:</b>			
<b>Items that will be not reclassified to income statement:</b>			
Changes in fair value of investments classified as financial assets at fair value through other comprehensive income'		(114,838,280)	276,577,286
Related tax impact		33,301,507	(80,207,411)
<b>Other comprehensive (loss) / income for the year</b>		(81,536,773)	196,369,875
<b>Total comprehensive (loss) / income for the year</b>		(63,273,226)	186,682,124
Earning after tax per share - Rupees	32	0.03	<b>Restated</b> 0.66
Net profit attributable to shareholders' fund		5,450,089	99,168,005
Net surplus / (deficit) attributable to Participants' Takaful Fund		12,813,465	(108,855,756)
		18,263,547	(9,687,751)
Other comprehensive (loss) / income attributable to shareholders' fund		(81,536,773)	196,369,875
Other comprehensive loss attributable to Participants' Takaful Fund		-	-
		(81,536,773)	196,369,875

The annexed notes from 1 to 42 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHAIRMAN



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Reserves										Total
	Capital reserves					Revenue reserves					
	Share capital		Net share premium			Other Capital Reserves (Note 17.1)	Total	Accumulated losses	Unrealized appreciation / (diminution) - fair value through other	Total	
Share premium	Share issuance cost	Share premium	Share	Net share premium							
Balance as at January 1, 2021	938,662,610	16,936,998	(8,903,161)	8,033,837	24,094,375	32,128,212	(164,486,426)	(7,325,659)	(171,812,085)	798,978,737	
Net profit for the year	-	-	-	-	-	-	99,168,005	-	99,168,005	99,168,005	
Other comprehensive income	-	-	-	-	-	-	-	196,369,875	196,369,875	196,369,875	
Total comprehensive income	-	-	-	-	-	-	99,168,005	196,369,875	295,537,880	295,537,880	
Share based payments reserve	-	-	-	-	53,474,375	53,474,375	-	-	-	53,474,375	
Shares issued during the year	233,250,000	233,250,000	(20,121,900)	213,128,100	-	213,128,100	-	-	-	446,378,100	
Balance as at December 31, 2021	1,171,912,610	250,186,998	(29,025,061)	22,116,1937	77,568,750	298,730,687	(65,318,421)	189,044,216	123,725,795	1,594,369,092	
Balance as at January 1, 2022	1,171,912,610	250,186,998	(29,025,061)	22,116,1937	77,568,750	298,730,687	(65,318,421)	189,044,216	123,725,795	1,594,369,092	
Net profit for the year	-	-	-	-	-	-	5,450,089	-	5,450,089	5,450,089	
Other comprehensive loss	-	-	-	-	-	-	-	(81,536,773)	(81,536,773)	(81,536,773)	
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	5,450,089	(81,536,773)	(76,086,684)	(76,086,684)	
Share based payments reserve	-	-	-	-	47,066,250	47,066,250	-	-	-	47,066,250	
Shares issued during the year	297,676,000	375,264,000	(39,271,879)	335,992,121	-	335,992,121	-	-	-	633,668,121	
Bonus Share issued	514,356,014	(514,356,014)	-	(514,356,014)	-	(514,356,014)	-	-	-	-	
Balance as at December 31, 2022	1,983,944,624	111,094,984	(68,296,940)	42,798,044	124,635,000	167,433,044	(59,868,332)	107,507,443	47,639,111	2,199,016,779	

Shareholders' Fund:

(Rupees)

# STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022

	Ceded money	Accumulated surplus / (deficit)	Total
----- (Rupees) -----			
<b>Participants' Takaful Fund:</b>			
Balance as at January 1, 2021	2,000,000	39,374,255	41,374,255
Deficit for the year	-	(108,855,755)	(108,855,755)
Balance as at December 31, 2021	2,000,000	(69,481,500)	(67,481,500)
Balance as at January 1, 2022	2,000,000	(69,481,500)	(67,481,500)
Surplus for the year	-	12,813,465	12,813,465
Balance as at December 31, 2022	2,000,000	(56,668,035)	(54,668,035)

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
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DIRECTOR

  
DIRECTOR



# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	----- (Rupees) -----	
<b>Operating cash flow</b>		
(a) Underwriting activities		
Insurance premium received	3,778,892,004	3,094,627,391
Reinsurance premium paid	(713,234,185)	(525,741,643)
Claims paid	(1,947,388,189)	(1,737,235,070)
Reinsurance and other recoveries received	560,212,063	558,559,718
Commission paid	(452,853,675)	(326,786,627)
Commission received	148,282,227	123,948,841
Management and other expenses paid	(1,090,305,144)	(1,064,089,431)
Net cash flow from underwriting activities	283,605,101	123,283,179
(b) Other operating activities		
Income tax paid	(43,278,773)	(31,335,701)
Other operating payments	77,046,145	(124,499,172)
Loans advanced	(2,284,239)	(7,830,756)
Loan repayment received	6,303,570	4,136,152
Net cash used in other operating activities	37,786,703	(159,529,477)
<b>Total cash generated / (used) from all operating activities</b>	321,391,804	(36,246,298)
<b>Investment activities</b>		
Mark up / return received	104,391,741	68,377,265
Dividend received	-	9,946,608
Payment for investments	(527,048,634)	(614,674,850)
Proceeds from investments	748,946,586	833,593,912
Proceeds from sale of property and equipment	6,037,148	11,354,755
Fixed capital expenditure	(54,418,566)	(143,613,889)
<b>Total cash generated from investing activities</b>	277,908,275	164,983,801
<b>Financing activities</b>		
Lease obligation paid	(194,655,434)	(184,883,597)
Proceeds from issuance of shares	633,668,141	446,378,100
Financial charges paid	(18,979,345)	(2,229,838)
<b>Total cash used in financing activities</b>	420,033,362	259,264,665
<b>Net cash generated from all activities</b>	1,019,333,441	388,002,168
Cash and cash equivalents at beginning of year	1,376,390,718	988,388,550
<b>Cash and cash equivalents at end of year</b>	2,395,724,159	1,376,390,718
<b>Reconciliation to statement of comprehensive income</b>		
Operating cash flows	321,391,804	(36,246,300)
Depreciation / amortization / bad debt expense	(167,844,430)	(235,920,935)
Charge of Premium deficiency reserve	(2,572,718)	(824,108)
Income tax paid	44,076,076	31,335,701
Provision for taxation	(46,796,741)	(4,463,650)
Financial charges	(30,947,089)	(26,788,241)
Investment Income	85,714,401	78,666,536
Increase in assets other than cash	334,256,401	497,899,541
Increase in liabilities other than borrowings	(519,014,157)	(313,346,297)
<b>Profit after taxation</b>	18,263,547	(9,687,751)

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

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

**1.1** TPL Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Company was allowed to work as Window Takaful Operator on September 04, 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company is listed at Pakistan Stock Exchange Limited. The principal office of the Company is located at 20th Floor, Sky Tower – East Wing, Dolmen City, HC-3, Abdul Sattar Edhi Avenue, Block No. 4 Clifton, Karachi, Pakistan. The Company is owned 52.87% by TPL Corp Limited. Further 0.73% (December 31, 2021: 0.92%) shares are held by TPL Holdings (Private) Limited, the ultimate parent company.

**1.2** The Company operates through the following locations in Pakistan;

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

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

### 2 BASIS OF PREPARATION

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

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

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

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

**2.1.2** In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations (WTO) of the Company were presented as a single line item in the balance sheet and profit and loss account of the Company for the year ended December 31, 2018 respectively. Further, the PTF was not consolidated with the conventional insurance business. The similar requirements have been prescribed by General Takaful Accounting Regulations 2020 issued by SECP. However, as per SECP letter number ID/PRDD/ GTAR/2015/2478 dated May 13, 2022, the Company has been granted relaxation from the above requirements and has been allowed line by line consolidation of financial statements of conventional and WTO (including PTF) upto the period ended December 31, 2022. Accordingly, these financial statements represent the consolidated financial position, results of operations and cashflows of the conventional business and WTO (including PTF) for the period ended December 31, 2022.

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

### 2.2 Basis of measurement

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 2.3 Functional and presentation currency

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

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

#### 2.4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Revised Conceptual Framework (Amendments)	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	January 01, 2022
IAS 16 - Property, Plant and Equipments: proceeds before intended use	January 01, 2022
IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Noncurrent (Amendments)	January 01, 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 - Deferred Tax Related to Assets & Liabilities Arising from Single Transaction (Amendments)	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024

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

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

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

#### Standards

IFRS 1 - First time adoption of IFRSs  
 IFRS 17 - Insurance Contracts  
 IFRS 14 - Regulatory Deferral Accounts

#### 2.4.2 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 - Regulatory Deferral Accounts  
 IFRS 16 - COVID 19 Related Rent Concessions (Amendments)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Amendment to IFRS 3 'Business Combinations' – Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Insurance contracts

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

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

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

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

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

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

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

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

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

In addition to direct insurance, the Company also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case-to-case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement are consistent with the risks in each class of business as stated above in direct and other lead insurance contracts.

#### 3.2 Premium

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

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

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

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

#### 3.3 Reinsurance contracts

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

### 3.4 Claims expense

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

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

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

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

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

### 3.5 Reinsurance recoveries against outstanding claims

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

### 3.6 Commission

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

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

### 3.7 Premium deficiency reserve

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

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

### 3.8 Staff retirement benefits

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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### 3.9 Taxation

#### 3.9.1 Current

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

#### 3.9.2 Deferred

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

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

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

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

### 3.10 Management expenses

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

### 3.11 Provisions

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

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

### 3.12 Cash and cash equivalents

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

### 3.13 Prepayments

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

### 3.14 Fixed assets

#### 3.14.1 Tangible assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.14.2 Right of use asset

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

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

### 3.14.3 Ijara

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

### 3.14.4 Intangible assets

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

### 3.14.5 Capital work-in-progress

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

### 3.15 Financial instruments

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

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

- i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

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

#### Financial assets

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

- The entity's business model for managing of the financial assets;
- The contractual cash flow characteristics of the financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Financial assets measured 'at amortised cost'

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

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

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

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

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

- (a) Upon initial recognition the Company elects to classify irrevocably its equity investments as equity instruments designated at FVOCI when they need the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.
- (b) Gains and losses on these financial assets are never recycled to profit and loss.
- (c) Dividends are recognized as other income in profit and loss when the right of payment has been established except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment.

### Derecognition

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

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

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

### Impairment of financial assets

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

### **Offsetting of financial assets and financial liabilities**

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

### **Financial Liabilities**

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

### **Financial liabilities measured at amortised cost**

Currently the company does not have any financial liability measured at fair value.

### **3.16 Impairment**

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

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

### **3.17 Foreign currency translations**

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

### **3.18 Revenue recognition**

#### **3.18.1 Premium**

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

#### **3.18.2 Commission from reinsurers**

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

#### **3.18.3 Dividend income**

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

#### **3.18.4 Gain / loss on sale / redemption of investments**

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

#### **3.18.5 Income on amortized cost investments**

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.18.6 Mark up on bank accounts and deposits

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

### 3.19 Operating segments

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

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

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

### 3.20 Share capital, reserve and dividend appropriation

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

Dividend declaration and reserve appropriations are recognized when approved.

### 3.21 Employees share option plan

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

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

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

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

### 3.22 Contingencies

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

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

### 3.23 Earnings per share

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Reinsurance recoveries against outstanding claims (note 3.3 & note 3.4)
- Provision against premium due but unpaid - (note 3.2)
- Provision for outstanding claims including IBNR (note 3.4)
- Premium deficiency reserve (note 3.7)
- Provision for current and deferred tax (note 3.9)
- Classification of investments and impairment (note 3.15)
- Employee share scheme (note 3.21)
- Useful lives and residual value of assets and methods of depreciation (note 3.14)
- Provision for impairment (note 3.15)
- Salvage recoveries - (note 3.5)
- Contingencies (note 3.22)

### 5. PROPERTY AND EQUIPMENT

	2022	2021
<b>Note</b>	----- (Rupees) -----	
Operating assets	162,971,474	168,466,669
Capital work-in-progress	3,600,000	-
Right-of-use assets	243,493,267	215,405,011
	410,064,741	383,871,680

#### 5.1 Operating Assets

##### Owned

	2022								Written Down Value	Depreciation Rate %
	Cost		Accumulated Depreciation		As at		As at			
	As at January 1, 2022	Additions	Disposals / Write-offs 5.1.2	As at December 31, 2022	As at January 1, 2022	Charge for the Year	Disposals / Write-offs 5.1.2	As at December 31, 2022	As at December 31, 2022	
----- (Rupees) -----										
Leasehold Improvements	62,454,293	22,101,136	(25,000)	84,530,429	3,329,680	10,960,651	(6,667)	14,283,664	70,246,765	10
Computer equipments	78,064,362	16,138,521	(132,500)	94,070,383	54,055,095	15,058,596	(22,083)	69,091,608	24,978,775	33.33
Furniture and fixtures	44,395,057	9,483,602	(827,415)	53,051,244	13,056,497	6,629,085	(827,415)	18,858,167	34,193,077	10
Office equipments	47,426,904	6,304,106	(12,356,501)	41,374,509	18,129,486	7,097,909	(12,299,455)	12,927,940	28,446,569	20
Motor vehicles	93,384,660	15,000	(6,407,839)	86,991,821	68,687,848	15,108,999	(1,911,313)	81,885,534	5,106,287	20
	325,725,276	54,042,365	(19,749,255)	360,018,386	157,258,606	54,855,240	(15,066,933)	197,046,913	162,971,474	



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

2021										
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at January 1, 2021	Additions	Disposals / Write-offs 5.1.2	As at December 31, 2021	As at January 1, 2021	Charge for the Year	Disposals / Write-offs 5.1.2	As at December 31, 2021	As at December 31, 2021	
	(Rupees)									
<b>Owned</b>										
Leasehold Improvements	36,617,443	53,081,539	(27,244,690)	62,454,292	17,868,261	2,957,870	(17,496,451)	3,329,680	59,124,611	10
Computer equipments	57,928,543	20,238,819	(103,000)	78,064,362	40,404,455	13,753,639	(102,999)	54,055,095	24,009,267	33.33
Furniture and fixtures	28,681,452	20,487,793	(4,774,188)	44,395,057	12,530,018	3,694,151	(3,167,672)	13,056,497	31,338,560	10
Office equipments	16,650,263	30,776,641	-	47,426,904	15,808,739	2,320,747	-	18,129,486	29,297,418	20
Motor vehicles	87,878,710	5,505,950	-	93,384,660	52,910,155	15,777,693	-	68,687,848	24,696,812	20
	227,756,411	130,090,742	(32,121,878)	325,725,275	139,521,628	38,504,100	(20,767,122)	157,258,606	168,466,668	

5.1.1 The remaining useful life of material operating assets are estimated to be 6 years.

### 5.1.2 Disposal of operating assets

	Cost	Accumulated Depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposals	Sold to / Transferred to
(Rupees)							
Leasehold Improvements	25,000	(6,667)	18,333	1,400	(16,933)	Insurance Claims	EFU Insurance
Furniture & Fixture	827,415	(827,415)	-	-	-	Write-off	-
Computer Equipment	132,500	(22,083)	110,417	86,000	(24,417)	Insurance Claims	EFU Insurance
Office equipments	12,294,963	(12,275,865)	19,098	-	(19,098)	Write-off	-
Office equipments	61,538	(23,590)	37,948	37,948	-	Transfer	TPL Trakker
Motor vehicles	5,505,950	(1,009,424)	4,496,526	4,400,000	(96,526)	Negotiation	Atta Muhammad Khan
Motor vehicles	43,680	(43,680)	-	11,800	11,800	Negotiation	Fida Hussain
Motor vehicles	858,209	(858,209)	-	1,500,000	1,500,000	Negotiation	Muhammad Owais
<b>2022</b>	19,749,255	(15,066,933)	4,682,322	6,037,148	1,354,826		
<b>2021</b>	32,121,876	(20,767,122)	11,354,755	11,364,861	10,107		

5.1.3 Fully depreciated assets amounts to Rs. 54.679 million (purchase price) at year end (2021: 39.796 million).

### 5.2 Right-of-use assets

2022										
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at January 1, 2022	Additions	Matured 5.2.1	As at December 31, 2022	As at January 1, 2022	Charge for the Year	Matured 5.2.1	As at December 31, 2022	As at December 31, 2022	
	(Rupees)									
Office Premises	162,529,350	24,101,869	-	186,631,219	33,548,069	34,394,474	-	67,942,543	118,688,676	20
Tracking Devices	164,914,587	147,203,780	(106,010,949)	206,107,418	92,498,339	106,227,516	(106,010,949)	92,714,906	113,392,512	50
Motor Vehicle	9,478,000	-	-	9,478,000	505,493	1,516,480	-	2,021,973	7,456,027	20
Office Equipment	5,394,616	-	-	5,394,616	359,641	1,078,923	-	1,438,564	3,956,052	20
	342,316,553	171,305,649	(106,010,949)	407,611,253	126,911,542	143,217,393	(106,010,949)	164,117,986	243,493,267	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

### 6. INTANGIBLE ASSETS

2022										
	Cost				Accumulated Depreciation			Written Down Value		
	As at January 1, 2022	Additions	Disposals	As at December 31, 2022	As at January 1, 2022	Charge for the Year	Disposals	As at December 31, 2022	As at December 31, 2022	
	(Rupees)									
<b>Owned</b>										
Software licences	34,538,926	455,549	-	34,994,475	17,215,476	5,797,567	-	23,013,043	11,981,432	

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

6.1 The remaining useful life of material assets are estimated to be 3 years.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 7. INVESTMENT IN EQUITY SECURITIES AND MUTUAL FUNDS UNITS

	2022			2021		
	Cost	Impairment / Revaluation	Carrying Value	Cost	Impairment / Revaluation	Carrying Value
----- (Rupees) -----						
<b>- Classified as 'At fair value through other comprehensive income'</b>						
<b>Related party</b>						
<b>Listed shares</b>						
TPL Properties Limited (3% holding)	100,000,000	179,351,072	279,351,072	100,000,000	275,187,680	375,187,680
	100,000,000	179,351,072	279,351,072	100,000,000	275,187,680	375,187,680
<b>Others</b>						
<b>Listed shares</b>						
Business Industrial Insurance Company Limited	-	-	-	251,260	(251,260)	-
The Bank of Punjab	63,703	(23,958)	39,745	357,727	(292,246)	65,481
Hub Power Company Limited	357,000	273,800	630,800	357,000	356,400	713,400
Bank of Khyber	162,975	54,795	217,770	162,975	84,312	247,287
Bolan Castings Limited	39,704,010	(28,247,010)	11,457,000	39,704,010	(9,401,010)	30,303,000
Summit Bank Limited	9,120	18,080	27,200	514,765	(475,245)	39,520
	40,296,808	(27,924,293)	12,372,515	41,347,737	(9,979,049)	31,368,688
<b>Unlisted shares</b>						
FMD (Private) Limited	35,000,000	-	35,000,000	-	-	-
	35,000,000	-	35,000,000	-	-	-
<b>- Classified as 'At fair value through profit or loss'</b>						
<b>Mutual funds</b>						
AKD Opportunity Fund	93,198,550	(14,619,869)	78,578,681	121,022,903	(17,161,768)	103,861,136
Pak Oman Advantage Islamic Income Fund	-	-	-	25,000,000	975,729	25,975,729
Faysal Cash Fund	25,000,000	2,202,943	27,202,943	-	-	-
HBL Equity Fund	39,131,105	(13,752,478)	25,378,627	50,000,000	(10,868,895)	39,131,105
AKD Islamic Stock Fund	37,044,906	(6,843,370)	30,201,536	36,516,536	528,371	37,044,906
	194,374,561	(33,012,774)	161,361,787	232,539,439	(26,526,563)	206,012,876
	369,671,369	118,414,005	488,085,374	373,887,176	238,682,068	612,569,244

### 8. INVESTMENT IN GOVERNMENT SECURITIES

- Classified as 'At amortized cost

Treasury Bills

Pakistan Investment Bonds (PIBs)

Note

	2022	2021
----- (Rupees) -----		
	-	196,290,122
	173,150,127	124,085,540
	173,150,127	320,375,662

**8.1** This represents five and ten years Pakistan Investment Bonds having face value of Rs. 188.20 million (market value of Rs. 156.73 million) [2021: Rs. 128.50 million (market value of Rs. 119.53 million)]. These carry mark-up ranging from 7.50% to 9.75% (2021: 7.50% to 12%) per annum and will mature between July 12, 2023 to April 29, 2027. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance, 2000 and circular No. 15 of 2008 dated July 7, 2008 issued by the Securities and Exchange Commission of Pakistan.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		----- (Rupees) -----	
<b>9.</b>	<b>INVESTMENT IN DEBT SECURITIES</b>		
	<b>- Classified as 'At fair value through other comprehensive income'</b>		
	<b>Term Finance Certificate</b>		
	- JS Bank Limited	25,000,000	25,000,000
	- U Microfinance Bank Limited	100,000,000	-
	- Bank Al Habib Limited	50,000,000	-
	- Soneri Bank Limited	25,000,000	-
	- Bank Alfalah Limited	50,000,000	-
		250,000,000	25,000,000
<b>9.1</b>	These represent Term Finance Certificates of JS Bank Limited Tier 1 carrying mark up of 6 Months KIBOR plus 2.25% and are perpetual in nature.		
<b>9.2</b>	These represent Term Finance Certificates of U Microfinance Bank Limited ADT 1 carrying mark up of 6 Months KIBOR plus 3.5% and are perpetual in nature.		
<b>9.3</b>	These represent Term Finance Certificates of Bank Al Habib Limited ADT 1 carrying mark up of 6 Months KIBOR plus 1.65% and are perpetual in nature.		
<b>9.4</b>	These represent Term Finance Certificates of Soneri Bank Limited Tier 2 carrying mark up of 6 Months KIBOR plus 1.70% and are perpetual in nature.		
<b>9.5</b>	These represent Term Finance Certificates of Bank Alfalah Limited Tier 1 carrying mark up of 6 Months KIBOR plus 2.00% and are perpetual in nature.		
<b>10.</b>	<b>INVESTMENT IN TERM DEPOSITS</b>		
	<b>- Classified as 'At amortized cost'</b>		
	Deposits maturing within 12 months	826,300,000	430,000,000
	Deposits maturing after 12 months	2,500,000	2,500,000
		828,800,000	432,500,000
<b>10.1</b>	These carry mark up of 9.57% to 15.00% per annum (2021: 5.00% to 9.45% per annum) and have maturities upto April 16, 2024.		
<b>11.</b>	<b>LOANS AND OTHER RECEIVABLES</b>		
	<b>- Considered good</b>		
	Advance to a related party - unsecured	296,141,560	169,697,040
	Receivable from related parties	698,887	20,799,296
	Deposit for hospital enlistment	7,890,000	7,890,000
	Accrued investment income	16,747,218	9,541,957
	Loan and advance to employees	2,505,507	5,860,055
	Placement with a company	-	10,000,000
	Advance ijara rentals	4,800,000	7,600,000
	Security Deposit	8,106,755	6,183,167
	Receivable from broker	-	110,194,413
	Other receivable	7,642,165	7,516,810
		344,532,092	355,282,738

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**11.1** This represents advance to a related party TPL Trakker Limited. A special resolution of the shareholders authorising the Company to extend advance upto Rs. 300 million was passed in Annual General Meeting of the Company held on April 25, 2022. The balance carries mark up at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

**11.2** This represents receivable from following related parties:

TPL Trakker Limited  
 TPL REIT Management Company Limited  
 TPL Life Insurance Limited  
 TPL Corp Limited

2022	2021
----- (Rupees) -----	
-	5,894,317
698,887	82,747
-	2,349,581
-	12,472,651
<u>698,887</u>	<u>20,799,296</u>

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

**11.4** These include loans that were given to employees for domestic purposes and are secured against provident fund balances of employees. These loans carry a mark-up rate ranging from 0% - 5% (2021: 0% - 5%) per annum, and are maturing at various dates until September 2024.

### 12. INSURANCE / REINSURANCE RECEIVABLES - Unsecured

Due from insurance contract holders  
 Considered good  
 Considered doubtful  
 Less: provision for impairment of receivables  
 from Insurance contract holders

Due from other insurers / reinsurers  
 Considered good  
 Considered doubtful  
 Less: provision for impairment of due  
 from other insurers / reinsurers

2022	2021
----- (Rupees) -----	
393,574,259	440,874,178
57,613,236	43,345,616
(57,613,236)	(43,345,616)
-	-
<u>393,574,259</u>	<u>440,874,178</u>
239,501,606	170,882,375
9,754,393	9,754,393
(9,754,393)	(9,754,393)
-	-
<u>239,501,606</u>	<u>170,882,375</u>
<u>633,075,865</u>	<u>611,756,553</u>
18,879,003	15,399,003
17,266,408	7,845,930
-	22,494,938
(230,344)	(920,471)
(43,913,766)	(77,063,731)
(2,378,809)	(4,647,715)
<u>(10,377,508)</u>	<u>(36,892,046)</u>

### 13. DEFERRED TAXATION - NET

#### Deferred debits arising in respect of

Provision for doubtful debts  
 Unrealized loss on investments classified at fair value through profit & loss  
 Other capital reserve - Employee share option plan (ESOP)

#### Deferred credits arising in respect of

Accelerated depreciation  
 Unrealised gain on investments classified at fair value through  
 other comprehensive income  
 Right of use assets



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- (Rupees) -----	
<b>13.1 Reconciliation of deferred tax</b>			
Opening balance		(36,892,046)	16,424,228
Charge / (reversal) for the year		26,514,538	(53,316,274)
Closing balance		<u>(10,377,508)</u>	<u>(36,892,046)</u>
<b>14. PREPAYMENTS</b>			
Prepaid			
- annual monitoring and other charges	14.1	22,309,465	24,777,994
- rent		120,000	-
- maintenance charges		359,020	-
- reinsurance premium ceded		372,099,992	271,032,089
- subscription		12,750,970	5,924,338
- insurance		6,115,415	3,407,354
		<u>413,754,862</u>	<u>305,141,775</u>

**14.1** This includes prepaid annual monitoring charges amounting to Rs. 18.57 million (2021: Rs. 20.38 million) paid to TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policyholders of the Company.

### 15. CASH AND BANK BALANCES

		2022	2021
	Note	----- (Rupees) -----	
<b>Cash and cash equivalents</b>			
- Cash in hand		400,911	415,824
- Policy and revenue stamps, bond papers etc.		746,081	416,144
<b>Cash at bank</b>			
- Current accounts		49,507,907	165,042,027
- Profit and loss sharing accounts	15.1	1,518,769,260	880,516,723
		1,568,277,167	1,045,558,750
		<u>1,569,424,159</u>	<u>1,046,390,718</u>

**15.1** These accounts carry mark-up at ranging between 11.00% to 13.50% (2021: 6.00% to 8.00%) per annum.

### 15.2 CASH AND CASH EQUIVALENT FOR CASH FLOW STATEMENT

	2022	2021
	----- (Rupees) -----	
Cash and bank balances	1,569,424,159	1,046,390,718
Term deposit receipts	826,300,000	330,000,000
	<u>2,395,724,159</u>	<u>1,376,390,718</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 16. ORDINARY SHARE CAPITAL

#### 16.1 Authorized Capital

2022	2021		2022	2021
----- (Number of Shares) -----			----- (Rupees) -----	
250,000,000	150,000,000	Ordinary shares of Rs. 10/- each	2,500,000,000	1,500,000,000

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

2022	2021		2022	2021
----- (Number of Shares) -----			----- (Rupees) -----	
117,191,261	93,866,261	Ordinary shares of Rs. 10 each, fully paid in cash	1,171,912,610	938,662,610
51,435,601	-	Bonus shares issued at 35%	514,356,014	-
29,767,600	23,325,000	Ordinary shares of Rs. 10 each, issued during the year	297,676,000	233,250,000
198,394,462	117,191,261		1,983,944,624	1,171,912,610

#### 16.3 As at December 31, 2022 shares held by related parties are as follows:

	2022		2021	
	Number of Shares	Holding	Number of Shares	Holding
TPL Corp Limited	104,891,570	52.87%	74,364,126	63.46%
TPL Holdings (Private) Limited	1,453,936	0.73%	1,076,990	0.92%
Directors	1,674	0.00%	17,361	0.01%
	106,347,180	53.60%	75,458,477	64.39%

### 17. RESERVES

#### Capital Reserves

Share premium  
Share issuance cost  
Net share premium  
Other capital reserves

#### Revenue Reserves

Accumulated losses  
Available-for-sale reserve  
Other comprehensive income reserve

Note

	2022	2021
	----- (Rupees) -----	
	111,094,984	250,186,998
	(68,296,940)	(29,025,061)
	42,798,044	221,161,937
17.1	124,635,000	77,568,750
	167,433,044	298,730,687
	(59,868,332)	(65,318,421)
	-	-
17.2	107,507,443	189,044,214
	47,639,111	123,725,793
	215,072,155	422,456,480

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 17.1 Other capital reserves

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

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

The expense recognized during the year related to equity settled share based payments amounts to Rs. 47.06 million (2021: Rs. 53.47 million).

The Company has granted 5,250,000 (2021: 5,250,000) share options at a weighted average exercise price of Rs. 10/-.

All options have become vested, 4,750,000 options have been exercised and shares have been issued during the year.

### 17.2 Other comprehensive income reserve

	Note	2022	2021
		----- (Rupees) -----	
Changes in fair value of investments classified as financial assets at fair value through other comprehensive income		151,421,207	266,259,487
Related deferred tax		(43,913,766)	(77,215,273)
		<u>107,507,441</u>	<u>189,044,214</u>
<b>18. PARTICIPANTS' TAKAFUL FUND</b>			
<b>18.1 Ceded Money</b>		<u>2,000,000</u>	<u>2,000,000</u>
<b>18.2 Accumulated deficit</b>			
Balance at the beginning of the year			
Surplus / (deficit) for the year		(69,481,500)	39,374,255
Balance at the end of the year		<u>12,813,465</u>	<u>(108,855,755)</u>
		<u>(56,668,035)</u>	<u>(69,481,500)</u>
<b>19. INSURANCE / REINSURANCE PAYABLES</b>			
Due to other insurers / reinsurers		<u>380,390,167</u>	<u>322,021,605</u>
<b>20. OTHER CREDITORS AND ACCRUALS</b>			
Commission payable		103,923,310	98,411,290
Creditors		54,401,531	10,543,945
Federal Insurance Fee		2,769,910	3,456,259
Federal Excise Duty (FED) - net		39,261,068	87,001,560
Margin deposit from customers		22,443,890	1,299,911
Security deposit from salvage buyers		700,000	700,000
Withholding tax payable		29,923,692	13,744,529
Advance tax on premium		477,771	484,697
Accrued expenses		76,571,762	86,245,159
Unclaimed dividend		1,511,369	1,527,468
Payable to related parties	20.1	17,831,648	6,719,409
Payable to Provident Fund	20.2	3,121,314	3,076,718
Deposits from customers		2,098,112	4,783,906
Others	20.3	27,640,301	26,983,085
		<u>382,675,678</u>	<u>344,977,936</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**20.1** This represents payable to following related parties:

	2022	2021
	----- (Rupees) -----	
TPL Security Services (Private) Limited	279,338	747,412
TPL Properties Limited	2,422,484	499,174
TPL Properties Management (Private) Limited	5,472,823	5,472,823
TPL Corp Limited	5,735,271	-
TPL Life Insurance Limited	3,921,730	-
	17,831,646	6,719,409

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

**20.3** This includes Rs. 13.00 million (2021: Rs. 24.45 million) in respect of time barred cheques. These time barred cheques include outstanding claims in respect of which cheques aggregating to Rs. 10.81 million (2021: Rs. 24.24 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant.

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

	2022	2021
	----- (Rupees) -----	
- More than 6 months	25,837,194	24,461,897
- 1 to 6 months (included in provision for outstanding claims)	111,142,495	135,195,979
	136,979,689	159,657,876

Claims not encashed	AGE-WISE BREAKUP				TOTAL
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	
<b>2022</b>	111,142,495	3,804,979	14,274,043	7,758,172	136,979,689
2021	135,195,979	5,064,786	7,900,186	11,496,925	159,657,876

## 21. CONTINGENCIES AND COMMITMENT

### 21.1 Contingencies

There is no Contingencies for the year ended December 31, 2022.

### 21.2 Ijarah commitments

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

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

	2022	2021
	----- (Rupees) -----	
No later than 1 year	1,755,956	8,085,336
Later than 1 year and no later than 5 years	-	2,940,801
	1,755,956	11,026,137

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

These represent Ijarah liability of the company against motor vehicle currently in use, namely Mercedes Benz S400.

### 22. NET INSURANCE PREMIUM

	2022	2021
	----- (Rupees) -----	
Written net premium	3,823,156,212	3,284,023,645
Add: Unearned premium reserve opening	1,688,811,536	1,379,671,304
Less: Unearned premium reserve closing	(1,888,870,810)	(1,688,811,536)
Premium earned	<u>3,623,096,938</u>	<u>2,974,883,413</u>
Less: Reinsurance and other recoveries received	757,135,656	577,567,489
Add: Prepaid reinsurance premium opening	271,032,088	269,991,190
Less: Prepaid reinsurance premium closing	(372,099,991)	(271,032,089)
Reinsurance expense	656,067,753	576,526,590
Net insurance premium	<u>2,967,029,185</u>	<u>2,398,356,823</u>

### 23. NET INSURANCE CLAIMS EXPENSE

	2022	2021
	----- (Rupees) -----	
Claims paid / payable	1,947,388,189	1,737,235,070
Add: Outstanding claims including IBNR closing	827,148,524	574,184,279
Less: Outstanding claims including IBNR opening	(574,184,279)	(525,295,311)
Claims expense	<u>2,200,352,434</u>	<u>1,786,124,038</u>
Less: Reinsurance and other recoveries received	674,663,707	558,559,718
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	596,838,918	486,560,455
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(486,560,455)	(371,662,852)
Reinsurance and other recoveries revenue	784,942,170	673,457,321
Net insurance claims expense	<u>1,415,410,264</u>	<u>1,112,666,717</u>

### 24. Claim Development

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

### 25. NET COMMISSION EXPENSE & OTHER ACQUISITION COST

	2022	2021
	----- (Rupees) -----	
Commissions paid or payable	471,947,948	354,291,659
Add: Deferred commission - opening	181,245,659	179,505,165
Less: Deferred commission - closing	(238,890,919)	(181,245,659)
Commission expense	<u>414,302,688</u>	<u>352,551,165</u>
Less: Commission from reinsurers	161,864,477	130,690,793
Commission received or receivable	62,964,526	63,336,103
Add: Unearned commission - opening	(79,618,696)	(62,964,526)
Less: Unearned commission - closing	145,210,307	131,062,370
Commission from reinsurance	269,092,381	221,488,795
Net commission expense & other acquisition cost	<u>269,092,381</u>	<u>221,488,795</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

26. MANAGEMENT EXPENSES	Note	2022	2021
		----- (Rupees) -----	
Employee benefit costs	26	508,140,769	443,726,572
Annual monitoring fee	26	60,012,605	64,834,640
Travelling expenses		22,655,723	3,108,650
Business partner engagement expenses		70,716,045	21,188,875
Advertisement and marketing		78,188,857	48,907,291
Printing and stationary		6,565,799	5,778,282
Rent, rates and taxes		8,933,591	14,219,107
Outsourcing expenses		45,846,857	40,680,185
Communication		9,367,625	9,034,832
Utilities		11,519,147	12,225,786
Vehicle running expenses		27,618,926	22,252,527
Repair and maintenance		16,258,719	19,567,922
Depreciation - Operating assets	5.1	54,775,892	38,504,101
Depreciation - Right of use assets	5.2	130,955,463	163,916,602
Amortization expense	6	5,797,570	4,811,088
Annual supervision fee SECP		4,349,643	4,008,445
Bad and doubtful debts		14,267,620	17,000,000
Insurance		17,562,339	11,863,780
Preinspection charges		7,026,771	2,971,469
		<u>1,100,559,961</u>	<u>948,600,154</u>

**26.1** This includes Rs. 399.953 million being salaries and wages (2021: Rs. 334.362 million) and Rs. 16.54 million (2021: Rs. 13.99 million) being contribution to employees' provident fund and Rs. 38.725 million of employee share option (2021: Rs. 44.722 million).

**26.2** This includes annual monitoring fee amounting to Rs. 52.811 million (2021: Rs. 53.474 million) charged by TPL Trakker Limited (Associated company) against the tracking services provided to the insurance policy holders of the Company.

27. INVESTMENT INCOME	2022	2021
	----- (Rupees) -----	
<b>Dividend and markup income</b>		
Dividend income	235,000	9,946,608
Return on debt securities	41,883,085	13,004,903
Return on term deposits and savings account	66,846,923	24,105,465
Return on PLS bank balances	69,160,546	38,678,642
	<u>178,125,554</u>	<u>85,735,618</u>
<b>Net realized gains on investments - At fair value through profit and loss</b>		
Realized (loss) / gain on disposal / redemption of mutual funds & equity securities	(59,986,512)	19,900,354
<b>Net unrealized gains / (losses) on investments - At fair value through profit and loss</b>		
Unrealized loss on valuation of mutual funds	(33,017,908)	(26,529,604)
	<u>85,121,134</u>	<u>79,106,368</u>
<b>Total investment income</b>		
Less: Investment related expenses	(257,352)	(439,832)
	<u>84,863,782</u>	<u>78,666,536</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- (Rupees) -----	
<b>28. OTHER INCOME</b>			
Interest on advance to a related party		33,854,787	27,259,904
Income from other services		-	4,772,335
Exchange gain on bank balances		23,661,512	-
Gain sale of fixed assets		1,354,826	10,108
Others		2,977,011	141,489
		61,848,136	32,183,836
<b>29. OTHER EXPENSES</b>			
Employee benefit costs		98,045,955	80,728,303
Legal and professional charges		33,223,596	43,754,960
Auditors' remuneration	29	3,554,594	2,916,843
Registration, subscription and association		14,056,720	4,977,134
Donations	29	9,749,156	8,708,722
Communication		5,920,672	2,964,367
IT related cost		35,111,529	31,403,517
Utilities		2,481,047	2,392,479
Depreciation - Right of use assets	5.2	12,289,873	11,689,188
Lease rentals		11,975,414	8,121,976
Others		9,612,833	6,405,792
		236,021,390	204,063,281
<b>29.1 Auditor's Remuneration</b>			
Fee for audit of financial statements		840,240	778,400
Fee for review of financial statements		527,472	488,400
Fee for audit of financials for group reporting purpose		528,660	489,500
Special certifications		655,938	475,750
Out-of-pocket expenses		1,002,284	684,793
		3,554,594	2,916,843
<b>29.2 Donations</b>			
<p>These include donations made by the Company to the SIUT, Child Life Foundation and JDC amounting to Rs. 2.5 million, Rs. 1.5 million and 1 million respectively. None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the donee.</p>			
<b>30. FINANCIAL CHARGES</b>			
Bank charges		2,904,907	2,229,838
Mark up expense on lease obligation related to right-of-use assets		28,042,182	24,558,403
		30,947,089	26,788,241
<b>31. TAXATION</b>			
<b>For the year</b>			
Current	31.1	38,963,642	31,354,789
Deferred		6,786,969	(26,891,139)
		45,750,611	4,463,650
<b>For the prior years</b>			
Current		1,046,130	-
		46,796,741	4,463,650



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

- 31.1** The tax rate applicable on the Company for Tax Year 2022 is 29% (2021: 29%) subject to minimum tax @ 1.25% of turnover
- 31.2** Relationship between tax expense and accounting profit is not produced for the year as the tax charged was based on minimum tax turnover in that year.

### 32. EARNINGS PER SHARE – BASIC AND DILUTED

	2022	2021
	----- (Rupees) -----	
Profit after tax for the year attributable to shareholders	5,450,089	99,168,005
	----- (Number of Shares) -----	
	Restated	
Weighted average number of ordinary shares of Rs.10 each	175,079,214	149,322,336
	----- (Rupees) -----	
	Restated	
Profit per share – basic	0.03	0.66
Profit per share – diluted	0.03	0.66

- 32.1** The EPS of the previous year has been restated due to the bonus share issuance that took place during the year that ended on December 31, 2022. In order to ensure comparability, the weighted average number of shares for the previous year has also been restated. To provide a more accurate representation of the company's financial performance, it may be necessary to restate the previous year's EPS figure to reflect the impact of the bonus share issuance.

### 33. COMPENSATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	----- (Rupees) -----							
Managerial remuneration	23,227,368	19,356,000	-	-	108,439,945	98,981,890	131,667,313	118,337,890
House rent allowance	10,452,240	8,710,200	-	-	48,797,769	44,541,644	59,250,009	53,251,844
Utilities	2,320,392	1,933,800	-	-	10,833,263	9,888,417	13,153,655	11,822,217
Retirement benefits	1,934,840	1,612,355	-	-	9,033,047	7,484,754	10,967,887	9,097,109
Others	-	-	-	-	33,337,532	18,775,081	33,337,532	18,775,081
Director fee	-	-	4,000,000	3,000,000	-	-	4,000,000	3,000,000
	37,934,840	31,612,355	4,000,000	3,000,000	210,441,556	179,671,786	252,376,396	214,284,141
Number of persons	1	1	3	3	37	37	41	41

- 33.1** In addition, the Chief Executive Officer is provided with company maintained car and share options. Further, Directors and Executives are provided with share option plan in accordance with their entitlement.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 34. TRANSACTIONS WITH RELATED PARTIES

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

#### 34.2 Balances and transactions with related parties

##### TPL Trakker Limited - (associated company)

	2022	2021
	----- (Rupees) -----	
Opening balance - receivable	5,894,317	422,627
Interest charged during the year	33,811,003	27,259,904
Net expenses charged - group shared costs	(25,972,374)	(36,180,740)
Rent and other services on tracking units	(158,125,139)	(189,362,255)
Adjustment against advance	(13,244,520)	17,802,960
Insurance services rendered	9,453,086	12,003,726
Net payments made by the Company	148,183,627	173,948,095
Closing balance - receivable	-	5,894,317

34.2.1 Apart from above movement an amount of Rs. 15.16 million included in creditors in respect of tracking services payable to TPL Trakker Limited.

##### Advance to TPL Trakker Limited - (associated company)

	2022	2021
	----- (Rupees) -----	
Opening balance - receivable	169,697,040	31,500,000
Payments made during the year	113,200,000	156,000,000
Adjustment against receivable	13,244,520	(17,802,960)
Closing balance - receivable	296,141,560	169,697,040

This represents advance to a related party. A special resolution of the shareholders authorising the Company to extend advance upto Rs.300 million was passed in Annual General Meeting of the Company held on April, 25, 2022. The balance carries interest at the rate of 1 year KIBOR + 3.5% with a floor of 10% per annum.

##### TPL Properties Limited - common directorship

	2022	2021
	----- (Rupees) -----	
Opening balance - receivable / (payable)	(499,174)	(223,586)
Rent invoices received during the year	-	(13,097,123)
Net payments made during the year	-	13,097,123
Insurance services rendered	1,191,301	-
Expenses incurred by the Company / (on behalf of the Company)	(3,114,611)	(275,588)
Closing balance - payable	(2,422,484)	(499,174)

##### TPL Properties Management (Private) Limited - common directorship

	2022	2021
Opening balance - payable	(5,472,823)	(808,060)
Services received during the year	-	(9,003,490)
Payments made by the company	-	4,338,727
Closing balance - payable	(5,472,823)	(5,472,823)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 34.3 Balances and transactions with related parties (continued)

	2022	2021
	----- (Rupees) -----	
<b>TPL Security Services (Private) Limited - common directorship</b>		
Opening balance - receivable / (payable)	(747,412)	(170,445)
Expenses incurred by the Company	72,825	(362,407)
Services received during the year	(4,639,751)	(214,560)
Payments made during the year	5,035,000	-
Closing balance - payable	<u>(279,338)</u>	<u>(747,412)</u>
<b>TPL Direct Insurance Limited Employees Provident Fund</b>		
Opening balance - payable	(3,076,718)	(2,153,176)
Charge for the year	(30,483,750)	(34,013,256)
Contribution made during the year	30,439,154	33,089,714
Closing balance - payable	<u>(3,121,314)</u>	<u>(3,076,718)</u>
<b>TPL Life Insurance Limited - common directorship</b>		
Opening balance - payable	1,546,891	(35,632,647)
Expenses incurred by the Company / (on behalf of the Company)	21,435,920	6,586,260
Services received from the Company	(3,887,100)	(4,925,020)
Software purchased	-	(10,000,000)
Other movement during the year	-	2,899,692
Reinsurance services received during the year	-	34,829,956
Net payments made during the year	(15,293,237)	7,788,650
Closing balance - receivable	<u>3,802,474</u>	<u>1,546,891</u>
<b>TPL Corp Limited - parent company</b>		
Opening balance - receivable	12,472,651	5,142,154
Expenses incurred by the company / (on behalf of the company)	(84,793,118)	(78,031,988)
Net payments made during the year	66,585,196	85,362,485
Closing balance - (payable) / receivable	<u>(5,735,271)</u>	<u>12,472,651</u>
<b>TPL REIT Management Company Limited - common directorship</b>		
Opening balance -	82,747	-
Expenses incurred	590,141	82,747
Insurance services rendered	26,000	-
Closing balance - receivable	<u>698,888</u>	<u>82,747</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 35 SEGMENT REPORTING

#### Gross Written Premium (inclusive of Administrative Surcharge)

Gross Direct Premium  
Facultative Inward Premium  
Administrative Surcharge

Insurance premium earned  
Insurance premium ceded to reinsurers

#### Net insurance premium

Commission income

#### Net underwriting income

Insurance claims

Insurance claims recovered from reinsurers / salvage

#### Net Claims

Charge of premium deficiency reserve

Commission expense

Management expenses

#### Net insurance claims and expenses

#### Underwriting result

Investment income

Other income

Other expenses

#### Results of operating activities

Financial charges

Corporate segment assets

Corporate unallocated assets

#### Total assets

Corporate segment liabilities

Corporate unallocated liabilities

#### Total liabilities

For the year ended December 31, 2022					
Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate
----- (Rupees) -----					
452,641,566	67,143,983	2,764,279,833	397,435,955	141,654,875	3,823,156,212
433,096,044	66,405,994	2,664,931,933	397,117,508	139,999,487	3,701,550,966
17,735,712	56,543	14,318,196	-	-	32,110,451
1,809,810	681,446	85,029,703	318,447	1,655,388	89,494,794
375,183,874	59,474,374	2,678,386,449	406,289,216	103,763,025	3,623,096,938
(328,710,482)	(44,716,315)	(229,624,338)	708,394	(53,725,012)	(656,067,753)
46,473,392	14,758,059	2,448,762,111	406,997,610	50,038,013	2,967,029,185
58,550,306	9,782,573	63,938,879	(26,073)	12,964,622	145,210,307
105,023,698	24,540,632	2,512,700,990	406,971,537	63,002,635	3,112,239,492
(170,183,359)	(29,679,280)	(1,597,613,471)	(335,031,996)	(67,844,328)	(2,200,352,434)
146,116,023	18,607,341	605,571,108	(7,886,730)	22,534,428	784,942,170
(24,067,336)	(11,071,939)	(992,042,363)	(342,918,726)	(45,309,900)	(1,415,410,264)
-	-	-	3,350,270	-	3,350,270
(49,575,570)	(10,411,717)	(321,642,799)	(21,621,472)	(11,051,129)	(414,302,687)
(14,814,781)	(4,704,469)	(938,099,805)	(126,915,301)	(16,025,603)	(1,100,559,959)
(88,457,687)	(26,188,125)	(2,251,784,967)	(488,105,229)	(72,386,632)	(2,926,922,640)
16,566,011	(1,647,493)	260,916,023	(81,133,692)	(9,383,997)	185,316,853
					84,863,782
					61,848,136
					(236,021,390)
					96,007,381
					(30,947,089)
					65,060,292
673,936,629	55,719,292	973,641,313	98,991,055	153,641,776	1,955,930,065
					4,015,565,920
					5,971,495,985
532,734,912	41,929,893	2,088,963,320	206,397,981	160,902,392	3,030,928,498
					796,218,743
					3,827,147,241



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

For the year ended December 31, 2021						
Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate	
----- (Rupees) -----						
<b>Gross Written Premium (inclusive of Administrative Surcharge)</b>	312,617,420	75,994,121	2,537,220,051	275,957,347	82,234,707	3,284,023,645
Gross Direct Premium	303,852,387	72,489,078	2,446,002,298	275,757,867	76,076,083	3,174,177,713
Facultative Inward Premium	7,536,521	908,955	12,149,442	-	2,642,000	23,236,918
Administrative Surcharge	1,228,512	2,596,088	79,068,311	199,480	3,516,623	86,609,014
Insurance premium earned	291,586,561	81,554,633	2,334,532,290	213,219,711	53,990,219	2,974,883,414
Insurance premium ceded to reinsurers	(262,419,571)	(55,263,254)	(207,262,958)	(33,314,041)	(18,266,767)	(576,526,591)
<b>Net insurance premium</b>	29,166,990	26,291,379	2,127,269,332	179,905,670	35,723,452	2,398,356,823
Commission income	51,630,466	14,677,535	52,905,830	6,706,196	5,142,343	131,062,370
<b>Net underwriting income</b>	80,797,456	40,968,914	2,180,175,162	186,611,866	40,865,795	2,529,419,193
Insurance claims	(135,791,704)	(16,034,219)	(1,333,111,236)	(259,825,919)	(41,360,960)	(1,786,124,038)
Insurance claims recovered from reinsurers / salvage	130,429,307	10,739,505	416,817,885	94,293,520	21,177,104	673,457,321
<b>Net Claims</b>	(5,362,397)	(5,294,714)	(916,293,351)	(165,532,399)	(20,183,856)	(1,112,666,717)
Reversal of premium deficiency reserve	-	-	-	(824,108)	-	(824,108)
Commission expense	(43,087,230)	(9,890,017)	(277,449,317)	(16,190,439)	(5,934,162)	(352,551,165)
Management expenses	(10,051,179)	(9,356,800)	(861,149,461)	(55,604,341)	(12,438,372)	(948,600,153)
<b>Net insurance claims and expenses</b>	(58,500,806)	(24,541,531)	(2,054,892,129)	(238,151,287)	(38,556,390)	(2,414,642,143)
<b>Underwriting result</b>	22,296,650	16,427,383	125,283,033	(51,539,421)	2,309,405	114,777,050
Investment income						78,666,536
Other income						32,183,836
Other expenses						(204,063,281)
<b>Results of operating activities</b>						21,564,141
Financial charges						(26,788,241)
<b>Profit before tax for the period</b>						(5,224,100)
Corporate segment assets	463,874,727	41,429,664	858,632,616	147,247,093	81,628,242	1,592,812,343
Corporate unallocated assets						3,193,250,350
<b>Total assets</b>						4,786,062,693
Corporate segment liabilities	359,900,680	19,258,254	1,857,859,940	211,321,851	80,393,185	2,528,733,910
Corporate unallocated liabilities						730,441,193
<b>Total liabilities</b>						3,259,175,102

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 36. MOVEMENT IN INVESTMENTS

	At Amortized cost	At Fair value through other comprehensive income	At Fair value through profit and loss	Total
As at January 1, 2021	772,400,707	90,275,073	58,097,033	920,772,813
Additions	566,924,650	64,704,010	448,803,755	1,080,432,415
Disposals (sale and redemption)	(587,990,120)	-	(224,145,299)	(812,135,419)
Fair value net gains (excluding net realized gains)	-	276,577,288	(76,742,614)	199,834,674
Amortisation of premium / discount	1,540,425	-	-	1,540,425
As at December 31, 2021	752,875,662	431,556,371	206,012,875	1,390,444,908
Additions	444,461,002	110,167,216	25,000,000	579,628,218
Disposals (sale and redemption)	(196,290,122)	-	(36,638,315)	(232,928,437)
Fair value net gains (excluding net realized gains)	-	-	(33,018,115)	(33,018,115)
Amortisation of premium / discount	903,585	-	-	903,585
As at December 31, 2022	1,001,950,127	541,723,587	161,356,445	1,705,030,159

### 37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

#### 37.1 INSURANCE RISK MANAGEMENT

##### 37.1.1 INSURANCE RISK

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

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

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

##### 37.1.2 FREQUENCY AND SEVERITY OF CLAIMS

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

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

##### 37.1.3 UNCERTAINTY IN THE ESTIMATION OF FUTURE CLAIM PAYMENTS

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

### 37.1.4 KEY ASSUMPTIONS

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

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

### 37.1.5 SENSITIVITY ANALYSIS

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

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

	Underwriting results / profit before tax		Shareholder's equity	
	2022	2021	2022	2021
	----- (Rupees) -----		----- (Rupees) -----	
<b>Average claim cost</b>				
Fire & property damage	2,406,734	536,240	1,708,781	380,730
Marine, aviation & transport	1,107,194	529,471	786,108	375,924
Motor business	99,204,236	91,629,335	70,435,008	65,056,828
Health	34,291,873	16,553,240	24,347,230	11,752,800
Miscellaneous	4,530,990	2,018,386	3,217,003	1,433,054
	<u>141,541,027</u>	<u>111,266,672</u>	<u>100,494,130</u>	<u>78,999,336</u>

### 37.1.6 Concentration of risk

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Gross sum insured		Reinsurance		Net	
	2022	2021	2022	2021	2022	2021
	----- (Rupees) -----		----- (Rupees) -----		----- (Rupees) -----	
Fire & property damage	18,017,520,000	8,411,792,796	17,987,520,000	8,252,013,650	30,000,000	159,779,146
Marine, aviation & transport	1,658,646,278	537,320,754	1,638,646,278	517,320,754	20,000,000	20,000,000
Motor business	67,077,050	56,020,942	46,229,769	34,145,942	20,847,281	21,875,000
Health	1,800,000	1,800,000	-	-	1,800,000	1,800,000
Miscellaneous	2,646,000,000	800,000,000	2,593,080,000	797,600,000	52,920,000	2,400,000

### 37.1.8 Claims development table

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

#### Analysis on gross basis

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	----- (Rupees) -----										
Estimate of ultimate claims cost:											
At end of accident year	469,482,097	708,662,241	872,154,380	1,119,834,954	1,189,630,891	1,341,453,975	1,210,488,108	1,634,557,771	1,938,583,064	2,254,927,227	
One year later	468,385,716	706,207,696	897,562,104	1,149,396,121	1,230,902,945	1,357,839,571	1,287,541,912	1,484,700,070	1,869,147,970	-	
Two years later	468,442,371	698,292,362	899,731,568	1,144,863,477	1,237,132,102	1,363,015,496	1,290,367,150	1,478,534,960	-	-	
Three years later	468,442,371	697,553,067	899,980,112	1,145,603,367	1,236,822,201	1,357,214,722	1,298,896,551	-	-	-	
Four years later	468,442,371	697,681,017	900,959,825	1,143,148,973	1,236,670,364	1,359,727,997	-	-	-	-	
Five years later	469,692,371	698,623,467	901,085,560	1,143,506,520	1,242,789,941	-	-	-	-	-	
Six years later	469,736,121	698,172,267	901,094,060	1,148,083,959	-	-	-	-	-	-	
Seven years later	469,736,121	698,172,267	901,291,405	-	-	-	-	-	-	-	
Eight years later	469,736,121	698,341,391	-	-	-	-	-	-	-	-	
Nine years later	469,819,371	-	-	-	-	-	-	-	-	-	
Estimate of cumulative claims	469,819,371	698,341,391	901,291,405	1,148,083,959	1,242,789,941	1,359,727,997	1,298,896,551	1,478,534,960	1,869,147,970	2,254,927,227	12,721,560,772
Cumulative payments to date	(469,736,121)	(698,175,767)	(901,267,905)	(1,144,502,959)	(1,236,791,512)	(1,357,526,715)	(1,282,081,363)	(1,443,815,139)	(1,789,264,849)	(1,571,249,918)	(11,894,412,249)
Liability for outstanding claims	83,250	165,624	23,500	3,581,000	5,998,429	2,201,282	16,815,187	34,719,821	79,883,122	683,677,309	827,148,524

## 38. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

#### Risk management framework

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 38.1 Credit risk

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

#### 38.1.1 Management of credit risk

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

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.
- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.
- Loans given to employees are deductible from the salary of the employees.
- Cash is held with reputable banks only.

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

#### 38.1.2 Exposure to credit risk

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

	2022		2021	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
	----- (Rupees) -----		----- (Rupees) -----	
Investment in government securities	173,150,127	173,150,127	320,375,662	320,375,662
Investment in debt securities	250,000,000	250,000,000	25,000,000	25,000,000
Term deposits	828,800,000	828,800,000	432,500,000	432,500,000
Loans and other receivables	344,532,092	344,532,092	400,585,699	400,585,699
Insurance / reinsurance receivables	633,075,865	633,075,865	611,756,553	611,756,553
Reinsurance recoveries against outstanding claims	383,650,578	383,650,578	300,531,897	300,531,897
Salvage recoveries accrued	213,188,340	213,188,340	186,028,558	186,028,558
Bank balances	1,568,277,167	1,568,277,167	1,045,558,750	1,045,558,750
	<u>4,394,674,169</u>	<u>4,394,674,169</u>	<u>3,322,337,119</u>	<u>3,322,337,119</u>

#### 38.1.3 Past due / impaired assets

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

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
0-90 days	483,605,192	-	515,462,884	-
Over 90 days	216,838,302	57,613,236	139,639,285	43,345,616
Total	<u>700,443,494</u>	<u>57,613,236</u>	<u>655,102,169</u>	<u>43,345,616</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Upto 1 year	-	-	-	-
1-2 years	-	-	-	-
Over 2 years	9,754,393	(9,754,393)	9,754,393	(9,754,393)
Total	<u>9,754,393</u>	<u>(9,754,393)</u>	<u>9,754,393</u>	<u>(9,754,393)</u>

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

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Upto 1 year	285,129,317	-	263,717,122	-
1-2 years	58,994,497	-	35,452,537	-
Over 2 years	39,526,764	-	1,362,239	-
Total	<u>383,650,578</u>	<u>-</u>	<u>300,531,898</u>	<u>-</u>

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

### 38.1.4 Credit Rating and Collateral

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

Long term Rating	Rating Agency	Amount (in Rupees)	
		2022	2021
AAA	JCR-VIS	42,807,561	59,040,493
AAA	PACRA	533,286,665	99,727,994
AA+	PACRA	571,659,689	397,891,338
AA+	JCR-VIS	-	-
AA	PACRA	3,625,597	11,442,443
AA	JCR-VIS	170,660,517	103,528,376
AA-	JCR-VIS	-	-
AA-	PACRA	390,553,240	329,550,240
A+	PACRA	189,083,764	801,382
A+	JCR-VIS	73,755	1,317,270
A	PACRA	346,975	201,388
A	JCR-VIS	41,988	101,218,052
A-	JCR-VIS	154,133,792	-
BBB-	JCR-VIS	590,803,624	373,339,775
		<u>2,647,077,167</u>	<u>1,478,058,751</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2022	2021
	----- (Rupees) -----			
A or above (including PRCL)	383,650,578	372,099,992	755,750,570	571,563,986

### 38.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

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

	2022		2021	
	(Rupees)	%	(Rupees)	%
Individuals	17,847,673	3%	24,154,162	4%
Corporate	624,982,585	97%	587,602,391	96%
	<u>642,830,258</u>	<u>100%</u>	<u>611,756,553</u>	<u>100%</u>

### 38.1.6 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

### 38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

#### 38.2.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

#### 38.2.2 Maturity analysis for financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 38.3 Market risk

#### Financial assets

##### Investments

Equity securities and mutual fund units	
Government Securities	
Debt securities	
Term deposits	
Loans and other receivables	
Cash and bank balances	

#### Financial liabilities

Other creditors and accruals	
Lease liability against right-of-use asset	

	2022		
	Carrying amount	Upto one year	More than one year
	----- (Rupees) -----		
	488,085,374	488,085,374	-
	173,150,127	24,443,113	148,707,014
	250,000,000	250,000,000	-
	828,800,000	826,300,000	2,500,000
	344,532,092	344,532,092	-
	1,569,424,161	1,569,424,161	-
	<u>3,653,991,754</u>	<u>3,502,784,740</u>	<u>151,207,014</u>
	382,675,678	382,675,678	-
	235,290,468	115,378,355	119,912,113
	<u>617,966,146</u>	<u>498,054,033</u>	<u>119,912,113</u>

	2021		
	Carrying amount	Upto one year	More than one year
	----- (Rupees) -----		
	612,569,244	612,569,244	-
	320,375,662	206,334,132	114,041,530
	25,000,000	25,000,000	-
	432,500,000	430,000,000	2,500,000
	355,282,739	355,282,739	-
	1,046,390,718	1,046,390,718	-
	<u>2,792,118,363</u>	<u>2,675,576,833</u>	<u>116,541,530</u>
	344,977,936	344,977,936	-
	199,423,299	160,958,051	38,465,248
	<u>544,401,235</u>	<u>505,935,987</u>	<u>38,465,248</u>

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed to interest rate risk, currency risk and other price risk.

#### 38.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 38.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are as follows:

	2022	2021	2022	2021
Financial assets	Effective interest rate (in %)		----- (Rupees) -----	
Assets subject to fixed rate				
- Government securities	9.10% - 13.60%	8.06% - 13.50%	173,150,127	320,375,662
- Placement with a company	-	9.17%	-	10,000,000
- Term deposits	9.57% - 15.00%	5.00% - 9.45%	828,800,000	432,500,000
- Loan to employees	0% - 5.00%	0% - 5.00%	2,505,507	5,860,055
Assets subject to variable rate				
- Debt securities	17.31% - 20.54%	9.93%	250,000,000	25,000,000
- Advance to related parties	10.53% - 14.94%	10.53% - 14.94%	296,141,560	220,894,317
- Bank balances	11.00% - 13.50%	6.00% - 8.00%	1,518,769,260	880,516,723

#### Fair value sensitivity analysis for fixed rate instruments.

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

#### Cash flow sensitivity analysis for variable rate instruments.

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

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

### 38.3.1.2 Exposure to interest rate risk

Cash flow sensitivity - Variable rate financial assets

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

### 38.3.2 Price risk

#### Assets

	2022			
	less than 1 year	1 year to 5 years	More than 5 years	Total
	----- (Rupees) -----			
Investment in government securities	24,443,113	148,707,014	-	173,150,127
Investment in debt securities	250,000,000	-	-	250,000,000
Term deposits	826,300,000	2,500,000	-	828,800,000
Loans and other receivables	344,532,092	-	-	344,532,092
Bank balances	1,518,769,260	-	-	1,518,769,260
Total assets	2,964,044,465	151,207,014	-	3,115,251,479

#### Liabilities

Lease liability against right-of-use asset	115,378,358	119,912,114	-	235,290,472
Total interest sensitivity gap	2,848,666,107	31,294,900	-	2,879,961,007

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2021			
	less than 1 year	1 year to 5 years	More than 5 years	Total
	----- (Rupees) -----			
<b>Assets</b>				
Investment in government securities	206,334,132	114,041,530	-	320,375,662
Investment in debt securities	25,000,000	-	-	25,000,000
Term deposits	430,000,000	2,500,000	-	432,500,000
Loans and other receivables	355,282,739	-	-	355,282,739
Bank balances	880,516,723	-	-	880,516,723
Total assets	1,897,133,594	116,541,530	-	2,013,675,124
<b>Liabilities</b>				
Lease liability against right-of-use asset	160,958,054	38,465,249	-	199,423,303
Total interest sensitivity gap	1,736,175,540	78,076,281	-	1,814,251,821

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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

### 38.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of December 31, 2022 and December 31, 2021 and shows the effects of a hypothetical 10% increase / decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Hypothetical price change	Estimated fair value after change in prices	Increase / (decrease) in shareholders' equity	Increase (decrease) in profit before tax
	----- (Rupees) -----			
<b>2022</b>	10% increase	536,893,911	34,654,061	48,808,537
	10% decrease	439,276,837	(34,654,061)	(48,808,537)
<b>2021</b>	10% increase	673,826,168	43,492,416	61,256,924
	10% decrease	551,312,320	(43,492,416)	(61,256,924)

### 38.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 38.4 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The minimum paid up capital requirements for non-life insurer is Rs. 500 million prescribed by SECP under Insurance Rules, 2017. The company is in compliance with the prescribed minimum paid up capital requirement at the year end. In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP. The Company's status of compliance with solvency requirement is disclosed in note 39 to the financial statements.

### 38.5 Fair value of financial assets and liabilities

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	<b>2022</b>		
	<b>Fair value measurement using</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	----- (Rupees) -----		
At fair value through other comprehensive income	291,723,587	250,000,000	35,000,000
At fair value through profit or loss	161,361,787	-	-
At amortized cost	-	156,733,386	-
	<u>453,085,374</u>	<u>406,733,386</u>	<u>35,000,000</u>

	<b>2021</b>		
	<b>Fair value measurement using</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	----- (Rupees) -----		
At fair value through other comprehensive income	406,556,368	25,000,000	-
At fair value through profit or loss	206,012,876	-	-
At amortized cost	-	315,827,122	-
	<u>612,569,244</u>	<u>340,827,122</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 38.5.1 Transfers during the year

During the year ended December 31, 2022:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

### 38.5.2 Valuation techniques

Fair value of investments classified as held to maturity is assessed using level 2 inputs usually closing market price as per rates prescribed by Financial Market Association of Pakistan by using PKRV rates at reporting date per certificates multiplied by the number of certificates held.

Fair value of Investments at fair value through profit or loss is determined using level 1 inputs i.e., quoted market prices of listed securities / NAVs of open end mutual funds.

### 39. STATEMENT OF SOLVENCY

This statement represents the consolidated solvency position of the Company including Conventional business, Participants' Takaful Fund and Operator's Fund. The solvency position of Participants' Takaful Fund is disclosed in the separate financial statements of WTO.

	2022	2021
----- (Rupees) -----		
<b>Assets</b>		
Property and equipment	410,064,737	168,466,669
Intangible assets	11,981,429	17,323,450
Investments		
Equity securities and mutual fund units	488,085,374	612,569,246
Government Securities	173,150,127	320,375,662
Debt securities	250,000,000	25,000,000
Term deposits	828,800,000	432,500,000
Loans and other receivables	344,532,094	355,282,739
Insurance / reinsurance receivables	633,075,865	611,756,554
Reinsurance recoveries against outstanding claims	383,650,576	300,531,895
Salvage recoveries accrued	213,188,340	186,028,558
Deferred commission expense	105,175,728	87,864,382
Deferred wakala fee	411,109,909	340,887,553
Taxation - provision less payment	12,959,029	8,044,758
Prepayments	413,754,862	397,698,009
Cash and bank balances	1,567,497,688	1,041,589,295
Assets under takaful / Operations - Operator's Fund	136,626,186	272,280,864
<b>Total Assets (A)</b>	<b>6,383,651,944</b>	<b>5,178,199,634</b>
<b>In-admissible assets</b>		
Property and equipment	226,742,687	168,466,669
Intangible assets	11,981,429	17,323,450
Investments		
Equity securities	279,351,072	375,187,680
Loans and other receivables	284,257,523	196,898,926
Insurance/ reinsurance receivable	151,175,198	96,251,426
Taxation - payment less provisions	12,959,029	8,044,758
Prepayments	18,570,917	112,944,850
Cash and bank balances	22,443,890	1,999,911
<b>Total of In-admissible Assets (B)</b>	<b>1,007,481,744</b>	<b>977,117,670</b>
<b>Total of Admissible Assets (C=A-B)</b>	<b>5,376,170,200</b>	<b>4,201,081,964</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Total Liabilities

Underwriting Provisions
Outstanding claims including IBNR
Unearned premium reserves
Unearned reinsurance commission
Premium deficiency reserve
Premium received in advance
Insurance / reinsurance payables
Other creditors and accruals
Lease liability against right-of-use asset
Deferred Taxation
Total liabilities of Takaful Operations - OF

### Total Liabilities (D)

### Total Net Admissible Assets (E= C-D)

### Minimum Solvency Requirement

### Excess Solvency

	2022	2021
----- (Rupees) -----		
	827,148,524	574,184,278
	1,888,870,811	1,688,811,536
	79,618,696	62,964,526
	-	3,350,270
	22,775,389	26,549,608
	380,390,166	322,021,607
	347,570,720	325,110,383
	235,290,468	-
	10,377,508	36,892,046
	446,214,865	566,932,572
	4,238,257,147	3,606,816,826
	1,137,913,053	594,265,138
	(593,405,837)	(479,671,365)
	544,507,216	114,593,773

#### 40. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation, however, there are no material reclassifications to disclose.

#### 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on February 24, 2023 by the Board of Directors of the Company.

#### 42. GENERAL

42.1 Figures have been rounded off to the nearest Rupee unless otherwise stated.

42.2 Total and average number of employees as at December 31, 2022 are 318 (2021: 333) and 325 (2021: 310) respectively.



CHIEF FINANCIAL OFFICER



CHAIRMAN



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



# SHARIAH ADVISOR'S REPORT 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والصلاة والسلام على رسوله الكريم: أما بعد

## INTRODUCTION

**Alhamdulillah**, TPL Insurance Limited - **Window Takaful Operations** ("TPLI - WTO") has successfully completed another financial year ended 31st December 2022 with significant growth in overall Takaful contributions and number of participants which is reflected in the financial statements of the Window Takaful Operations.

I, as Shariah Advisor of the Company, acknowledge that it is my mandatory responsibility to ensure that the financial contracts, policies, operational process and transactions entered into by TPLI - WTO with its participants and stakeholders are in compliance with the requirements of Shariah guidelines and in line with Takaful rules 2012. It is the responsibility of the company's management as Takaful operator and in capacity of Wakeel of PTF to ensure that the advises and instructions given by the Shariah Advisor and the guidelines set by the regulator are overall complied with Shariah rules such as policies, products and services being offered by the company are also approved by the Shariah Advisor.

I think it is appropriate to share my view on some points:

### 1. Operations:

As per Shariah compliance report 2022, the Takaful operations are in line with Takaful rules.

### 2. Training:

The Company arranged various in house mandatory training sessions for its employees and staff on Takaful conducted by Shariah compliance department of company. It is gratifying that our training sessions have taken place physically this year unlike last year.

### 3. Shariah compliance:

The Company has a reliable Shariah Compliance Mechanism to monitor the functions of Takaful operations on regular basis. An effective Shariah compliance function is fundamental in achieving the objectives of Takaful Operations to operate as per Shariah principles and hence an experienced and expert Islamic scholar acts as Shariah Compliance Officer. Shariah Compliance Officer ensures and supervise on daily basis that the functions of TPLI-WTO including policy issuance, re-takaful arrangements, claim settlements and financial arrangements are undertaken as per the applicable regulatory guidelines and instructions issued by the Shariah Advisor.

### 4. Segregation

Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that TPLI - WTO realizes its criticality and Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related items are kept separate from its conventional insurance business, as per the requirement of Shariah Principles and Takaful Rules 2012.

### 5. Investments

The investments have been made from the Participant Takaful Fund (PTF) and Operator's Fund, into Shariah Compliant avenues only, including Islamic Banks and Shariah Compliant Equities. Further all



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bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) or Islamic Branches / Windows of conventional banks with approval of Shariah advisor.

### **SCOPE & OBJECTIVE OF SHARIAH REVIEW**

The scope of the Shariah Review is to evaluate and monitor the overall functions of TPLI- WTO in accordance with the Shariah Principles and advise the company in the light of guidelines laid by SECP.

The objective of the Shariah Review is to determine that appropriate procedures and control mechanism is effectively in place for all major functions such as Policy Issuance, Claims Settlements, Re-Takaful Arrangements, Financial transactions of the TPLI - WTO.

### **CONCLUSION**

In my opinion and as my best knowledge, the overall structure and operations of TPLI - WTO are in accordance with Shariah Principles and Takaful Rules issued by SECP.

As Shariah Advisor, I feel that it is my responsibility to mention here that we could make Takaful operation much better by enhancing customized Takaful products, and by introducing a comprehensive Takaful awareness program.

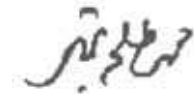
The primary responsibility for ensuring Shariah compliance lies with the management of TPLI-WTO. The services provided were reviewed and operations undertaken by TPLI - WTO during the year ended 31 December 2022 in my opinion, were found overall in conformity with Shariah principles and guidelines of SECP.

At this stage, it may be helpful that we should refresh our motive and intention for spreading Takaful in true essence. So hopefully the management will continue its efforts to promote Takaful as well and solve other related issues on its priority.

Finally, I pray that Almighty Allah Ta'ala guide us to the righteous path in this regard to exercise and promote Takaful with its true spirit.

Allah Ta'ala knows better.

**Karachi: 27 February 2023**



**Mufti Muhammad Talha Iqbal  
Shariah Advisor**

## INDEPENDENT REASONABLE ASSURANCE REPORT

To the Board of Directors On The Statement of Management's Assessment of Compliance with The Takaful Rules, 2012

### Scope

We have been engaged by TPL Insurance Limited (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended December 31, 2022 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

### Criteria applied by the management

In preparing the subject matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

### The Management's responsibilities

The management is responsible for selecting the Criteria, and for presenting the subject matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### BDO's responsibilities

Our responsibility is to express an opinion on the presentation of the subject matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on May 18, 2022. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the subject matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

### Our Independence and Quality Management

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

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

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## Description of procedures performed

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:
  - We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor;
  - We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions;
  - We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012; and
  - We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

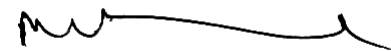
In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

## Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of December 31, 2022 is presented, in all material respects, in accordance with Takaful Rules, 2012.

**KARACHI**

**DATED:** February 27, 2023



**BDO EBRAHIM & CO.**

**CHARTERED ACCOUNTANTS**

**Engagement Partner:** Zulfikar Ali Causer

**BDO Ebrahim & Co. Chartered Accountants**

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# STATEMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIA RULES AND PRINCIPLES

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The financial arrangements, contracts and transactions, entered into by TPL Insurance Limited - Window Takaful Operations (the Operator) for the year ended 31 December 2022 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles).

## Further, we confirm that:

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor;
- The assets and liabilities of Operator are segregated from the TPL Insurance Limited's other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Operator.



**Muhammad Aminuddin**  
Chief Executive Officer

Date: 24th February, 2023

# INDEPENDENT AUDITOR'S REPORT

To the members of TPL Insurance Limited – Window Takaful Operations

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **TPL INSURANCE LIMITED – WINDOW TAKFUL OPERATIONS**, (the Company), which comprise the statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2022 and of the profit 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 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 Matter	How the matter was addressed in our audit
1.	<b>Compliance with laws and regulations</b>	
	The Company 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,	Our audit procedures in respect of this area included the following: <ul style="list-style-type: none"> <li>Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the</li> </ul>

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S.No.	Key Audit Matter	How the matter was addressed in our audit
	<p>2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company 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 Company.</p>	<p>design and operation of its key controls over this framework;</p> <ul style="list-style-type: none"> <li>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</li> <li>Reviewed the Company's documentation and correspondence with the regulators.</li> </ul>
<p><b>2.</b></p>	<p><b>Revenue Recognition - Contribution Earned</b></p>	
	<p>Refer the financial statements relating to revenue recognition policy and net insurance contribution respectively.</p> <p>The Company earns revenue primarily from contribution income, which amounts to Rs. 932 million (2021: 756 million) representing 23.28% 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>We have identified revenue recognition from contribution 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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of contribution;</li> <li>Assessed the appropriateness of the Company's accounting policy for recording of contribution and in line with the requirements of applicable law, accounting and reporting standards;</li> <li>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;</li> <li>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</li> <li>Recalculated the unearned portion of contribution income and ensured that appropriate amount has been recorded as provision for unearned contribution in liabilities.</li> </ul>

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S.No.	Key Audit Matter	How the matter was addressed in our audit
3.	<p><b>Valuation of outstanding claims including claims incurred but not reported (IBNR)</b></p>	
	<p>As disclosed in notes to these financial statements, outstanding claims including IBNR amounting to Rs. 278.572 million as at December 31, 2022.</p> <p>The outstanding claims including IBNR represented 21.16% 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>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>	<p>Our audit procedures in respect of this area includes the following:</p> <p>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;</p> <p>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;</p> <p>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 identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>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</p> <p>Considered the adequacy of the Company's disclosures about the estimates used.</p>

### 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.

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## 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.

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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 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 Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matter

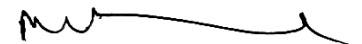
The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated March 25, 2022.

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

### KARACHI

**DATED:** February 24, 2023

**UDIN:** AR202210067ZgS9rRQvL



**BDO EBRAHIM & CO.**  
CHARTERED ACCOUNTANTS

### BDO Ebrahim & Co. Chartered Accountants

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# STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

	Note	Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
		(Rupees)		(Rupees)	
<b>ASSETS</b>					
Equipment	5	-	-	29,770,914	48,726,296
<b>Investments</b>					
Mutual funds	6	-	-	30,201,537	37,044,907
Term deposits	7	-	-	315,000,000	282,500,000
		-	-	345,201,537	319,544,907
Takaful / retakaful receivables	9.	-	-	281,255,809	252,059,900
Retakaful recoveries against outstanding claims		-	-	62,058,884	107,975,191
Salvage recoveries accrued		-	-	113,839,699	79,614,305
Deferred wakala fee		-	-	411,109,909	340,887,553
Receivable from Participants' Takaful Fund	10	825,223	5,025,054	-	-
Accrued investment income		-	-	1,990,521	4,055,629
Deferred commission expense		133,715,193	93,381,279	-	-
Deferred taxation - net	11	-	-	3,229,741	132,675
Taxation		984,595	198,163	-	-
Prepayments	12	-	-	64,708,247	43,019,036
Bank balances	13	1,926,400	4,801,423	122,667,240	103,411,637
<b>Total assets</b>		<b>137,451,411</b>	<b>103,405,919</b>	<b>1,435,832,501</b>	<b>1,299,427,129</b>
<b>EQUITY AND LIABILITIES</b>					
<b>RESERVES ATTRIBUTABLE TO:</b>					
<b>- OPERATOR'S FUND (OF)</b>					
Statutory fund		50,000,000	50,000,000	-	-
Accumulated losses		(551,589,286)	(488,203,544)	-	-
		(501,589,286)	(438,203,544)	-	-
<b>- WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Seed money		-	-	2,000,000	2,000,000
Accumulated deficit		-	-	(56,668,038)	(69,481,503)
<b>Balance of WAQF / PTF</b>		<b>-</b>	<b>-</b>	<b>(54,668,038)</b>	<b>(67,481,503)</b>
Qard-e-Hasna	8	(173,900,000)	(173,900,000)	173,900,000	173,900,000
<b>LIABILITIES</b>					
<b>PTF underwriting provisions</b>					
Outstanding claims (including IBNR)		-	-	278,571,201	254,447,322
Unearned contribution reserve		-	-	935,336,354	776,377,926
Unearned retakaful commission		-	-	12,273,995	5,284,330
Unearned wakala fee		411,109,909	340,887,554	-	-
Contribution received in advance		-	-	12,893,138	11,117,543
Takaful / retakaful payables	14	-	-	16,511,889	36,227,843
Other creditors and accruals	15	35,104,956	52,145,019	39,600,160	70,459,967
Payable to TPL Insurance Limited	16	366,725,832	322,476,890	1,437,683	25,684,845
Payable to Operator's Fund	10	-	-	825,223	5,025,054
Taxation - provision less payments		-	-	19,150,896	8,383,802
<b>Total liabilities</b>		<b>812,940,697</b>	<b>715,509,463</b>	<b>1,316,600,539</b>	<b>1,193,008,632</b>
<b>Total fund and liabilities</b>		<b>137,451,411</b>	<b>103,405,919</b>	<b>1,435,832,501</b>	<b>1,299,427,129</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- (Rupees) -----	
<b>Participants' Takaful Fund</b>			
Contribution earned net of wakala fee		932,307,341	756,732,823
Less: Contribution ceded to retakaful		(104,549,371)	(108,041,378)
Net takaful contribution	17	827,757,970	648,691,445
Net claims - reported / settled		(755,375,582)	(654,122,824)
- IBNR		(13,980,078)	(30,057,281)
	18	(769,355,660)	(684,180,105)
Reversal of contribution deficiency reserve		-	141,984
Other direct expenses	22	(66,731,068)	(81,894,746)
<b>Deficit before investment income</b>		(8,328,758)	(117,241,422)
Investment and Other income	25	48,013,649	31,243,928
Less: Modarib's share of investment income	26	(14,404,095)	(9,373,182)
Financial charges		(4,797,303)	(480,124)
<b>Surplus / (deficit) before taxation</b>		20,483,493	(95,850,800)
Taxation	27	(7,670,028)	(13,004,958)
<b>Surplus / (deficit) transferred to accumulated fund</b>		12,813,465	(108,855,758)
<b>Other comprehensive income:</b>			
<b>Total comprehensive income / (loss) for the year</b>		12,813,465	(108,855,758)
<b>Operator's Fund</b>			
Wakala fee	21	723,839,760	593,667,593
Net commission expense	20	(205,934,607)	(170,700,322)
Management expenses	23	(480,822,803)	(387,550,383)
		37,082,350	35,416,888
Investment income		986,073	290,250
Modarib's share of PTF investment income		14,404,095	9,373,182
		52,472,518	45,080,320
Other expenses	24	(115,858,260)	(98,867,552)
<b>Loss before taxation</b>		(63,385,742)	(53,787,232)
Taxation		-	-
<b>Loss after tax for the year</b>		(63,385,742)	(53,787,232)
<b>Other comprehensive income</b>			
		-	-
<b>Total comprehensive loss for the year</b>		(63,385,742)	(53,787,232)

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

# STATEMENT OF CHANGES IN FUND AS AT DECEMBER 31, 2022

	Attributable to Operator's Fund			Total
	Statutory fund	Accumulated loss	Changes in fair value of investments classified as financial assets at 'fair value through OCI'	
	----- (Rupees) -----			
Balance as at January 01, 2021	50,000,000	(434,416,312)	-	(384,416,312)
Net loss for the year	-	(53,787,232)	-	(53,787,232)
Balance as at December 31, 2021	50,000,000	(488,203,544)	-	(438,203,544)
Balance as at January 01, 2022	50,000,000	(488,203,544)	-	(438,203,544)
Net loss for the year	-	(63,385,742)	-	(63,385,742)
Balance as at December 31, 2022	50,000,000	(551,589,286)	-	(501,589,286)

	Attributable to Participants' Takaful Fund			Total
	Ceded Money	Accumulated deficit	Changes in fair value of investments classified as financial assets at 'fair value through OCI'	
	----- (Rupees) -----			
Balance as at January 01, 2021	2,000,000	39,374,255	-	41,374,255
Deficit for the year	-	(108,855,758)	-	(108,855,758)
Balance as at December 31, 2021	2,000,000	(69,481,503)	-	(67,481,503)
Balance as at January 01, 2022	2,000,000	(69,481,503)	-	(67,481,503)
Surplus for the year	-	12,813,465	-	12,813,465
Balance as at December 31, 2022	2,000,000	(56,668,038)	-	(54,668,038)

The annexed notes from 1 to 35 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHAIRMAN



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
	----- (Rupees) -----		----- (Rupees) -----	
<b>Operating activities</b>				
(a) Takaful activities				
Contribution received	-	-	1,780,645,924	1,394,106,081
Retakaful contribution paid	-	-	(139,862,742)	(134,351,953)
Claims paid	-	-	(994,227,023)	(903,216,733)
Retakaful and other recoveries received	-	-	260,686,155	234,261,340
Commission paid	(273,539,894)	(163,200,556)	-	-
Commission received	10,998,249	5,810,733	-	-
Wakala fee paid by PTF	794,600,000	653,224,800	(794,600,000)	(653,224,800)
Mudarib fee paid by PTF	14,700,000	10,000,000	(14,700,000)	(10,000,000)
Net cash inflow / (outflow) from takaful activities	546,758,355	505,834,977	97,942,314	(72,426,065)
(b) Other operating activities				
Income tax paid	797,303	694,964	-	(46,634,410)
Direct expenses paid	-	-	(22,141,312)	(19,640,748)
Management and other expenses paid	(603,580,191)	(437,391,097)	-	-
Other operating receipts / (payments)	52,163,436	1,333,946	(26,507,463)	20,748,966
Net cash outflow from other operating activities	(550,619,452)	(435,362,187)	(48,648,775)	(45,526,192)
<b>Total cash generated from / (used in) all operating activities</b>	(3,861,097)	70,472,790	49,293,539	(117,952,257)
<b>Investment activities</b>				
Profit / return received	986,074	290,253	46,360,906	31,089,211
Payment for investment in mutual funds units / TDRs	-	-	-	(50,000,000)
Qard e Hasna (returned) / received by PTF	-	(70,000,000)	-	70,000,000
Proceeds from sale / redemption of mutual funds units / TDRs	-	-	102,500,000	184,000,000
<b>Total cash (used in) / generated from investing activities</b>	986,074	(69,709,746)	148,860,906	235,089,207
<b>Financing activities</b>				
Lease obligation paid	-	-	(43,110,013)	(50,502,518)
Payment of financial charges under lease obligation	-	-	(3,288,829)	(3,458,655)
<b>Total cash used in financing activities</b>	-	-	(46,398,842)	(53,961,173)
<b>Net cash generated / (used) from all activities</b>	(2,875,023)	763,044	49,255,603	63,175,777
<b>Cash and cash equivalents at beginning of the year</b>	4,801,423	4,038,379	283,411,637	220,235,860
<b>Cash and cash equivalents at end of the year</b>	1,926,400	4,801,423	435,167,240	283,411,637
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(3,861,097)	70,472,790	49,293,539	(117,952,257)
Depreciation	-	(46,758,977)	(45,434,797)	(55,075,906)
Amortization	-	(2,494,166)	-	-
Bad debt expense	-	-	-	(4,000,000)
Reversal of contribution deficiency reserve	-	-	-	141,984
Income tax paid	-	(694,964)	-	46,634,410
Provision for taxation	-	-	(7,670,028)	(13,004,958)
Investment income	986,073	290,254	48,013,649	31,243,928
Financial charges	-	-	-	(480,124)
Increase / (decrease) in assets other than cash and cash equivalents	36,920,518	(7,055,485)	107,325,124	188,780,142
Increase in liabilities	(97,431,236)	(67,546,683)	(138,714,027)	(185,142,977)
<b>(Deficit) / surplus after taxation</b>	(63,385,742)	(53,787,232)	12,813,460	(108,855,758)

### Definition of cash

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

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHAIRMAN

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. STATUS AND NATURE OF BUSINESS

- 1.1** TPL Insurance Limited (the Company or the Operator) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Operator was allowed to work as Window Takaful Operator (the Operator) on September 04, 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Operator is listed at Pakistan Stock Exchange Limited. The principal office of the Operator is located at 20th Floor, Sky Tower – East Wing Dolmen City, HC-3, Abdul Sattar Edhi Avenue, Block No. 4 Clifton Karachi, Pakistan.
- 1.2** For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on August 20, 2014 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through General Takaful Accounting Regulations, 2019 and SECP circular no. 25 of 2015 dated July 9, 2015.

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

#### 2.1 Statement of compliance

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

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

Where the provisions of and directives issued under Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 differ with that issued under IFRS, the provisions and directives issued under Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments which are carried at fair value.

#### 2.3 Functional and presentation currency

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

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

##### 2.4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Revised Conceptual Framework (Amendments)	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	January 01, 2022
IAS 16 - Property, Plant and Equipments: proceeds before intended use	January 01, 2022
IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
"IAS 12 - Deferred Tax Related to Assets & Liabilities (Arising from Single Transaction (Amendments))"	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.	

### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 17 - Insurance Contracts	January 01, 2023
IFRS 14 - Regulatory Deferral Accounts	

### 2.4.2 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 - Regulatory Deferral Accounts  
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 'Business Combinations' - Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participant's Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is of the management of the



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

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

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

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

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

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

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under miscellaneous takaful cover.

### 3.2 Contribution

Contribution income net off administrative surcharge under a policy is recognised over the period of takaful from the date of inception of the policy to which it relates to its expiry as follows:

Administrative surcharge is recognised as income at the time policies are written in Operator's fund.

Contribution income net off administrative surcharge under a policy is recognised after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SECP (Insurance) Rules, 2002. The unearned portion of contribution is recognised as liability.

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

### 3.3 Re-takaful contracts

Re-takaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

Amount due from other takaful / re-takaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful operators represent the balance due to re-takaful operators.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

### 3.4 Claims expense

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

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Operator takes actuarial advice for the determination of IBNR claims. Provision for IBNR claims is estimated using Chain Ladder (CL) methodology. The CL Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

### 3.5 Retakaful recoveries against outstanding claims

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

### 3.6 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

### 3.7 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an income/expense in the profit and loss account and the same shall be recognised as a liability.

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

### 3.8 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants. During the year, wakala fee has been charged at 45% of the gross contribution on all classes of business except health business i-e 10% . Wakala fee under a policy is recognised, evenly over the period of takaful from the date of issuance of the policy.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share.

Administrative surcharge is included in Wakala Fee at the date of inception of policy to which it relates.

### 3.9 Revenue recognition

#### 3.9.1 Contribution

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

#### 3.9.2 Commission from retakaful operators

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

#### 3.9.3 Dividend income

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

#### 3.9.4 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

#### 3.9.5 Income on investment classified as 'At amortized cost'

Income classified as 'At amortised cost' is recognised on a time proportionate basis taking account the effective yield on the investment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.9.6 Profit on bank accounts and deposits

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

### 3.10 Management expenses

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

### 3.11 Takaful surplus

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

### 3.12 Qard-e-Hasna

Qard-e-hasna is provided by Operator's Fund to Participants Takaful Fund in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to Participant Takaful Fund less impairment, if any.

### 3.13 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

### 3.14 Cash and cash equivalents

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

### 3.15 Prepayments

Prepayments are recorded as an assets. They are to be amortized as and when due over the period.

### 3.16 Financial instruments

#### Initial recognition and measurement

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

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

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

#### Financial assets

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

- The entity's business model for managing of the financial asset;
- The contractual cash flow characteristics of the financial asset.

#### Financial assets classified 'at amortised cost'

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### Financial liabilities

#### Financial liabilities measured at amortised cost

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

#### Financial liabilities measured at fair value through profit and loss

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

### Derecognition

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

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

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

### Impairment of financial assets

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

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

### Offsetting of financial assets and financial liabilities

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

### 3.17 Impairment

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.18 Taxation

#### 3.18.1 Current

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

#### 3.18.2 Deferred

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

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

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

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

### 3.19 Right of use asset

At the inception of the contract, the Operator assesses whether a contract is, or contains, a lease. The Operator applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Operator recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful life of the asset.

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

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

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

### 3.20 Staff retirement benefits

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

### 3.21 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Operator has a legally enforceable right to set-off and the Operator intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

### 3.22 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 3.23 Operating segments

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

The Operator has five primary business segments for reporting purposes namely, Fire and Property, Marine, Health, Motor and Miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

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

### 3.24 Contingencies

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

Contingencies are reviewed at each balance sheet date and adjusted to reflect the current estimate.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Retakaful recoveries against outstanding claims (note 3.5)
- Provision against contribution due but unpaid - (note 3.2)
- Provision for outstanding claims including IBNR (note 3.4)
- Contribution deficiency reserve (note 3.7)
- Provision for current and deferred tax (note 3.18)
- Classification of investments and impairment (note 3.16)
- Provision for impairment (note 3.17)
- Contingencies (note 3.24)

## 5. EQUIPMENT - PTF

Right-of-use assets

	2022	2021
Note	----- (Rupees) -----	
5.1	29,770,914	48,726,296
	<u>29,770,914</u>	<u>48,726,296</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 5.1 Right of use assets – PTF

2022										
Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %	
As at January 1, 2022	Additions	Disposals 5.2	As at December 31, 2022	As at January 1, 2022	Charge for the Year	Disposals 5.2	As at December 31, 2022	As at December 31, 2022		
----- (Rupees) -----										
Tracking devices	54,921,392	26,479,415	-	81,400,807	6,195,096	45,434,797	-	51,629,893	29,770,914	50
	54,921,392	26,479,415	-	81,400,807	6,195,096	45,434,797	-	51,629,893	29,770,914	

2021										
Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %	
As at January 1, 2021	Additions	Disposals 5.2	As at December 31, 2021	As at January 1, 2021	Charge for the Year	Disposals 5.2	As at December 31, 2021	As at December 31, 2021		
----- (Rupees) -----										
Tracking devices	135,394,420	61,682,214	(142,155,242)	54,921,392	93,274,432	55,075,906	(142,155,242)	6,195,096	48,726,296	50
	135,394,420	61,682,214	(142,155,242)	54,921,392	93,274,432	55,075,906	(142,155,242)	6,195,096	48,726,296	

5.2 These represent right of use assets matured at the expiry of lease term.

	2022			2021		
	Cost	Unrealized Loss	Carrying Value	Cost	Unrealized Gain	Carrying Value
----- (Rupees) -----						
<b>6. MUTUAL FUNDS – PTF</b>						
<b>Classified as 'At fair value through profit and loss'</b>						
AKD Islamic Income Fund	37,044,907	(6,843,370)	30,201,537	36,516,536	528,371	37,044,907
	37,044,907	(6,843,370)	30,201,537	36,516,536	528,371	37,044,907

### 7. TERM DEPOSITS – PTF

- Classified as 'At amortized cost'

Deposits maturing within 12 months  
Deposits maturing after 12 months

Note

2022	2021
----- (Rupees) -----	
312,500,000	280,000,000
2,500,000	2,500,000
<u>315,000,000</u>	<u>282,500,000</u>

7.1

7.1 These carry profit rate of 9.50% to 15.00% per annum (2021: 6.00% to 7.75% per annum) and have maturities upto April 16, 2024.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>8. Qard-e-Hasna</b>	----- (Rupees) -----	
Balance as at the beginning of the year	173,900,000	103,900,000
Qard e Hasna received by PTF during the year	-	70,000,000
Balance as at the end of the year	<u>173,900,000</u>	<u>173,900,000</u>

**8.1** In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

	2022	2021
<b>9. TAKAFUL / RETAKAFUL RECEIVABLES - PTF</b>	----- (Rupees) -----	
<b>Due from takaful contract holders</b>		
Considered good	233,633,197	229,609,215
Considered doubtful	19,626,766	19,626,766
Less: provision for impairment of receivables from takaful contract holders	(19,626,766)	(19,626,766)
<b>Due from other takaful operators</b>		
Considered good	47,622,612	22,450,685
	<u>281,255,809</u>	<u>252,059,900</u>
<b>10. RECEIVABLE / PAYABLE BETWEEN OF &amp; PTF</b>		
Wakala fee	216,621	754,505
Mudarib fee	341,428	637,333
Taxes and duties receivable	267,174	3,633,216
	<u>825,223</u>	<u>5,025,054</u>
<b>11. DEFERRED TAXATION - NET PTF</b>		
<b>Deferred debits arising in respect of</b>		
Provision for doubtful debts	5,691,762	5,691,762
Unrealised loss on investments classified at fair value through profit or loss	1,831,350	-
<b>Deferred credits arising in respect of</b>		
Unrealised gain on investments classified at fair value through profit or loss	-	(153,227)
Right of use assets	(4,293,371)	(5,405,860)
	<u>3,229,741</u>	<u>132,675</u>
<b>11.1 Reconciliation of deferred tax</b>		
Opening balance	132,675	4,753,831
Charge / (reversal) for the year	3,097,066	(4,621,156)
Closing balance	<u>3,229,741</u>	<u>132,675</u>
<b>12. PREPAYMENTS - PTF</b>		
Prepaid		
- annual monitoring and other charges	8,219,870	9,167,368
- retakaful contribution ceded	56,488,377	33,851,668
	<u>64,708,247</u>	<u>43,019,036</u>

Note



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
<b>13. BANK BALANCES</b>	<b>Note</b>	----- (Rupees) -----		----- (Rupees) -----	
Current Accounts		-	-	-	-
Profit and loss sharing (PLS) Accounts	13.1	1,926,400	4,801,423	122,667,240	103,411,637
		<u>1,926,400</u>	<u>4,801,423</u>	<u>122,667,240</u>	<u>103,411,637</u>

**13.1** These accounts carry mark-up at ranging between 9.00% to 12.00% (2021: 6.00% to 7.00%) per annum.

**13.2 Cash and cash equivalents for the purpose of statement of cash flows**

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
	----- (Rupees) -----		----- (Rupees) -----	
Bank balances	1,926,400	4,801,423	122,667,240	103,411,637
Term deposit receipts	-	-	312,500,000	180,000,000
	<u>1,926,400</u>	<u>4,801,423</u>	<u>435,167,240</u>	<u>283,411,637</u>

**14. TAKAFUL/RETAKAFUL PAYABLE - PTF**

	2022	2021
	----- (Rupees) -----	
Amount due to other takaful / retakaful operator	<u>16,511,889</u>	<u>36,227,843</u>

		Operator's Fund		Participants' Takaful Fund	
		31 December	31 December	31 December	31 December
<b>15. OTHER CREDITORS AND ACCRUALS</b>	<b>Note</b>	----- (Rupees) -----		----- (Rupees) -----	
Creditors		1,609,331	1,663,780	-	-
Federal Insurance Fee		-	-	1,370,934	1,421,777
Federal Excise Duty (FED) - net		7,594,974	3,046,522	4,126,262	19,525,070
Commission payable		22,075,672	45,338,464	-	-
Lease obligation against right-of-use assets		-	-	14,966,185	30,088,305
Withholding tax payable		1,970,527	386,792	4,727,397	3,222,894
Deposits from customers		-	-	2,098,112	4,783,906
Others	15.1 & 15.2	1,854,452	1,709,461	12,311,270	11,418,015
		<u>35,104,956</u>	<u>52,145,019</u>	<u>39,600,160</u>	<u>70,459,967</u>

**15.1** This includes Rs. 1.34 million (2021: Rs. 0.21 million) and Rs. 11.54 million (2021: Rs. 10.64 million) in respect of time barred cheques under OF and PTF respectively.

**15.2** This includes outstanding claims in respect of which cheques aggregating to Rs. 9.45 million (2021: 10.64 million) have been issued by the Operator for claim settlement but the same have not been encashed by the claimant.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

	2022	2021
	----- (Rupees) -----	
- More than 6 months	12,885,137	10,656,852
- 1 to 6 months (included in provision for outstanding claims)	52,251,590	80,045,193
	<u>65,146,727</u>	<u>90,702,045</u>

Claims not encashed	AGE-WISE BREAKUP				TOTAL
	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24 months	
2022	52,251,590	2,330,814	4,682,635	5,871,688	12,885,137
2021	80,045,193	1,832,018	3,798,570	5,026,264	90,702,045

### 16. PAYABLE TO TPL INSURANCE LIMITED

This represents payable in respect of funds provided by TPL Insurance limited to meet expenses and to provide Qard-e-Hasna to Participants' Takaful Fund.

### 17. NET TAKAFUL CONTRIBUTION - PTF

	2022	2021
	----- (Rupees) -----	
Written Gross contribution	1,815,105,529	1,489,877,702
Less: Wakala Fee	(794,062,116)	(653,395,747)
Contribution Net of Wakala Fee	<u>1,021,043,413</u>	<u>836,481,955</u>
Add: Unearned contribution reserve opening net of deferred wakala fee	435,490,373	355,741,240
Less: Unearned contribution reserve closing net of deferred wakala fee	(524,226,445)	(435,490,372)
Contribution Earned	<u>932,307,341</u>	<u>756,732,823</u>
Retakaful contribution ceded	127,186,080	89,794,292
Add: Prepaid retakaful contribution opening	33,851,668	52,098,754
Less: Prepaid retakaful contribution closing	(56,488,377)	(33,851,668)
Retakaful expense	<u>104,549,371</u>	<u>108,041,378</u>
Net takaful contribution	<u>827,757,970</u>	<u>648,691,445</u>

### 18. NET TAKAFUL CLAIMS EXPENSE - PTF

Claims paid or payable	994,227,023	903,216,733
Add: Outstanding claims including IBNR closing	278,571,201	254,447,322
Less: Outstanding claims including IBNR opening	(254,447,322)	(175,407,599)
Claims expense	<u>1,018,350,902</u>	<u>982,256,456</u>
Less: Retakaful and other recoveries received	260,686,155	234,261,340
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	175,898,586	187,589,500
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	(187,589,499)	(123,774,489)
Retakaful and other recoveries revenue	<u>248,995,242</u>	<u>298,076,351</u>
Net takaful claims expense	<u>769,355,660</u>	<u>684,180,105</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 19. CLAIM DEVELOPMENT TABLE

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

Accident year	2015	2016	2017	2018	2019	2020	2021	2022	Total
	----- (Rupees) -----								
Estimate of ultimate claims cost:									
At end of accident year	190,721,464	381,323,105	480,355,303	613,435,787	615,034,813	699,971,869	998,504,003	1,062,762,962	
One year later	205,217,425	389,247,844	487,410,451	618,233,766	650,180,499	686,466,349	948,486,417	-	
Two years later	204,057,746	388,529,318	488,089,816	622,872,513	651,899,027	687,507,733	-	-	
Three years later	204,298,155	388,573,048	488,148,611	618,034,536	655,187,703	-	-	-	
Four years later	205,112,608	387,430,091	488,168,486	618,299,461	-	-	-	-	
Five years later	205,112,608	387,787,638	488,731,536	-	-	-	-	-	
Six years later	205,112,608	388,114,684	-	-	-	-	-	-	
Seven years later	205,258,453	-	-	-	-	-	-	-	
Estimate of cumulative claims	205,258,453	388,114,684	488,731,536	618,299,461	655,187,703	687,507,733	948,486,417	1,062,762,962	5,054,348,949
Cumulative payments to date	(205,258,453)	(387,841,426)	(488,189,586)	(618,235,961)	(645,187,703)	(686,763,533)	(939,817,388)	(804,483,698)	(4,775,777,748)
Liability for outstanding claims	-	273,258	541,950	63,500	10,000,000	744,200	8,669,029	258,279,264	278,571,201

### 20. NET COMMISSION EXPENSE - OF

Commissions paid or payable	
Add: Deferred commission - opening	
Less: Deferred commission - closing	
Commission expense	
Less: Commission from retakaful	
Commission received or receivable	
Add: Unearned commission - opening	
Less: Unearned commission - closing	
Commission from retakaful	
Net commission expense	

	2022	2021
	----- (Rupees) -----	
	263,859,355	179,693,787
	93,381,277	100,436,765
	(133,715,191)	(93,381,277)
	<u>223,525,441</u>	<u>186,749,275</u>
	24,580,499	12,552,684
	5,284,330	8,780,599
	(12,273,995)	(5,284,330)
	<u>17,590,834</u>	<u>16,048,953</u>
	<u>205,934,607</u>	<u>170,700,322</u>

### 21. WAKALA FEE

The Operator manages the general takaful operations of the participants and charges Wakala fee for its services. Wakala fee is charged at 45% for all classes of business except for health for which 10% wakala fee is charged.

### 22. OTHER DIRECT EXPENSES - PTF

Tracker monitoring fee	
Depreciation - Tracking devices	
Annual supervision fee SECP	
Bad and doubtful debts	

Note

	2022	2021
	----- (Rupees) -----	
	19,318,155	20,931,743
	45,434,797	55,075,906
	1,978,116	1,887,097
	-	4,000,000
	<u>66,731,068</u>	<u>81,894,746</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>23. MANAGEMENT EXPENSES - OF</b>		
	----- (Rupees) -----	
Employee benefit costs	265,730,469	213,863,487
Travelling and conveyance	11,847,733	2,344,735
Business partner engagement expenses	36,980,713	10,984,746
Advertisement and marketing	40,888,594	25,354,540
Printing and stationary	3,433,562	2,995,580
Rent, rates and taxes	4,671,791	7,371,476
Outsourcing expenses	23,975,457	21,089,440
Communication	4,898,769	4,683,842
Utilities	6,023,898	6,338,098
Vehicle running expenses	14,443,223	10,803,018
Repair and maintenance	8,502,441	26,317,852
Depreciation - Operating assets	28,644,865	19,961,314
Depreciation - Right of use assets	18,565,304	26,797,663
Amortization expense	3,031,819	2,494,166
Insurance	9,184,165	6,150,426
	<u>480,822,803</u>	<u>387,550,383</u>
<b>24. OTHER EXPENSES - OF</b>		
Employee benefit costs	51,272,795	41,851,203
Legal and professional charges	17,374,166	22,683,466
Auditors' remuneration	765,200	966,900
Registration, subscription and association	7,350,914	2,580,248
Donations	5,098,288	4,514,780
Communication	3,096,195	1,536,788
IT related cost	18,361,454	16,280,225
Utilities	1,297,455	1,240,310
Lease rentals	6,262,502	4,210,598
Others	4,979,292	3,003,034
	<u>115,858,260</u>	<u>98,867,552</u>
<b>25. INVESTMENT &amp; OTHER INCOME - PTF</b>		
Return on savings account	10,561,217	10,292,694
Other Income	850,620	-
Return on Term Deposits	43,445,182	15,522,220
	<u>54,857,019</u>	<u>25,814,914</u>
<b>Net realized gains on investments</b>		
- Fair value through Profit or (Loss)		
Realized gains on disposal of mutual funds	-	10,516,536
<b>Net unrealized gains on investments</b>		
- Fair value through Profit or (Loss)		
Unrealized loss on mutual funds	(6,843,370)	(5,087,522)
	<u>48,013,649</u>	<u>31,243,928</u>
<b>26. MODARIB'S SHARE OF INVESTMENT INCOME</b>		

The Operator manages the Participants' investments as a Modarib and charges 30% Modarib's share of investment income earned by PTF.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 27. TAXATION PTF

#### For the year

Current  
Deferred

2022	2021
----- (Rupees) -----	
10,767,094	8,383,802
(3,097,066)	4,621,156
<u>7,670,028</u>	<u>13,004,958</u>

27.1 Relationship between tax expense and accounting deficit is not produced as the tax charged is based on minimum tax turnover.

### 28. TRANSACTIONS WITH RELATED PARTIES PTF

#### TPL Insurance Limited - Conventional

Opening balance - payable  
Rental and other services charges  
Payments made by PTF - net  
Closing balance - payable

2022	2021
----- (Rupees) -----	
25,684,845	2,669,546
64,769,769	75,144,594
(89,016,931)	(52,129,295)
<u>1,437,683</u>	<u>25,684,845</u>
178,925,053	109,567,742
794,062,115	653,395,746
-	70,000,000
14,404,095	9,373,178
195,797,106	112,213,234
(1,008,463,146)	(775,624,847)
<u>174,725,223</u>	<u>178,925,053</u>
8,526,893	16,528,662
(8,526,893)	(8,001,769)
<u>-</u>	<u>8,526,893</u>

#### Operator's Fund

Opening balance - payable (including Qard-e-Hasna)  
Wakala fee charged during the year  
Qard-e-Hasna received / (returned) during the year  
Modarib fee charged during the year  
Taxes and other movement  
Payments made during the year  
Closing balance - payable

#### TPL Life Insurance Limited - common directorship

Opening balance - payable  
Retakaful claims recovered during the year  
Closing balance - payable



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 29. SEGMENT INFORMATION

		For the year ended December 31, 2022					
		Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
		----- (Rupees) -----					
<b>29.1</b>	<b>Participants' Takaful Fund</b>						
	Gross Written Contribution (inclusive of Administrative Surcharge)	94,613,811	11,618,010	1,559,290,498	143,415,938	6,167,272	1,815,105,529
	Gross Direct Contribution	92,235,242	11,184,370	1,501,070,999	143,285,938	5,900,932	1,753,677,481
	Facultative Inward Premium	1,922,694	90,094	9,570,339	-	-	11,583,127
	Administrative Surcharge	455,875	343,546	48,649,160	130,000	266,340	49,844,921
	Gross Wakala Fees during the year	(42,826,946)	(5,417,055)	(728,437,761)	(14,458,594)	(2,921,760)	(794,062,116)
	Takaful contribution earned net of Wakala fee expense	38,008,814	6,183,140	760,393,518	121,345,219	6,376,650	932,307,341
	Takaful contribution ceded to retakaful operators	(61,294,458)	(9,003,568)	(30,358,994)	708,394	(4,600,745)	(104,549,371)
	Net takaful contribution	(23,285,644)	(2,820,428)	730,034,524	122,053,613	1,775,905	827,757,970
	<b>Net underwriting income</b>	(23,285,644)	(2,820,428)	730,034,524	122,053,613	1,775,905	827,757,970
	Takaful claims	(5,905,233)	(994,791)	(889,566,553)	(115,360,994)	(6,523,331)	(1,018,350,902)
	Retakaful claims and other recoveries	5,177,566	809,318	237,164,646	5,394,999	448,713	248,995,242
	Net Claims	(727,667)	(185,473)	(652,401,907)	(109,965,995)	(6,074,618)	(769,355,660)
	Other direct expenses	-	-	(66,731,068)	-	-	(66,731,068)
	<b>Surplus / (deficit) before investment income</b>	(24,013,311)	(3,005,901)	10,901,549	12,087,618	(4,298,713)	(8,328,758)
	Investment income						48,013,649
	Less: Modarib's share of investment income						(14,404,095)
	Financial charges						(4,797,303)
	<b>Surplus transferred to balance of PTF</b>						20,483,493
	Corporate segment assets	167,608,942	8,251,427	737,466,514	47,583,775	1,832,808	962,743,466
	Corporate unallocated assets						473,089,036
	<b>Total assets</b>						1,435,832,502
	Corporate segment liabilities	88,987,404	3,772,821	1,056,327,261	87,201,100	4,859,149	1,241,147,735
	Corporate unallocated liabilities						75,452,804
	<b>Total liabilities</b>						1,316,600,539

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		For the year ended December 31, 2022					
		Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
		----- (Rupees) -----					
<b>29.2</b>	<b>Operator's Fund</b>						
	Wakala fee	31,433,654	5,409,585	667,605,927	13,612,069	5,778,526	723,839,761
	Net commission expense	2,575,911	405,756	(197,669,752)	(10,683,325)	(563,198)	(205,934,608)
	Management expenses	(2,186,653)	(694,843)	(439,505,823)	(36,408,126)	(2,027,357)	(480,822,802)
		<u>31,822,912</u>	<u>5,120,498</u>	<u>30,430,352</u>	<u>(33,479,382)</u>	<u>3,187,971</u>	<u>37,082,351</u>
	Modarib's share of PTF investment income						14,404,095
	Investment income						986,073
	Other expenses						(115,858,260)
	<b>Loss before taxation</b>						<u>(63,385,741)</u>
	Corporate segment assets	7,367,387	240,388	120,862,860	4,714,426	530,130	133,715,191
	Corporate unallocated assets						3,736,220
	<b>Total assets</b>						<u>137,451,411</u>
	Corporate segment liabilities	24,919,614	628,042	377,970,703	6,836,963	754,587	411,109,909
	Corporate unallocated liabilities						401,830,788
	<b>Total liabilities</b>						<u>812,940,697</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 29. SEGMENT INFORMATION (CONTINUED)

		For the year ended December 31, 2021					
		Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
		----- (Rupees) -----					
<b>29.3</b>	<b>Participants' Takaful Fund</b>						
	Gross Written Contribution						
	(inclusive of Administrative Surcharge)	57,805,164	13,111,973	1,290,179,393	115,971,659	12,809,513	1,489,877,702
	Gross Direct Contribution	56,345,202	12,582,018	1,241,181,705	115,836,179	12,210,017	1,438,155,121
	Facultative Inward Premium	1,197,493	136,742	7,672,993	-	-	9,007,228
	Administrative Surcharge	262,469	393,213	41,324,695	135,480	599,496	42,715,353
	Gross Wakala Fees during the year	(26,156,682)	(6,116,655)	(603,309,310)	(11,719,097)	(6,094,003)	(653,395,747)
	Takaful contribution earned net of wakala fee expense	28,552,910	7,165,087	630,628,882	87,427,515	2,958,429	756,732,823
	Takaful contribution ceded to retakaful operators	(46,608,060)	(10,914,692)	(35,818,926)	(14,699,700)	-	(108,041,378)
	Net takaful contribution	(18,055,150)	(3,749,605)	594,809,956	72,727,815	2,958,429	648,691,445
	Takaful claims	(99,895,388)	(3,534,852)	(784,803,053)	(87,576,021)	(6,447,142)	(982,256,456)
	Retakaful claims and other recoveries	96,203,119	2,880,603	188,925,744	9,879,552	187,332	298,076,350
	Net Claims	(3,692,269)	(654,249)	(595,877,309)	(77,696,469)	(6,259,810)	(684,180,106)
	Reversal of contribution deficiency reserve	-	-	-	141,984	-	141,984
	Other direct expenses	-	-	(81,894,746)	-	-	(81,894,746)
	Deficit before investment income	(21,747,419)	(4,403,854)	(82,962,099)	(4,826,670)	(3,301,381)	(117,241,423)
	Investment income						31,243,928
	Less: Modarib's share of investment income						(9,373,182)
	Financial Charges						(480,124)
	Deficit transferred to balance of PTF						(95,850,801)
	Corporate segment assets	132,379,686	4,856,294	685,250,724	36,117,474	15,747,064	874,351,243
	Corporate unallocated assets						425,075,886
	Total assets						1,299,427,129
	Corporate segment liabilities	105,987,865	3,644,121	876,423,892	71,163,808	8,978,196	1,066,197,882
	Corporate unallocated liabilities						126,810,750
	Total liabilities						1,193,008,632



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

		For the year ended December 31, 2021					
		Fire & property damage	Marine	Motor	Health	Miscellaneous	Aggregate
		----- (Rupees) -----					
<b>29.4</b>	<b>Operator's Fund</b>						
	Wakala fee	23,492,516	6,262,149	551,525,341	9,715,591	2,671,996	593,667,593
	Net commission expense	987,143	389,341	(165,899,509)	(4,691,325)	(1,485,971)	(170,700,321)
	Management expenses	(1,324,524)	(612,047)	(364,124,734)	(20,117,524)	(1,371,554)	(387,550,383)
		<u>23,155,135</u>	<u>6,039,443</u>	<u>21,501,098</u>	<u>(15,093,258)</u>	<u>(185,529)</u>	<u>35,416,889</u>
	Modarib's share of PTF investment income						9,373,178
	Investment income						290,254
	Other expenses						(98,867,552)
	Loss before taxation						<u>(53,787,231)</u>
	Corporate segment assets	3,949,265	228,809	83,001,589	5,679,660	521,954	93,381,277
	Corporate unallocated assets						10,024,642
	Total assets						<u>103,405,919</u>
	Corporate segment liabilities	13,526,322	620,572	317,138,868	5,990,438	3,611,353	340,887,553
	Corporate unallocated liabilities						374,621,910
	Total liabilities						<u>715,509,463</u>

		At Amortized cost	At Fair value through profit and loss	Total
<b>30.</b>	<b>MOVEMENT IN INVESTMENTS</b>			
	<b>As at January 01, 2021</b>	327,500,000	15,614,373	343,114,373
	Additions	105,000,000	50,000,000	155,000,000
	Disposals (sale and redemption)	(150,000,000)	(34,000,000)	(184,000,000)
	Fair value net gains (excluding net realized gains)	-	5,430,534	5,430,534
	<b>As at December 31, 2021</b>	<u>282,500,000</u>	<u>37,044,907</u>	<u>319,544,907</u>
	Additions	182,500,000	-	182,500,000
	Disposals (sale and redemption)	(150,000,000)	-	(150,000,000)
	Fair value net gains (excluding net realized gains)	-	6,843,370	6,843,370
	<b>As at December 31, 2022</b>	<u>315,000,000</u>	<u>43,888,277</u>	<u>358,888,277</u>

### 31. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

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

#### 31.1 Takaful risk management

##### 31.1.1 Takaful risk

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

### 31.1.2 Frequency and severity of claims

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

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

### 31.1.3 Uncertainty in the estimation of future claim payments

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a periodic basis.

### 31.1.4 Key assumptions

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

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

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

The details of estimation of outstanding claims (including IBNR) are given under note 3.4.

### 31.1.5 Sensitivity analysis

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Average claim cost	PTF			
	Underwriting results		Fund balance	
	2022	2021	2022	2021
	----- (Rupees) -----			
Fire & property damage	72,767	369,227	51,665	262,151
Marine	18,547	65,425	13,168	46,452
Motor business	65,240,191	59,587,731	46,320,536	42,307,289
Health	10,996,600	7,769,647	7,807,586	5,516,449
Miscellaneous	607,462	625,981	431,298	444,447
	<u>76,935,567</u>	<u>68,418,011</u>	<u>54,624,253</u>	<u>48,576,788</u>

### 31.1.6 Concentration of risk

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

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

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

Retakaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims retakaful to the extent that retakaful operator fails to meet the obligation under the retakaful agreements.

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

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

	Gross sum covered		Retakaful		Net	
	2022	2021	2022	2021	2022	2021
	----- (Rupees) -----					
Fire & property damage	6,796,168,817	6,124,100,000	6,349,052,447	6,001,618,000	447,116,370	122,482,000
Marine, aviation & transport	191,472,283	261,096,000	171,472,283	249,354,062	20,000,000	11,741,938
Motor business	63,900,000	87,000,000	38,975,000	62,000,000	24,925,000	25,000,000
Health	1,800,000	1,800,000	-	-	1,800,000	1,800,000
Miscellaneous	185,000,000	5,000,000	-	-	185,000,000	5,000,000
	<u>7,238,341,100</u>	<u>6,478,996,000</u>	<u>6,559,499,730</u>	<u>6,312,972,062</u>	<u>678,841,370</u>	<u>166,023,938</u>

### 32. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Risk management framework

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

### 32.1 Credit risk

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

#### 32.1.1 Management of credit risk

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

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.
- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.
- Cash is held with reputable banks only.

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

#### 32.1.2 Exposure to credit risk

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

	OF		PTF	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	----- (Rupees) -----			
Term deposits	-	-	315,000,000	315,000,000
Takaful/ retakaful receivable	-	-	281,255,809	281,255,809
Retakaful recoveries against outstanding claims	-	-	62,058,884	62,058,884
Salvage recoveries accrued	-	-	113,839,699	113,839,699
Bank balances	1,926,400	1,926,400	122,667,240	122,667,240
	<u>1,926,400</u>	<u>1,926,400</u>	<u>894,821,632</u>	<u>894,821,632</u>

	OF		PTF	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	----- (Rupees) -----			
Term deposits	-	-	282,500,000	282,500,000
Takaful/ retakaful receivable	-	-	252,059,900	252,059,900
Retakaful recoveries against outstanding claims	-	-	107,975,191	107,975,191
Salvage recoveries accrued	-	-	79,614,305	79,614,305
Bank balances	4,801,423	4,801,423	103,411,637	103,411,637
	<u>4,801,423</u>	<u>4,801,423</u>	<u>825,561,033</u>	<u>825,561,033</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 32.1.3 Past due / impaired assets

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

	PTF	
	2022	2021
	----- (Rupees) -----	
0-90 days	209,327,486	217,655,868
Over 90 days	71,928,323	34,404,032
Total	<u>281,255,809</u>	<u>252,059,900</u>

The above balance is considered good and is not impaired.

### 32.1.4 Credit Rating and Collateral

The credit quality of Operator's bank balances can be assessed with reference to external credit rating as follows:

Rating Long term	Rating Agency	OF	
		2022	2021
		----- (Rupees) -----	
AAA	JCR-VIS	1,852,645	3,484,153
A+	JCR-VIS	73,755	1,317,270
		<u>1,926,400</u>	<u>4,801,423</u>

Rating Long term	Rating Agency	PTF	
		2022	2021
		----- (Rupees) -----	
AAA	JCR-VIS	16,750,735	33,272,272
AA+	PACRA	26,054,373	3,422,136
AA	JCR-VIS	15,255,966	64,435,149
AA	PACRA	-	8,092,996
A+	PACRA	89,083,764	707,490
A-	JCR-VIS	103,981,810	100,680,207
BBB-	JCR-VIS	186,194,638	175,375,817
		<u>437,321,286</u>	<u>385,986,067</u>

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it relates is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Rating	PTF	
		2022	2021
		----- (Rupees) -----	
Prepaid re-takaful ceded	A or above (including PRCL)	56,488,377	33,851,668

### 32.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

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

	PTF		PTF	
	2022		2021	
	(Rupees)	%	(Rupees)	%
Individuals	6,118,828	2%	13,908,306	6%
Corporate	275,136,981	98%	238,151,594	94%
	<u>281,255,809</u>	<u>100%</u>	<u>252,059,900</u>	<u>100%</u>

### 32.1.6 Settlement risk

The Operator's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

### 32.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

#### 32.2.1 Management of liquidity risk

The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

#### 32.2.2 Maturity analysis of assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including profit payments).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### ASSETS

Receivable from Participants' Takaful Fund
Bank balances
<b>Total assets</b>

### LIABILITIES

Other creditors and accruals
Payable to TPL Insurance Limited
<b>Total liabilities</b>

OF

**2022**

Carrying amount	Upto one year	More than one year
----- (Rupees) -----		

825,223	825,223	-
1,926,400	1,926,400	-
<u>2,751,623</u>	<u>2,751,623</u>	<u>-</u>
35,104,956	35,104,956	-
366,725,832	366,725,832	-
<u>401,830,788</u>	<u>401,830,788</u>	<u>-</u>

**2021**

Carrying amount	Upto one year	More than one year
----- (Rupees) -----		

5,025,054	5,025,054	-
4,801,423	4,801,423	-
<u>9,826,477</u>	<u>9,826,477</u>	<u>-</u>
52,145,019	52,145,019	-
322,476,890	322,476,890	-
<u>374,621,909</u>	<u>374,621,909</u>	<u>-</u>

### ASSETS

Receivable from Participants' Takaful Fund
Bank balances
<b>Total assets</b>

### LIABILITIES

Other creditors and accruals
Payable to TPL Insurance Limited
<b>Total liabilities</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### ASSETS

Investments
Mutual Funds
Term deposits
Accrued investment income
Prepayments
Bank balances
Total assets

### LIABILITIES

Other creditors and accruals
Payable to TPL Insurance Limited
Payable to Operator's Fund
Total liabilities

### PTF

2022

Carrying amount	Upto one year	More than one year
----- (Rupees) -----		

30,201,537	30,201,537	-
315,000,000	312,500,000	2,500,000
1,990,521	1,990,521	-
64,708,247	64,708,247	-
122,667,240	122,667,240	-
<u>534,567,545</u>	<u>532,067,545</u>	<u>2,500,000</u>

39,600,160	39,600,160	-
1,437,683	1,437,683	-
825,223	825,223	-
<u>41,863,066</u>	<u>41,863,066</u>	<u>-</u>

### PTF

2021

Carrying amount	Upto one year	More than one year
----- (Rupees) -----		

37,044,907	37,044,907	-
282,500,000	280,000,000	2,500,000
4,055,629	4,055,629	-
43,019,036	43,019,036	-
103,411,637	103,411,637	-
<u>470,031,209</u>	<u>467,531,209</u>	<u>2,500,000</u>

70,459,967	70,459,967	-
25,684,845	25,684,845	-
5,025,054	5,025,054	-
<u>101,169,866</u>	<u>101,169,866</u>	<u>-</u>

### 32.3 Market risk

Market risk is the risk that changes in market prices, such as profit rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Operator's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The Operator is exposed to profit rate risk, currency risk and other price risk.

### 32.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Profit rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits profit rate risk by monitoring changes in profit rates. Other risk management procedures are the same as those mentioned in the credit risk management.

#### 32.3.1.1 Sensitivity analysis

At the balance sheet date the profit rate profile of the Operator's profit-bearing financial instrument are as follows:

	OF			
	2022	2021	2022	2021
Financial assets	Effective profit rate (in %)		----- (Rupees) -----	
Assets subject to fixed rate				
- Term deposits	-	-	-	-
Assets subject to variable rate				
- Bank balances	9.00% - 12.00%	6.00% - 7.00%	1,926,400	4,801,423

	PTF			
	2022	2021	2022	2021
Financial assets	Effective profit rate (in %)		----- (Rupees) -----	
Assets subject to fixed rate				
- Government Securities	-	-	-	-
- Term deposits	9.50% - 15.00%	6.00% - 7.75%	315,000,000	282,500,000
Assets subject to variable rate				
- Debt Securities	-	-	-	-
- Bank balances	9.00% - 12.00%	6.00% - 7.00%	122,667,240	103,411,637

#### Fair value sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in profit rates at the reporting date would not affect profit and loss account and Fund of the Operator.

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

The Operator is exposed to cash flow profit rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in profit rates at the reporting date would have decreased / increased profit for the year by the amounts shown below.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		2021	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	----- (Rupees) -----		----- (Rupees) -----	
	OF			
Cash flow sensitivity	19,264	(19,264)	48,014	(48,014)
	PTF			
Cash flow sensitivity	4,376,672	(4,376,672)	3,859,116	(3,859,116)

### 32.3.1.2 Exposure to profit rate risk

A summary of the Operator's profit rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	OF				
	2022				
	Mark up/ return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
	----- (Rupees) -----				
<b>Assets</b>					
Bank deposits	9.00% - 12.00%	1,926,400	-	-	1,926,400
<b>Total assets</b>		1,926,400	-	-	1,926,400
<b>Liabilities</b>	-	-	-	-	-
<b>Total profit sensitivity gap</b>		1,926,400	-	-	1,926,400

	OF				
	2021				
	Mark up/ return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
	----- (Rupees) -----				
<b>Assets</b>					
Bank deposits	6.00% - 7.00%	4,801,423	-	-	4,801,423
<b>Total assets</b>		4,801,423	-	-	4,801,423
<b>Liabilities</b>	-	-	-	-	-
<b>Total profit sensitivity gap</b>		4,801,423	-	-	4,801,423

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	PTF				Total
	Mark up/ return (%)	less than 1 year	1 year to 5 years	More than 5 years	
	2022				
	----- (Rupees) -----				
<b>Assets</b>					
Term deposits	9.50% - 15.00%	280,000,000	2,500,000	-	282,500,000
Bank deposits	9.00% - 12.00%	122,667,240	-	-	122,667,240
<b>Total assets</b>		402,667,240	2,500,000	-	405,167,240
<b>Liabilities</b>	-	-	-	-	-
<b>Total profit sensitivity gap</b>		402,667,240	2,500,000	-	405,167,240

	PTF				Total
	Mark up/ return (%)	less than 1 year	1 year to 5 years	More than 5 years	
	2021				
	----- (Rupees) -----				
<b>Assets</b>					
Term deposits	6.00% to 7.75%	280,000,000	2,500,000	-	282,500,000
Bank deposits	6.00% - 7.00%	103,411,637	-	-	103,411,637
<b>Total assets</b>		383,411,637	2,500,000	-	385,911,637
<b>Liabilities</b>	-	-	-	-	-
<b>Total profit sensitivity gap</b>		383,411,637	2,500,000	-	385,911,637

### 32.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from profit/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Operator is not exposed to any price risk at the balance sheet date as it has no financial instrument that is linked to market price.

### 32.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

### 32.4 Fund management

The Operator's objective when managing capital is to safe guard the Operator's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The Operator manages its fund structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

### 33. STATEMENT OF SOLVENCY

Equipment
Investments
Mutual funds
Term deposits
Takaful / retakaful receivable
Retakaful recoveries against outstanding claims
Salvage recoveries accrued
Loans and other receivables
Deferred Wakala fee
Deferred taxation
Prepayments
Cash and bank deposits
<b>Total Assets (A)</b>

#### Inadmissible Assets

Property and equipment
Takaful/ retakaful receivable
Deferred taxation
Prepayments
Total of In-admissible Assets (B)

#### Total of Admissible Assets (C=A-B)

#### Total Liabilities

Underwriting Provisions
Outstanding claims including IBNR
Unearned premium reserves
Unearned reinsurance commission
Premium received in advance
Insurance / reinsurance payables
Other creditors and accruals
Lease liability against right-of-use asset
Qard-e-Hasna
Payable to TPL Insurance Limited
Payable to Operator's Fund
Taxation less provision for payment
Total liabilities of Takaful Operations - OF

#### Total Liabilities including Qard-e-Hasna

Net deficit as at December 31
Deficit already financed by Qard-e-Hasna

	2022	2021
	----- (Rupees) -----	
	29,770,914	-
	30,201,537	37,044,907
	315,000,000	282,500,000
	281,255,809	252,059,901
	62,058,885	107,975,192
	113,839,699	79,614,305
	1,990,521	4,055,629
	411,109,909	340,887,553
	3,229,741	132,675
	64,708,247	66,141,932
	122,667,240	103,411,637
	<u>1,435,832,502</u>	<u>1,273,823,731</u>
	14,804,729	-
	57,613,236	31,723,527
	3,229,741	132,675
	-	32,290,264
	<u>75,647,706</u>	<u>64,146,466</u>
	<u>1,360,184,796</u>	<u>1,209,677,265</u>
	278,571,201	254,447,322
	935,336,354	776,377,926
	12,273,995	5,284,330
	12,893,137	11,117,544
	16,511,888	36,227,843
	24,633,975	40,358,861
	14,966,185	-
	173,900,000	173,900,000
	1,437,683	-
	825,223	5,025,054
	19,150,896	8,383,802
	-	-
	<u>1,490,500,537</u>	<u>1,311,122,682</u>
	<u>(130,315,741)</u>	<u>(101,445,417)</u>
	<u>173,900,000</u>	<u>173,900,000</u>
	<u>43,584,259</u>	<u>72,454,583</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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**34. GENERAL**

**34.1** Figures have been rounded off to the nearest Rupee.

**35. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorised for issue on February 24, 2023 by the Board of Directors of the Operator.



CHIEF FINANCIAL OFFICER



CHAIRMAN



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of TPL Insurance Limited ("Company") will be held on Thursday, April 27th, 2023 at 11:00 a.m. at PSX Auditorium, Stock Exchange Building, Exchange Road, Karachi, to transact the following business:

## ORDINARY BUSINESS:

1. To approve the minutes of the Extraordinary General Meeting held on September 19, 2022.

**"RESOLVED THAT** the minutes of Extraordinary General Meeting of TPL Insurance Limited held on September 19, 2022 at 11:00 am be and are hereby approved."

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company together with the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2022.

**"RESOLVED THAT** the Annual Audited Financial Statements of TPL Insurance Limited, together with the Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended 31 December, 2022 be and are hereby approved."

3. To appoint Auditors for the year ending December 31, 2023 and fix their remuneration. M/s. BDO Ebrahim & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

**"RESOLVED THAT** M/s. BDO Ebrahim & Co., Chartered Accountants be and are hereby appointed as Auditors of M/s. TPL Insurance Limited on the basis of consent received from them, at a fee mutually agreed for the period ending December 31, 2023."

4. To ratify the interim Bonus shares (in proportion of 35 shares for every 100 shares held i.e. 35%) already issued for the quarter ended September 30, 2022.

**"RESOLVED THAT** the interim Bonus shares, in proportion of 35 shares for every 100 shares held i.e. 35%, already issued for the quarter ended September 30, 2022, as approved by the Board of Directors, be and is hereby ratified."

## SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, special resolution in terms of Section 199 of the Companies Act, 2017 to authorize the Company for renewal of advance of Rs. 300 million to the associated company TPL Trakker Limited.

**"RESOLVED THAT** pursuant to Section 199 of the Companies Act 2017, the Company be and is hereby authorized for renewal of advance of Rs. 300 million to the associated company TPL Trakker Limited."

6. To consider and if thought fit to pass with or without modification(s), the following resolutions as special resolutions to offer, issue and allot shares under TPL Insurance Limited Employee Stock Option Scheme 2020 (the ESOP Scheme).

**"RESOLVED THAT** pursuant to section 83A of the Companies Act, 2017(the Act) read along with regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020 (the regulations) and Memorandum and Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company, subject to any amendments that may be required by the Securities and Exchange Commission of Pakistan (the SECP), to issue, offer and allot to eligible employees of the Company, options exercisable into equity shares of the Company of nominal value of Rs.10 each up to 500,000 shares under TPL Insurance Limited Employee Stock Option Scheme 2020 (the ESOP scheme), at price of Rs.10 per share (exercise price) with retrospective effect from January 01, 2023."

**"RESOLVED FURTHER THAT** pursuant to provision under regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020, the grant of options equal to or exceeding one percent of the issued or paid up capital of the company at the time of grant of options, within one year, to identified employees be and is hereby approved."

**"RESOLVED FURTHER THAT** pursuant to provision under regulation 7 of the Companies (Further Issue of Capital) Regulations, 2020, the grant of options to any employee of subsidiary or holding Company be and is hereby approved."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to make modifications in the Scheme including in any ancillary documents thereto, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the regulations, the memorandum of association

7. To consider and if thought fit, to pass resolution in pursuance of S.R.O. 389 (I)/2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan ("the SECP") to authorize the Company to circulate the annual audited financial statements to its members through QR enabled code and weblink.

**"RESOLVED THAT** pursuant to S.R.O. 389 (I)/2023 of the SECP, the Company be and is hereby authorized to circulate the annual audited financial statements to its members through QR enabled code and weblink."

#### **ANY OTHER BUSINESS:**

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

By Order of the Board

**Danish Qazi**  
Company Secretary

**Karachi, April 06, 2023**



**Statement of Material Facts under Section 134(3) of the Companies Act, 2017 relating to the said Special Business:**

**Advance of amount up to Rs. 300 Million to TPL Trakker Limited:**

TPL Insurance Limited (the "Company") is desirous to renew advance made to TPL Trakker Limited which was initially approved by the members in April, 2019.

The information required to be annexed to the Notice by Notification No. S. R. O. 1240(I)/2017 dated December 06, 2017 is set out below:

S.No.	Requirement	Information																																		
i.	Name of the associated company or associated undertaking	TPL Trakker Limited																																		
ii.	Basis of relationship	Associated Company																																		
iii.	Earnings per share for the last three years of the Associated Company	Earnings per Share: 2023(HY): Rs. 0.14 2022: Rs. 1.05 2021: Rs. (0.64)																																		
iv.	Break-up value per share, based on latest audited financial statements	PKR 10.58 per share																																		
v.	Financial position of the associated company	<p>The extracts of the reviewed balance sheet and profit and loss account of the associated company as at and for the half year ended Dec 31, 2022 is as follows:</p> <table border="1"> <thead> <tr> <th>Balance Sheet</th> <th>Rupees</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td>2,815,632,289</td> </tr> <tr> <td>Other assets</td> <td>3,775,897,946</td> </tr> <tr> <td><b>Total Assets</b></td> <td><b>6,591,530,235</b></td> </tr> <tr> <td><b>Total Liabilities</b></td> <td><b>4,150,654,131</b></td> </tr> <tr> <td colspan="2"><i>Represented by:</i></td> </tr> <tr> <td>Paid up capital</td> <td>1,872,630,930</td> </tr> <tr> <td>Capital Reserve</td> <td>202,650,046</td> </tr> <tr> <td>Accumulated profits</td> <td>70,576,457</td> </tr> <tr> <td>Other components of equity</td> <td>295,018,671</td> </tr> <tr> <td><b>Equity</b></td> <td><b>2,440,876,104</b></td> </tr> <tr> <td colspan="2"><b>Profit and Loss - HY 2023</b></td> </tr> <tr> <td>Profit before interest and taxation</td> <td>294,057,531</td> </tr> <tr> <td>Financial charges</td> <td>-254,559,318</td> </tr> <tr> <td>Profit before taxation</td> <td>39,498,213</td> </tr> <tr> <td>Taxation</td> <td>-13,149,551</td> </tr> <tr> <td><b>Profit after taxation</b></td> <td><b>26,348,662</b></td> </tr> </tbody> </table>	Balance Sheet	Rupees	Non-current assets	2,815,632,289	Other assets	3,775,897,946	<b>Total Assets</b>	<b>6,591,530,235</b>	<b>Total Liabilities</b>	<b>4,150,654,131</b>	<i>Represented by:</i>		Paid up capital	1,872,630,930	Capital Reserve	202,650,046	Accumulated profits	70,576,457	Other components of equity	295,018,671	<b>Equity</b>	<b>2,440,876,104</b>	<b>Profit and Loss - HY 2023</b>		Profit before interest and taxation	294,057,531	Financial charges	-254,559,318	Profit before taxation	39,498,213	Taxation	-13,149,551	<b>Profit after taxation</b>	<b>26,348,662</b>
Balance Sheet	Rupees																																			
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<b>Profit after taxation</b>	<b>26,348,662</b>																																			



S.No.	Requirement	Information
vi	<p>In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is also required:</p> <ul style="list-style-type: none"> <li>a) a description of the project and its history since conceptualization;</li> <li>b) starting date and expected date of completion;</li> <li>c) time by which such project shall become commercially operational;</li> <li>d) expected return on total capital employed in the project; and</li> <li>e) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;</li> </ul>	N/A
vii.	Maximum amount of investment/ advance to be made	PKR 300 million
viii.	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	To ensure continuity of supply of tracking units used in insured vehicles
ix.	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <ul style="list-style-type: none"> <li>(a) justification for investment through borrowings;</li> <li>(b) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</li> <li>(c) cost benefit analysis;</li> </ul>	Available cash and bank balances.
x.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	The advance is provided to ensure continuity of supply of tracking units. The advance carries markup at the rate of KIBOR + 3.5% with a floor of 10% per annum
xi.	Direct or indirect interest, of directors, sponsors, majority shareholders and their relatives, if any, in the associated company/undertaking or the transaction under consideration	TPL Trakker Limited is a subsidiary of TPL Corp Limited, the parent Company of TPL Insurance Limited

S.No.	Requirement	Information
xii.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	The advance was provided in the past and carried mark-up at KIBOR + 3.5% per annum
xiii.	Any other important details necessary for the members to understand the transaction;	N/A
xiv.	Category-wise amount of investment;	Advance against supply of tracking units upto Rs. 300 million
xv.	Average borrowing cost of the investing company or in case of absence of borrowing the KIBOR (Karachi Inter Bank Offered Rate) for the relevant period	Current 1 year KIBOR is 21.28% per annum on 03rd March 2023
xvi.	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	The advance carries markup at the rate of 1 year KIBOR + 3.5% with a floor of 10%
xvii.	Particulars of collateral or security to be obtained in relation to the proposed investment;	The advance is unsecured
xviii.	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	Advance is not convertible
xix.	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Advance is adjustable against the invoices for rental of tracking units and monitoring fee on a monthly basis.

### **To offer, issue and allot shares under TPL Insurance Limited Employee Stock Option Scheme 2020 (the ESOP Scheme)**

With an objective to attract, retain and motivate the best talent, the Board of Directors (the Board) of the Company has proposed to issue, offer, and allot options exercisable into equity shares of the Company of nominal value of Rs.10 each up to 500,000 shares under TPL Insurance Limited Employee Stock Option Scheme 2020 (the ESOP scheme), to the employees, duly determined by the Board and its Human Resource & Remuneration/Compensation Committee for the vesting period of 2 years at price of Rs.10 per share (exercise price) exercisable within a period of 6 months.

### **To circulate the annual audited financial statements to its members through QR enabled code and weblink:**

In pursuance of S.R.O. 389 (I)/2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan ("the SECP"), the members are requested to authorize the Company to circulate the annual audited financial statements to its members through QR enabled code and weblink.

## Notes:

### 1. Video Conferencing Facility

- a. To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information through email at [company.secretary@tplholdings.com](mailto:company.secretary@tplholdings.com) at least forty-eight (48) hours before the AGM.

Name of Shareholder	CNIC/NTN No.	Folio No/ CDC A/c No	Cell Number	Email Address

- b. Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Company via email.
- c. The login facility will remain open from 10:50 a.m. till the end of AGM.

### 2. Closure of Share Transfer Books:

The Share Transfer Book of the Company will remain closed from April 21, 2023 to April 27, 2023 (both days inclusive). Share Transfers received at M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan by the close of business hours (5:00 PM) on April 20, 2023, will be treated as being in time for the purpose of above entitlement to the transferees.

### 3. Participation in the Meeting:

All members of the Company are entitled to attend the meeting and vote there at through Proxy. A proxy duly appointed shall have such rights as respect to the speaking and voting at the meeting as are available to a member. Duly filled and signed Proxy Form must be received at the Registrar office of the Company M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan, not less than 48 hours before the Meeting.

### 4. For Attending the Meeting:

- i. In case of individual, the Account holder and/or Sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by providing copy of his/her valid CNIC or passport along with other particulars (Name, Folio/CDS Account Number, Cell Phone Number) via email to aforementioned ID and in case of proxy must enclose copy of his/her CNIC or passport.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided via email to aforementioned ID.

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## 5. **Change of Address:**

Members are requested to immediately notify the change, if any, in their registered address to the Share Registrar M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan.

## 6. **Conversion of Physical Shares into the Book Entry Form:**

The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form.

The shareholders of TPL Insurance Limited having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc. For further information and assistance, the shareholders may contact our Share Registrar, M/s. THK Associates (Private) Limited.

## 7. **Electronic Transmission of Annual Report 2022:**

In compliance with section 223(6) of the Companies Act, 2017, the Company has electronically transmitted the Annual Report 2022 through DVD to shareholders.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2022, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.



# FORM OF PROXY

## Annual General Meeting of TPL Insurance Limited

I/We \_\_\_\_\_ s/o / D/o / W/o \_\_\_\_\_  
resident of (full address) \_\_\_\_\_  
being a member(s) of TPL Insurance Limited, holding \_\_\_\_\_ ordinary shares, hereby appoint  
\_\_\_\_\_ s/o / D/o / W/o \_\_\_\_\_ resident  
of (full address) \_\_\_\_\_ or failing him / her  
\_\_\_\_\_ s/o / D/o / W/o \_\_\_\_\_ resident  
of (full address) \_\_\_\_\_ as my / our proxy in my / our absence  
to attend and vote for me / us on my / our behalf at Annual General Meeting of the Company to be held  
on Thursday, 27th April, 2023 and/or adjournment thereof.

As witness my / our hand (s) seal this on the \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Signed by the said:

Folio No. / CDC Account No.

Signature on  
Revenue Stamp of  
Appropriate Value.

The signature should agree  
with the specimen registered  
with the Company.

In presence of:

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

### Important Instructions:

1. The Proxy form, duly completed and signed, must be received at the Registrar's Office of the Company not less than forty eight (48) hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. In case of a proxy for an individual CDC shareholder, attested copies of CNIC or the passport, account and participant's ID number of the beneficial owner and along with the proxy is required to be furnished with the proxy form.
4. In case of a corporate entity, the Board of Directors' resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Company.

میں اہم \_\_\_\_\_ ولد/دختر/زوجہ \_\_\_\_\_  
کا/کے (مکمل پتہ) \_\_\_\_\_

بحیثیت رکن TPL انشورنس لمیٹڈ مالک، عام حصص، بذریعہ ہذا \_\_\_\_\_  
پتہ \_\_\_\_\_ محترم / محترمہ \_\_\_\_\_  
(مکمل پتہ) \_\_\_\_\_

یا اسکی غیر موجودگی میں محترم / محترمہ \_\_\_\_\_  
پتہ \_\_\_\_\_  
(مکمل پتہ) \_\_\_\_\_

کمپنی میں عام شیئرز رکھتا ہے/رکھتی ہے/رکھتے ہے بطور میراث ہمارے پراکسی مورثہ 27 اپریل 2023ء بروز جمعرات کمپنی کے منعقد ہونے والے سالانہ اجلاس عام میں حق رائے وہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2023ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

سی ڈی سی اکاؤنٹ نمبر

ریونیومہر دستخط

(دستخط کا کاپی کے پاس رجسٹرڈ شدہ دستخط  
کے نمونے کی طرح ہونا ضروری ہے۔)

۱۔ دستخط: \_\_\_\_\_ ۲۔ دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_ نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_ پتہ: \_\_\_\_\_  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

### اہم نوٹ

- پراکسی فارم، باقاعدہ مکمل اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم 48 (اٹتالیس) گھنٹے قبل لازماً وصول ہو جانے چاہیے۔
- اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کے ہاں ایک سے زیادہ پراکسی آلات جمع کراتا ہے تو پراکسی کے ایسے تمام آلات مسترد کر دیئے جائیں گے۔
- انفرادی سی ڈی سی شیئرز ہولڈرز کے پراکسی کی صورت میں پیشگیل اونرمعہ پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، اکاؤنٹ اور پارٹنیشن کا آئی ڈی نمبر پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔
- بصورت کارپوریٹ اینٹی، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے نمونے دستخط پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا (اگر پہلے مہیا نہیں کیا گیا)۔

# GLOSSARY

S.No.	Term	Designation
1	Actuary	An actuary is a professional who assesses and manages the risks of financial investments, insurance policies and other potentially risky ventures.
2	Actuarial Valuations	A determination by an actuary at a special date of the value of an insurance Company's assets and its liabilities.
3	Amortization	The process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time.
4	Associate	Is a company / undertaking in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
5	Authorized Share Capital	The maximum value of share that a Company can legally issue.
6	Book Value	The value of an asset as entered in a company's books.
7	Capital Reserves	Any reserve not regarded free for distribution by way of dividends.
8	Budget	An estimate of income and expenditure for a set period of time.
9	Business mixes	The combination of different types of business activities that a company is engaged in
10	Capital Expenditure	The cost of long-term improvements and fixed assets.
11	Capital Gain	Portion of the total gain recognized on the sale or exchange of a non-inventory asset.
12	Capital Reserves	Any reserve not regarded free for distribution by way of dividends.
13	Catastrophe	An event causing great and usually sudden damage or suffering.
14	Cedant	Client of a reinsurance company.
15	Combined Ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
16	Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
17	Consumer online Portal	An internet window presence for selling all retails consumer products.
18	Contact Centre	It is also known as call center. It is a central location of an enterprise from which all customer contacts are managed.
19	Claims	The amount payable under a contract of insurance arising from occurrence of an insured event.



S.No.	Term	Designation
20	Claims Incurred	The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
21	Cloud Service	It is a service made available to users on demand via the Internet from a cloud computing provider's server as opposed to being provided from a company's own on-premises servers.
22	Corporate Social Responsibility	Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders?
23	Cover Note	A cover note is a temporary document issued by an insurance company that provides proof of insurance coverage until a final insurance policy can be issued.
24	CPEC	The China-Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects currently under construction throughout Pakistan.
25	Currency Devaluation	Reduction in the value of a country's currency
26	Current Account Deficit	The situation where value of the goods and services of a country it imports exceeds the value of the goods and services it exports.
27	Deferred Commission	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to the period of risk subsequent to the Balance Sheet date.
28	Deferred Tax	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
29	Defined benefit Plans	Are post-employment benefit plans other than defined contribution plans.
30	Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
31	Dividend cover	Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period.
32	Doubtful debts	Is a debt where circumstances have rendered its ultimate recovery uncertain.
33	Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition changes in the investor's share of net assets of the investee.
34	Earnings per share	Amounts for profit or loss attributable to ordinary shareholders of the entity.

S.No.	Term	Designation
35	Exchange Gain (Loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
36	Facultative reinsurance	The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
37	Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
38	Financial Action Task Force (FATF)	It is an intergovernmental organisation founded in 1989 on the initiative of the G7 to develop policies to combat money laundering.
39	Financial Capital	It is any economic resource measured in terms of money used by entrepreneurs and businesses to buy what they need to make their products or to provide their services.
40	Fiscal Deficit	When a government's total expenditures exceed the revenue that it generates.
41	General Insurance	All kind of Insurance except Life Insurance. i.e. Fire. Marine. Motor and Other Insurance.
42	General Takaful	Protection to participants for losses arising from perils such accident, fire, flood, liability and burglary.
43	Gross contribution	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
44	Gross Domestic Product	The total value of goods produced and services provided in a country during one year.
45	Gross Written Premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
46	Group Health Insurance	A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
47	Impairment	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
48	Incurred but not reported (IBNR)	Claim incurred but not reported to the insurer until the financial statements reporting date.
49	Inflation	A general increase in prices and fall in the purchasing value of money.
50	Insurance Contracts	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.

S.No.	Term	Designation
51	Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance company.
52	Intangibles	An identifiable non-monetary asset without physical substance.
53	Internal Control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
54	Intellectual Capital	It refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.
55	KIBOR (Karachi Interbank Offered Rate)	Interbank lending / borrowing rates quoted by the banks
56	Large-Scale Manufacturing (LSM)	It refers to the production of a commodity on a large scale or huge quantity with a large sized firm.
57	Loss Ratio	Percentage ratio of claims expenses to net premium.
58	Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
59	Market Share	The portion of a market controlled by a particular company or product.
60	MIS	Management Information System.
61	Micro-insurance	It is an insurance arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.
62	Mutual Fund	A type of professionally managed investment fund that pools money from many investors to purchase securities.
63	National Exchequer	The account into which tax funds and other public funds are deposited.
64	Net Asset Value	The value of Total Assets less Current Liabilities.
65	Net Contributions	Gross Contributions less all re-takaful contributions payable.
66	Net Premium Revenue	Gross written premium less Reinsurance expense.
67	Non-Life Insurance	Non-Life Insurance and General Insurance have the identical meaning.
68	Outstanding Claims	A type of technical reserve or accounting provision in the Financial Statements of an Insurer to provide for the future liability or claims.
69	Paid-up Capital	The amount of money a company has received from shareholders in exchange for shares of stock.
70	Pakistan Investment Bonds	Long term instruments issued by the Government of Pakistan.

S.No.	Term	Designation
71	Participant's Takaful Fund (PTF) Waqf Fund	An account to credit a portion of contribution from the participant for the purpose of Tabarru'.
72	Premium	Amount that has to be paid by the insured for the cover provided by the Insurer.
73	Proxy	Power of Attorney by which the Shareholder transfers the voting rights to another shareholder.
74	Qard-e-Hasna	Interest Free Loan from Takaful Operator to the Takaful Participant Fund in order to meet any shortfall in the Fund.
75	Quoted	Being listed on a Stock Exchange.
76	Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
77	Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
78	Re-takaful	The arrangement under which a part of the risk is shared between the companies originally issuing the policy (the takaful operator] to another Takaful company (Re-Takaful) known as the re-takaful
79	Reinsurance Commission	Commission received or receivable in respect of premium paid or payable tea reinsurer.
80	Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.
81	Related Party	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
82	Retrocession	Transfer of risk from a reinsurer to another reinsurer.
83	Revenue Reserves	Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
84	Risk	Condition in which there is a possibility of loss.
85	Risk Management	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
86	Statutory levies	Fee charged (levied) by a government on a product, income, or activity.
87	Strategic Objectives	A broadly defined objective that an organisation must achieve to make its strategy succeed.
88	Subsequent Event	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading?

S.No.	Term	Designation
89	Takaful	An Islamic concept of insurance.
90	Takaful Operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
91	Takaful Policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangements.
92	Tangibles	An asset whose value depends on particular physical properties.
93	Underwriting Profit	This is the profit generated purely from the General Insurance business without taking into account the investment income and other nontechnical income and expenses.
94	Unearned Premium	It represents the portion of premium already entered in the accounts as due but which relates to period of risk subsequent to the Balance Sheet date.
95	Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.

کمپنی صارف مرکوز عمل کے ساتھ جدت اور خلل کی راہ پر گامزن رہتی ہے جو صارف کی ضروریات اور صارف کی توقعات کو پورا کرتے ہیں۔ ہم اپنی موجودہ پروڈکٹ میں مسلسل بڑھارہے ہیں اور ٹیکنالوجی جیسے کہ ایڈوانس ٹیلی منیکس، فلاح و بہبود کے عمل اور 'اب خریدیں اور ابھی بعد میں' کی پیشکش کے ساتھ کسٹمر کے تجربے کو بہتر بنا رہے ہیں۔ یہ سلو شیئر بہتر ڈیجیٹل فٹ پرنٹ، کسٹمر پروفاٹنگ اور قیمت کی اصلاح کے ذریعے ایڈوانس رسک مینجمنٹ کے ساتھ ایک insurtech لیڈر کے طور پر ہماری پوزیشن کو مزید مستحکم کریں گے۔ کمپنی اپنے صارفین کو سہولت کے ساتھ تحفظ فراہم کرنے کے لیے مزید لائف اسٹائل پراڈکٹس جیسے کہ آلات اور گھنگیس کے لیے توسیعی وارنٹی، ایونٹ انشورنس، آرٹ انشورنس وغیرہ کی پیشکش کرنے کی بھی منتظر ہے۔

ہمیں اپنے ملک میں مائیکرو سیکمنٹ کی اہمیت کا احساس ہے اور زراعت کے شعبے کو ترقی دینے کی ہماری کوششوں کو ہمارے پارٹنرز، ریگولیٹرز اور صارفین نے سراہا ہے۔ پاکستان کی پہلی پیداوار پر مبنی فصل انشورنس شروع کرنے کے ہمارے اقدام کو تمام حلقوں کی طرف سے پذیرائی ملی ہے اور ہم ٹوشن گوئی کرتے ہیں کہ زرعی انشورنس اپنی پوری صلاحیت کے ساتھ بڑھنے پر آمدنی کے مرکزی دھارے میں تبدیل ہو جائے گا۔ مزید برآں، ہمارا کارپوریٹ لائسنسنگ نمونہ فراہم کر رہا ہے اور ہم محتاط انڈر رائٹنگ اور رسک مینجمنٹ کی بنیاد پر ایک پائیدار نمو کی رفتار کی توقع کرتے ہیں۔ کمپنی کی ملٹی ڈیجیٹل، ہائی پروڈکٹ ڈائیورسیفیکیشن کی حکمت عملی کے نتیجے میں کسی ایک خاص طبقے پر انحصار کم ہوا ہے جس سے کمپنی کو معاشی چیلنجوں کے باوجود پائیدار نمو حاصل کرنے میں مدد ملے گی۔

### اتہار تشکر

ہم کمپنی کے شیئرز ہولڈرز کا کمپنی پر اعتماد کا شکریہ ادا کرتے ہیں۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فیڈرل بورڈ آف ریونیو اور پاکستان اسٹاک ایکسچینج کی طرف سے فراہم کردہ قابل قدر حمایت اور رہنمائی کو بھی سراہتے ہیں۔ ہم کارپوریٹ مقاصد کے حصول میں ملازمین، اسٹریٹجک شراکت داروں، وینڈرز، سپلائرز اور صارفین کی مخلصانہ حمایت کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



جمیل یوسف (ستارہ شجاعت)

چیئرمین



محمد امین الدین

چیف ایگزیکٹو آفیسر

24 فروری 2023

## 9۔ صورتِ حصص واری

31 دسمبر 2022 کے مطابق کمپنی کی شیئر ہولڈنگ کے پائین کا بیان مندرجہ ذیل ہے۔

شیئر ہولڈرز کی کٹیگری	ملکی حصص کی تعداد	فیصد شیئر ہولڈنگ
بیزنس کمپنی - TPL کارپ لمیٹڈ اور TPL ہولڈنگ	106,345,506	53.60%
غیر ملکی کمپنیاں	65,262,510	32.90%
ڈائریکٹرز اور سینئر مینجمنٹ آفیسر	3,584,424	1.81%
بینک، DFI، اینڈ NBFL	25,164	0.01%
میو پی ایل انڈرز	14,331,851	7.22%
عام پبلک (مقامی)	6,959,951	3.51%
عام پبلک (غیر ملکی)	2,553	0.00%
دیگرز	1,882,503	0.95%
کل	198,394,462	100.00%

### کمپنی کے حصص میں تجارت

سال کے دوران بڑے شیئر ہولڈرز، ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ، دیگر ملازمین اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی تجارت نہیں ہوئی، سوائے مندرجہ ذیل کے:

نمبر شمار	فرد کا نام	تجارت کی تاریخ	نوعیت	حصص کی تعداد	شرح (روپے)
1.	TPL کارپ لمیٹڈ	08 جون 2022	خرید	3,333,334	30
2.	محمد امین الدین، سی ای او	27 اکتوبر 2022	ESOS	2,000,000	10
3.	پوسٹ علی، سی ایف او	04 اکتوبر 2022	ESOS	500,000	10
4.	سید علی حسن زیدی، سی ای او	04 اکتوبر 2022	ESOS	250,000	10

### بورڈ کے اجلاس

بورڈ آف ڈائریکٹرز 2 قانون اور 6 مرد ڈائریکٹرز پر مشتمل ہے۔ بورڈ آف ڈائریکٹرز نے 2022 میں چھ (06) اجلاس منعقد کئے۔ ڈائریکٹرز کی حاضری نیچے دی گئی ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب جمیل یوسف احمد - (ستارہ شجاعت)	6
2	جناب علی جمیل	6
3	مسٹر بخاشن بنگل	6
4	جناب رانا اسد امین	6
5	جناب سید نادر شاہ**	0
6	محترمہ عائکہ ماجد	3
7	جناب محمد امین الدین	6
8	محترمہ نائلہ قاسم	6
9	مسز انور یوہڑا	1
10	جناب عقیل ای مرچنٹ	5

\* مسٹر۔ اینڈر یوہڑا نے 28 اپریل 2022 کو اپنی ڈائریکٹرشپ ختم کر دی۔ اس آسامی کو مسٹر عقیل ای مرچنٹ نے 28 اپریل 2022 کو پُر کیا۔

\*\* جناب سید نادر شاہ نے 24 اگست 2022 کو اپنی ڈائریکٹرشپ ختم کر دی، اس آسامی کو محترمہ عائکہ ماجد نے 24 اگست 2022 کو پُر کیا۔

2023 میں آگے بڑھتے ہوئے، ہم اپنے حال ہی میں شروع کیے گئے رضا کارانہ پروگرام کے ذریعے وقت دینے کے ساتھ ساتھ سماجی اثرات کی سرمایہ کاری کے ذریعے کمیونٹی کی ترقی کے حوالے سے مثبت کردار ادا کرنا چاہتے ہیں۔ ہمیشہ کی طرح بصحت کی دیکھ بھال، تعلیم اور صحتی مساوات ہماری CSR حکمت عملی میں سب سے آگے رہیں گے۔

### کارپورٹ اور فنانشل رپورٹنگ فریم ورک کا بیان

- بورڈ کوڈ آف کارپورٹ گورننس کے مطابق سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی تجویز کردہ اپنی کارپورٹ ڈیمنڈاریوں سے پوری طرح آگاہ ہے اور اس بات کی بخوشی تصدیق کرتے ہیں:
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنیز ایکٹ 2017 کے تحت ضروریات کے مطابق کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں الاگو بین الاقوامی اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ کے معیارات اور دیگر ریگولیشنز (شامل شریعہ گائیڈ لائنز/اصولوں تک محدود نہیں) کی پیروی کی گئی ہے اور کسی انحراف کی وضاحت اور انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے بنیادی اصول مضبوط ہیں اور کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- فہرستی قواعد و ضوابط میں تفصیلی کارپورٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا سالانہ رپورٹ ہذا میں منسلک ہے۔
- اس رپورٹ میں پچھلے سال کے آپریٹنگ نتائج سے نمایاں انحراف کی وضاحت کی گئی ہے۔
- ٹیکس، ڈیوٹی، لیویز اور واجب الادا چارجز کی مد میں قانونی ادائیگیاں کاروبار کے معمول کے مطابق ہیں۔
- بورڈ ڈائریکٹرز کے ترمیمی پروگرام کے سلسلے میں مناسب طریقے سے تعمیل کر رہا ہے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ریگولیشنز، 2019 کی شق (19(1)(g) کے تحت حوالہ دیا گیا ہے۔
- 31 دسمبر 2022 تک پراویڈنٹ فنڈ کے غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 73.3 ملین روپے (69.2:2021 ملین روپے) ہے۔

### ڈائریکٹرز کا مشاہرہ

- بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ، 2017 کے مطابق ڈائریکٹرز کی اجرت کی رسمی پالیسی اور شفاف طریقہ کار تیار کیا ہے۔ ڈائریکٹرز کے مشاہرہ کی تفصیلات مالی گوشواروں کے نوٹس میں مذکورہ ہیں۔
- بورڈ آف ڈائریکٹرز اور کمپنی کی تشکیل کوڈ آف کارپورٹ گورننس کی تعمیل کے بیان میں منکشف کی گئی ہے۔

### انشورنس آرڈیننس 2000

- انشورنس آرڈیننس 2000 اور اس کے تحت بنائے گئے قواعد کے تقاضا کے مطابق، ڈائریکٹرز تصدیق کرتے ہیں کہ:
- ان کی رائے اور ان کے بہترین عقیدے کے مطابق، اس بیان کے ساتھ منسلک صورتوں میں متعین کمپنی کے سالانہ قانونی اکاؤنٹس انشورنس آرڈیننس 2000 اور ان کے تحت بنائے گئے انشورنس ریٹرز کے مطابق تیار کیے گئے ہیں۔
- کمپنی نے سال میں ہمہ وقت اور گوشوارہ کی تاریخ تک آرڈیننس کی دفعات اور ادا شدہ سرمائے، سالوینسی اور ری بیور کے انتظامات سے متعلق یہاں بنائے گئے قواعد کی تعمیل کی ہے۔ یہ آرڈیننس کی دفعات اور یہاں بنائے گئے قواعد کی تعمیل کرتا رہتا ہے جیسا کہ اوپر ذکر کیا گیا ہے۔

### ضابطہ اخلاق

- کمپنی اس بات کو یقینی بناتی ہے کہ اس کی تمام سرگرمیاں صفر واداری کے ساتھ کاروباری اخلاقیات کے ضابطہ اخلاق کی پختی سے پیروی کرتے ہوئے شفاف طریقے سے سرانجام دی جائیں۔



2017	2018	2019	2020	2021	2022	
1,009.1	955.6	946.7	946.7	1,393.1	2,027	اداشدہ شیئر کھولیل
138.7	8.0	(114.0)	(164.5)	(26.2)	(58.8)	مجموعی (انسان) / غیر موزوں منافع
(26.4)	(26.7)	(29.7)	(7.3)	189.0	107.5	دیگر مجموعی آمدنی ذخائر
-	-	-	24.1	77.6	124.6	دیگر کھولیل ذخائر
(201.7)	(170.3)	(48.9)	41.4	(67.5)	(54.7)	پارٹنر شپس کا نقل و حرکت
<b>919.7</b>	<b>766.6</b>	<b>754.1</b>	<b>840.4</b>	<b>1,566</b>	<b>2,145.4</b>	کل انکم ٹی

2017	2018	2019	2020	2021	2022	
1,213.3	1,026.3	729.4	920.8	1,390.4	1,740.0	سرمایہ کاری
70.0	122.0	426.5	257.5	401.2	422.0	فیکسڈ اسٹ
21.4	7.6	2.6	-	-	-	جاری سرمایہ کاری کا کام
247.2	251.9	702.4	913.4	1,046.4	1,569.4	کیش اور بینک ڈپازٹس
1,147.1	1,216.9	1,105.2	1,409.5	1,987.1	2,241.0	دیگر اثاثے
<b>2,699.0</b>	<b>2,624.7</b>	<b>2,966.1</b>	<b>3,501.2</b>	<b>4,825.2</b>	<b>5,972.5</b>	کل اثاثے
1,383.6	1,447.4	1,505.1	1,970.8	2,393.3	2,795.6	انڈر رائٹنگ و اجناس
395.7	410.7	706.9	690.0	929.9	1,031.5	دیگر واجبات
<b>1,779.4</b>	<b>1,858.1</b>	<b>2,212.0</b>	<b>2,660.8</b>	<b>3,259.2</b>	<b>3,827.1</b>	کل واجبات

### آڈیٹرز

میسرز BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ("BDO") ریٹائر ہو گئے اور اہل ہونے کی بناء پر، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے میسرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو باہمی رضامندی کی فیس پر 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹ کے طور پر مقرر کرنے کی سفارش کی ہے۔

### متعلقہ پارٹی لین دین

متعلقہ فریق کے لین دین کو بورڈ کی آڈٹ کمیٹی کے سامنے رکھا گیا تھا اور بورڈ کی طرف سے منظوری دی گئی، جو قابل رسائی بنیاد پر انجام دیا گیا تھا۔ یہ لین دین بین الاقوامی مالیاتی رپورٹس کے معیارات اور کنٹریں ایکٹ 2017 کے مطابق تھے۔

### انسدادی لائڈنگ اور ہشٹ گردی کی مالی معاونت کا خاتمہ

کمپنی انسدادی لائڈنگ اور انسدادی فنڈنگ آف میڈرزم ریگولیشنز 2018 کی تعمیل کو یقینی بنانے کے لیے کام کر رہی ہے اور اس سلسلے میں کمپنی کے بورڈ آف ڈائریکٹرز نے AML/CFT پالیسی کی منظوری بھی دی ہے۔

### کارپوریٹ سماجی ذمہ داری

چونکہ پاکستان اب بھی سیلاب کے بعد کے حالات سے نہرو آ رہا ہے، ہم نے اپنے CSR پروگرام کو ملک بھر میں ہنگامی امدادی خدمات میں بھرپور حصہ لینے کے لئے تیار کیا۔ ہمارے گروپ کے CSR پلیٹ فارم، TPL Cares کے تحت، ہم نے اس قدرتی آفت سے سب سے زیادہ متاثر ہونے والے اپنے شہریوں کی مدد کرنے والی تنظیموں سے تعاون کیا۔

موسمیاتی تبدیلی کے حوالے سے خطرات کو محسوس کرتے ہوئے، ہم نے موضوع کے متعلقہ ماہرین کو شامل کیا اور ایک مضبوط ماحولیاتی، سماجی اور نظم و نسق کا فریم ورک تیار کیا تاکہ ماحول پر ہماری کاروباری سرگرمیوں کے اثرات کو محدود کر کے کرہ ارض کی حفاظت میں ہماری کوششوں کو آگے بڑھایا جاسکے۔ TPL میں، ہم اقوام متحدہ کے 2030 ایجنڈا کے پائیدار ترقی کے اہداف کے ساتھ منسلک ہیں

ٹم

کم منافع بنیادی طور پر ایکویٹی مارکیٹ اور میوچل فنڈز میں حقیقی اور غیر حقیقی نقصانات اور ڈیجیٹل انفراسٹرکچر میں کمی سرمایہ کاری اور نئے سیکٹس میں دخول سے منسوب ہے۔

### سرمایہ کاری

31 دسمبر 2022 تک، کمپنی کی طرف سے کمی سرمایہ کاری (بشمول پارٹنرشپ کے تکافل فنڈ کے ذریعے کمی سرمایہ کاری) 1,740.0 ملین روپے (2021: 1,390.4 ملین روپے) بنتی ہے۔ یہ بنیادی طور پر 828.8 ملین (2021: 432.5 ملین) کے نرم ڈیپازٹس میں سرمایہ کاری، گورنمنٹ سیکورٹیز میں 173.2 ملین روپے (2021: 320.4 ملین روپے) سرمایہ کاری، کارپوریٹ قرض آلات میں 250 ملین روپے (2021: 25 ملین روپے) سرمایہ کاری اور ایکویٹی اور میوچل فنڈز میں 488.1 ملین روپے (2021: 612.6 ملین) سرمایہ کاری پر مشتمل ہے۔ اس سرمایہ کاری کی مجموعی مارکیٹ ویلیو 1,723.6 ملین روپے (2021: 1,381.4 ملین روپے) ہے۔

### کیش اور بینک بیلنس

کمپنی کے کیش اور بینک بیلنسز 1,569.4 ملین روپے (2021: 1,046.4 ملین روپے) ہیں۔ اس میں 122.6 ملین روپے (2021: 103.4 ملین روپے) کا کیش اور بینک بیلنس شراکت دار تکافل فنڈز شامل ہے۔

### منافع محکمہ (ڈیویڈنڈ)

بورڈ آف ڈائریکٹرز نے عبوری 35% لوٹس شیئرز، یعنی ہر 100 شیئرز کے لیے 35 شیئرز جاری کرنے کی منظوری دی۔ بورڈ آف ڈائریکٹرز مزید کوئی حتمی تقسیم کی سفارش نہیں کرتا ہے (2021: صفر)۔

### بیر کنڈہ کی مالی طاقت (IFS) کی درجہ بندی

سال کے دوران، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مستحکم نقطہ نظر کے ساتھ کمپنی کی بیر کنڈہ گان کی مالیاتی طاقت (IFS) کی درجہ بندی AA پر برقرار رکھی ہے۔

### گزشتہ چھ سالوں کے لیے کلیدی مالیاتی اعداد و شمار

#### آمدنی کا بیان

(روپے ملین میں)

2017	2018	2019	2020	2021	2022	
2,292.7	2,408.7	2,505.3	2,746.9	3,284.0	3,823.1	مجموعی تقریری پریمیم
2,068.8	2,246.6	2,136.2	2,163.1	2,398.4	3,066.0	خاص پریمیم آمدنی
(1,957.1)	(2,116.7)	(2,024.5)	(2,046.8)	(2,280.5)	(2,880.7)	انڈر رائٹنگ اخراجات
111.7	129.9	111.7	116.3	117.8	185.3	انڈر رائٹنگ کے تنازعے
61.9	70.7	152.1	204.1	110.8	146.7	سرمایہ کاری کی آمدنی اور دیگر آمدنی
(80.1)	(165.9)	(207.8)	(240.8)	(233.9)	(267.0)	دیگر اخراجات
93.5	34.7	56.0	79.6	(5.2)	65.1	سال کے لیے گیس سے پہلے منافع / (نقصان)
<b>35.2</b>	<b>23.8</b>	<b>30.5</b>	<b>39.8</b>	<b>(9.7)</b>	<b>19.3</b>	بعد از گیس منافع / (نقصان)
(38.6)	10.9	(4.4)	22.4	196.4	(81.5)	دیگر چارج آمدنی
<b>(3.4)</b>	<b>34.7</b>	<b>26.1</b>	<b>62.2</b>	<b>186.6</b>	<b>(62.2)</b>	کل چارج آمدنی

TPL انشورنس کے اپنے ڈسٹری بیوٹن جوئلز کو متنوع بنانے کے نتیجے میں بروکر، ایجنسی اور ڈیٹیل جیولرز سے نمایاں نمو ہوئی۔ کمپنی کی تنوع کی حکمت عملی پائیدار نمو کی فراہمی کے لیے اہم ہے اور کسی خاص شعبہ پر ضرورت سے زیادہ دباؤ سے بچنے میں مدد کرے گی۔ پریشان کن معاشی ماحول کے باوجود، کمپنی نے انتظامی لاگت پر توجہ مرکوز کرتے ہوئے بے مثال کسٹمر سروس اور تجربہ کے اپنے عزم کو جاری رکھا۔

### کلیمز کا تجربہ

2022 میں، کلیمز کا تناسب بڑھ کر 48% ہو گیا۔ اس اضافے کی وجہ سیلاب سے ہونے والے نقصانات ہیں، جس نے موٹر اور فصلوں کے پورٹ فولیو کو 21 ملین روپے تک متاثر کیا۔ موٹر کلیم تناسب 41% (2021: 43%)، ہیلتھ برنس کلیم تناسب 83% جبکہ 2021 میں 97% پورٹ کیا گیا تھا۔ متفرق کلاس نے کلیم کا تناسب 91% رپورٹ کیا، جس کی وجہ سے سیلاب کی وجہ سے فصلوں اور مویشیوں کے نقصانات ہیں۔ فائر اور میرین پورٹ فولیوز نے کلیم کے تناسب میں 52% اور 75% تک اضافے کی اطلاع دی، جس کی بنیاد ہیلتھ بڑے نقصانات ہیں۔

### دی انشورنس

کمپنی کاری انشورنس پارٹنرز کے ساتھ مضبوط تعلق برقرار ہے۔ کمپنی کے بیوچپ AA درجہ بندی کے دی انشورنس کمپنی ریٹرز بیرون کنڈگان کے ساتھ معاہدے کے انتظامات ہیں۔ بڑھتے ہوئے پورٹ فولیوز کو مد نظر رکھتے ہوئے کمپنی کاروبار کے تمام طبقوں میں معاہدے کی صلاحیتوں کو بڑھانے پر توجہ مرکوز کر رہی ہے۔ سال کے دوران، کمپنی نے تکافل موٹر کلاس کے لیے قدرتی آفات کا احاطہ 500 ملین روپے سے بڑھا کر 600 ملین روپے اور روایتی سیکٹ کے لیے 1.2 بلین روپے کر دیا۔ ہم نے دونوں روایتی اور تکافل کھاتوں میں اپنی پراپرٹی اور میرین انشورنس صلاحیتوں میں بھی نمایاں اضافہ کیا۔ ہم نے تکافل میں متفرق، دہشت گردی اور ٹیکرز کے ہینڈل کے لیے نئے معاہدوں کے انتظامات کا بھی اہتمام کیا۔

سالانہ کلیمز نقصانات	
سال	کمائے گئے پر بیمہ کا %
2016	46%
2017	43%
2018	43%
2019	44%
2020	45%
2021	46%
2022	48%

### فنڈ و تکافل آپریشنز

کمپنی کے فنڈ و تکافل آپریشنز میں مسلسل اضافہ ہو رہا ہے اور اس نے 1,815 ملین روپے (2021: 1,489 ملین روپے) رقم کا تحریری پر بیمہ حاصل کیا، جو 22% کی سالانہ نمو ظاہر کر رہی ہے۔ آپریٹنگ فنڈ اور شراکت دار تکافل فنڈ کے مجموعی اثاثوں کی رقم 1,573.3 ملین روپے (2021: 1,402.8 ملین روپے) ہے۔ کمپنی موٹر تکافل مارکیٹ میں دوسری پوزیشن برقرار رکھے ہوئے ہے۔

سال کے دوران، شراکت دار تکافل فنڈ نے 12.8 ملین روپے کا سرپلس (2021: 108.8 ملین روپے کا خسارہ) درج کرایا۔ سرپلس رقم موٹر تکافل پورٹ فولیو میں کلیمز کے تناسب میں بہتری سے منسوب ہے۔

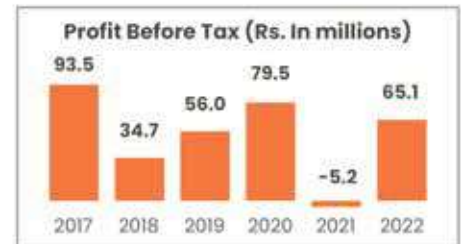
### کمپنیل میں اضافہ

اس مدت کے دوران، کمپنی نے حق حصص کے طریقہ کے علاوہ ہر ایک - 10 روپے کی قیمت کے 25,017,600 عام حصص کے اجراء کا FinnFund کو 3 ملین امریکی ڈالر (625.4 ملین پاکستانی روپے کے مساوی) کے عوض کیا یہ حصص - 25 روپے فی شیئر کی قیمت پر جاری کیے گئے۔ غیر ملکی سرمایہ کاروں کی طرف سے کمپنی میں یہ دوسری سرمایہ کاری ہے۔ اس سے قبل، 2021 میں، ڈی ای جی، ایک جزیں ترقیاتی مالیاتی ادارے نے بھی کمپنی میں 19.9 فیصد شیئر ہولڈنگ کے لئے کمپنی کو 3 ملین امریکی ڈالر کے برابر PKR میں سرمایہ فراہم کیا۔

مذکورہ بالا کے علاوہ، کمپنی نے ایمپلائئی شیئر آفیشن اسکیم کے مطابق کمپنی کے اہل ملازمین کو دیے گئے اختیارات کے استعمال کے مقابل 4,750,000 شیئرز جاری کیے ہیں۔

### مالیاتی جائزہ منافع اور نمو

2022 میں کمپنی نے 65.1 ملین روپے (2021: قبل از ٹیکس نقصان 5.2 ملین روپے) کا مجموعی قبل از ٹیکس منافع درج کیا ہے۔ نتائج میں شراکت دار تکافل فنڈ سے قبل از ٹیکس سرپلس کی رقم 20.5 ملین روپے (2021: 95.8 ملین روپے کا خسارہ) شامل ہے۔ شیئر ہولڈرز کے فنڈ سے منسوب منافع کی رقم 6.5 ملین روپے (2021: منافع 99.2 ملین روپے) تھی۔ ٹیکس سے پہلے اور بعد از ٹیکس بنیادی آمدنی بالترتیب 0.25 روپے اور 0.03 روپے فی شیئر (2021: 0.60 روپے اور 0.66 روپے) ہے۔



TPL انشورنس لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2022ء کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ پیش کرنے پر خوشی محسوس کر رہا ہوں۔

## اقتصادی جائزہ

2022 میں پاکستان کی تاریخ کے بدترین سیلابوں میں سے ایک کا مشاہدہ کیا گیا، جس کے نقصان کا تخمینہ 32 ارب امریکی ڈالر کے قریب ہے۔ بیرونی قرضوں کی ادائیگی اور IMF کے معاہدے میں تاخیر کی وجہ سے غیر ملکی زرمبادلہ کے ذخائر کی شدید کمی کی وجہ سے امریکی ڈالر کی قیمت 176 روپے سے بڑھ کر سال کے آخر میں 224 روپے ہو گئی۔ 2022 کے دوران شرح سود میں اضافے سمیت متضاد پالیسیوں نے نمونہ کو محدود کر دیا۔ ورلڈ بینک کی پیش گوئی کے مطابق، پاکستان کی معیشت کے مالی سال 2022-23 کے دوران 2 فیصد کی شرح نمو متوقع ہے۔

ایکویٹی مارکیٹ میں اتار چڑھاؤ کا سال جاری رہا کیونکہ میکرو اکنامک اشارے، سیاسی غیر یقینی صورتحال، شرح سود میں اضافہ اور روپے کی قدر میں کمی نے سرمایہ کاروں پر منفی اثر ڈالا۔ سال کے دوران شیخ مارک انڈیکس 10.5 فیصد گر کر 39,947 پوائنٹس (44,416:2021) پر آ گیا۔

روپے کی قدر میں کمی، شرح سود میں اضافہ، آئو فنانسنگ پر پابندیاں، اور درآمدی ایل سی گھولنے میں تاخیر نے 2022 کے دوران موٹر گاڑیوں کی فروخت کو متاثر کیا۔ آٹو انڈسٹری نے 2022 میں موٹر گاڑیوں کی 188,318 یونٹس فروخت کی جو کہ پچھلے سال میں 198,930 یونٹس تھی۔ ان عوامل کے اثرات 2023 میں زیادہ نمایاں ہوں گے کیونکہ حالیہ رپورٹس موٹر اسمبلرز کے سبز آرڈرز میں نمایاں کمی کو ظاہر کرتی ہیں۔

## کاروباری جائزہ

### مجموعی تحریری پریمیم

سال	مجموعی تحریری پریمیم (روپے بلین میں)	نموہ %
2016	2,054.5	26%
2017	2,292.7	12%
2018	2,408.7	5%
2019	2,505.3	4%
2020	2,746.9	10%
2021	3,284.0	20%
2022	3,823.0	16%

ایس ای سی پی نے کمپنی کو اپنے نتائج کو مستحکم بنیادوں پر یعنی نکالنے کا وائٹس کے ساتھ ساتھ لائن بہ لائن کی بنیاد پر روایتی اکاؤنٹس رپورٹ کرنے کی اجازت دی ہے۔ یہ کمپنی کی مجموعی کارکردگی کی حقیقی عکاسی کرتا ہے جو سرمایہ کاروں کے نقطہ نظر سے بھی ضروری ہے۔

سال کے دوران، کمپنی نے ملک کو درپیش سیاسی اور معاشی چیلنجوں کے باوجود 3,823 ملین روپے کا مجموعی تحریری پریمیم رپورٹ کیا جو 16% سالانہ شرح نمو درج کر رہا ہے۔ پریمیم میں کمپنی کے وڈ ڈیٹا فیل آپریشنز کا تحریری پریمیم شامل ہے جو کہ 1,815 ملین روپے (1,490:2021) ملین روپے بنتی ہے۔

کمپنی کے موٹر پورٹ فولیو نے 2,764 ملین روپے (2,537:2021 ملین) کا پریمیم حاصل کیا جو 9% نمو ہے۔ یہ اس کے باوجود ہے کہ سال کے دوران موٹر گاڑیوں کی فروخت میں 5% کمی واقع ہوئی۔ امریکی ڈالر کی شرح مبادلہ میں خاطر خواہ بگاڑ، ڈیٹا ڈیمینٹ شرح میں نمایاں اضافہ، اور موٹر گاڑیوں کی مالی اعانت کو محدود کرنے کے پالیسی اقدامات نے چوتھی سہ ماہی 2022 کے دوران موٹر کی فروخت کو متاثر کیا اور سال 2023 میں موٹر پورٹ فولیو پر بھی اثر پڑے گا۔

2022 کے دوران، کمپنی نے اپنی نمونہ سفر جاری رکھا اور کاروبار کے دیگر خطوط میں اپنے قدموں کو مزید مستحکم کیا۔ فائر پورٹ فولیو نے 452.6 ملین روپے (312.6:2021 ملین روپے) کا پریمیم حاصل کیا جو 45 فیصد نمو درج کی۔ ہیلتھ پورٹ فولیو نے 397 ملین روپے (276:2021 ملین) کا پریمیم حاصل کیا جو 44 فیصد نمو ہے۔ متفرق سگمنٹ میں 142 ملین روپے (142:2021 ملین) کا پریمیم حاصل کیا جو 72 فیصد نمو درج کی ہے۔

سال 2022 میں، کمپنی نے ملک کے تمام قابل بیمہ شعبوں میں مصنوعات کی رسائی کو بہتر بنانے کے لیے تنوع کی اپنی حکمت عملی کو جاری رکھا۔ اپنے ڈیجیٹل پلیٹ فارم ترقی پر توجہ دینے کے ساتھ، کمپنی نے ریکارڈ ڈیجیٹل سیز اور ڈیجیٹل پارٹنرز سے بہتر حجم کے ساتھ اپنی موبائل ایپ کے استعمال کو 3 گنا تک بہتر بنانے میں کامیاب رہی۔ صارفین کی توقعات سے تجاوز کرنے کے لیے ڈیجیٹل پیشکشوں جیسے کہ My-TPLI پورٹل، ایپ وغیرہ کے ذریعے ہموار تجربہ اور صحت سے متعلق خدمات میں بہتری لائی گئی ہے۔ TPLI نے نئی مصنوعات Pay How You Drive - پائیم ڈرائیو ڈومیسٹک بس ٹریول اور پیداواری بنیاد پر فصل کی انشورنس اور مختلف مارگٹ سیکٹس کی ضروریات کو مد نظر رکھتے ہوئے خرید میں اب ادائیگی بعد میں کریں بھی شروع کیں۔





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