

Premier  Insurance

بميشه كالتو

71ST ANNUAL REPORT

2022

Company Information		Financial Statement (Window Takaful)	
Vision/ Mission Statement	01	Auditors' Report to the Members	85
Core Values	02	Annual Shariah Review Report 2021	88
Company Information	03	Statement of Financial Position	89
Our Journey	05	Statement of Profit and Loss	90
Board of Directors	06	Statement of Comprehensive Income	91
Investor Information		Statement of Changes in Fund	92
Key Operating and Financial Data	07	Statement of Cash Flows	93
Corporate Governance		Notes to and Forming Part of the Financial Statements	95
Chairman's Review	08	Pattern of Shareholding	122
Report of the Directors to Members	10	Branch Network	127
Statement of compliance with the Code of Corporate Governance for Insurers, 2016	17	Notice of Annual General Meeting	128
Review Report on the Statement of Compliance with Code of Corporate Governance	22	Proxy Form	133
Financial Statements			
Auditors' Report to the Members	23		
Statement of Financial Position	29		
Statement of Profit and Loss	30		
Statement of Comprehensive Income	31		
Statement of Changes in Equity	32		
Statement of Cashflows	33		
Notes to and Forming Parts of the Financial Statements	35		



Vision Statement

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



Mission Statement

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

CORE VALUES

Professionalism

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

Empathy

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

Integrity

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

Tradition

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



COMPANY INFORMATION

Board of Directors

Mr. Khalid Bashir
(Chairman)
Mr. Nadeem Maqbool
Mr. Ahsan Bashir
Mr. Asadullah Khawaja
Mr. Attaullah A. Rasheed
Mr. Imran Maqbool
Ms. Shameen Azfar
Mr. Sharik Bashir

Audit Committee

Mr. Asadullah Khawaja
(Chairman)
Mr. Khalid Bashir
(Member)
Mr. Imran Maqbool
(Member)
Mr. Rao Ali Zeeshan
(Secretary)

Investment Committee

Mr. Ahsan Bashir
(Chairman)
Mr. Nadeem Maqbool
(Member)
Mr. Imran Maqbool
(Member)
Mr. Asadullah Khawaja
(Member)
Mr. Amjed Bahadur Ali
(Secretary)

Chief Executive Officer

Mr. Nadeem Maqbool

Chief Financial Officer

Mr. Amjed Bahadur Ali

Company Secretary

Mr. Fariq Mahmood Khan Rohilla

Ethics, Human Resource, Remuneration & Nomination Committee

Mr. Attaullah A Rasheed
(Chairman)
Ms. Shameen Azfar
(Member)
Mr. Nadeem Maqbool
(Member)
Ms. Niina Afridi
(Secretary)

Claim Settlement Committee

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

COMPANY INFORMATION

Underwriting Committee

Mr. Attaullah A. Rasheed
(Chairman)

Mr. M. K. Baig
(Member)

Mr. Afzal Ur Rehman
(Member)

Ms. Humera Jawaid
(Secretary)

Risk Management & Compliance Committee

Ms. Shameen Azfar
(Chairman)

Mr. Nadeem Maqbool
(Member)

Mr. Sharik Bashir
(Member)

Mr. Amjed Bahadur Ali
(Member)

Ms. Niina Afridi
(Secretary)

Registrar

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

P : (21) 34380101-2

F : (21) 34380106

E : info.shares@famco.com.pk

Reinsurance & Co-Insurance Committee

Mr. Sharik Bashir
(Chairman)

Mr. Afzal Ur Rehman
(Member)

Mr. Ali Muhammad
(Secretary)

Auditors

EY Ford Rhodes, Chartered
Accountants.

Legal Advisors

Arfin & Company Advocate

Registered & Head Office

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

P : (21) 32416331-4

F : (21) 32416572

E : info@pil.com.pk

W : www.pil.com.pk



OUR JOURNEY

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

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

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

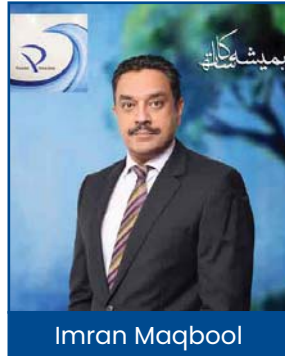
It is our historical practice of striving to achieve prompt settlement of even the largest claims that has allowed us to build relationships lasting generations, with some of the oldest institutions of Pakistan, and attract new clients seeking to prosper in the modern economy.

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

Board of Directors



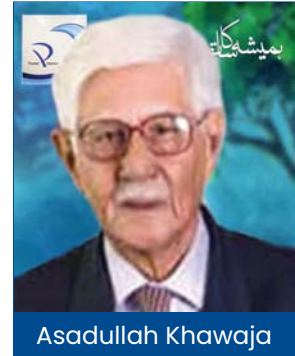
Nadeem Maqbool



Imran Maqbool



Ahsan Bashir



Asadullah Khawaja



Attaulah A Rasheed



Sharik Bashir



Shameen Azfar

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

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

Khalid Bashir
Chairman



Key Operating & Financial Data

	2022	2021	2020	2019	2018	2017
Paid-up capital	505,650	505,650	505,650	505,650	505,650	505,650
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	330,088	807,058	811,584	631,698	687,314	661,191
Total reserves	349,763	826,733	831,259	651,373	706,989	680,866
Total equity	855,413	1,332,383	1,336,909	1,157,023	1,212,639	1,186,516
Total assets	2,843,926	3,479,358	3,249,280	2,975,300	3,163,733	3,599,157
Premium written (Including Takaful Contribution)	775,187	770,470	607,425	633,067	685,474	1,008,991
Premium written	606,816	602,428	532,726	501,364	535,977	849,108
Net premium	288,183	246,737	195,194	223,329	290,309	517,834
Investment income	(3,651)	151,791	22,366	(135,584)	42,937	27,265
Impairment of financial assets	(49,546)	(9,397)	(26,996)	(167,430)	(75,581)	(104,933)
Profit / (loss) before taxation	(183,075)	(19,311)	(110,036)	(274,655)	53,390	(302,008)
Profit / (loss) after taxation	(190,265)	(27,534)	(117,112)	(239,761)	44,822	(315,977)
Return on equity*(%)	-17.39%	-2.06%	-9.39%	-20.24%	3.74%	-22.43%
Book value per share**(Rs.)	16.92	26.35	26.44	22.88	23.98	23.47
Earnings / (loss) per share**(Rs.)	(3.76)	(0.54)	(2.32)	(4.74)	0.89	(6.25)
Cash dividend (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Stock dividend (Bonus - %)	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%

Chairman's Review

It is my pleasure to present the 71st Annual Report of your Company.

Operations

The Company's Conventional business reported a nominal growth of 0.73% in gross written premium during the year 2022. The company earned Investment income of Rs. 46.54 million compared to Rs. 161.74 million in the same period last year and this decrease in investment income during the current year was due to one-off dividend income of Rs. 131 million in last year. This Investment income offset because of impairment losses of Rs 49.55 million during the current year as compared to Rs 9.4 million in last year. . The loss after taxation also increased to Rs. (190.27) million as compared to Rs. (27.53) million of last year.

The Company's Window Takaful Operations reported a nominal gain of 0.2% in gross written contribution during the year 2022. The overall claim ratio increased as compared to last year due to which Takaful Operation deficit also increased to Rs. (24.06) million as against Rs. (14.43) million of last year.

The year 2022 was full of challenges ranging from socioeconomic, geopolitical, governmental and environmental factors. International commodity prices including oil saw a steep increase after Russian – Ukraine conflict which also disrupted global supply chains. The shortage of foreign exchange in the country combined with exchange rate volatility exerted further pressure on the import cost. The year also witnessed galloping inflation, double digit interest rates and a sharp devaluation of Pakistani Rupee. The recent devastating floods in Pakistan add profound risk to the country's economic outlook. We hope the flood related reconstruction and economic reforms will support and protect the vulnerable.

The delay in the restoration of the IMF program and domestic instability, leading to a decline in SBP liquid reserves during 2022. As the macroeconomic challenges rose during the year, to keep economy moving the government and State Bank of Pakistan undertook various measure: raising the policy rate by a cumulative 675 bps; tightening the prudential regulations for auto and consumer financing; imposition of 100 percent cash margin requirements on a number of import items; increasing the cash reserve requirement for commercial banks; increasing FED on locally assembled cars; elimination of various tax exemptions under the supplementary Finance Act; imposition of ban on import of non-essential items; gradual roll back of fiscal package.

Premier Insurance is working hard to return to profitability by building trust with its traditional customers and focusing on new and existing product. The company embarked on restructuring and cost control measures, which enabled a more efficient management structure to be put in place. We are aware of the need to remain competitive in the current world order, and this process will be a continuing endeavor to assist the business in generating higher returns for its shareholders and aspire to become a market leader. The Company will keep strengthening its bonds with its clients and collaborating with them to suit their needs.

The company's management will work tirelessly to boost performance in the next years. Being one of the country's oldest financial institutions, we are optimistic that we can provide sustainable development in a difficult and cutthroat business environment.

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

Khalid Bashir
Chairman

چیئر مین کا جائزہ

میں بلاشبہ انتہائی مسرت کے ساتھ کمپنی کی 71 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

آپریشنز:

کمپنی کے روایتی کاروبار نے سال 2022 کے دوران مجموعی تحریری پریمیم میں 0.73 فیصد کا معمولی اضافہ رپورٹ کیا۔ کمپنی نے سرمایہ کاری کی مد میں 46.54 بلین روپے آمدنی حاصل کی جو پچھلے سال کی اسی مدت میں 161.74 بلین روپے تھی۔ سرمایہ کاری کی آمدنی میں یہ کمی پچھلے سال کی طرف ڈیوڈنڈ آمدنی کی وجہ سے تھی جو کہ 131 بلین روپے تھی۔ سرمایہ کاری کی قدر میں کمی کی وجہ سے سرمایہ کاری کی آمدنی میں 49.55 بلین روپے کمی واقع ہوئی جو کہ پچھلے سال کی دوران 9.4 بلین روپے تھی۔ بعد از ٹیکس نقصان پچھلے سال کے نقصان 27.53 بلین کے مقابلے میں 190.29 بلین رہا۔

کمپنی کے ونڈو ٹکافل آپریشنز نے سال 2022 کے دوران مجموعی تحریری شراکت میں 0.2 فیصد معمولی اضافہ رپورٹ کیا۔ کل کلیم کا تناسب گزشتہ سال کے مقابلے میں بڑھ گیا جسکی وجہ سے ٹکافل آپریشن کا خسارہ پچھلے سال کے 14.41 بلین کے مقابلے میں 24.06 بلین رہا۔

سال 2022 سماجی و اقتصادی، جغرافیائی سیاسی، حکومتی اور ماحولیاتی عوامل کی وجہ سے بھرپور رہا۔ روس اور یوکرین کی جنگ کے نتیجے میں تیل سمیت ترسیلات اشیاء کی قیمتوں میں زبردست اضافہ دیکھا گیا۔ جس نے عالمی سپلائی چین کو متاثر کیا ملک میں زرمبادلہ کی کمی اور شرح مبادلہ کے اتار چڑھاؤ نے پاکستان میں درآمد شدہ اشیاء کی لاگت بڑھادی۔ سال میں تیزی سے بڑھتی ہوئی افراط زر اور بلند شرح سود اور پاکستانی روپے کی قدر میں تیزی سے کمی دیکھنے میں آئی۔ سیلاب سے حالیہ تباہ حالی اور اسکی مرمت اور تعمیر نو اور اقتصادی اصلاحات ملک کے معاشی منظر نامے کو بدل دیں گی ہمیں امید ہے کہ سیلاب کے لئے آنے والی اعداد آفت زدہ لوگوں کی دادرسی کر سکے گی۔

آئی ایم ایف پروگرام کی بحالی میں تاخیر اور ملکی عدم استحکام کے نتیجے میں سال 2022 کے دوران ملکی زرمبادلہ ذخائر میں کمی واقع ہوئی۔ جیسا کہ سال کے دوران شرح سود کی پالیسی کی وجہ سے صورت حال مزید خراب ہوئی۔ معیشت کو متحرک رکھنے کے لیے حکومت اور اسٹیٹ بینک آف پاکستان نے مختلف اقدامات اٹھائے جیسا کہ آٹو کنٹرول پرموفاٹنگ کی شرائط کو سخت کرنا۔ متعدد درآمدی اشیاء پر 100 فیصد کیش مارجن کا نفاذ بینکیوں کے لئے کیش ریزرو میں اضافہ، سپلمنٹری فنڈس ایکٹ کے ذریعے مختلف مدتوں میں ٹیکس چھوٹ کا خاتمہ، غیر ضروری اشیاء کی درآمد پر FED محصولات میں ہکمل طور پر اسمبل شدہ کاروں کی درآمد پر پابندی کا نفاذ، عوام کے لیے مالی امداد کے پیکیج میں بتدریج کمی۔ پریمر انشورنس اپنے دیر بند صارفین کے ساتھ اعتماد بڑھانے اور نئی اور موجودہ خدمات پر توجہ مرکوز کر کے منافع بخش بننے کے لیے کوشش کر رہی ہے۔

کمپنی نے تنظیم نو اور لاگت پر قابو پانے کے اقدامات کا آغاز کیا، اور انتظامی ڈھانچے کو مزید استحکام دیا۔ ہم موجودہ عالمی حالات میں رہتے ہوئے اپنی خدمات کی قیمتوں میں دیگر مارکیٹ کی کمپنیوں سے سابقہ رکھنے کی ضرورت سے بخوبی واقف ہیں اور ہماری کوشش اپنے حصص یافتگان کے لیے زیادہ منافع حاصل کرنے اور مارکیٹ لیڈر بننے کے لیے کاروباری سرگرمیوں کے اضافے کی کوشش ثابت ہوگا۔ کمپنی اپنے صارفین کے ساتھ تعلق میں مزید مضبوطی لائے گی اور ان کی ضروریات کے مطابق ان کے ساتھ تعاون کرتی رہے گی۔

کمپنی انتظامیہ آئندہ سال بھی کارکردگی کو بڑھانے کے لیے انتھک محنت جاری رکھے گی۔ ملک کے سب سے پرانے مالیاتی اداروں میں سے ایک ہونے کے ناطے ہم پُر امید ہیں کہ ہم اس دشوار کاروباری ماحول میں مستحکم ترقی فراہم کر سکیں گے۔ میں بورڈ آف ڈائریکٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے کمپنی کو ملنے والے تعاون پر شکر یہ ادا کرنا چاہتا ہوں۔ میں فیلڈ فورس، کمپنی کے افران بشمول متعلقین کی کوششوں کا مشکور ہوں اور تمام لوگوں کا شکر یہ ادا کرنا چاہتا ہوں۔

خالد بشیر

چیئر مین

Report of The Directors To Members

The directors of your Company are pleased to present the 71st Annual Report of the Company together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2022.

Economic Situation

Pakistan's economy also faces several challenges including growing domestic and external indebtedness, circular debt, high interest rates, and high fiscal and current account deficits. Further, unprecedented climate-induced floods which had worsened the situation dramatically. Over 33 million people were affected and damages of USD ~20 billion had been estimated. The floods had affected economic and agricultural activity in the Country as major crops including cotton (34%) and rice (19%) witnessed production losses. The textile sector, saw factories shutting down due to the unavailability of cotton, while the shortage of agricultural produce has resulted in increased prices of staple food items, further fueling rising inflation. Meaningful reforms are required to stabilize the exchange rate, ensure the supply of energy, and reduce the cost of doing business.

Performance Review

Following is the overall performance of the Company for the year ended December 31, 2022

	Conventional		Takaful	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
	(Rupees in `000)			
Premium / contribution written	606,816	602,428	168,371	168,042
Net Premium / contribution	288,183	246,737	90,187	57,320
Underwriting Result	(244,433)	(211,059)	(28,668)	(16,394)
Investment Income /(loss)	(3,651)	151,791	34	403
(Loss) before taxation	(183,075)	(19,310)	(7,367)	(21,501)
(Loss) after taxation	(190,265)	(27,533)	-	-
(Loss) per share	(3.76)	(0.54)		

Conventional Operations

Gross Written Premium remained almost same as last year Marine Motor and Miscellaneous business showed growth of 23.41%, 3.03% and 13.88% respectively. Net Premium increased by 16.80% as compared to the corresponding period of last year.

Window Takaful Operations

Company's Window Takaful Operations gross contribution was also same as compared to the last year. There was increase in all classes of business except Health. The Fire, Marine and Motor business increased by 35.79%, 29.60% and 19.20% respectively whereas Health business was reduced by 27.32%. The main reason of reduction in Health business was shedding of loss making clients. The overall net claim ratio increased as compared to last year due to which Takaful Operation deficit has increased to Rs. (24.05) million as against Rs. (14.42) million of last year.

During the period under review, gross claims show significant increase on account of large claims in Fire, Marine and Motor. Four major Fire claims were reported during the year under review affecting major insurance companies. Our share of the loss was mitigated through better risk retention measures on treaty and facultative arrangements. This helped us reduce

Report of The Directors To Members

our share of the losses. Without these losses the underwriting results would have been better by Rs. 50 Million. The company earned Investment income of Rs. 46.54 million compared to Rs. 161.74 million in the same period last year and this decrease in investment income during the current year was seen due to one-off dividend income of Rs. 131 million in last year. This Investment income offset because of impairment losses of Rs 49.55 million during the current year as compared to Rs 9.4 million in last year. During the period under review, the cost of living was high on the back of rising inflation and currency devaluation, In spite of these factors general and administrative expenses were almost same as compared to 2021. Other fixed costs are continuously decreasing because various cost control measure that are being reviewed on an ongoing basis.

Appropriation of Profit/ (Loss)

The loss after tax during this year is Rs. (190.27) million as against the loss after tax of Rs. (27.53) million of last year.

Credit Rating

Your Company has been rated by PACRA and has assigned a rating of "A+" to the Company, with negative outlook.

Annual Evaluation of the Board's Performance

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

Future Outlook

There are many challenges with respect to Pakistan's economy, high interest rates a weakening currency and import restriction have slowdown the economy to unprecedented level. However, we intend to increase our efforts to perform in the best possible manner and add value to our stakeholders to meet the long term goals of the company. We intend to continue our strategy to focus on increasing market share, maintain our business with traditional clients and adopt technology to explore new business opportunities.

Reinsurance/Re Takaful

Reinsurance market has been tough owing to three major losses in the Pakistan market but your Company has been able to renew its Reinsurance and Re-takaful arrangements which are placed with leading international companies, like SCOR Re Asia-Pacific Pte. Ltd., Korean Reinsurance Company, Oman Re, Labuan Re-Takaful, Tunis Re-Takaful.

Corporate and Financial Reporting Framework

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

- i. Proper books of accounts have been maintained by the Company.
- ii. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

Report of The Directors To Members

- iii. Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- iv. The system of internal controls is sound in design and has been effectively implemented and monitored.
- v. There is no significant doubt about the Company's ability to continue as a going concern.
- vi. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- vii. Key operating and financial data for the last six years is annexed with the report.
- viii. The value of investments of Provident Fund based on an audited financial statements as at December 31, 2021 was Rs. 68.20 million.
- ix. The statement of pattern of shareholding in the Company as at 31 December 2022 is included with the Report.
- x. During 2022, four meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Meetings attended
Mr. Khalid Bashir (Chairman)	4
Mr. Nadeem Maqbool (CEO)	4
Mr. Imran Maqbool	4
Mr. Ahsan Bashir	3
Mr. Asadullah Khawaja	4
Mr. Attaullah A Rasheed	4
Mr. Sharik Bashir	4
Ms. Shameen Azfar	3

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

Compliance with the Code of Corporate Governance

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

Related Party Transactions

All related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. All related party transactions during the year 2022 were placed before the Audit Committee and the Board for their review and approval. These transactions were reviewed by the Audit Committee and approved by the Board.

Statement of Ethics and Business Practices

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

Report of The Directors To Members

Board of Directors

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

Directors' Remuneration Policy

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

Board Committees

The Board constituted committees as required under the Code of Corporate Governance namely:

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

Appointment of Auditors

The external auditors M/s. EY Ford Rhodes (Chartered Accountants) retire at the conclusion of the AGM. On the recommendation of the Board's Audit Committee, the Board of Directors has recommended the appointment of M/s. BDO Ebrahim & Co. (Chartered Accountants) as statutory auditors of the company for the next term i.e., year ending on December 31, 2023 for the approval of the members in the AGM.

Acknowledgement

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

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

On behalf of the Board

Chairman

CEO/Director

Karachi, Dated: March 31, 2023

متعلقہ پارٹی لین دین

تمام متعلقہ فریق لین دین کاروبار کے عام کورس میں بازو کی لمبائی کی بنیاد پر درج کیے جاتے ہیں اور کمپنیز ایکٹ، 2017 کے قابل اطلاق دفعات کے مطابق ہوتے ہیں۔ سال 2022 کے دوران تمام متعلقہ فریق لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا تھا۔ جائزہ اور منظوری۔ ان لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے ان کی منظوری دی۔

اخلاقیات اور کاروباری طرز عمل کا بیان

بورڈ نے اخلاقیات اور کاروباری طرز عمل کے بیان کو اپنایا ہے اور اسے اپنی ویب سائٹ پر رکھا ہے۔ یہ ان تمام ملازمین تک پہنچا دیا گیا ہے جن سے کاروبار اور ضوابط کے سلسلے میں ان اصولوں کی پابندی کرنا ضروری ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز آٹھ افراد پر مشتمل ہیں جو کمپنی کی نگرانی اور کلیدی رہنمائی کے لیے درکار علم، تجربہ اور مہارت کے حامل ہیں۔ کمپنی کے چیف ایگزیکٹو اور ایک ڈائریکٹر کے سوائے تمام ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں۔

ڈائریکٹران کے معاوضہ کی پالیسی

کمپنیز ایکٹ 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے کمپنی کے پاس چیئر مین، چیف ایگزیکٹو، نان ایگزیکٹو، ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ سے متعلق ایک پالیسی ہے۔ بورڈ آف ڈائریکٹرز نے بورڈ، آڈٹ اور دیگر کمیٹیوں کے اجلاس میں شرکت کی فیس منظور کی ہے۔

بورڈ کی کمیٹیاں:

بورڈ نے ادارتی نظم و ضبط کے ضابطہ کے تحت جو کمیٹیاں تشکیل دیں ان کے نام درج ذیل ہیں:

آڈٹ کمیٹی، اخلاقیات، انسانی وسائل، معاوضہ اور نامزد کمیٹی، ذمہ نویسی کمیٹی، ری انشورنس اور کوانٹورنس، انویسٹمنٹ اینڈ رسک مینجمنٹ اینڈ کمپلائنس کمیٹیاں۔ ان کمیٹیوں کے چیئر مین مضبوط تجربہ کے حامل ہیں جو کمپنی کو ان کمیٹیوں کے ذریعے کلیدی سمت فراہم کرتے ہیں۔ ان کمیٹیوں کی ذمہ داریوں کا تعین ضابطہ کی ضروریات کے مطابق کیا جاتا ہے۔ سال کے دوران ضابطہ کے مطابق ان کمیٹیوں کے اجلاس ہوئے۔

آڈیٹرز کی تقرری:

بیرونی آڈیٹرز میسرز ایم وائی فورڈ رھوڈز (چارٹرڈ اکاؤنٹینٹس) AGM کے اختتام پر ریٹائر ہو جائیں گے۔ لہذا بورڈ کی آڈٹ کمیٹی کی سفارش پر میسرز بی ڈی او ابراہیم اینڈ کمپنی (چارٹرڈ اکاؤنٹینٹس) کو بورڈ نے بطور کمپنی کے آڈیٹرز مقرر کیے۔ 31 دسمبر 2023 تک ختم ہونے والے سال کے لئے ممبران کے روبرو ان کی منظوری کی سفارش کی ہے۔

اعتراف:

ہم اپنے قابل قدر گاہکوں کی مسلسل سرپرستی اور تعاون اور اپنے ری انشوررز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی رہنمائی اور مدد پر ان کے شکرگزار ہیں۔ آپ کے ڈائریکٹران کمپنی کے تمام آفیسرز، فیلڈ فورس اور اسٹاف کو گہری ستائش پیش کرتے ہیں جنہوں نے کمپنی کی ترقی میں اور اس کے مسلسل کامیاب آپریشنز میں اہم کردار ادا کیا۔

از طرف بورڈ

سی ای او / ڈائریکٹر

چیئر مین

کراچی، مورخہ: 31 مارچ 2023

کرپٹ ریٹنگ

آپ کی کمپنی کی ریٹنگ PACRA نے کی ہے اور کمپنی A+ کو ریٹنگ کے ساتھ منفی رائے سے نوازا ہے۔

بورڈ کی کارکردگی کی سالانہ تشخیص۔

ادارتی نظم و ضبط کے تحت بورڈ نے اپنی کارکردگی کی سالانہ تشخیص کیلئے ایک نظام تیار کیا ہے۔

مستقبل کی پیش بینی

مستقبل کی پیش بینی کارکردگی کا سالانہ جائزہ بورڈ نے کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق سالانہ اس کی کارکردگی کا جائزہ لینے کے لیے ایک طریقہ کار رکھا ہے۔ مستقبل کا آڈٹ لک پاکستان کی معیشت کے حوالے سے بہت سے چیلنجز ہیں، بلند شرح سود، کمزور ہونی کرنسی اور درآمدی پابندیوں نے معیشت کو غیر معمولی سطح پر سست کر دیا ہے۔ تاہم، ہم کمپنی کے طویل مدتی اہداف کو پورا کرنے کے لیے بہترین انداز میں کارکردگی دکھانے اور اپنے اسٹیک ہولڈرز کی قدر میں اضافہ کرنے کا ارادہ رکھتے ہیں۔ ہم مارکیٹ شیئر بڑھانے پر توجہ مرکوز کرنے، روایتی کلائنٹس کے ساتھ اپنے کاروبار کو برقرار رکھنے اور کاروبار کے نئے مواقع تلاش کرنے کے لیے ٹیکنالوجی کو اپنانے کے لیے اپنی حکمت عملی جاری رکھنے کا ارادہ رکھتے ہیں۔

دہری بیمہ کاری دہرا تکفل

پاکستان کی مارکیٹ میں تین بڑے نقصانات کی وجہ سے ری بیمہ / ری تکافل ری بیمہ مارکیٹ سخت رہی ہے لیکن آپ کی کمپنی کے ری بیمہ اور ری تکافل کے انتظامات کی معروف بین الاقوامی کمپنیوں کے ساتھ رکھے گئے ہیں۔ کورین ری انشورنس کمپنی، عمان ری، لبوان ری تکافل، تیونس ری تکافل۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔

- ۱ کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- ۲ کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔
- ۳ منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات جو کہ پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔
- ۴ انٹرنل کنٹرول کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔
- ۵ کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی قابل ذکر شک وشبہ نہیں ہیں۔
- ۶ کاروباری نظم و سبق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے سے کوئی بڑا انحراف نہیں ہوا۔
- ۷ گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔
- ۸ پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت ان کے آڈٹ شدہ مالیاتی گوشواروں محتمل 31 دسمبر 2022 کے مطابق 68.20 ملین روپے ہیں۔
- ۹ دسمبر کو کمپنی کی حصص داری کی ساخت اس رپورٹ میں شامل کی گئی ہے۔
- ۱۰ سال 2022 کے دوران بورڈ کے چار اجلاس ہوئے، ہر سہ ماہی میں کم از کم ایک اور جن میں حاضری درج ذیل رہی

ڈائریکٹر کا نام حاضر اجلاسوں کی تعداد

4	جناب خالد بشیر (چیئرمین)
4	جناب ندیم مقبول (سی ای او)
4	جناب عمران مقبول صاحب
3	جناب احسن بشیر
4	جناب اسد اللہ خواجہ
4	جناب عطاء اللہ رشید
4	جناب شارق بشیر
3	مسز. شامین انظفر

اجلاس میں شرکت کرنے سے قاصر ڈائریکٹر کو غیر حاضری کی چھٹی دی گئی۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مہتممہ سال 31 دسمبر 2022 اور آڈیٹر رپورٹ کے ساتھ کمپنی کی 71 ویں سالانہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معاشی صورتحال

پاکستانی معیشت کو متعدد مشکلات کا سامنا رہا جس میں بڑھتے ہوئے بیرونی اور خانگی قرضے گردشی قرضے بلند شرح سود بلند مالیاتی اور کرنٹ اکاؤنٹ خسارہ شامل ہے مزید برآں غیر معمولی موسمیاتی سیلاب جس نے صورتحال کو ڈرامائی طور پر ابتر کر دیا تھا۔ 33 ملین سے زیادہ لوگ متاثر ہوئے اور 20 بلین امریکی ڈالر کے نقصان کا تخمینہ لگایا گیا تھا۔ سیلاب نے ملک میں معاشی اور زرعی سرگرمیوں کو متاثر کیا تھا کیونکہ بڑی فصلوں بشمول کپاس (34%) اور چاول (19%) کی پیداوار میں نقصان ہوا۔ کپاس کی عدم دستیابی کی وجہ سے ٹیکسٹائل سیکٹر میں کارخانے بند ہوتے دیکھے گئے، جبکہ زرعی پیداوار کی قلت کے باعث اشیائے خوردونوش کی قیمتوں میں اضافہ ہوا، جس سے مہنگائی میں مزید اضافہ ہوا۔ شرح مبادلہ کو مستحکم کرنے، توانائی کی فراہمی کو یقینی بنانے اور کاروبار کرنے کی لاگت کو کم کرنے کے لیے با معنی اصلاحات کی ضرورت ہے۔

کارکردگی کا جائزہ

کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

روایتی		ہنگافل	
31 دسمبر، 2022	31 دسمبر، 2021	31 دسمبر، 2022	31 دسمبر، 2021
(روپے '000)			
606,816	602,428	168,371	168,042
288,183	246,737	90,187	57,320
(244,433)	(211,059)	(28,668)	(16,394)
(3,651)	151,791	34	403
(183,075)	(19,310)	(7,367)	(21,501)
(190,265)	(27,533)	-	-
(3.76)	(0.54)		

تحریری پر بیمہ / کنٹری بیوشن
خالص تحریری پر بیمہ / کنٹری بیوشن
ذمہ نویسی کے نتائج
سرمایہ کاری آمدنی / (خسارہ) ا
قبل از ٹیکس (خسارہ) ا
بعد از ٹیکس (خسارہ) ا
(خسارہ) فی حصص

روایتی کارکردگی

روایتی آپریشنز کا مجموعی تحریری پر بیمہ تقریباً پچھلے سال جیسا ہی رہا میرین موٹر اور متفرق کاروبار نے بالترتیب 23.41%، 3.03% اور 13.88% کی نمو دکھائی۔ گزشتہ سال کی اسی مدت کے مقابلے میں نیٹ پر بیمہ میں 16.80 فیصد اضافہ ہوا ہے۔

وئڈو ہنگافل آپریشنز

وئڈو ہنگافل آپریشنز کمپنی کی وئڈو ہنگافل آپریشنز کی مجموعی شراکت بھی پچھلے سال کے مقابلے میں اتنی ہی تھی۔ صحت کے علاوہ تمام طبقوں کے کاروبار میں اضافہ ہوا۔ فائر، میرین اور موٹر بزنس میں بالترتیب 35.79 فیصد، 29.60 فیصد اور 19.20 فیصد کا اضافہ ہوا جبکہ ہیلتھ بزنس میں 27.32 فیصد کمی ہوئی۔ صحت کے کاروبار میں کمی کی بڑی وجہ خسارے میں جانے والے کلائنٹس کی کمی تھی۔ مجموعی خالص دعوے کا تناسب گزشتہ سال کے مقابلے میں بڑھ گیا جس کی وجہ سے ہنگافل آپریشن خسارہ بڑھ کر (24.05) ملین روپے ہو گیا ہے۔ اس کے مقابلے میں پچھلے سال کا خسارہ 14.42 تھا۔

زیر جائزہ مدت کے دوران، فائر، میرین اور موٹر میں کلیمز میں اضافہ ہوا سال کے دوران آگ کے چار بڑے کلیمز کی وجہ سے مجموعی کلیمز میں نمایاں اضافہ ہوا ہے۔ اور بڑی انشورنس کمپنیوں کو متاثر کیا۔ معاہدے اور فیکلٹیٹی انتظامات پر بہتر خطرے کو برقرار رکھنے کے اقدامات کے ذریعے نقصان کا ہمارا حصہ کم ہوا۔

ان نقصانات کے بغیر انڈر رائٹنگ کے نتائج 50 ملین تک بہتر ہوتے۔ کمپنی نے سرمایہ کاری کی مد میں 46.54 ملین روپے آمدنی حاصل کی جو پچھلے سال کی اسی مدت میں 161.74 ملین روپے تھی۔ سرمایہ کاری کی آمدنی میں یہ کمی پچھلے سال یکطرفہ ڈیویڈنڈ آمدنی کی وجہ سے تھی جو کہ 131 ملین روپے تھی۔ سرمایہ کاری کی قدر میں کمی کی وجہ سے سرمایہ کاری کی آمدنی میں 49.55 ملین روپے کمی واقع ہوئی جو کہ پچھلے سال کے دوران 9.4 ملین روپے تھی۔ زیر جائزہ مدت کے دوران، بڑھتی ہوئی مہنگائی اور کرنسی کی قدر میں کمی کی وجہ سے زندگی گزارنے کی لاگت زیادہ تھی، ان عوامل کے باوجود 2021 کے مقابلے میں عام اور انتظامی اخراجات تقریباً ایک جیسے تھے۔ دیگر مقررہ اخراجات مسلسل کم ہو رہے ہیں کیونکہ لاگت پر قابو پانے کے مختلف اقدامات جس کا مسلسل جائزہ لیا جا رہا ہے۔

منافع خسارہ کی تخصیص

دوران سال بعد از ٹیکس خسارہ 190.27 ملین روپے ہوا جبکہ گزشتہ سال بعد از ٹیکس خسارہ مبلغ 27.53 ملین روپے تھا۔

Statement of compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Year ended December 31, 2022

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

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

1. The total number of directors are eight as per the following:
 - a. Male: 7
 - b. Female: 1
2. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	Mr. Asadullah Khawaja
Executive Directors	Mr. Sharik Bashir Mr. Nadeem Maqbool
Non-Executive Directors	Mr. Khalid Bashir (Chairman) Mr. Ahsan Bashir Mr. Imran Maqbool Ms. Shameen Azfar Mr. Attaullah A. Rasheed

*The company has applied for the appointment of Mr. Attaullah. A. Rasheed as independent director to SECP. However, SECP have not approved such request on the basis that Mr. Attaullah. A. Rasheed has completed 3 consecutive term of directorship prior to fresh election held in 2020. The company is moving actively to fulfill the requirement of the Code.

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

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, excluding the listed subsidiary of a listed holding company, including this company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFII or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred on the Board during the year 2022.
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct, has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

Underwriting Committee:

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

Claim Settlement Committee:

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

Reinsurance & Co-insurance Committee:

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

Risk Management & Compliance Committee:

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

19. The Board has formed the following Board Committees:

Ethic, Human Resource, Remuneration & Nomination Committee:

Name of Member	Category
Mr. Attaullah A. Rasheed	Chairman
Ms. Shameen Azfar	Member
Mr. Nadeem Maqbool	Member
Ms. Niina Afridi	Secretary

Investment Committee:

Name of Member	Category
Mr. Ahsan Bashir	Chairman
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Nadeem Maqbool	Member
Mr. Amjed Bahadur Ali	Member/Secretary

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

The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mr. Asadullah Khawaja	Chairman
Mr. Khalid Bashir	Member
Mr. Imran Maqbool	Member
Mr. Rao Ali Zeeshan	Secretary

21. The meetings of the Committees, except Ethics, Human Resource, Remuneration & Nomination Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
22. The Board has set up an effective internal audit department which comprises of suitably qualified and experience staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on full time basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, Risk management and grievance functions/departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX o(2000):

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

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of

Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency. On August 26, 2022 is "A+" with Negative outlook.
30. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
31. The Board has set up a grievance function, which fully complies with the requirements of the Code.
32. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
33. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Explanation of Non-Compliance as under the Code and of the CCG Regulations, 2019

Sr. No	Section Reference	Non-Compliance	Future Course of Action
1.	As per Reg. 28(2) of COCG 2019.	The HR and Remuneration committee does not have any independent director. The Chairman of HR and Remuneration committee is not an independent director.	Given that 2023 will be the election year, the company is actively looking for an independent director.

By Order of the Board

Chairman

Chief Executive Officer

Karachi, Dated: March 31, 2022



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

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Premier 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Premier Insurance Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation).

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

Further, we highlight below instance of non-compliance with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019 as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Regulation	Description
6	There is only one independent director on the Board of Directors of the Company.
28	The HR and Remuneration committee does not have any independent director. The Chairman of HR and Remuneration committee is not an independent director.

Chartered Accountants
Place: Karachi
Date: 5 April 2023
UDIN Number: CR202210076LtdhegsiU



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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Premier Insurance Limited

Report on the Audit of the Financial Statements for the year ended 31 December 2022

Opinion

We have audited the annexed financial statements of Premier Insurance Limited (the Company), which comprise the statement of financial position as at **31 December 2022**, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2022 and of the profit and loss and the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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

EY



S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Minimum Solvency Requirement</p> <p>The Company has incurred loss after tax for the year amounting to Rs. 190,264 million, and its accumulated losses and equity as at the year end aggregated to Rs. 1,017,236 million and Rs. 855,414 million respectively.</p> <p>The Company is required to maintain minimum solvency margins under the requirement of Insurance Ordinance, 2000. Reviewing compliance with the minimum solvency requirements and Company's plans to maintain minimum solvency margins are significant aspects for our audit since it may have an impact on the going-concern assumption used for the preparation of the financial statements. Therefore, we have considered this area as a key audit matter.</p> <p>Refer note 38 to the financial statement for details.</p>	<ul style="list-style-type: none"> - We reviewed and recomputed management's calculation of solvency margin as of 31 December 2022 in accordance with the requirements of Insurance Ordinance, 2000; - We evaluated Company's future financial projections and underlying assumptions as approved by the Board, as well as the sensitivity analysis prepared in this context. We assessed the possible mitigating actions identified by management in the event that actual results are below projected results, including utilization of available assets to maintain solvency; and - We also assessed the adequacy of the Company's disclosure regarding the status of compliance with minimum solvency requirements and its plans to maintain the future required solvency margins, which are included in note 38 to the financial statements.
2	<p>Outstanding claims including IBNR</p> <p>As disclosed in notes 3.17 and 23 to the annexed financial statements, the Company's liability relating to outstanding claims including incurred but not reported (IBNR) aggregating to Rs.897.213 million, which represent 45.12% of the Company's total liabilities.</p> <p>Valuation of these claim liabilities involves management judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims. Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>Due to the high level of judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims, and recoveries from reinsurance arrangements; - Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; - Obtained an understanding of the work performed by the management for determining provision for claims Incurred But Not Reported and tested underlying data used; - Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities;



		<ul style="list-style-type: none"> - Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements; - Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and - Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
3	<p>Revenue Recognition - Premium Earned</p> <p>Refer notes 3.13 and 22 to 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. 594.216 million representing 6% 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 hence due to risk over occurrence, revenue may not be appropriately recorded.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium; - Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; - Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; - Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and - Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; - Assessed the appropriateness of disclosures in the financial statements in relation to premium income.



S. No.	Key audit matters	How the matter was addressed in our audit
4	<p>Impairment of available for sale investment</p> <p>As disclosed in note 8 to the accompanying financial statements of the Company for the year ended 31 December 2022, the Company has investments in equity securities and units of open end mutual funds amounting to Rs.613.028 million, which have been classified under the available for sale category, representing 21.56% of total assets of the Company.</p> <p>These investments are valued based on the quoted prices and considered for impairment in case of a significant or prolonged decline in value.</p> <p>We have identified the valuation of investments as a key audit matter due to volatility of share prices during the year, its impact on the financial statements and the management judgements that may be required in making the assessments about the impairment of financial assets.</p> <p>(Refer to notes 3.15 and 8 to the financial statements for relevant disclosures).</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> - We reviewed the appropriateness of the accounting policies and practices followed by the Company to recognize impairment of equity investments on the basis of the requirements of the financial reporting standards. - We obtained an understanding of the procedures applied by the Company to identify impairments in the equity and mutual fund portfolio and observed the applications of such procedures; - We evaluated management's assessments of the indicators for impairment and compared the quoted values of equity investments and net asset values of mutual funds with their cost to check that the Company's policy for impairment is consistently applied and impairment charge is appropriately recognized; - We checked the valuations of equity investments on the basis of quoted market prices at the Pakistan Stock Exchange Limited and valuation of mutual funds based on net assets values as at 31 December 2022; and - We also assessed the adequacy of the overall disclosures in the financial statements in respect of the equity investment portfolio in accordance with the requirements of the financial reporting framework as applicable to the Company.



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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 5 April 2023

UDIN Number: AR2022100765pxYvI9jU

Statement Of Financial Position

As at 31 December 2022

	Note	2022 (Rupees in '000)	2021
Assets			
Property and equipment	5	205,205	213,569
Intangible assets	6	776	1,109
Investment properties	7	321,317	297,740
Investments			
- Equity securities	8	541,795	724,433
- Mutual funds	8	71,233	63,792
Investment in associate	9	248,436	405,040
Loans and other receivables	10	24,580	52,323
Insurance / reinsurance receivables	11	557,966	587,493
Reinsurance recoveries against outstanding claims	23	489,897	714,347
Salvage recoveries accrued		596	-
Deferred commission expense	24	28,694	19,206
Taxation - provision less payment		19,271	20,613
Deferred tax asset	21	50,333	47,833
Prepayments	12	132,702	166,616
Cash and bank	13	53,729	75,964
		2,746,530	3,390,078
Total Assets of Window Takaful Operations - Operator's Fund		97,396	89,280
Total Assets		2,843,926	3,479,358
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		505,650	505,650
Reserves		1,367,000	1,653,748
Accumulated losses		(1,017,237)	(827,015)
Total Equity		855,413	1,332,383
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	897,213	1,026,820
Unearned premium reserves	22	332,080	319,480
Premium deficiency reserves		3,059	-
Unearned reinsurance commission	24	24,251	22,358
Retirement benefit obligations	16	7,742	7,690
Lease liabilities	18	7,972	10,218
Insurance / reinsurance payables		411,414	420,332
Other creditors and accruals	19	238,609	274,067
Unclaimed dividends		22,746	22,750
Total Liabilities		1,945,086	2,103,715
Total Liabilities of Window Takaful Operations - Operator's Fund		43,427	43,260
Total Equity and Liabilities		2,843,926	3,479,358
Contingencies and commitments	20		

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement Of Profit And Loss Account

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
Net insurance premium	22	288,183	246,737
Net insurance claims	23	(305,162)	(231,182)
Premium deficiency		(3,059)	-
Net commission expense and other acquisition costs	24	(9,608)	(13,571)
Insurance claims and acquisition expenses		(317,829)	(244,753)
Management expenses	25	(214,787)	(213,043)
Underwriting results		(244,433)	(211,059)
Investment (loss) / income	26	(3,651)	151,791
Rental income		4,840	4,163
Revaluation gain on investment property		23,577	22,000
Other income	27	51,088	30,629
Other expenses	28	(9,144)	(5,658)
		66,710	202,926
Results of operating activities		(177,723)	(8,134)
Finance costs - lease liability		(1,164)	(1,373)
Share of profit from associate		3,179	11,697
(Loss) / profit before tax from General Insurance Operations		(175,708)	2,190
Loss before tax from Window Takaful Operations - Operator's Fund		(7,367)	(21,501)
Loss before tax		(183,075)	(19,311)
Income tax expense	29	(7,190)	(8,223)
Loss after tax		(190,265)	(27,534)
Loss per share - Rupees	30	(3.76)	(0.54)

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement Of Comprehensive Income

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
Loss after tax		(190,265)	(27,534)
Other comprehensive income:			
Unrealized (loss) / gain on available-for-sale investments during the year	35	(130,965)	2,166
Re-measurement of defined benefit plan for the year		43	(1,432)
Share of other comprehensive (loss) / income from associated company		(155,783)	22,274
Other comprehensive (loss) / income for the year		(286,705)	23,008
Total comprehensive Loss for the year		<u>(476,970)</u>	<u>(4,526)</u>

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement Of Changes In Equity

For The Year Ended 31 December 2022

	Share capital		Reserves						Total reserves	Total equity
	Capital reserves	Revenue reserves	Issued, subscribed and paid-up	Reserve for exception al losses	Devaluation reserve	General reserve	Revaluation Reserves - Available for sale investments of the Company and associate	Revaluation Reserves - Property and Equipment		
Balance as at 01 January 2021	505,650	19,490	185	996,851	576,923	35,859	(798,049)	831,259	1,336,909	
Loss for the year ended 31 December 2021	-	-	-	-	-	-	(27,534)	(27,534)	(27,534)	
Other comprehensive income / (loss) for the year	-	-	-	-	24,440	-	(1,432)	23,008	23,008	
Total comprehensive income / (loss) for the year ended 31 December 2021	-	-	-	-	24,440	-	(28,966)	(4,526)	(4,526)	
Balance as at 31 December 2021	505,650	19,490	185	996,851	601,363	35,859	(827,015)	826,733	1,332,383	
Balance as at 01 January 2022	505,650	19,490	185	996,851	601,363	35,859	(827,015)	826,733	1,332,383	
Loss for the year ended 31 December 2022	-	-	-	-	-	-	(190,265)	(190,265)	(190,265)	
Other comprehensive (loss) / income for the year	-	-	-	-	(286,748)	-	43	(286,705)	(286,705)	
Total comprehensive loss for the year ended 31 December 2022	-	-	-	-	(286,748)	-	(190,222)	(476,970)	(476,970)	
Balance as at 31 December 2022	505,650	19,490	185	996,851	314,615	35,859	(1,017,237)	349,763	855,413	

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Annual Report 2022

Statement Of Cashflows

For The Year Ended 31 December 2022

Note **2022** **2021**
(Rupees in '000)

Operating activities

a) Underwriting activities

Insurance premium received	576,933	676,055
Reinsurance premium paid	(286,330)	(448,210)
Claims paid	(653,111)	(502,036)
Reinsurance and other recoveries received	474,275	289,255
Commission paid	(56,106)	(40,112)
Commission received	44,139	44,585
Other acquisition costs paid	(11,790)	(16,000)
Management expenses paid	(178,652)	(207,935)
Net cash used in underwriting activities	(90,642)	(204,398)

b) Other operating activities

Income tax paid	(5,848)	(9,079)
Other operating receipts	32,466	30,688
Loans advanced, deposits received / (paid)	25,564	(12,598)
Other liabilities (paid) / reversed	(28,904)	12,396
Total cash generated from other operating activities	23,278	21,407

Total cash used in all operating activities

(67,364) **(182,991)**

Investment activities

Profit / return received	46,718	161,208
Rental received	4,840	4,163
Payment for investments made	(5,837)	(256,561)
Proceeds from investments disposed	706	350,038
Fixed capital expenditure incurred	(1,199)	(1,477)
Proceeds from sale of property and equipment	4,480	(32,756)
Total cash generated from investing activities	49,708	224,615

Financing activities

Finance cost paid	(1,164)	(17)
Dividend paid	(4)	(23)
Payment of lease liability	(3,411)	(3,210)
Total cash used in financing activities	(4,579)	(3,250)

Net cash (used in) / generated from all activities

(22,235) **38,374**

Cash and cash equivalents at beginning of the year

75,964 37,590

Cash and cash equivalents at end of the year

13 **53,729** **75,964**

Statement Of Cashflows

For The Year Ended 31 December 2022

	Note	2022	2021
(Rupees in '000)			
Reconciliation to profit and loss account			
Operating cashflows		(67,364)	(182,991)
Depreciation and amortization expense	25	(8,721)	(10,156)
Finance costs		(1,164)	(1,373)
Gain on sale of operating fixed assets	27	3,306	6,293
Net realized gain / (loss) on investments	26	263	(19,659)
Impairment in value of available for sale securities		(49,546)	(9,397)
Rental income		4,840	4,163
Dividend income	26	46,280	179,706
Other income	27	47,783	23,490
Share of profit of associates		3,179	11,697
Loss from Window Takaful Operations - Operator's Fund (Decrease) / increase in assets other than cash	17	(7,367)	(21,501)
Increase / (decrease) in liabilities other than borrowings		(341,714)	224,872
Gain on revaluation of investment property		156,383	(254,678)
		23,577	22,000
Loss after taxation		(190,265)	(27,534)

Definition of cash and cash equivalent

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

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

Cash and other equivalent

Cash	-	-
Stamps in hand	251	258
	251	258

Current and other accounts

Current accounts	6,489	6,624
PLS account	46,989	69,082
	53,478	75,706

Total cash and cash equivalent

	53,729	75,964
--	---------------	---------------

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

Head office - Registered Office

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

Branches

i) Province of Punjab, Pakistan:

- Zonal office, 162 Shadman II, Lahore
- CSD North, 162 Shadman II, Lahore
- Canal Branch, 162 Shadman II, Lahore
- Mall Branch, 23 Shahrah-e-Quaid-e-Azam, Lahore
- 4th Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
- 1st Floor, Regency Arcade, 949-Mall Road, Faisalabad
- Room 3 & 4, Sahib Plaza, Saga Chowk, Defense Road, Sialkot
- Block - L, Trust Plaza, G.T Road, Gujranwala

ii) Province of Sindh, Pakistan:

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

iii) Province of Khyber Pakhtunkhwa, Pakistan:

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

iv) Islamabad Capital Territory

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

Annual Report 2022

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

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

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

- 2.1.2** The total assets of Operator Fund of WTO include an amount of Rs.71.903 million (2021: Rs. 44.403 million) being Qard-e-Hasna receivable from Participant Takaful Fund of WTO. In accordance with the Takaful Rules, 2012, if at any point in time, assets in Participant Takaful Fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

The Company has prepared financial projections of Participant Takaful Fund and based on such financial projections believes that the Participant Takaful Fund would be able to repay Qard-e-Hasna to Operator's Fund. The financial projections are based on various assumptions including expected growth in premiums and reduction in claims over future years.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Amendments

- IFRS 3 - Reference to the Conceptual Framework (Amendments)
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments) and
- IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract (Amendments)

Improvement to accounting standards issued by the IASB (2018 – 2020 cycle) IASB effective date (annual periods beginning on or after)

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

The adoption of the above standards, amendments and improvements of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments	Effective date (annual periods beginning on or after)
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

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

Standard, interpretation or amendment

"IASB Effective date (annual periods beginning on or after)"

IFRS 1 - First time adoption of IFRSs	01 July 2024
IFRS 17 - Insurance Contracts	01 January 2023

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

3.1.1 Operating assets

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

Rates of depreciation:

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

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

Rates of depreciation:

• Buildings	5%
-------------	----

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

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

3.1.2 Capital work in progress

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

3.1.3 Impairment of operating fixed assets

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.2 Intangible assets

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

Rate of amortization used is 30%.

3.2.1 Impairment of intangible assets

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

3.3 Investment properties

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

3.4 Insurance contracts

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

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

Fire and property damage

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Marine, aviation and transport

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

Motor

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

Accident and health

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

Miscellaneous

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

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

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

3.5 Deferred commission expense / Acquisition cost

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

3.6 Unearned premium reserve

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.7 Premium deficiency reserve

The Company is required as per insurance rules 2017 and IFRS 4 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense and commission and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The charge for premium deficiency reserve is recorded in the profit and loss account.

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

Provision has been made for Health business as the unearned premium reserve for the class of business as at the year end is not adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Re-insurance contracts held

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

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

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

3.9 Reinsurance recoveries against outstanding claims

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

3.10 Receivables and payables related to insurance contracts

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

3.11 Segment reporting

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

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

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

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

3.12 Cash and cash equivalents

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

3.13 Revenue recognition

a) Premium / Underwriting result

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

b) Commission income

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

c) Investment income

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

d) Dividend income

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

e) Return on bank accounts

Return on bank accounts are accounted for on accrual basis.

f) Rental Income

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

3.14 Claim

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

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

3.15 Investments

3.15.1 Recognition

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.15.2 Held-for-trading

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

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

3.15.3 Held-to-maturity

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

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

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

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

3.15.4 Available-for-sale

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

Quoted

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

Unquoted

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

3.15.5 Recognition / de-recognition of investments

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.15.6 Investment in Associates – Equity method

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

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

3.15.7 Impairment in investments

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

3.16 Offsetting of financial assets and liabilities

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

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

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

Outstanding claims

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

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

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

Incurred But Not Reported (IBNR) Claims

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

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at 31 December 2021 and 31 December 2022 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.18 Taxation

Current

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

Deferred

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

3.19 Staff retirement benefits

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.19.1 Employees' compensated absences

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

3.19.2 Defined contribution plan

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

3.19.3 Defined benefit plan

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

The latest actuarial evaluation was carried out as at December 31, 2022. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

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

3.20 Leases

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

3.21 Prepayment

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

3.22 Other creditors and accruals

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

3.23 Loans and other receivables

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

3.24 Financial Instruments

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

3.25 Lease liability and right of use asset

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

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

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

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

3.26 Earnings per share

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

3.27 Zakat

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

3.28 Dividend distribution

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

3.29 Management expenses

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

3.30 Contingencies

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

3.31 Share Capital and reserves

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2021.

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

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

- a. Provision for outstanding claims including claims incurred but not reported [IBNR] - note 3.17
- b. Provision for premium deficiency reserves - note 3.7
- c. Reinsurance recoveries against outstanding claims - note 3.9
- d. Provision against premium due but unpaid - note 3.10
- e. Useful life of depreciable / amortizable assets - notes 3.1 and 3.2
- f. Impairment of assets - notes 3.1.3, 3.2.1 and 3.15.7
- g. Staff retirement benefits - note 3.19
- h. Provision for current & deferred taxes - note 3.18
- i. Fair valuation of investment properties - note 3.3
- j. Salvage recoveries - note 3.14
- k. Lease terms and discount rates - note 3.25
- l. Contingencies - note 3.30

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

5. PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work-in-progress
Right of use assets

Note	2022	2021
	(Rupees in '000)	
5.1	172,925	179,073
5.2	26,109	26,109
5.3	6,171	8,387
	205,205	213,569

5.1 Operating fixed assets

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Particulars	2021									
	Cost				Accumulated Depreciation				Written	
	As at 01 January 2021	Additions / (Disposals)	Transfers / Adjustments	As at 31 December 2021	As at 01 January 2021	Depreciation for the year / (disposals)	Transfers/ Adjustments	As at 31 December 2021	down value as at 31 December 2022	Depreciation Rate %
	(Rupees in '000)									
Land	140,450	-	-	140,450	-	-	-	-	140,450	-
Building	21,551	-	-	21,551	11,993	1,004	-	12,997	8,554	5%
Computer equipment	21,898	452 (8,811)	-	13,539	18,212	1,159 (8,562)	-	10,809	2,730	30%
Office equipment	10,698	153 (839)	-	10,012	5,717	488 (621)	-	5,584	4,428	10%
Furniture and fixtures	25,488	- (48)	-	25,440	17,391	808 (36)	-	18,163	7,277	10%
Vehicles (Owned)	58,643	872 (6,621)	14,102	66,996	43,618	2,832 (5,334)	10,246	51,362	15,634	20%
Vehicles (Leased)	15,196	- (1,094)	(14,102)	-	10,002	1,033 (790)	(10,246)	-	-	20%
	293,924	1,477 (17,413)	-	277,988	106,933	7,325 (15,343)	0	98,915	179,073	

5.1.1 Disposal of operating fixed assets

Description	Cost	Accumulated	Book Value	Sale Proceeds	Gain / Loss	Mode of Disposal	Purchaser	Location
(Rupees in '000)								
Toyota Corolla (2010) - LE-10-7475	1,471	1,351	120	1,330	1,210	Tender	Mr. Rizwan	Karachi
United US70 - LEZ- 16A-6971 - Model 2016	49	35	14	14	(0)	Tender	Mr. Muhammad Mehmood Ahmed	Lahore
Honda CD70 (2019) - KNC-7216	79	34	45	60	15	Tender	Mr. Saif-ur-Rehman - Employee	Karachi
Honda City (2010) - ATR-544	1,413	1,321	92	1,487	1,395	Tender	Mr. Rizwan	Karachi
Honda City (2010) - LEA-7435	1,258	1,177	81	1,570	1,489	Tender	Mr. Muhammad Naveed	Karachi
United US70 (RIR-16- 3671) Model 2016	41	31	10	19	9	Tender	Mr. Muhammad Rehan	Karachi
Miscellaneous *	2,689	1,877	812	-	(812)	Write off.	-	Various
	7,000	5,826	1,174	4,480	3,306			

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

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

	Note	2022	2021
		(Rupees in '000)	
5.2 Capital work-in-progress			
Property acquisition and renovation costs	5.2.1	26,109	26,109
		<u>26,109</u>	<u>26,109</u>

5.2.1 Market value of this property assessed by independent valuation company stands at Rs.156.45 million as at 31 December 2022.

	2022	2021
	(Rupees in '000)	
5.3 Right-of-use assets		
The Company has recognized right-of-use assets in respect of the following leases:		
As at January 01	8,387	8,635
Adjustment for Reassessment	-	2,020
	<u>8,387</u>	<u>10,655</u>
Depreciation expense	(2,216)	(2,268)
As at December 31	<u>6,171</u>	<u>8,387</u>

6. INTANGIBLE ASSETS

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

(Rupees in '000)

Particulars	2021							
	Cost			Accumulated Amortization			Written down value as at 31 December 2021	Amortization Rate
	As at 01 January 2021	Additions / (Disposals)	As at 31 December 2021	As at 01 January 2021	Amortization for the year / (Disposal)	As at 31 December 2021		
Software	19,773	(5,907)	13,866	17,795	(5,038)	12,757	1,109	30%

(Rupees in '000)

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

2022 2021
(Rupees in '000)

7. INVESTMENT PROPERTY

Opening net book value / cost as at 01 January	297,740	275,740
Unrealized fair value gain	23,577	22,000
Closing net book value as at 31 December	321,317	297,740

Investment properties consists of the following:

Particulars	Location	Note	Fair value as at 31 December 2022	Improvement	Fair value as at 31 December 2021	Gain 2022
			(Rupees in '000)			
Bungalow, Aga Khan Road	Islamabad	7.3	263,577	-	243,000	20,577
Office, Clifton	Karachi	7.3	20,240	-	20,240	-
Apartment, Silver Oaks	Islamabad	7.3	37,500	-	34,500	3,000
			321,317		297,740	23,577

7.1 The fair value of the investment properties was determined by external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment properties every year.

7.2 The company earned rental income from the above mentioned properties amounting to Rs. 3.22 million (2021: Rs. 2.69 million).

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

8. INVESTMENTS

	2022				2021			
	Cost	Impairment / provision for the year	Revaluation surplus	Carrying value	Cost	Impairment / provision for the year	Revaluation surplus	Carrying value
(Rupees in '000)								
Available-for-sale								
Related parties								
Listed shares	196,282	(8,466)	108,556	296,372	196,282	-	221,328	417,610
Other than related parties								
Unlisted shares	1,483	-	-	1,483	1,483	-	-	1,483
Listed shares	273,316	(41,080)	11,704	243,940	282,461	(9,396)	32,275	305,340
Mutual funds *	52,778	-	18,455	71,233	47,713	-	16,079	63,792
	523,858	(49,546)	138,716	613,028	527,939	(9,396)	269,682	788,225

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
9. INVESTMENT IN ASSOCIATE		
Balance as at 01 January	405,040	373,069
Share of profit	3,179	11,697
Less: Dividend received	(4,000)	(2,000)
Share of other comprehensive income	(155,783)	22,274
Balance as at 31 December	248,436	405,040

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

Year	Assets	Liabilities	Revenues	Profit / (loss) *	Other comprehensive (loss) / income	% Interest held
	(Rupees in '000)					
As at December 31, 2022	304,033	(55,597)	5,604	3,179	(155,783)	8%
As at December 31, 2021	410,364	(5,325)	2,650	11,697	22,274	8%

The Company has accounted for investment in Crescent Powertec Limited as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company have significant influence therein. The conclusion is mainly reached on the basis of the facts that the Company's three director are also the Board member of Crescent Powertec Limited which comprise of five members, resulted in 60% (2021: 60%) representation on the Board of investee company.

* This majorly includes share of dividend income of associate.

	Note	2022	2021
		(Rupees in '000)	
10. LOANS AND OTHER RECEIVABLES			
Mark-up and dividend receivable	10.1	348	2,527
Loans to employees		1,711	2,956
Deposits		11,061	33,956
Advance to agents		1,643	1,234
Other receivables		9,817	11,650
		24,580	52,323

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
11. INSURANCE / REINSURANCE RECEIVABLES			
Premium due but unpaid		482,542	461,786
Less: Provision for doubtful receivables from insurance contract holder	11.1	(173,558) 308,984	(167,490) 294,296
Amounts due from other insurers / reinsurers		361,340	399,487
Less: Provision for doubtful receivables from insurers / reinsurers	11.2	(112,358) 248,982	(106,290) 293,197
		557,966	587,493

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

	2022 (Rupees in '000)	2021
Balance at 01 January	(167,490)	(161,781)
Charge for the year - net	(6,068)	(6,024)
Write-off	-	315
Balance at 31 December	(173,558)	(167,490)

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

	2022 (Rupees in '000)	2021
Balance at 01 January	(106,290)	(101,336)
Charge for the year - net	(6,068)	(6,024)
Write-off	-	1,070
Balance at 31 December	(112,358)	(106,290)

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
12. PREPAYMENTS			
Prepaid reinsurance premium ceded		130,491	159,112
Other prepaid expense		2,211	7,504
		132,702	166,616
13. CASH AND BANK			
Cash and cash equivalent		251	258
- Policy and revenue stamps, bond papers			
Cash at bank		6,489	6,624
- Current accounts	13.1	46,989	69,082
- Savings account		53,729	75,964

13.1 The rate of return on savings account held with various banks range from 7.96% to 14.60% per annum (December 31, 2021: 5.12% to 7.3%).

14 SHARE CAPITAL

14.1 Authorized Capital

2022 (Number of Shares in '000)	2021 (Number of Shares in '000)		2022 (Rupees in '000)	2021 (Rupees in '000)
75,000	75,000	Ordinary shares of Rs.10 each.	750,000	750,000

14.2 Issued, subscribed and paid-up share capital

2022 Number of Shares in '000	2021 Number of Shares in '000		2022 (Rupees in '000)	2021 (Rupees in '000)
200	200	Ordinary share of Rs. 10 each fully paid in cash	2,000	2,000
50,365	50,365	Ordinary shares of Rs.10 each issued as fully paid bonus share	503,650	503,650
50,565	50,565	As at 31 December	505,650	505,650

14.3 As at 31 December 2022, the number of shares held by the associated undertakings were 13,410,121 (2021: 13,410,121) of Rs.10 per share.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
15 RESERVES			
Capital reserves			
Reserve for exceptional loss	15.1	19,490	19,490
Devaluation reserve	15.2	185	185
		19,675	19,675
Revenue reserves			
General reserve		996,851	996,851
Revaluation reserve - AFS Investments and associate		314,615	601,363
Revaluation reserve - Property and equipment	15.3	35,859	35,859
Total revenue reserves		1,347,325	1,634,073
Total reserves		1,367,000	1,653,748
Accumulated losses		(1,017,237)	(827,015)
		349,763	826,733

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

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

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

	Note	2022 (Rupees in '000)	2021
16 RETIREMENT BENEFIT OBLIGATIONS			
Gratuity	16.1	1,901	2,292
Employee compensated absences	16.11	5,841	5,398
		7,742	7,690
16.1 Liability in statement of financial position - Gratuity			
Present value of defined benefit obligation	16.4	1,901	2,292
		1,901	2,292

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
16.2 Movement in the net liability recognized			
Balance at 01 January		2,292	1,749
Expense for the year		250	1,070
		2,542	2,819
Payments during the year		(80)	(695)
Experience adjustment		(561)	168
Balance at 31 December		1,901	2,292
16.3 Expense recognized in the profit or loss account			
Past service cost		-	851
Interest cost on defined benefit obligation		250	219
Expense / (income) chargeable to profit and loss account		250	1,070
16.4 Reconciliation of the present value of the defined benefit obligations			
Present value of obligation as at 01 January		2,292	1,749
Past service cost		-	851
Interest costs on defined benefit obligation	16.3	250	219
Benefit paid		(80)	(695)
Experience adjustment	16.5	(561)	168
Present value of obligation as at 31 December		1,901	2,292
16.5 Total re-measurements chargeable in other comprehensive income			
Re-measurement of plan obligation		(561)	168
Experience adjustments		(561)	168
Returns on plan assets, excluding interest income		(561)	168
16.6 Maturity profile of defined benefit obligation			
Average duration of the defined benefit obligation is:		3.16 Years	3.80 Years
16.7 The estimated expenses to be charged to profit and loss account for the year 2023 is Rs. 246,645/-			
16.8 Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.			
16.9 Sensitivity analysis on significant actuarial assumptions: Actuarial liability			

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Principal actuarial assumptions used are as follows:

Discount rate used for Interest Cost in Profit and loss charge
Discount rate used for year end obligation
Next salary is increased at
Retirement assumption

2022	2021
14.50%	11.75%
14.50%	11.75%
1-Jan-23	1-Jan-22
Age 60	Age 60

Base

Discount rate +100 bps
Discount rate -100 bps
Salary increase rate +100 bps
Salary increase rate -100 bps
Molarity rate +10%
Molarity rate -10%
Withdrawal rate +10%
Withdrawal rate -10%

2022	2021
(Rupees in '000)	
1,849	2,214
1,957	2,376
1,901	2,292
1,901	2,292
1,901	2,292
1,901	2,292
1,932	2,327
1,868	2,253

16.10 Historical data of gratuity scheme

	2022	2021	2020	2019	2018
	(Rupees in '000)				
Present value of defined	1,901	2,292	1,179	1,179	1,024
Experience adjustment arising on plan liabilities	(561)	168	4	430	(209)

16.11 Movement in the net liability recognized in the statement of financial position – Employee Compensated Absences

	2022	2021
	(Rupees in '000)	
Balance at 01 January	5,398	3,547
Expense for the year	159	886
	5,557	4,433
Interest cost on defined benefit obligation	626	346
Payment during the year	(860)	(645)
Experience adjustment	518	1,264
Balance at 31 December	5,841	5,398

16.12 Expense recognized in the profit or loss account

	2022	2021
Current service cost	159	886
Interest cost	626	346
	785	1,232

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

16.13 Historical data of leave encashment scheme

	2022	2021	2020 (Rupees in '000)	2019	2018
Present value of defined benefit obligations	5,841	5,398	3,547	3,268	5,537
Experience adjustment arising on plan liabilities	518	1,264	(133)	(1,031)	760

16.14 Principal Actuarial Assumptions

Following are important actuarial assumptions used in the benefits valuation:

	2022	2021
Discount rate	14.50%	11.75%
Salary increase rate (p.a.)	14.50%	11.75%

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

16.16 The estimated expenses to be charged to profit and loss account for the year 2023 is **Rs. 1,219,939/-**

16.17 Average duration of the defined benefit obligation is: **5.86 yrs.**

	2022 (Rupees in '000)	2021 (Rupees in '000)
17. WINDOW TAKAFUL OPERATIONS – OPERATOR'S FUND		
Assets		
Loan and other receivables	225	114
Receivable from PTF	12,792	22,336
Deferred commission expense	8,329	7,105
Cash and bank	4,147	15,322
	25,493	44,877
Qard-e-hasna contributed to PTF	71,903	44,403
Total Assets	97,396	89,280
Total Liabilities		
	148,776	133,293
Operator's revenue accounts		
Wakala fee	61,285	39,949
Commission expense	(15,694)	(7,757)
General, administrative and management expenses	(51,999)	(51,841)
Modarib's share of PTF Investment income	2,399	1,043
Profit on bank accounts	272	89
Other expenses	(3,630)	(2,984)
Loss for the period	(7,367)	(21,501)

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022	2021
		(Rupees in '000)	
18. LEASE LIABILITIES			
Lease liability against Right of Use			
Opening balance		10,218	10,052
Adjustment for Reassessment		-	2,020
Payment / termination of lease liability		(3,410)	(3,210)
		6,808	8,862
Finance cost		1,164	1,356
Closing balance		7,972	10,218
19. OTHER CREDITORS AND ACCRUALS			
Bonus payable		3,102	3,102
Commissions payable		170,117	176,671
Federal excise duty and sales tax		17,100	16,732
Salvage recoveries accrued		-	502
Deposits and margins		2,127	3,727
Provision for rent	19.1	14,000	14,000
Others	19.2	32,163	59,333
		238,609	274,067

19.1 This represents provision for rent amounting to Rs.14 million (December 31, 2021: Rs.14 million) against which the Company is in litigation with the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

19.2 This includes outstanding claims in respect of which cheques aggregating to Rs.2.5 million (2021: Rs.2.7 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated 19 May 2014:

	2022	2021
	(Rupees in '000)	
1 to 6 months	-	-
More than 6 months	2,499	2,743
	2,499	2,743

Claims not encashed

	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	(Rupees in '000)					
2022	-	38	7	39	2,415	2,499
2021	-	12	39	722	1,970	2,743

Annual Report 2022

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

2022 **2021**
(Rupees in '000)

20. CONTINGENCIES AND COMMITMENTS

20.1 Commitments

Commitment for capital expenditure	15,038	15,038
------------------------------------	---------------	---------------

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

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

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

20.5 During the year, the Additional Commissioner Inland Revenue passed an assessment order for the tax year 2020 for a net demand of Rs.3.25 million. The Company filed an appeal against the order before Commissioner (Appeals) and based on the opinion of the tax advisor of the Company, the management believes that the matter will ultimately be decided in the favor of the Company. Accordingly, no provision has been made in these financial statements.

Note **2022** **2021**
(Rupees in '000)

21. DEFERRED TAX ASSET

Taxable temporary differences arising from:

- Difference in accounting and tax base of property and equipment	(86,878)	(80,586)
---	-----------------	----------

Deductible temporary differences arising from:

- Unused tax losses and other deductible temporary differences	137,211	128,419
21.1	50,333	47,833

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

- 21.1** As at the year end, the aggregate amount of unused carry forward business losses (including depreciation) and other deductible temporary differences (mainly on account of provision against investments, provision against doubtful receivable) amounts to Rs.875.375 million (2021: Rs.869.115 million), net deferred tax asset on which amounts to Rs. 253.858 million (2021: Rs: 252.043 million). However, the Company has recognized deferred tax asset on such deductible temporary differences to the extent of Rs. 50.333 million, after adjusting taxable temporary difference, in line with its accounting policy as disclosed in note 3.18 of these financial statements.

	2022	2021
	(Rupees in '000)	
22. NET INSURANCE PREMIUM		
Written gross premium	606,816	602,428
Add: Unearned premium reserve opening	319,480	277,987
Less: Unearned premium reserve closing	(332,080)	(319,480)
Premium earned	594,216	560,935
Less: Reinsurance premium ceded	277,412	319,614
Add: Prepaid reinsurance premium opening	159,112	153,696
Less: Prepaid reinsurance premium closing	(130,491)	(159,112)
Reinsurance expense	306,033	314,198
Net insurance premium	288,183	246,737
23. NET INSURANCE CLAIMS		
Claims paid	652,515	503,284
Less: Outstanding claims including IBNR opening	(1,026,820)	(700,569)
Add: Outstanding claims including IBNR closing	897,213	1,026,820
Claims expense	522,908	829,535
Less: Reinsurance and other recoveries received	442,196	289,255
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	(714,347)	(405,249)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	489,897	714,347
Reinsurance and other recoveries revenue	217,746	598,353
Net insurance claims	305,162	231,182

- 23.1** The net provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2022 amounted to Rs.54.92 million (2021: Rs.39.14 million).

23.2 Claim Development

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

Accident year	2015	2016	2017	2018	2019	2020	2021	2022
(Rupees in '000)								
Estimate of ultimate claims cost:								
At end of accident year	839,547	780,536	638,177	309,753	211,456	243,018	834,017	598,621
One year later	899,973	792,576	681,549	265,234	167,378	218,906	802,136	
Two years later	882,564	808,369	673,049	265,147	173,836	211,956		
Three years later	894,199	813,336	664,076	265,544	174,504			
Four years later	895,267	809,445	664,220	262,291				
Five years later	895,462	808,485	668,173					
Six years later	896,289	810,934						
Seven years later	897,331							
Current estimate of cumulative claims	897,331	810,934	668,173	262,291	174,504	211,956	802,136	598,621
Cumulative payments till date	573,192	625,720	652,906	253,985	169,865	196,833	643,005	155,892
Liability recognized in statement financial position	324,139	185,214	15,267	8,306	4,639	15,123	159,131	442,729

	2022	2021
(Rupees in '000)		
24. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS		
Commission paid or payable	49,552	40,533
Add: Deferred commission opening	19,206	19,549
Less: Deferred commission closing	(28,694)	(19,206)
Commission expense	40,064	40,876
Less: Commission received or recoverable from reinsurers	44,139	44,585
Add: Unearned reinsurance commission opening	22,358	21,079
Less: Unearned reinsurance commission closing	(24,251)	(22,358)
Commission from reinsurance	42,246	43,306
Net commission income	(2,182)	(2,429)
Add: Other acquisition costs:		
Tracking device expenses	238	1,094
Service charges	10,755	6,781
Other costs	797	8,125
Net Commission expense and other acquisition costs	11,790	16,000
	9,608	13,571

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	2022	2021
		(Rupees in '000)	
25. MANAGEMENT EXPENSES			
Employee benefit cost	25.1	156,393	152,746
Travelling expenses		2,099	1,642
Advertisement and sales promotion		747	1,435
Printing and stationary		2,371	2,709
Depreciation		8,388	9,592
Amortization		333	564
Rent, rates and taxes		1,729	1,690
Legal and professional charges - business related		6,398	5,853
Electricity, gas and water		6,158	5,403
Entertainment		2,314	2,494
Vehicle running expenses		1,330	1,647
Office repairs and maintenance		6,137	4,990
Bank charges		92	297
Postages, telegrams and telephone		4,423	4,286
Insurance expense		1,459	3,057
Annual supervision fee SECP		910	1,056
Bad and doubtful debts		12,136	12,049
Others		1,370	1,533
		214,787	213,043
25.1 Employee benefit cost			
Salaries, allowance and other benefits		149,542	145,036
Charges for post employment benefit		6,851	7,710
		156,393	152,746
26. INVESTMENT INCOME			
Income from equity securities and mutual fund units			
Available for sale			
- Equity securities		40,537	176,173
- Mutual funds		5,743	3,533
Income from debts securities			
Available for sale			
- Amortization of discount - net		-	1,697
Net realized gain / (loss) on investments			
Available for sale			
- Equity securities and Mutual Funds		263	(19,659)
Total investment income		46,543	161,744
Less: Impairment in value of available for sale securities			
- Equity Securities		(49,546)	(9,397)
Less: Investment related expenses		(648)	(556)
		(3,651)	151,791

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	Unaudited Nine Months Period Ended	
		2022	2021
(Rupees in '000)			
27. OTHER INCOME			
Return on bank balances		2,906	1,649
Gain on sale of operating fixed assets		3,306	6,293
Liabilities no longer required written back		14,540	23,306
Miscellaneous	27.1	30,336	(619)
		51,088	30,629
27.1	This includes Rs.26.036 million received as mark up on amount deposited by the Company, under a court order.		
28. OTHER EXPENSES			
Auditors' remuneration		2,720	2,766
Fees and subscription		5,667	3,137
Donations		40	500
Others		717	(745)
		9,144	5,658
28.1 Auditors' remuneration			
Audit fee		1,669	1,450
Review of interim financial statements		483	409
Special certifications and other		568	907
		2,720	2,766
29. TAXATION			
Current tax		9,690	9,631
Deferred tax		(2,500)	(1,408)
		7,190	8,223
29.1	The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of the Income Tax Ordinance, 2001.		

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
30. LOSS PER SHARE		
Loss after tax for the year	(190,265)	(27,534)
	Number of shares in '000	
Weighted average number of ordinary shares	50,565	50,565
	Rupees	
Loss per share	(3.76)	(0.54)

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

31. COMPENSATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Fees	-	-	1,460	1,940	-	-
Managerial remuneration	-	-	3,240	3,240	63,810	74,909
Leave encashment	-	-	-	-	628	-
Bonus	-	-	-	-	-	927
Exgratia allowance	-	-	-	-	-	-
Fuel and travelling	-	-	1,356	956	13,343	7,903
Contribution to defined contribution plan	-	-	270	270	4,228	3,984
Rent and house maintenance	-	-	1,080	1,080	19,913	19,640
Utilities	-	-	1,080	1,080	15,887	16,098
Medical	-	-	-	-	3,137	2,829
Others	5	-	3,109	2,374	1,525	361
	5	-	11,595	10,940	122,471	126,651
Number of persons	1	1	7	7	43	41

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

32. NUMBER OF EMPLOYEES

The total and average number of employees during the year ended 31 December 2022 and 2021 are as follows:

	2022	2021
	Number	
As at year end	<u>95</u>	<u>102</u>
Average during the year	<u>98</u>	<u>110</u>

33. RELATED PARTY TRANSACTIONS

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

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

	2022	2021
	(Rupees in '000)	
Transactions during the year		
Associated Companies	161,254	140,097
Premium underwritten	172,219	157,124
Premium received	84,981	4,524
Claims paid	11,019	18,627
Dividend received	-	3,780
Investments made	7,090	5,957
Others		
Others		
Premium underwritten	499	354
Premium received	832	78
Claims paid	-	58
Balances		
Associated Companies		
Premium receivable	78,887	54,892
Claims outstanding	68,439	132,421
Commission outstanding	1,015	19,213
Others		
Premium receivable	117	361

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

33.1 Company's contribution toward staff provident fund during the year is Rs.4.80 (2021: Rs.4.60) million.

34. SEGMENT REPORTING

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Premium receivable (inclusive of FED / Sales Tax, Federal insurance fee and Administrative surcharge)	261,620	283,611	57,944	47,167	76,668	75,049	196,441	201,246	65,067	57,657	657,740	664,730
Less: FED / sales tax	22,400	34,272	6,337	5,343	9,255	9,588	-	-	7,831	7,376	45,823	56,578
Less: Federal insurance fee	1,499	2,195	488	404	628	642	1,950	1,993	535	490	5,100	5,724
Gross written Premium (inclusive of Administrative surcharge)	237,720	247,145	51,118	41,420	66,785	64,820	194,491	199,254	56,702	49,790	606,816	602,428
Gross direct premium	149,703	218,536	47,427	39,321	61,450	62,658	194,168	199,094	53,242	48,571	505,989	568,180
Facultative inward premium	87,021	27,829	2,239	984	3,987	635	-	-	2,710	782	95,957	30,230
Administrative surcharge	996	779	1,453	1,116	1,348	1,526	323	159	750	437	4,870	4,017
Insurance premium earned	242,987	228,460	50,971	40,767	63,477	65,434	182,894	180,992	53,887	45,282	594,216	560,935
Insurance premium ceded to reinsurers	(221,593)	(222,557)	(30,134)	(21,439)	(3,624)	(3,480)	(23,629)	(40,524)	(27,054)	(26,199)	(306,033)	(314,198)
Net Insurance premium	21,394	5,903	20,838	19,328	59,853	61,954	159,265	140,469	26,833	19,083	288,183	246,737
Commission income from reinsurers	28,359	26,748	5,273	3,704	273	208	4,135	7,092	4,206	5,554	42,246	43,306
Net underwriting income	49,753	32,652	26,111	23,032	60,125	62,162	163,400	147,560	31,039	24,637	330,429	290,043
Insurance claims expense	(320,065)	(568,143)	(19,799)	(11,937)	(34,488)	(15,993)	(158,144)	(202,747)	9,586	(30,715)	(522,909)	(829,535)
Insurance claims recovered from reinsurers and other recoveries revenue	212,377	501,458	12,168	9,378	1,171	(6)	12,316	68,705	(20,287)	18,818	217,745	598,353
Net Insurance claims	(107,688)	(66,685)	(7,631)	(2,559)	(33,315)	(15,999)	(145,828)	(134,042)	(10,701)	(11,897)	(305,163)	(231,182)
Commission expense	(15,519)	(19,270)	(3,233)	(3,428)	(4,136)	(4,744)	(11,195)	(11,923)	(5,991)	(1,511)	(40,064)	(40,876)
Premium deficiency	-	-	-	-	-	-	(3,059)	-	-	-	(3,059)	-
Management expense	(87,831)	(86,769)	(18,424)	(15,483)	(22,944)	(24,852)	(66,109)	(68,741)	(19,478)	(17,198)	(214,787)	(213,043)
Other acquisition cost	1,229	(1,002)	645	(707)	1,224	(2,996)	(15,656)	(10,539)	767	(756)	(11,790)	(16,000)
Net insurance claims and expenses	(209,809)	(173,726)	(28,643)	(22,177)	(59,171)	(48,591)	(241,847)	(225,245)	(35,393)	(31,362)	(574,862)	(501,101)
Underwriting result	(160,056)	(141,079)	(2,532)	856	955	13,571	(78,447)	(77,684)	(4,354)	(6,725)	(244,433)	(211,059)
Investment income											(3,851)	151,791
Rental income												4,840
Revaluation gain on investment property												23,577
Other income												51,088
Other expenses												(9,144)
Finance cost												(1,164)
Share of profit from associate												3,179
Share of loss from WTO - Operator's Fund												(7,367)
Loss before tax												(183,076)

34.1 Segment assets and liabilities

The following presents segments assets and liabilities for the period 31 December 2022 and 31 December 2021:

	Fire and property		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in '000											
Segment assets	473,509	610,080	101,821	102,246	133,027	160,007	387,402	491,860	112,943	122,911	1,208,702	1,487,104
Unallocated corporate assets											1,635,224	1,992,254
Total assets											2,843,926	3,479,358
Segment Liabilities	652,246	733,927	140,256	123,002	183,242	192,489	533,637	591,709	155,576	147,863	1,664,957	1,788,990
Unallocated corporate liabilities											280,129	314,725
Total liabilities											1,945,086	2,103,715

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

(Rupees in '000)

35. MOVEMENT IN INVESTMENTS – AVAILABLE FOR SALE

01 January 2021	888,933
Additions	256,561
Disposals (sale and redemptions)	(350,038)
Fair value net gains (excluding net realized gains)	2,166
Impairment losses	(9,397)
31 December 2021	788,225
Additions	5,837
Disposals (sale and redemptions)	(523)
Fair value net gains (excluding net realized gain)	(130,965)
Impairment losses	(49,546)
31 December, 2022	613,028

36. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

36.1 Insurance Risk

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

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

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

Frequency and severity of claims

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

	2022 Maximum Gross Risk Exposure	2021 Maximum Gross Risk Exposure
	(Rupees in '000)	
Fire and property damage	8,356,757	14,994,936
Marine, aviation and transport	610,930	808,340
Motor	37,500	30,000
Health	2,000	1,000
Miscellaneous	160,000	160,000

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

Uncertainty in the estimation of future claims payment

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

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

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initially recognized amount. The provision for claims incurred but not reported is recorded on actuarial advice which is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Class	2022	2021
	Assumed net loss ratio	
Fire and property damage	34%	12%
Marine, aviation and transport	39%	21%
Motor	97%	100%
Health	92%	66%
Miscellaneous	-112%	39%

Sensitivity Analysis

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

As the Company mostly enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit / (loss) before tax net of reinsurance.

	Pre tax profit / (loss)		Shareholders' equity	
	2022	2021	2022	2021
	(Rupees in '000)			
10% increase in loss	(30,516)	(23,118)	(30,516)	(23,118)
10% decrease in loss	30,516	23,118	30,516	23,118

Claims development

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

Geographical concentration of insurance risk

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

2022 2021
(Rupees in '000)

37 Financial risk

37.1 Financial instruments by category

Financial assets

Loans and receivables

Loans and other receivables	24,580	52,323
Insurance / reinsurance receivables	557,966	587,493
Reinsurance recoveries against outstanding claims	489,897	714,347
Salvage recoveries accrued	596	-
Cash and bank balances	53,729	75,964

Available for sale

Investments - equity securities	541,795	724,433
---------------------------------	---------	---------

Financial liabilities

At amortized cost

Outstanding claims including IBNR	897,213	1,026,820
Lease liabilities	7,972	10,218
Insurance / reinsurance payables	411,414	420,332
Other creditors and accruals	224,609	260,067
Unclaimed dividend	22,746	22,750

37.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

37.2.1 Credit risk

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

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

	2022	2021
	(Rupees in '000)	
Bank deposits	53,478	75,707
Premium due but unpaid - net of provision	308,984	294,296
Amount due from other insurers / reinsurers - net of provision	248,982	293,197
Accrued investment income	348	2,527
Reinsurance recoveries against outstanding claim	489,897	714,347
Deposits and other receivables	24,232	49,796
	1,125,921	1,429,870

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

	2022	2021
	(Rupees in '000)	
The age analysis of premium due but unpaid is as follows:		
Up to 1 year	137,716	121,916
1 - 2 years	9,447	8,051
2 - 3 years	4,788	7,114
Over 3 years	330,591	324,705
	482,542	461,786

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

Up to 1 year	71,800	53,042
1 - 2 years	3,111	3,613
2 - 3 years	1,089	2,547
Over 3 years	1,399	(4,258)
	77,399	54,944

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

	Amount due from reinsurance operators	Reinsurance recoveries against outstanding	Other reinsurance asset	2022	2021
	(Rupees in '000)				
A or above (including PRCL)	304,546	450,443	111,643	866,631	1,200,398
BBB	50,845	14,862	18,849	84,556	8,444
Others	5,949	24,592	-	30,541	64,104
Total	361,340	489,897	130,491	981,729	1,272,946

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

Bank	Rating agency	2022	
		Short term	Long term
MCB Bank Limited	PACRA	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
Faysal Bank Limited	PACRA / VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
National Bank Limited	PACRA / VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
FINCA Microfinance Bank Limited	VIS	A-2	A-
Allied Bank Limited	PACRA	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

37.3 Liquidity risk

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

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022			Total
	Within 1 year	2 - 5 years	More than 5 years	
	(Rupees in '000)			
Financial liabilities				
Outstanding claims including IBNR	897,213	-	-	897,213
Lease liabilities	2,276	4,881	816	7,972
Insurance / reinsurance payables	411,414	-	-	411,414
Other creditors and accruals	224,609	-	-	224,609
Unclaimed dividend	22,746	-	-	22,746
	1,558,258	4,881	816	1,563,954

	2021			Total
	Within 1 year	2 - 5 years	More than 5 years	
	(Rupees in '000)			
Financial liabilities				
Outstanding claims including IBNR	1,026,820	-	-	1,026,820
Lease liabilities	2,246	6,442	1,530	10,218
Insurance / reinsurance payables	420,332	-	-	420,332
Other creditors and accruals	260,067	-	-	260,067
Unclaimed dividend	22,750	-	-	22,750
	1,732,215	6,442	1,530	1,740,187

37.4 Market risk

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

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

37.4.1 Interest rate risk

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Maturity profile of financial assets and liabilities:

2022	Effective rate % per annum	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in '000)								
FINANCIAL ASSETS								
Investments in equity securities	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	248,436	248,436	248,436
Loans and other receivables	-	-	-	-	11,876	11,061	22,937	22,937
Insurance receivables against outstanding	-	-	-	-	557,966	-	557,966	557,966
Salvage recoveries accrued	-	-	-	-	489,897	-	489,897	489,897
Cash	7.96 - 14.60	46,989	-	46,989	596	-	596	596
December 31, 2022		46,989	-	46,989	1,067,075	259,497	1,326,572	1,373,561
FINANCIAL LIABILITIES								
Outstanding claims including IBNR	-	-	-	-	897,213	-	897,213	897,213
Insurance payables	-	-	-	-	411,414	-	411,414	411,414
Other creditors and accruals	-	-	-	-	224,609	-	224,609	224,609
Lease liabilities	2,276	5,696	7,972	7,972	-	-	-	7,972
December 31, 2022		2,276	5,696	7,972	1,533,236	-	1,533,236	1,541,208
OFF BALANCE SHEET ITEMS								
Capital commitments	-	-	-	-	-	15,038	15,038	15,038
December 31, 2022		-	-	-	-	15,038	15,038	15,038
Interest risk sensitivity gap		44,713	(5,696)	39,017	(466,161)	259,497	(206,665)	(167,647)

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

2021	Effective rate % per annum	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in '000)								
FINANCIAL ASSETS								
Investments in equity securities	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	405,040	405,040	405,040
Loans and other receivables	-	-	-	-	17,133	33,956	51,089	51,089
Insurance receivables against outstanding	-	-	-	-	587,493	-	587,493	587,493
Salvage recoveries accrued	-	-	-	-	714,347	-	714,347	714,347
Cash	5.12 - 7.30	69,082	-	69,082	6,882	-	6,882	75,964
December 31, 2021		69,082	-	69,082	1,325,855	438,996	1,764,851	1,833,933

FINANCIAL LIABILITIES								
Outstanding claims including IBNR	-	-	-	-	1,026,820	-	1,026,820	1,026,820
Insurance payables	-	-	-	-	420,332	-	420,332	420,332
Other creditors and accruals	-	-	-	-	260,067	-	260,067	260,067
Lease liabilities	2,246	7,972	10,218	10,218	-	-	-	10,218
December 31, 2021		2,246	7,972	10,218	1,707,219	-	1,707,219	1,717,437

2021	Effective rate % per annum	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in '000)								
OFF BALANCE SHEET ITEMS								
Capital commitments	-	-	-	-	-	15,038	15,038	15,038
December 31, 2021		-	-	-	-	15,038	15,038	15,038
Interest risk sensitivity gap		66,836	(7,972)	58,864	(381,364)	438,996	57,632	116,496

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

37.4.2 Currency risk

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

37.4.3 Other price risk

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

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

The following table summarizes the Company's other price risk as of 31 December 2022 and 2021. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value (Rupees in '000)	Effect on fair value
December 31, 2022	5%	611,545	30,577
December 31, 2021	5%	786,742	39,337

37.5 Operational Risk

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

37.6 Capital management

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

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

Currently the Company has a paid-up capital of Rs.505.65 million against the minimum required capital of Rs.500 million set by the SECP vide SRO 828.

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

During the year, the Company incurred loss after tax of Rs.190.265 million and its accumulated losses were Rs.1,017 million as at 31 December 2022. The excess in net admissible assets over minimum requirement was Rs.13.07 million as at 31 December 2022. The management and Board of the Company despite the above financial position is confident that there are no issues in terms of going concern assessment of the Company, as the Company has prepared financial projections which depict that there are sufficient resources in foreseeable future to support the operational activities of the Company. In addition, the Company's paid-up capital is in compliance with the minimum requirement as per the applicable laws. Accordingly, these financial statements are prepared on going concern basis of accounting.

38. STATEMENT OF SOLVENCY

2022
(Rupees in '000)

Assets

Property and equipment	205,205
Intangible assets	776
Investment properties	321,317
Investments in associate	248,437
Investments	618,258
Loans and other receivables	75,644
Insurance / reinsurance receivables*	601,550
Reinsurance recoveries against O/S claims	496,827
Salvage recoveries accrued	993
Deferred commission expense	28,694
Taxation - provision less payment	19,271
Deferred tax asset	50,333
Prepayments	144,249
Cash and bank deposits	125,078
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	-
Total Assets (A)	3,034,028

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(d) Loans to employees	1,711
(h) Insurance / reinsurance receivables	35,232
(k) Cash and bank deposits	437
(i) Intangible assets	776
(j) Deferred tax assets	50,333
(p) Investments	225,289
(g) Investments	248,436
(u) - (i) Vehicles	12,197
(u) - (ii) Office equipment and computers	6,272
(u) - (iii) Furniture and fixtures	6,458
(k) Guarantees under bond insurance	2,127
Qard-e-Hasna contributed by operator's fund	71,903
Total of In-admissible assets (B)	661,171
Total Admissible Assets (C=A-B)	2,372,857

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

2022
(Rupees in '000)

Total Liabilities

Underwriting provisions	956,883
Outstanding claims including IBNR	415,199
Unearned premium reserves	26,305
Unearned commission income	6,088
Contribution deficiency reserve	7,742
Retirement benefit obligations	7,972
Borrowings	435,073
Insurance / reinsurance payables	253,098
Other creditors and accruals	22,746
Unclaimed dividends	43,427
Total liabilities related of operator's fund	2,174,533
Total Liabilities (D)	

Total Net Admissible Assets (E=C-D)

198,324

Minimum Solvency Requirement (higher of following)

Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	89,716	
Method C - U/s 36(3)(c)	155,096	155,096

Excess in Net Admissible Assets over Minimum Requirements

43,228

* This includes premium due but unpaid (considered fully as admissible) amounting Rs.92 million which is not overdue as per the agreed terms with customers as the underlying premium is due on installment basis, and the overdue days are calculated from the date the premium is due and not from the start of risk coverage period.

- 38.1** The Company is currently compliant with the minimum solvency requirement as set out under the rules and regulations set by the SECP. However, owing to the fact that the Company has incurred loss during the year and the company is marginally solvent as at the year end, the management of the Company has done financial analysis to assess the solvency requirements for the next year and concluded that the Company will have sufficient resources either from operations or through utilization of assets to maintain the solvency.

39. PROVIDENT FUND

The Company operates an approved contributory provident fund (the fund) for its permanent employees. Details of net assets and investments as per unaudited 2022 (2021: audited) financial statements of the fund are as follows:

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
Size of the fund	75,339	70,765
Cost of investments made	69,268	68,671
Fair value of investments	67,388	68,209
Investment - (%)	89.4%	96.4%

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

	2022	2021
	(Rupees in '000)	
Break-up of investments		
Mutual Funds	31,388	34,352
Treasury Bills	36,000	33,857
Bank balance	7,951	2,556

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

	2021		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Available for sale investments (measured at fair value)			
Equity securities	722,950	1,483	-
Mutual fund units	-	63,792	-
	722,950	65,275	-

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on **31st March 2023** by the Board of directors of the Company.

42. GENERAL

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

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

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

**Chief Executive
Officer**

Chairman

Director

Director

**Chief Financial
Officer**

Annual Report 2022



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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Premier Insurance Limited - Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Premier Insurance Limited - Window Takaful Operations** (the Operator), which comprise the statement of financial position as at **31 December 2022**, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statements of comprehensive income, the statements of changes in fund and the statements of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2022 and the results of its takaful operations for the year then ended.

Basis for Opinion

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

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

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

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



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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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:

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 5 April 2023

UDIN Number: AR202210076Yae4I00ks

MUFTI UBAID UR RAHMAN ZUBAIRI

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

مفتی عبید الرحمن زبیری

فاضل جامعہ دارالعلوم کراچی

شرعی مشیر، پریمیر ونڈو تکافل آپریشنز

Annual Shariah Review Report 2022

For the period ended December 2022

Premier Insurance Limited started its Window Takaful Operations on 2nd Oct 2015. (Hereafter referred to as PIL-WTO). As Shariah Advisor of PIL-WTO, I have examined the financial statements for the year ended 31st December 2022. In my opinion, and to the best of my understanding based on the provided information and explanation, I report as under:

Shariah Certification:

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

Conclusion:

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

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



Mufti Ubaid ur Rahman Zubairi
 Shariah Advisor
 Premier Insurance Limited-Window Takaful Operations
 20th Feb 2023



+92 333 3200943 | ✉ ubaidzub@gmail.com

Statement of Financial Position of Operator's Fund And Participants' Takaful Fund

As at 31 December 2022

	Note	Operator's Fund		Participant's Takaful Fund	
		2022	2021	2022	2021
(Rupees in '000)					
Assets					
Investments					
Mutual funds	6	-	-	4,630	5,035
Term deposits	7	-	-	600	600
Loans and other receivables	9	225	114	21,846	31,431
Takaful / retakaful receivables	11	-	-	43,584	68,987
Retakaful recoveries against outstanding claims	18	-	-	6,930	20,271
Qard-e-hasna contributed to PTF	8	71,903	44,403	-	-
Salvage recoveries accrued		-	-	397	350
Receivable from PTF	10	12,792	22,336	-	-
Deferred wakala expense	21	-	-	29,218	31,140
Deferred commission expense	22	8,329	7,105	-	-
Prepayments	12	-	-	11,548	13,027
Cash and bank	13	4,147	15,322	71,349	45,782
Total Assets		97,396	89,280	190,102	216,623
Funds and Liabilities					
Reserve attributable to:					
Operator's Fund (OPF)					
Statutory fund		50,000	50,000	-	-
Accumulated deficit		(101,380)	(94,013)	-	-
Balance of Operator's Fund		(51,380)	(44,013)	-	-
Participant's Takaful Fund (PTF) / Waqf					
Seed money		-	-	500	500
Revaluation reserves		-	-	(939)	(533)
Accumulated deficit		-	-	(67,382)	(43,327)
Balance of Participant's Takaful Fund / Waqf		-	-	(67,821)	(43,360)
Qard-e-Hasna		-	-	71,903	44,403
Liabilities					
PTF Underwriting provisions					
Unearned contribution reserve	17	-	-	83,119	88,967
Outstanding claims including IBNR	18	-	-	59,670	70,595
Contribution deficiency reserve		-	-	3,029	4,160
Reserve for Unearned retakaful rebate	20	-	-	2,054	2,134
		-	-	147,872	165,856
Unearned wakala fees	21	29,218	31,140	-	-
Takaful / retakaful payables		-	-	23,659	25,506
Payable to OPF	15	-	-	12,792	22,336
Other creditors and accruals	14	119,558	102,153	1,697	1,882
Total Liabilities		148,776	133,293	38,148	49,724
Total Fund and Liabilities		97,396	89,280	190,102	216,623
Contingencies and commitments	16				

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Annual Report 2022

Statement Of Profit And Loss Account

For The Year Ended 31 December 2022

	Note	2022 (Rupees in '000)	2021
Participant's Takaful Fund			
Contribution earned – net of wakala fee	17	112,934	74,190
Less: Contribution ceded to retakaful	17	(22,747)	(16,870)
Net contribution revenue	17	90,187	57,320
Re-takaful rebate earned	20	4,333	3,200
Net underwriting income		94,520	60,520
Net claims – reported / settled	18	(107,562)	(68,728)
– IBNR	18	(6,998)	(3,375)
Reversal of contribution deficiency reserve		1,131	250
		(113,429)	(71,853)
Provision for doubtful contribution	11	–	(162)
Other direct expenses	19	(9,759)	(4,899)
Deficit before investment income		(28,668)	(16,394)
Investment income	25	34	403
Other income	26	6,977	2,609
Less: Modarib's share of investment income	27	(2,399)	(1,043)
		(24,056)	(14,425)
Deficit for the year			
Operator's Fund			
Wakala fee	21	61,285	39,949
Commission expense	22	(15,694)	(7,757)
General, administrative and management expenses	23	(51,999)	(51,841)
		(6,408)	(19,649)
Modarib's share of PTF investment income	27	2,399	1,043
Profit on bank accounts		272	89
Other expenses	24	(3,630)	(2,984)
Loss for the year		(7,367)	(21,501)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement Of Comprehensive Income

For The Year Ended 31 December 2022

2022 2021
(Rupees in '000)

Participant's Takaful Fund

Deficit for the year	(24,056)	(14,425)
Other comprehensive loss for the year:		
Unrealized loss on available for sale securities	(405)	(72)
Total comprehensive loss for the year	(24,461)	(14,497)

Operator's Fund

Loss for the year	(7,367)	(21,501)
Other comprehensive income / (loss) for the year:		
Unrealized income / (loss) on available for sale securities	-	-
Total comprehensive loss for the year	(7,367)	(21,501)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Annual Report 2022

Statement Of Changes In Operator's Fund And Participants' Takaful Fund

For The Year Ended 31 December 2022

	Attributable to Operator's Fund			Total
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale	Accumulated deficit	
	(Rupees in '000)			
Balance as at 01 January 2021	50,000	-	(72,512)	(22,512)
Net loss for the year	-	-	(21,501)	(21,501)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2021	50,000	-	(94,013)	(44,013)
Balance as at 01 January 2022	50,000	-	(94,013)	(44,013)
Net loss for the year	-	-	(7,367)	(7,367)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2022	50,000	-	(101,380)	(51,380)

	Attributable to participants of the Participant's Fund			Total
	Seed Money	Unrealized loss on revaluation of available-for-sale	Accumulated deficit	
	(Rupees in '000)			
Balance as at 01 January 2021	500	(462)	(28,901)	(28,863)
Deficit for the year	-	-	(14,425)	(14,425)
Other comprehensive loss for the year	-	(72)	-	(72)
Balance as at 31 December 2021	500	(534)	(43,326)	(43,360)
Balance as at 01 January 2022	500	(534)	(43,326)	(43,360)
Deficit for the year	-	-	(24,056)	(24,056)
Other comprehensive loss for the year	-	(405)	-	(405)
Balance as at 31 December 2022	500	(939)	(67,382)	(67,821)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Annual Report 2022

Statement Of Cash Flows

For The Year Ended 31 December 2022

Note	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
(Rupees in '000)				
Operating activities				
a) Takaful activities				
Contribution received	-	-	143,784	81,013
Re-takaful contributions paid	-	-	(25,046)	(10,399)
Claims / benefit paid	-	-	(126,733)	(56,562)
Re-takaful and other recoveries received	-	-	14,589	1,998
Commissions (paid) / re-takaful rebate received	(14,763)	(10,379)	4,253	4,167
Wakala fees received	68,907	47,470	-	-
Wakala fees paid	-	-	(68,907)	(47,470)
Modarib share received / (paid)	2,399	1,043	(2,399)	(1,043)
Total cash generated from / (used in) takaful activities	56,543	38,134	(60,459)	(28,296)
b) Other operating activities				
General and administration expenses paid	(55,879)	(36,112)	(3,922)	(4,329)
Amounts due from other takaful / retakaful operators	-	-	25,403	32,964
Deposits and other receivables	139	31	10,107	15,332
Received from / (paid to) Premier Insurance Limited	15,316	(30,335)	19,086	31,199
Accrued salvage recoveries	-	(278)	(47)	-
Other liabilities settled	(66)	1,475	185	880
Total cash (used in) / generated from other operating activities	(40,490)	(65,219)	50,812	76,046
Total cash generated from / (used in) operating activities	16,053	(27,085)	(9,647)	47,750
Investment activities				
Accrued investment income	-	-	488	137
Bank profit received	272	89	6,821	-
Sale of investment - net	-	-	405	72
Total cash generated from investing activities	272	89	7,714	209
Financing activities				
Qard-e-hasna contributions	(27,500)	38,617	27,500	(38,617)
Total cash (used in) / generated from financing activities	(27,500)	38,617	27,500	(38,617)
Total cash (used in) / generated from all activities	(11,175)	11,621	25,567	9,342
Cash and cash equivalents at beginning of the year	15,322	3,701	45,782	36,440
Cash and cash equivalents at the end of the year	4,147	15,322	71,349	45,782

Statement Of CASH FLOWS

For The Year Ended 31 December 2022

Note	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
	(Rupees in '000)			
Reconciliation to profit and loss account				
Operating cash flows	16,053	(27,085)	(9,647)	47,750
Depreciation expense	-	-	-	-
Investment income	272	-	34	403
(Decrease) / increase in assets other than cash	(8,209)	16,436	(44,003)	46,452
(Increase) / decrease in liabilities	(15,483)	(10,852)	29,560	(109,030)
Loss for the year	(7,367)	(21,501)	(24,056)	(14,425)
Attributed to:				
Operator's Fund	(7,367)	(21,501)	-	-
Participants' Takaful Fund	-	-	(24,056)	(14,425)
	(7,367)	(21,501)	(24,056)	(14,425)
Definition of cash and cash equivalent				
Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months.				
Cash for the purpose of the statement of cash flows consists of:				
Cash and other equivalent				
Policy, revenue stamps and bond papers	-	-	-	-
Current and other accounts				
Current and savings accounts	4,147	15,322	71,349	45,782
Total cash and cash equivalent	4,147	15,322	71,349	45,782

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Annual Report 2022

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PRESENTATION

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

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

2.1 Statement of Compliance

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

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

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments which are carried at fair value and at amortized cost.

2.3 Functional and Presentation Currency

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

3. ACCOUNTING POLICIES

3.1 Adoption of standards, amendments and improvements to International Financial Reporting Standards (IFRSs) effective during the year

The Company has adopted the following accounting standards and amendments of IFRSs and the framework for financial reporting which became effective for the current year:

Amendments

IFRS 3 - Reference to the Conceptual Framework (Amendments)
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments) and
IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract (Amendments)

Improvement to accounting standards issued by the IASB (2018 - 2020 cycle)	IASB effective date (annual periods beginning on or after)
---	---

IFRS 9 - Financial Instruments - Fees in the 10 percent test for the derecognition of financial liabilities	01 January 2022
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

The adoption of the above standards, amendments and improvements of IFRSs and framework for financial reporting did not have any material effect on the Company's financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Amendments	Effective date (annual periods beginning on or after)
IAS 8 - Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 - Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2024
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

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

Standard, interpretation or amendment	"IASB Effective date (annual periods beginning on or after)"
IFRS 1 - First time adoption of IFRSs	01 July 2024
IFRS 17 - Insurance Contracts	01 January 2023

The operator has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Takaful Contracts

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

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

Fire and property damage

Fire and property takaful contracts mainly compensate the Operator customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the participant properties in their Business

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

activities. These contracts are generally one year contracts except some contracts that are of three months period.

Marine, aviation and transport

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

Motor

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

Accident and health

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

Miscellaneous

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

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

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

4.2 Deferred commission expense /acquisition cost

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

4.3 Reserve for unearned contribution

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

4.4 Contribution deficiency reserve

The Operator is required as per general takaful rules 2012 and IFRS 4 to maintain a provision

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense and rebate and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The charge for contribution deficiency reserve is recorded in the profit and loss account.

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

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

4.5 Retakaful contracts held

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

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

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

4.6 Receivables and payables related to takaful contracts

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

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

4.7 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

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

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

4.8 Cash and cash equivalents

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

4.9 Revenue recognition

a) Contribution / underwriting result

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

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

b) Wakala fee

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

c) Retakaful rebate

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

d) Profit on Islamic investment products

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

e) Dividend income

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

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

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

4.10 Investments

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

Available-for-sale

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

Quoted

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

Held-to-maturity

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

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

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

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

4.11 Offsetting of financial assets and liabilities

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

4.12 Provision for outstanding claims/ benefits

PTF maintains provision in respect of all known claims against losses incurred up to the reporting date which is measured at the undiscounted value of expected future payments.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

The claims are considered to be incurred at the time of the incident giving rise to the claim / benefits except as otherwise expressly indicated in a takaful contract.

4.13 Taxation

Current

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

Deferred

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

4.14 Takaful surplus

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

4.15 Impairment of operating fixed assets

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

4.16 Management expenses

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

4.17 Qard-e-hasna

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

4.18 Other creditors and accruals

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

4.19 Financial Instruments

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

4.20 Modarib fee

The Operator also manages the participants' investment as modarib and charges 35.00% (2021: 35.00%) of investment income and bank deposits earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

4.21 Contingencies

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

5. ESTIMATES AND JUDGEMENTS

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

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

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

	Note
a) Provision for outstanding claims including claims incurred but not reported (IBNR)	18
b) Re-takaful recoveries against outstanding claims	18
c) Contribution deficiency reserve	-

	Note	2022			2021		
		Cost	Impairment /provision for the year	Carrying value	Cost	Impairment /Provision for the year	Carrying value
(Rupees in '000)							
6. INVESTMENTS IN MUTUAL FUNDS - PTF							
Classified at available for sale							
Mutual fund units		5,100	-	4,630	5,100	-	5,035
		5,100	-	4,630	5,100	-	5,035
7. INVESTMENTS IN TERM DEPOSITS - PTF							
Classified at held to maturity							
Term deposit receipt	7.1	600	-	600	600	-	600
		600	-	600	600	-	600

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

- 7.1** This represents a term deposit with bank having profit at the average rate of 7.5% per annum (31 December 2021: 5%) having maturity till 01 February 2023.

	2022	2021
	(Rupees in '000)	
8. QARD-E-HASNA		
Balance as at the beginning of the year	44,403	83,020
Repayment during the year	(5,000)	(41,917)
Qard-e-Hasna contributed during the year	32,500	3,300
Balance as at the end of the year	71,903	44,403

9. LOANS AND OTHER RECEIVABLES - Considered good	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
	(Rupees in '000)			
Profit receivable	5	33	821	299
Federal excise duty	220	81	3,717	5,748
Others	-	-	17,308	25,384
	225	114	21,846	31,431

10. RECEIVABLE FROM PTF

Wakala fee receivable	12,792	22,336	-	-
	12,792	22,336	-	-

11. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good

Contribution due but unpaid	-	-	33,734	63,453
Less: Provision for doubtful receivables takaful participants' holders	-	-	(5,714)	(5,714)
	-	-	28,020	57,739
Amounts due from other takaful / retakaful operators	-	-	15,564	11,248
	-	-	43,584	68,987

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Note	Operator's Fund		Participant's Takaful Fund	
		2022	2021	2022	2021
(Rupees in '000)					
12. PREPAYMENTS					
Prepaid retakaful contribution ceded		-	-	10,573	10,121
Other prepaid expense		-	-	975	2,906
		-	-	11,548	13,027

13. CASH AND BANK

Cash and cash equivalent

Policy, revenue stamps and bond papers		-	-	29	36
--	--	---	---	----	----

Cash at bank

Current accounts		-	15	127	403
Profit and loss sharing accounts	13.1	4,147	15,307	71,193	45,343
		4,147	15,322	71,349	45,782

13.1 The rate of return on profit and loss sharing accounts held with Islamic banks during the year range from 2.84% to 14.03% per annum (December 31, 2021: 2.75% to 8.25%).

		Operator's Fund		Participant's Takaful Fund	
		2022	2021	2022	2021
(Rupees in '000)					
14. OTHER CREDITORS AND ACCRUALS					
Payable to Premier Insurance Limited		105,937	90,621	-	-
Federal takaful fee		-	-	-	39
Sales tax on services		-	-	(249)	19
Commission payable		13,726	11,571	-	-
Auditor's fee		478	416	-	-
Others		(583)	(455)	1,946	1,824
		119,558	102,153	1,697	1,882

14.1. This includes outstanding claims in respect of which cheques aggregating to Rs.0.520 million (2021: Rs.0.421 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated 19 May 2014:

	2022					2021
	(Rupees in '000)					
1 to 6 months					-	-
More than 6 months					521	421
					521	421
Claims not encashed	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
2022	-	99	-	52	370	521
2021	-	21	34	146	221	421

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
	(Rupees in '000)			
15. PAYABLE TO OPF				
Wakala fee payable	-	-	12,792	22,336
Other payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>12,792</u>	<u>22,336</u>

16. CONTINGENCES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2022 (31 December 2021: Nil).

	2022	2021
	(Rupees in '000)	
17. NET CONTRIBUTION		
Written gross contribution	168,371	168,042
Less: Wakala fee	(61,285)	(39,949)
Contribution Net of Wakala Fee	107,086	128,093
Add: Unearned contribution reserve opening	88,967	35,064
Less: Unearned contribution reserve closing	(83,119)	(88,967)
Contribution earned	112,934	74,190
Less: Retakaful contribution ceded	23,199	21,416
Add: Prepaid retakaful contribution opening	10,121	5,575
Less: Prepaid retakaful contribution closing	(10,573)	(10,121)
Retakaful expense	22,747	16,870
Net contribution	<u>90,187</u>	<u>57,320</u>

	2022	2021
	(Rupees in '000)	
18. NET CLAIMS EXPENSE		
Claims paid or payable	126,733	56,562
Less: Outstanding claims including IBNR opening	(70,595)	(37,789)
Add: Outstanding claims including IBNR closing	59,670	70,595
Claims expense	115,808	89,368
Less: Retakaful and other recoveries received	14,589	1,998
Less: Retakaful recoveries against outstanding claims - opening	(20,271)	(5,004)
Add: Retakaful recoveries against outstanding claims - closing	6,930	20,271
Retakaful and other recoveries revenue	1,248	17,265
Net claim	<u>114,560</u>	<u>72,103</u>

18.1 Claim Development

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Accident year	2016	2017	2018	2019	2020	2021	2022
(Rupees in '000)							
Estimate of ultimate claims cost:							
At end of accident year	70,403	94,439	84,202	92,504	68,306	99,559	132,094
One year later	74,900	92,291	87,485	85,070	56,613	86,517	
Two years later	75,196	87,982	84,959	83,938	57,157		
Three years later	72,605	87,756	84,858	84,269			
Four years later	72,550	87,431	84,190				
Five years later	72,547	87,828					
Six years later	72,903						
Current estimate of cumulative claims	72,903	87,828	84,190	84,269	57,157	86,517	132,094
Cumulative payments till date	72,381	84,797	83,124	83,461	55,691	83,814	83,057
Liability recognized in statement financial position	522	3,031	1,066	808	1,466	2,704	49,037

	2022	2021
(Rupees in '000)		
19. DIRECT EXPENSES – PTF		
Tracking services	483	59
Service charges	5,983	2,993
Others	3,293	1,847
	9,759	4,899
20. RETAKAFUL REBATE – PTF		
Rebate from re-takaful received	4,253	4,167
Add: Deferred rebate opening	2,134	1,167
Less: Deferred rebate closing	(2,054)	(2,134)
Rebate from retakaful earned	4,333	3,200
21. WAKALA FEE – OPF		
Gross wakala fee	59,363	58,816
Add: Deferred wakala opening	31,140	12,273
Less: Deferred wakala closing	(29,218)	(31,140)
Net wakala fee	61,285	39,949

The shareholders of the company manage the general takaful operations for the participants and charges 70% for travel class of business and 35% for all other classes (December 31, 2021: 35%) of the gross contribution written as wakala fee against the services.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
22. COMMISSION EXPENSE - OPF		
Commission paid or payable	16,918	12,757
Add: Deferred commission opening	7,105	2,105
Less: Deferred commission closing	(8,329)	(7,105)
Commission expense	15,694	7,757
23. GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES - OPF		
Employee benefit cost	43,480	42,105
Rent, rates and taxes	480	482
Communications	443	462
Fuel and power	1,709	1,507
Travelling expenses	582	458
Entertainments	642	696
Advertisements and sales promotions	1,660	2,703
Repair and maintenance	928	938
Printing and stationery	647	754
Vehicle running expenses	369	459
Annual supervision fee SECP	119	262
Miscellaneous	940	1,015
	51,999	51,841
24. OTHER EXPENSES - OPF		
Auditors' remuneration	618	631
Inadmissible input tax expense	-	(12)
Fees and subscription	3,012	2,365
	3,630	2,984
24.1 Auditors' remuneration		
Audit fee	307	272
Interim review	132	112
Shariah audit	170	144
Others	9	103
	618	631
25. INVESTMENT INCOME - PTF		
Income from mutual funds		
Realized gain on sale of mutual fund units	-	375
Income from term deposits		
Return on term deposits	34	28
	34	403

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
26. OTHER INCOME - PTF		
Profit on bank deposits	6,821	2,576
Exchange gain	156	33
	6,977	2,609

27. MODARIB FEE

The operator manage the participants' investments as a Modarib and charge 35% (2021: 35%) Modarib's share of the investment income earned by PTF.

28. RELATED PARTY TRANSACTIONS - PTF

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

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

	2022	2021
	(Rupees in '000)	
Transactions during the period		
Associated companies		
Contribution underwritten	11,047	13,215
Contribution received	18,784	14,941
Claims paid	3,199	1,589
Commission paid	128	-
Period end balances		
Associated companies		
Contribution receivable	(119)	5,475
Claims outstanding	1,235	913
Commission outstanding	59	733

28.1 Operator's contribution toward staff provident fund during the year is Rs.1.391 (2021: Rs.1.333) million.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

29. SEGMENT INFORMATION

29.1 Participants Takaful Fund Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)											
Contribution receivable (inclusive of Federal Excise Duty / Sales Tax, Federal Takaful Fee and Administrative surcharge)	19,914	15,251	8,549	6,593	97,226	81,901	53,939	74,213	4,587	4,370	184,215	182,327
Less: Federal excise duty	1,841	1,905	1,025	787	10,838	9,402	-	-	553	526	14,257	12,620
Less: Federal takaful fee	126	129	74	57	814	708	534	735	40	38	1,587	1,666
Gross written contribution (inclusive of administrative surcharge)	17,947	13,217	7,450	5,749	85,575	71,792	53,405	73,479	3,994	3,806	168,371	168,042
Gross direct contribution	12,566	12,777	7,114	5,463	78,760	68,675	53,325	73,419	3,930	3,718	155,696	164,052
Facultative inward contribution	5,238	323	43	85	4,214	1,035	-	-	-	-	9,495	1,443
Administrative surcharge	143	117	294	201	2,601	2,082	80	60	63	87	3,180	2,547
Less: Wakala expense	(5,352)	(3,393)	(2,469)	(1,986)	(26,506)	(17,578)	(24,981)	(16,438)	(1,977)	(553)	(61,285)	(39,949)
Takaful contribution earned	15,286	9,695	7,055	5,675	75,731	50,222	71,375	46,966	4,772	1,581	174,219	114,139
Takaful contribution ceded to retakaful	(11,954)	(8,261)	(4,884)	(4,980)	(4,591)	(2,569)	-	-	(1,318)	(1,060)	(22,747)	(16,870)
Net takaful contribution	(2,020)	(1,959)	(298)	(1,291)	44,634	30,075	46,394	30,528	1,477	(31)	90,187	57,320
Rebate earned	2,690	1,783	1,073	1,119	267	54	-	-	303	244	4,333	3,200
Net underwriting income	670	(176)	775	(172)	44,901	30,129	46,394	30,528	1,780	212	94,520	60,520
Takaful claims	(2,066)	(15,768)	(445)	(3,025)	(38,705)	(14,893)	(75,734)	(55,479)	1,141	(203)	(115,808)	(89,368)
Takaful claims recovered from retakaful	1,851	14,257	181	2,759	858	-	-	-	(1,641)	250	1,248	17,265
Net claim	(215)	(1,511)	(264)	(266)	(37,847)	(14,893)	(75,734)	(55,479)	(500)	47	(114,560)	(72,103)
Contribution deficiency reserve	-	-	-	-	-	-	1,131	250	-	-	1,131	250
Provision for doubtful contribution	-	(12)	-	(6)	-	(69)	-	(71)	-	(4)	-	(162)
Other direct expense	(512)	(144)	(212)	(62)	(2,441)	(780)	(6,480)	(3,872)	(114)	(41)	(9,759)	(4,899)
(Deficit) / Surplus before investment income	(57)	(1,844)	299	(506)	4,613	14,386	(34,690)	(28,644)	1,166	214	(28,668)	(16,394)
Investment income											34	403
Other Income											6,977	2,609
Less: Modarib's share of investment income											(2,399)	(1,043)
Deficit transferred to accumulated surplus											(24,056)	(14,425)

Segment assets and liabilities

The following presents segments assets and liabilities as at 31 December 2022 and 31 December 2021:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)											
Segment assets	9,772	10,522	4,057	4,577	46,595	57,153	29,079	58,495	2,175	3,030	91,678	133,775
Unallocated corporate assets											98,424	82,848
Total assets											190,102	216,623
Segment liabilities	17,961	14,724	7,456	6,404	85,642	79,978	53,447	81,857	3,997	4,240	168,502	187,202
Unallocated corporate liabilities											17,518	28,378
Total liabilities											186,020	215,580

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

29.2 Operators Fund

Segment profit and loss

Operators Fund	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)											
Segment profit and loss	5,352	3,393	2,469	1,986	26,506	17,578	24,981	16,438	1,977	553	61,285	39,949
Wakala fee earned	(1,778)	(1,163)	(951)	(390)	(9,123)	(4,909)	(2,294)	(1,055)	(1,948)	(239)	(15,694)	(7,757)
Commission expense	1,164	1,772	172	1,168	(25,735)	(27,200)	(26,749)	(27,610)	(852)	29	(51,999)	(51,841)
Management expense	4,738	4,002	2,090	2,764	(8,352)	(14,532)	(4,062)	(12,227)	(823)	344	(6,408)	(19,649)
Modarib's share of PTF investment income											2,399	1,043
Investment income											-	-
Profit on bank deposits											272	89
Other expenses											(3,630)	(2,984)
Loss before taxation											(7,367)	(21,501)

Segment assets and liabilities

The following presents segments assets and liabilities as at 31 December 2022 and 31 December 2021:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)											
Segment assets	888	559	369	243	4,233	3,035	2,642	3,107	198	161	8,330	7,105
Unallocated corporate assets											89,066	82,175
Total assets											97,396	89,280
Segment liabilities	3,114	2,449	1,293	1,065	14,850	13,304	9,268	13,616	693	705	29,218	31,140
Unallocated corporate liabilities											119,558	102,153
Total liabilities											148,776	133,293

OPF	PTF		Total	
Available for sale	Available for sale	Held to maturity		
	(Rupees in '000)			
01 January 2021	-	6,820	600	7,420
Addition	-	5,100	2,400	7,500
Disposal (sale and redemption)	-	(6,813)	(2,400)	(9,213)
Designated at available for sale upon initial recognition	-	(72)	-	(72)
31 December 2021	-	5,035	600	5,635
Addition	-	-	2,400	2,400
Disposal (sale and redemption)	-	-	(2,400)	(2,400)
Designated at available for sale upon initial recognition	-	(405)	-	(405)
31 December 2022	-	4,630	600	5,230

30. MOVEMENT IN INVESTMENTS

01 January 2021

Addition

Disposal (sale and redemption)

Designated at available for sale upon initial recognition

31 December 2021

Addition

Disposal (sale and redemption)

Designated at available for sale upon initial recognition

31 December 2022

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

31. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

31.1 Takaful Risk

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

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

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

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

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

Frequency and severity of claims

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

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

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

Class	2022	2021
	(Rupees in '000)	
Fire and property damage	495,793	334,000
Marine, aviation and transport	900,000	201,759
Motor	60,000	52,500
Health	1,000	1,000
Miscellaneous	45,000	33,000

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

Sensitivity analysis

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

	PTF			
	2022		2021	
	Revenue	Equity	Revenue	Equity
	(Rupees in '000)			
Impact of change in claim liabilities by + 10%				
Fire and property damage	(356)	(356)	(1,597)	(1,597)
Marine, aviation and transport	(203)	(203)	(312)	(312)
Motor	(2,588)	(2,588)	(1,694)	(1,694)
Health	(2,624)	(2,624)	(3,098)	(3,098)
Miscellaneous	(196)	(196)	(358)	(358)
	(5,967)	(5,967)	(7,059)	(7,059)

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	PTF			
	2022		2021	
	Revenue	Equity	Revenue	Equity
	(Rupees in '000)			
Impact of change in claim liabilities by - 10%				
Fire and property damage	356	356	1,597	1,597
Marine, aviation and transport	203	203	312	312
Motor	2,588	2,588	1,694	1,694
Health	2,624	2,624	3,098	3,098
Miscellaneous	196	196	358	358
	5,967	5,967	7,059	7,059

31.2 Financial risk

Maturity profile of financial assets and liabilities:

OPF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in '000)						
Financial assets							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	12,797	-	12,797	12,797
Cash and bank	-	4,147	4,147	-	-	-	4,147
31 December 2022	-	4,147	4,147	12,797	-	12,797	16,944

PTF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in '000)						
Financial liabilities							
Other creditors and accruals	-	-	-	478	119,080	119,558	119,558
31 December 2022	-	-	-	478	119,080	119,558	119,558

PTF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in '000)						
Financial assets							
Investments	600	4,630	5,230	-	-	-	5,230
Loans and other receivables	-	-	-	18,129	-	18,129	18,129
Takaful receivables	-	-	-	43,584	-	43,584	43,584
Retakaful recoveries against outstanding claims	-	-	-	6,930	-	6,930	6,930
Cash and bank	-	71,193	71,193	156	-	156	71,349
31 December 2022	600	75,823	76,423	68,799	-	68,799	145,222

Annual Report 2022

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

Financial liabilities

Claims payable	-	-	-	59,670	-	59,670	59,670
Other creditors and accruals	-	-	-	1,697	-	1,697	1,697
Takaful payables	-	-	-	23,659	-	23,659	23,659
31 December 2022	-	-	-	85,026	-	85,026	85,026

OPF	Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	

(Rupees in '000)

Financial assets

Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	22,369	-	22,369	22,369
Cash and bank	-	15,307	15,307	-	15	15	15,322
31 December 2021	-	15,307	15,307	22,369	15	22,384	37,691

Financial liabilities

Other creditors and accruals	-	-	-	416	101,737	102,153	102,153
31 December 2021	-	-	-	416	101,737	102,153	102,153

PTF	Interest / Mark-up bearing			Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	

(Rupees in '000)

Financial assets

Investments	600	5,035	5,635	-	-	-	5,635
Loans and other receivables	-	-	-	25,683	-	25,683	25,683
Takaful receivables	-	-	-	68,987	-	68,987	68,987
Retakaful recoveries against outstanding claims	-	-	-	20,271	-	20,271	20,271
Cash and bank	-	45,343	45,343	439	-	439	45,782
31 December 2021	600	50,378	50,978	115,380	-	115,380	166,358

Financial liabilities

Claims payable	-	-	-	70,595	-	70,595	70,595
Other creditors and accruals	-	-	-	1,882	-	1,882	1,882
Takaful payables	-	-	-	25,506	-	25,506	25,506
31 December 2021	-	-	-	97,983	-	97,983	97,983

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

31.3 Credit risk

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

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

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

	2022	2021	2022	2021
	OPF	(Rupees in '000)	PTF	
Financial assets:				
Bank balances	4,147	15,322	71,349	45,782
Takaful / retakaful receivables	-	-	43,584	68,987
Retakaful recoveries against outstanding claims	-	-	6,930	20,271
	<u>4,147</u>	<u>15,322</u>	<u>121,863</u>	<u>135,040</u>

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

Bank	Rating agency	2022	
		Short term	Long term
Meezan Bank Limited	VIS	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	A+
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA

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

	2022	2021
	(Rupees in '000)	
The age analysis of contribution due but unpaid is as follows:		
Up to 1 year	26,167	53,367
1 - 2 years	488	2,945
2 - 3 years	199	284
Over 3 years	6,880	6,856
	<u>33,734</u>	<u>63,452</u>

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022	2021
	(Rupees in '000)	
The age analysis of contribution due but unpaid from related parties is as follows:		
Up to 1 year	(412)	3,677
1 - 2 years	294	1,798
2 - 3 years	-	-
Over 3 years	-	-
	<u>(119)</u>	<u>5,475</u>

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

	Amount due from retakaful operators	Retakaful recoveries against	Other retakaful asset	2022	2021
A or above (including PRCL)	15,046	4,676	7,753	27,475	41,226
BBB	-	13	2,819	2,832	190
Others	518	2,241	-	2,759	224
Total	<u>15,564</u>	<u>6,930</u>	<u>10,572</u>	<u>33,067</u>	<u>41,640</u>

31.4 Liquidity risk

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

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

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

	2022			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
	(Rupees in '000)			
Claims payable	-	-	59,670	-
Other creditors and accruals	119,558	-	1,697	-
Takaful payables	-	-	23,659	-
Total	119,558	-	85,026	-

	2021			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
	(Rupees in '000)			
Claims payable	-	-	70,595	-
Other creditors and accruals	102,153	-	1,882	-
Takaful payables	-	-	25,506	-
Total	102,153	-	97,983	-

31.5 Market Risk

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

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

31.6 Operational Risk

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

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

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

32. STATEMENT OF SOLVENCY

2022
(Rupees in '000)

Assets

Investments	5,230
Loans and other receivables	21,846
Takaful / retakaful receivables	43,584
Retakaful recoveries against outstanding claims	6,930
Salvage recoveries accrued	397
Deferred wakala expense	29,218
Prepayments	11,548
Cash and bank deposits	71,349
Total Assets (A)	190,102

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(h) Insurance / reinsurance receivables	1,746
Total of In-admissible assets (B)	1,746

Total Admissible Assets (C=A-B)

188,356

Total Liabilities

Underwriting provisions	
Outstanding claims including IBNR	59,670
Unearned contribution reserve	83,119
Contribution deficiency reserve	3,029
Unearned retakaful rebate	2,054
Takaful / retakaful payables	23,659
Payable to OPF	12,792
Other creditors and accruals	1,697
Total Liabilities (D)	186,020

Total Net Admissible Assets (E=C-D)

2,336

* This includes premium due but unpaid (considered fully as admissible) amounting Rs.10 million which is not overdue as per the agreed terms with customers as the underlying premium is due on installment basis, and the overdue days are calculated from the date the premium is due and not from the start of risk coverage period.

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

33. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

	2021		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
PTF			
Available for sale investments			
(measured at fair value)			
Mutual fund units	-	5,035	-
	-	5,035	-

Notes To And Forming Parts Of The Financial Statements

For The Year Ended 31 December 2022

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **31st March 2023** by the Board of Directors of the Operator.

35. GENERAL

- 35.1** There is no individual class of business within the category of 'miscellaneous', where the gross contribution of the class of business is 10% or more of the gross premium revenue of the Operator.
- 35.2** The comparative information has been reclassified, rearranged or additionally restated in these financial statements, wherever necessary, to facilitate comparative and to confirm with changes in presentation in the current year. However there were no material reclassification / restatements to report.
- 35.3** All amounts have been rounded to the nearest thousand Rupees.

**Chief Executive
Officer**

Chairman

Director

Director

**Chief Financial
Officer**

Annual Report 2022

Categories of Shareholding

As at December 31, 2022

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	9	2,775,487	5.49
2	Associated Companies, Undertakings and related Parties	9	13,410,121	26.52
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	4	860,771	1.70
5	Insurance Companies	3	5,474,810	10.83
6	Modarabas and Mutual Funds	2	158	0.00
7	Share holders holding 10%	2	14,740,441	29.15
8	General Public :			
	a. local	1,886	23,992,240	47.45
	b. Foreign			
9	Others	44	4,051,518	8.01
Total (excluding : share holders holding 10%)		1,957	50,565,105	100.00

Category Details of Shareholding

As at December 31, 2022

Directors, Chief Executive Officer, and their spouse and minor children			
SNO.	FOLIO	NAME	HOLDING
1	03277-104904	SHARIK BASHIR	488,258
2	03277-105031	SHAMEEN AZFAR	10,920
3	03277-48704	NADEEM MAQBOOL	478,724
4	03277-48705	NAZIA MAQBOOL	202,251
5	03277-9900	IMRAN MAQBOOL	489,278
6	03525-4544	AHSAN BASHIR	394,411
7	03525-5627	ASMA IMRAN MAQBOOL	153,299
8	03525-72378	KHALID BASHIR	398,017
9	03525-96446	BEGUM TANVEER KHALID BASHIR	160,329
TOTAL >>			2,775,487

Associated Companies, Undertakings and related Parties			
SNO.	FOLIO	NAME	HOLDING
1	635	M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	213
2	02113-1292	MOHD AMIN MOHA BASHIR LTD	11,510
3	02113-2720	Equity Textiles Limited	1,579,749
4	03277-31027	CRESCENT FIBRES LTD	69,621
5	03525-16675	CRESCENT COTTON MILLS LTD	303,384
6	03525-48327	SURAJ COTTON MILLS LTD.	1,298,971
7	03525-48328	SHAMS TEXTILE MILLS LIMITED	739,069
8	03525-48329	CRESCENT POWERTEC LIMITED	9,266,031
9	03525-8794	THE CRESCENT TEXTILE MILLS LTD	141,573
TOTAL >>			13,410,121

Banks, Development Financial Institutions, Non Banking Financial Institution			
SNO.	FOLIO	NAME	HOLDING
1	133	M/S. BIBOJEE INVESTMENT LIMITED.	12,526
2	00083-36	IDBL (ICP UNIT)	99
3	03277-7003	PAKISTAN INDUSTRIAL DEVELOPMENT CORP.	847,948
4	03525-100145	ESCORTS INVESTMENT BANK LIMITED	198
TOTAL >>			860,771

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

Modarabas and Mutual Funds			
SNO.	FOLIO	NAME	HOLDING
1	1501	M/S.FIRST INTERFUND MODARABA.	117
2	1781	M/S.FIRST CONFIDENCE MODARABA.	41
TOTAL >>			158

Category Details of Shareholding

As at December 31, 2022

Others			
SNO.	FOLIO	NAME	HOLDING
1	110	M/S.THE PAN ISLAMIC STEAMSHIP CO.LTD	65
2	169	M/S.AUSTRALASIA BANK LTD.	2,923
3	345	M/S.MUTUAL TRADING CO.LTD.	1
4	362	M/S.TAYYAB KATCHI & CO.LIMITED.	5,314
5	389	M/S.GOLDEN VALLEY TRADING CO.LTD.	3,525
6	503	M/S.VALIKA INVESTMENT CORPN.LTD.	5,184
7	593	INDUSTRIAL DEVELOPMENT BANK LIMITED	1,128
8	985	M/S.CRESCENT TRADING CORPN.(PVT) LTD	9,095
9	1144	ALI TRUST, LAHORE.	41
10	1665	M/S.SITARA ENTERPRISES (PVT) LTD.	177
11	2279	M/S. N.H. SECURITIES (PVT) LTD.	23
12	2350	M/S.PROGRESSIVE GARMENTS (PVT) LTD.	11,797
13	2352	M/S.CRESCENT SPINNING MILLS LTD.	7,372
14	2577	M/S.AMIN BASHIR VENTURES (PVT) LTD.	12,290
15	3032	TRUSTI BONUS FBR	33,476
16	3042	TRUSTEE TO 5% BONUS FBR	42,135
17	3068	TRUSTEE TO 5% BONUS FBR 10% BOUNS	15,864
18	3069	TRUSTEE TO BOUNS FRACTION SHARES COMPANY SECRETARY	1,032
19	3082	TRUSTEE TO BONUS FRACTION SHARE COMPENY SECRETARY	958
20	01917-33	PRUDENTIAL SECURITIES LIMITED	2,340
21	01917-41	PRUDENTIAL SECURITIES LIMITED	122
22	02287-14	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	293
23	02287-22	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	8,548
24	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	912
25	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	12,589
26	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	29
27	03277-13417	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	72,055
28	03277-2582	JUBILEE SPINNING & WEAVING MILLS LIMITED	18,682
29	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	270,510
30	03277-94725	ROOMI HOLDINGS (PVT.) LIMITED	1,234,000
31	03277-9699	BURMA OIL MILLS LTD	191,697
32	03525-113676	MASOOD HOLDINGS (PRIVATE) LIMITED	44,500
33	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	741
34	03525-63817	NH SECURITIES (PVT) LIMITED.	933
35	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
36	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	562
37	04580-23	CAPITAL VISION SECURITIES (PVT) LTD.	167
38	04705-87224	FEDERAL BOARD OF REVENUE	239,711
39	05512-96126	MASOOD HOLDINGS (PRIVATE) LIMITED	1,515,000
40	06502-14392	MASOOD HOLDINGS (PRIVATE) LIMITED	218,500
41	07278-28	WASI SECURITIES (SMC-PVT) LTD.	1
42	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	465
43	14241-22	FIKREES (PRIVATE) LIMITED	16,260
44	16857-26	MRA SECURITIES LIMITED - MF	50,500
TOTAL >>			4,051,518

Pattern of Shareholding

As at December 31, 2022

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
575	1	100	16,233
439	101	500	115,335
196	501	1,000	144,929
377	1,001	5,000	916,256
104	5,001	10,000	753,445
54	10,001	15,000	663,490
27	15,001	20,000	461,855
25	20,001	25,000	557,526
21	25,001	30,000	573,220
12	30,001	35,000	385,706
11	35,001	40,000	407,985
9	40,001	45,000	387,457
3	45,001	50,000	147,674
7	50,001	55,000	361,267
1	55,001	60,000	59,138
2	60,001	65,000	125,832
5	65,001	70,000	336,586
8	70,001	75,000	580,459
2	80,001	85,000	166,305
6	85,001	90,000	526,441
2	90,001	95,000	185,585
3	100,001	105,000	310,008
1	115,001	120,000	116,549
1	120,001	125,000	123,403
3	125,001	130,000	382,637
3	130,001	135,000	401,679
2	135,001	140,000	276,574
1	140,001	145,000	141,573
2	145,001	150,000	292,243
5	150,001	155,000	766,495
1	160,001	165,000	160,329
1	175,001	180,000	175,632
1	180,001	185,000	181,131
1	190,001	195,000	191,697
1	195,001	200,000	198,457
3	200,001	205,000	605,596

Pattern of Shareholding

As at December 31, 2022

575	1	100	16,233
439	101	500	115,335
196	501	1,000	144,929
377	1,001	5,000	916,256
104	5,001	10,000	753,445
54	10,001	15,000	663,490
27	15,001	20,000	461,855
25	20,001	25,000	557,526
21	25,001	30,000	573,220
12	30,001	35,000	385,706
11	35,001	40,000	407,985
9	40,001	45,000	387,457
3	45,001	50,000	147,674
7	50,001	55,000	361,267
1	55,001	60,000	59,138
2	60,001	65,000	125,832
5	65,001	70,000	336,586
8	70,001	75,000	580,459
2	80,001	85,000	166,305
6	85,001	90,000	526,441
2	90,001	95,000	185,585
3	100,001	105,000	310,008
1	115,001	120,000	116,549
1	120,001	125,000	123,403
3	125,001	130,000	382,637
3	130,001	135,000	401,679
2	135,001	140,000	276,574
1	140,001	145,000	141,573
2	145,001	150,000	292,243
5	150,001	155,000	766,495
1	160,001	165,000	160,329
1	175,001	180,000	175,632
1	180,001	185,000	181,131
1	190,001	195,000	191,697
1	195,001	200,000	198,457
3	200,001	205,000	605,596
1	205,001	210,000	207,324
2	215,001	220,000	436,505
1	235,001	240,000	239,711

Branch Network

Karachi

Head Office

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

Phone: 021-32416331-4

Fax: 021-32416572

Clifton Branch

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

Phone: 021-32416331-4

Fax: 021-32416572

CSD South Karachi

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

Phone: 021-32416331-4

Fax: 021-32416572

Lahore

Zonal Office Lahore

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

CSD North Lahore

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

Mall Branch Lahore

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

Phone: 042-37230602-03

Multan Branch

4th Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan.

Phone: 061-4515007-9

Fax: 061-4587143

Islamabad Branch

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

Phone: 051-2803024-5

Fax: 051-2348169

Faisalabad Branch

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

Phone: 041-2632211-3

Fax: 041-2617802

Sialkot Branch

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

Phone: 052-3572192-93

Fax: 052-3572194

Gujranwala Branch

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

Phone: 055-3256432

Peshawar Branch

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

Phone: 091-5273757 / 5277809

Fax: 091-5277809

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 71st Annual General Meeting (“AGM”) of PREMIER INSURANCE LIMITED (“Company”) will be held on Thursday April, 27, 2023, at 10:00 am at Registered Office, 5th Floor, State Life Building No. 2A, Wallace Road, Karachi as well as through Video link facility to transact the following business: -

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting of the Company held on April 28, 2022;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2022, together with the Reports of the Directors’ and Auditors’ thereon.
3. To appoint Auditors of the Company and fix their remuneration. The members are hereby given notice that the Audit Committee and the Board of Directors have recommended the name of M/s. BDO Ebrahim & Co, Chartered Accountants for appointment as auditors of the Company for the year ending December 31, 2023.

By Order of the Board

Fariq Mahmood Khan Rohilla
Company Secretary

Karachi: April 06, 2023

Notes:

AGM by Video-link facility

The Company has made arrangements for the shareholders to attend AGM through electronic means.

Those shareholders who are planning to attend the AGM physically, shall be required to provide evidence of being fully vaccinated to comply with the directions of the Government.

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

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

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

Closure of Share Transfer Books

The Members Register of the Company shall remain closed from **April 20, 2023 to April 27, 2023** (both days inclusive). Transfers received in order at our Registrar, FAMCO Associates (Pvt) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrāh-e-Faisal, Karachi, Pakistan by the close of business on April 19, 2023 will be treated in time for the purpose of attending, speaking and voting at the AGM.

Participation in the Annual General Meeting

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

Placement of Documents on Company's Website

The Company has placed a copy of the Notice of AGM, Annual Financial Statements for the year ended December 31, 2022 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.pil.com.pk

Electronic Transmission of Financial Statements

Pursuant to Notification vide SRO 787 (I) / 2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future. In this regards, those members who

wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

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

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

Deposit of Physical Shares into CDC Accounts

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

Dividend, Electronic Credit Mandate (Mandatory)

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

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

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

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

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

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

Email and Contact Details (Mandatory)

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

Change of Address

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

Zakat Exemption

In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. Further, Non-Muslim shareholders are also required to file Solemn Affirmation (available on <https://famco.com.pk/share-registration-service/>) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed from future dividends, unless the above documents are complete in all respects have been made available as above.

UPDATE UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKING) REGULATION 2017.

The Company had already invested Rs 10.11 million in 4.68 million Modaraba Certificates of First Equity Modaraba. On June 28, 2021, the shareholders approved a further investment of Rs 20 million in First Equity Modaraba. However, the same could not be materialized yet because the scrip did not reached the desirable rate.

Share Registrar:

FAMCO Associates (Pvt) Limited

8-F, Next to hotel Faran, Nursery Block-6,

PE.C.H.S., Shahrah-e-Faisal, Karachi.

Phones: (21) 34380101-2

Fax : (21) 34380106

Email : info.shares@famco.com.pk

Subject **Consent for Electronic Transmission of Annual Report**

Dear Sirs,

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

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

Name of Shareholder(s): _____

Fathers / Husband Name: _____

CNIC: _____ NTN (if any): _____

Participant ID / Folio No: _____ Telephone: _____

Mailing address: _____

Email address:

Date: _____

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

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

پری میئر انشورنس لمیٹڈ

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

نائب اپراکسی فارم

سالانہ جنرل میٹنگ

میں اہم _____ ولد _____ بحیثیت ممبر پری میئر انشورنس لمیٹڈ کے عام شیئر
_____ رکھتا/رکھتی ہوں بمطابق رجسٹرڈ فولیو نمبر _____ اور/یا _____ سی ڈی سی _____ کے شراکت دار، شناختی کارڈ
نمبر _____ ذیلی اکاؤنٹ نمبر _____ قومی شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____
اپوائنٹ _____ جو کہ کمپنی کا پہلے سے ممبر ہے، بمطابق فولیو نمبر _____
یا ناکام رہا/رہی _____ کیلئے _____ بطور میرے نائب میری غیر موجودگی میں حاضر
ہوگی/ہوگا اور میرے لئے میری معرفت ووٹ ڈالے جو کہ کمپنی کے سالانہ اجلاس عام بمطابق 27 اپریل 2023 بوقت 10:00am بجے رجسٹرڈ آفس، کراچی میں منعقد ہوگا۔

دستخط مورخہ _____ دن _____، 2023-

۱-

گواہ:

دستخط:

نام:

پتہ:

قومی شناختی کارڈ نمبر:

۲-

گواہ:

دستخط:

نام:

پتہ:

قومی شناختی کارڈ نمبر:

نوٹ:

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

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

ریونیو اسٹیٹ پانچ روپے

دستخط شیئر ہولڈرز

Premier Insurance Limited

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

Proxy Form Annual General Meeting

I/We _____ of _____
being a member of Premier Insurance Limited and holder of Ordinary shares as per Registered Folio No _____ and/or CDC Participant I.D.No _____
Sub-Account No _____ CNIC No _____
or Passport No _____ hereby appoint _____
of _____ who is also a member of the company, having Folio No _____
or failing him/her _____ as my/our Proxy in my/our
absence to attend, speak and vote for me/us and on my/ our behalf at the Annual General Meeting of
the company to be held on Thursday April, 27 2023, time 10:00 am at Registered Office, Karachi.

Signed this _____ day of _____ 2023

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



Signature of Shareholder

Note:

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



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

Premier Insurance Limited

www.pil.com.pk