

ANNUAL REPORT 2007

IGI Insurance Limited



Flowering Trees of Pakistan

People are caring for and planting more trees because ecological awareness has prompted many of us to see in trees the best and surest living antidote to restoring the equilibrium of Mother Nature. Trees remain the guardians of our soil and water, the refuges of wild life, and the providers of many things. It is their grace and form, their silent almost timeless vigil, their links with the past, their hopes for the future which give trees a special attraction to us.

IGI Insurance Report 2007 is dedicated to some of the flowering trees that are grown in Pakistan.

CONTENTS

Vision / Mission Statement	2
Quality Policy	3
Company Information	4
Management Information	6
Introduction	7
Key Financial Data	19
Shareholders' Information	22
Directors' Report to the Shareholders	30
Statement of Compliance with the Code of Corporate Governance	36
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	38
Auditors' Report to the Members	39
Balance Sheet	40
Profit and Loss Account	42
Statement of Changes in Equity	43
Cash Flow Statement	44
Statement of Premiums	46
Statement of Claims	47
Statement of Expenses	48
Statement of Investment Income	49
Notes to the Financial Statements	50
Notice of Annual General Meeting	80
Form of Proxy	

VISION

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

MISSION

Our vision will be realized through:

CUSTOMERS

Being the preferred insurer in providing solutions to risk exposure

SHAREHOLDERS

Consistently delivering above market average return on capital

EMPLOYEES

Providing the environment necessary to be the employer of choice

COMMUNITY

Compliance with the highest ethical and moral standards

QUALITY POLICY

IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through

Developing and maintaining a total quality culture

Developing capabilities of the employees

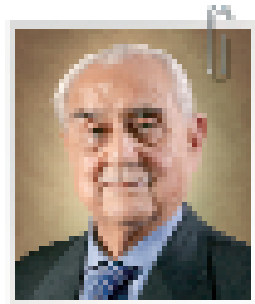
Continuous improvement and teamwork

Updating business knowledge and techniques

Efficient utilization of resources and manpower

Introducing high standards of professionalism

BOARD OF DIRECTORS



Syed Babar Ali



Syed Kamal Ali



Shamim Ahmad Khan



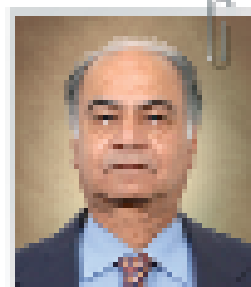
Syed Hyder Ali



Syed Yawar Ali



Syed Shahid Ali



Saulat Said

COMPANY INFORMATION

Board of Directors

Syed Babar Ali (Chairman)
Shamim Ahmad Khan
Syed Kamal Ali
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Saulat Said (Chief Executive Officer)

Chief Executive Officer

Saulat Said

Chief Operating Officer

Syed Khalid Yusuf

CFO & Company Secretary

Muhammad Kashif Nisar

Audit Committee

Shamim Ahmad Khan (Chairman)
Syed Yawar Ali
Syed Hyder Ali
Akhtar Abbas (Secretary)

Investment Committee

Syed Hyder Ali (Chairman)
Shamim Ahmad Khan
Syed Kamal Ali
Saulat Said
Muhammad Kashif Nisar (Secretary)

Claims Committee

Shamim Ahmad Khan (Chairman)
Syed Khalid Yusuf
Shahbaz Haider Agha
Mir Mehmood Ali (Secretary)

Under Writing Committee

Syed Hyder Ali (Chairman)
Syed Khalid Yusuf
Shahbaz Haider Agha
Syed Matin Ahmed
Yasmin Sadiq (Secretary)

Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)
Saulat Said
Syed Khalid Yusuf
Faisal Khan (Secretary)

Human Resource & Compensation Committee

Syed Yawar Ali (Chairman)
Syed Shahid Ali
Syed Hyder Ali
Saulat Said (Secretary)

Strategy Committee

Syed Babar Ali (Chairman)
Shamim Ahmad Khan
Syed Yawar Ali
Syed Hyder Ali
Saulat Said (Secretary)

Bankers

ABN AMRO Bank (Pakistan) Limited
Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Standard Chartered Bank
(Pakistan) Limited

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Adviser

Ramday Law Associates
Hassan & Hassan

Share Registrar

Ferguson Associates (Pvt) Limited
State Life Building No.2A,
4th Floor I.I. Chundrigar Road,
P.O. Box # 4716
Karachi - Pakistan

Registered & Head Office

7th Floor, The Forum,
Suite No.701-713, G-20,
Block 9, Khayaban-e-Jami,
Clifton, Karachi-75600
Pakistan

Web Presence

www.igiinsurance.com.pk

Contact

UAN: 111-308-308
Fax: 92-21-5301771-2

MANAGEMENT TEAM

From L t R: Mohammad Kashif Nisar, Syed Khalid Yusuf, Saulat Said, Shahbaz Haider Agha



MANAGEMENT INFORMATION

MANAGEMENT

Chief Executive Officer
 Chief Operating Officer
 Chief Financial Officer & Company Secretary
 General Manager Marketing & Sales
 Head of Underwriting
 Head of Claims
 Head of Re-Insurance & Risk Management

Saulat Said
 Syed Khalid Yusuf
 Muhammad Kashif Nisar
 Shahbaz Haider Agha
 Yasmin Sadiq
 Mir Mehmood Ali
 Faisal Khan

IGI INSURANCE BRANCH OFFICES

Karachi

First Floor, Finlay House,
 I.I. Chundrigar Road,
 Karachi - 74000.
 Phone: 92-21-2426974-78
 Fax: 92-21-2416710
 E-mail: insurance.karachi@igi.com.pk

Lahore (Syed Maratib Ali Branch)

First Floor, 5-F.C.C.,
 Syed Maratib Ali Road,
 Gulberg, Lahore-54660.
 Phone: 92-42-5753404-06
 Fax: 92-42-5752338
 E-mail: insurance.lahore@igi.com.pk

Sialkot

Suite Nos. 10 & 11, First Floor,
 Soni Square, Khadim Ali Road,
 Mubarak Pura, Sialkot.
 Phone: 92-52-3258437
 Fax: 92-52-3258438
 E-mail: insurance.sialkot@igi.com.pk

Islamabad

Mezzanine Floor, Razia Sharif Plaza,
 90 Blue Area, Islamabad.
 Phone: 92-51-2277355
 92-51-2273840
 Fax: 92-51-2277356
 E-mail: insurance.islamabad@igi.com.pk

Lahore (Hali Road Branch)

16, Block A, Hali Road,
 Gulberg II, Lahore.
 Phone: 92-42-5763840
 92-42-5763890
 Fax: 92-42-5763542
 E-mail: insurance.u1lhr@igi.com.pk

Multan

C-2, First Floor,
 Hassan Arcade,
 Multan Cantt.
 Phone: 92-61-4784401-2
 Fax: 92-61-4784403
 E-mail: insurance.multan@igi.com.pk

Faisalabad

Second Floor, Sitara Tower,
 Bilal Chowk, Civil Lines,
 Faisalabad.
 Phone: 92-41-2629416
 Fax: 92-41-2629415
 E-mail: insurance.faisalabad@igi.com.pk

Gujranwala

Nasir Plaza,
 Adjacent to New Railway Station,
 G.T. Road, Gujranwala
 Phone: 92-55-3846425-26
 Fax: 92-55-3257453
 E-mail: insurance.gujranwala@igi.com.pk

INTRODUCTION

A walk through history

IGI Insurance Limited (formerly International General Insurance Company of Pakistan Limited) was established in 1953 with Syed Maratib Ali as the first Chairman. As part of the Packages group, IGI Insurance has grown into a prominent name in the insurance industry and has been listed on the Karachi and Lahore Stock Exchanges since December 1987. With experience of over 50 years and on the basis of well governed procedures founded on the highest ethical and moral practices, IGI Insurance has instituted a sound business footing in the non-life insurance sector in Pakistan. With an asset base of over 14 billion rupees, IGI Insurance is one of the leading quoted insurance companies in Pakistan.

Having been on the approved list of most Pakistani and foreign banks operating in the country since its inception, IGI Insurance achieved another great milestone in July 2001, by becoming the FIRST general insurance company in Pakistan to obtain the ISO 9002 certification for its entire operations from the certification body SGS Malaysia Sdn. Bhd. In 2003, the Company confirmed its commitment to quality by successfully shifting to the new ISO 9001:2000 standard.

In August 2006, the Company took over the shareholding of American Express Bank in IGI Investment Bank (formerly known as First International Investment Bank Limited - INTERBANK); with a 35% shareholding, IGI Insurance is currently a major shareholder in IGI Investment Bank.

On the 26th of February 2007, International General Insurance Company of Pakistan Limited formally changed its name to IGI Insurance Limited, adopting a strategy where IGI was implemented as the new brand name for Insurance and its partner Companies. Having entered a new phase of progress and development, the Company has aimed at strengthening its profile within the financial sector. As part of its strategy to enhance its presence in the financial sector, IGI Insurance has become an integral part of the corporate umbrella of IGI Financial Services which also includes IGI Investment Bank Limited, IGI Finex Securities Limited and IGI Funds Limited. Its shareholding in all three organizations has established IGI Insurance as a key supporter of its partner companies. Further synergistic benefits are also being explored including having common business premises and sharing of support services.

In 2007, Mr. Saulat Said was appointed as the new CEO of IGI Insurance. He has extensive experience with the Packages Group having been the General Manager of Packages Limited, the flagship company of the Group. Along with his work on a multitude of projects, Mr. Said also headed the operations of Packages Lanka in the capacity of Managing Director.

Offering Peace of Mind

We at IGI Insurance are dedicated to maintaining the highest standards of integrity and sound dealing in our relationships with all stakeholders - customers, intermediaries, employees, shareholders

INTRODUCTION

and business partners. In every operation we seek to make a positive contribution towards community activities and are committed to perform in a socially responsible manner.

With technical expertise in the field of non-life insurance, IGI Insurance offers unparalleled advice and personalized services in all spheres of general insurance - home, health, travel, fire, marine, motor and miscellaneous.

Our Presence

Through its offices in Karachi, Lahore, Islamabad, Sialkot, Multan, Gujranwala and Faisalabad, IGI Insurance caters to a vast number of prestigious local and multinational clients across the country.

With an unrelenting drive to expand and further establish itself, IGI Insurance has enhanced its presence in almost all areas of business. It is the fourth largest company, in terms of gross premium written, in the insurance industry, having crossed the 1 billion mark in 2007. The Management expects to maintain this position in the medium-term.

During 2007, the Company's overall risk exposure shifted towards the motor and miscellaneous business. The growth in the proportion of these segments in the overall business mix is attributed to increased focus on providing insurance coverage to financed vehicles and to the positive response that has been received by the newer products like Health, Travel and Home insurance. While helping in diversifying the business mix, a strategy of

greater focus on retail business aims to provide a driving force for higher premium revenue. The Company's proven ability to manage associated risks, along with its substantial risk absorption capacity, provides significant cushioning to make inroads into relatively high-risk areas.

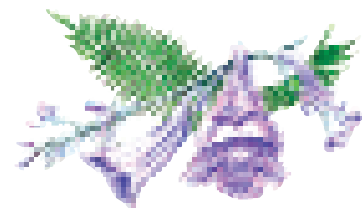
IGI Insurance's overall investment portfolio continues to be dominated by investments in associated companies. In 2007, IGI Insurance increased its investment in IGI Investment Bank from 25% at year end 2006 to 35%. IGI Insurance has taken approvals in its AGM to further increase investments in associated concerns in the future. The equity portfolio comprises fundamentally strong stocks with growth potential as well as high dividend yielding shares, providing a healthy income stream.

Amongst Pakistan's leading insurance companies, IGI Insurance Limited has one of the HIGHEST Solvency Margins. IGI Insurance continues to maintain re-insurance agreements with highly credible reinsurers like Swiss Re, Hannover Re and Mitsui Sumitomo Re.

In 2007, the Company's net premium written registered considerable growth. This was driven mainly by volume expansion and increasing retention levels. During the year, the Company realized the substantial unrecognized surplus of over Rs. 2.5 billion on its strategic equity investments. Simultaneous one-time selling and buying of shares, a non-cash event, substantially enhanced IGI



Jacaranda The Jacarandas are impressive trees and several species are widely grown as ornamental plants throughout the subtropical regions of the world, which are valued for their intense floral displays. The most often seen is the Blue Jacaranda (*Jacaranda mimosifolia*). Fernlike leaves composed of many tiny leaflets make for a graceful effect. As an outdoor tree, it produces masses of lavender-blue flowers, lighting up the street in spring and early summer. Towering, blooming and welcoming, the Jacaranda has a beauty of its own.



Birds rest and sing songs from their nests in the trees giving the environment a sense of serenity. IGI Insurance draws its inspiration from nature to bring you timeless mental peace and relaxation.



Gulmohar Every year from April to June, the Gulmohar (*Delonix regia*) tree is in full bloom. It is widely regarded as one of the most beautiful tropical trees in the world because of its bright red flowers. Given the name Royal Poinciana or Flamboyant, it is also known as the Peacock Flower and Flame tree. The slender green leaves and bright red petals of its flowers cheer up any neighborhood, street or garden. The Gulmohar also provides shade and shelter to birds, squirrels and butterflies. Flamboyant, colorful and rich, the Gulmohar has an energy of its own.



Birds are naturally drawn to trees because they provide them with a place to hide from their enemies, a place to nest and roost and a place to rest. **IGI Insurance draws its inspiration from nature to provide you timeless support and cover.**

INTRODUCTION

Insurance's net profit. Going forward, the Management plans on maintaining its growth stance ahead of the industry growth. The overall targets will be facilitated by adopting a multi-pronged strategy which envisages (i) increasing exposure to retail business (travel, health, home) leading to lesser reinsurance cession and (ii) introducing new products along with adding innovative features to the existing product range. The Company is also strengthening its marketing operations by hiring experienced personnel.

Having maintained the "AA" (Double A) Insurer Financial Strength (IFS) rating with a Positive Outlook by the Pakistan Credit Rating Agency Limited (PACRA), IGI Insurance shows a very strong capacity to meet policyholder and contract obligations. Risk factors are considered modest and the impact of adverse business and economic factors is expected to be very limited.

According to PACRA, 'The robust equity base and exceptional liquidity of IGI Insurance has led to a high risk absorption capacity as can be reflected in the ratings. The company's fervent ability to meet policyholder's obligations is further augmented by its healthy profitability emanating from effective underwriting policies and the unwavering investment income stream. The rating also takes into account benefits accruing to IGI Insurance by its focus on high growth segments, which is expected to help in meeting the challenges of the increasing competition within each sector.'

Corporate Philosophy

Our corporate philosophy of high quality business, customer satisfaction and timely payment of claims has rewarded the Company with an excellent reputation both in the local and international insurance markets.

IGI Insurance Limited has formed a platform for its partner companies (IGI Investment Bank Limited, IGI Finex Securities Limited and IGI Funds Limited) to grow on, having been an integral part of the corporate campaign. As part of the campaign the entire group adopted the name IGI, drawing on more than fifty years of proud heritage and a reputation for excellence, integrity and commitment to customers and shareholders.

Highlights - 2007

In early 2007, the IGI Financial Services Corporate Campaign was launched successfully, providing IGI Insurance Limited with magnified mileage and growing returns.

During 2007, IGI Insurance Limited increased its investment in IGI Investment Bank Limited from 25% at year end 2006 to 35%.

IGI Insurance has been awarded the 'Top 25 Companies' award by the Karachi Stock Exchange for 2006 - another testimony to its firm commitment to all its stakeholders.

Re-asserting its strong position in the Insurance industry, IGI Insurance maintained the position of 4th largest company in terms of gross premium written.



Champa The Champa (*Plumeria rubra*) or Frangipani, as it is commonly known, is one of the oldest trees in our part of the world. It produces sweet-smelling flowers ranging from yellow to pink. Since times immemorial, women have adorned their lustrous hair with the flowers of the Champa making hair fragrant with their delightful perfume. The beautiful Champa flower is also used for decorative purposes, for garlands at religious and festive occasions as well as in perfumes. Fragrant, elegant and beautiful, the Champa is in a class of its own.



Flowering trees provide bees not only with a place for their hives but also nectar from their flowers to turn into honey. It is nature's source of nourishment for mankind. IGI Insurance draws its inspiration from nature to provide you timeless technology and innovation.

INTRODUCTION

IGI Insurance expanded its network of offices across the nation by opening a branch in Gujranwala.

Home Cover

Launched in December 2007, Home Cover is an affordable and complete Home Insurance Plan which offers comprehensive coverage against any accidental damage caused to the clients' home or rented property in case of robbery, fire, accidents, or natural disasters for a maximum of Rs. 20 million. With the rising demand for home insurance coupled with attractive marketing strategies, Home Cover provides diversification within the insurance sector.

Travel Sure

– Summer Festival - June 1st to July 31st 2007

A campaign organized by IGI Insurance in collaboration with Global E-commerce Pvt. Ltd., the assigned distributors for Travel Sure, in order to commend travel agents for outstanding sales performance of Travel Sure Insurance Policies.

– Umrah Plan

With the approach of Ramadan, IGI Insurance decided to bring forward a comprehensive solution to provide pilgrims with a hassle-free experience and protect them from the troubles of travel.

– Dawn Lifestyles Exhibition - 22nd to 24th June 2007

Display and promotion of products and services along with IGI Investment Bank and IGI Securities at the IGI Financial Services stall.

Auto Cover

Auto Cover offers Sure Track in collaboration with

Vehicle Tracking (Pvt.) Ltd. providing clients the best of both insurance and tracking in one package, with a free-of-cost V-IntelliTrac Device for all new and used vehicles above Rs. 400,000.

Products and Services

Health Sure

The brand representing health insurance is Health Sure; it covers expenses incurred during hospitalization due to sickness, emergency and accidents.

Health Sure is a managed care system providing quality healthcare at an affordable cost. Our managed care system comprises of:

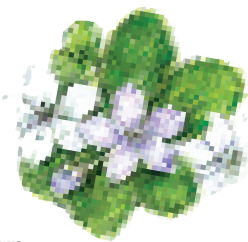
- A network of over fifty carefully selected hospitals all over the country
- A network of diagnostic centers and pharmacies
- Qualified staff doctors
- An expert claims handling team

In addition to the quality of care, we also offer the following value added benefits:

- No pre-authorization for admission
- Pre and post hospitalization expenses
- Credit facility at our panel of well-reputed hospitals across Pakistan
- No limit on length of stay in the hospital
- No sub-limits on hospital procedures or surgeries
- Patient's meals covered
- Local ambulance charges
- Discounts on consultations, dental treatments, diagnostic services and at pharmacies



Lignum The Lignum (Lignum vitae) tree, also known as Guaiacum officinale, is a small, slow-growing, evergreen tree, which can develop some beautiful shapes with its crooked trunk taking many twists and turns. It is a source of lignum vitae wood, hardest of commercial timbers, and a medicinal resin. It is a tree with the second heaviest wood in the world. The tree has a beautiful canopy of lavender flowers and orange berries, on which birds feed, during the warmer months of the year. With its lavender blooms and orange berries, it has a magical charm all its own.



Trees are the habitat of squirrels and many other small animal, bird and insect species. They are also a source of food for them. IGI Insurance draws its inspiration from nature to bring you timeless cover and protection.

INTRODUCTION

- Out of network treatment reimbursement
- Discretionary Benefit Option (DBO) to pay for costs normally excluded from the policy
- 24 hours Medical Hotline managed by our staff doctors
- Easy to carry Health Card

Auto Cover

Auto Cover is for individual and commercial vehicles, it is a complete auto insurance plan offering:

- A comprehensive cover including theft, snatching, armed hold up, accidental damage, third party liability and terrorism.
- The liberty to have your vehicle repaired at the workshop of your own choice and the cost of repairs being directly settled with the workshop.
- Reduction of premium up to 50% through no-claim bonus, which is transferable from other insurance companies and within immediate family members.
- Guaranteed settlement of Snatching / Theft / Total Loss claims within 15 days of recovery of snatched / stolen vehicle.

Travel Sure

Well into its second year, having achieved growing success in the first, Travel Sure - our travel insurance plan and Travel Sure - Senior Citizens Plan, a package that suits travelers aged 65+, lead the way for Travel Insurance. Both plans offer two policy choices; Single Trip and Multi Trip for both individuals and families. From these choices you can customize your travel insurance plan by

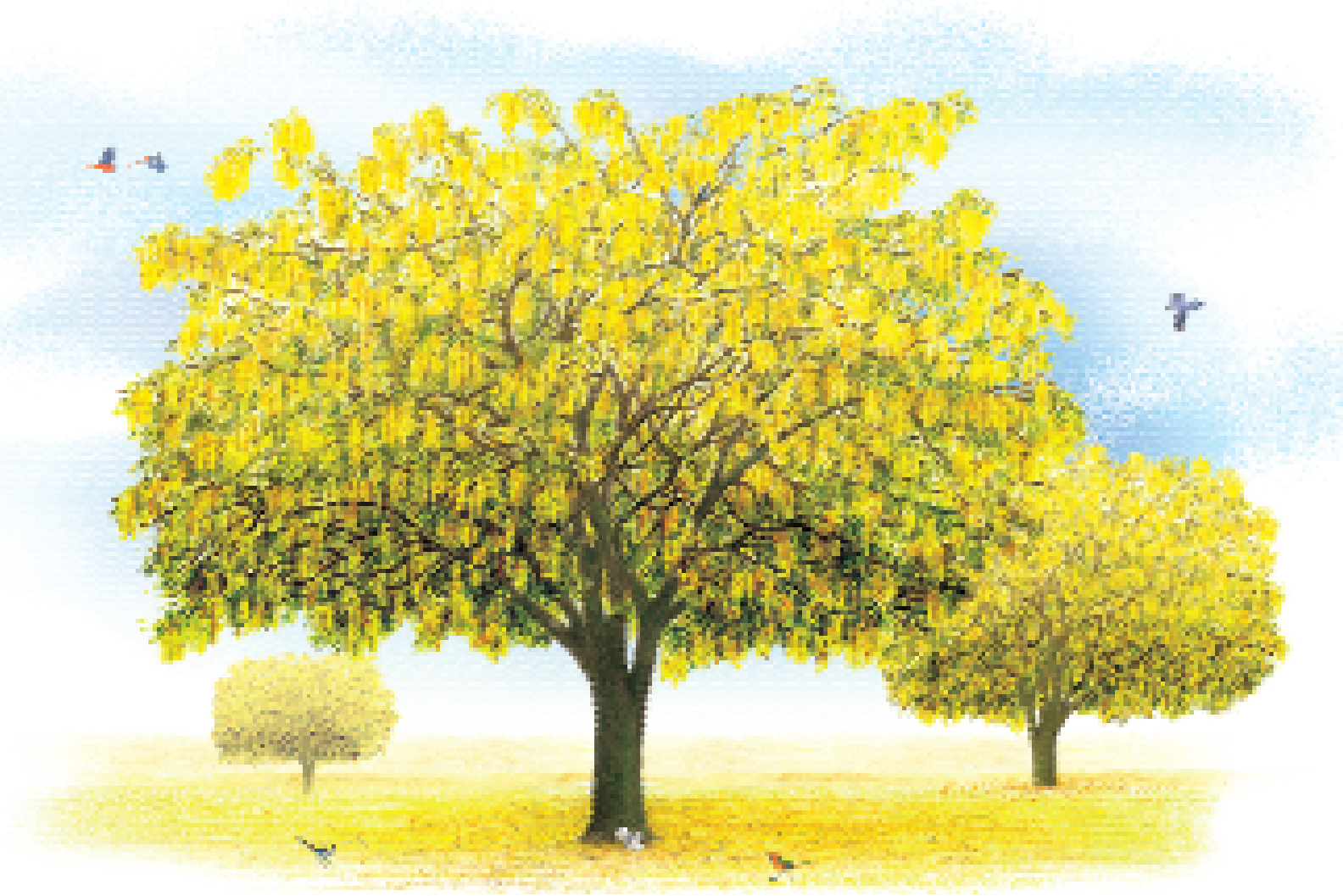
choosing from four levels of cover namely, Regal, Royal, Imperial and Majestic, each offering a variety of services and costs.

Marketing strategies and activities such as attending the Travel Mart and taking part in the Dawn Lifestyles Exhibition June 2007 at the Expo Centre have played a major role in creating awareness of the products and have facilitated an incremental change in the market demand for travel insurance.

Travel Sure primarily provides comprehensive coverage for Hospitalization, Accidental Death & PTD, Evacuation, Death Repatriation, Loss of Baggage/Passport, Flight Delays and Personal Liability.

Further to this, it also provides a range of Free Assistance Services:

- Telephone Medical Advice
- Medical Service Provider Referral
- Arrangement of Hospital Admission
- Medical Translation Service
- Delivery of Essential Medicine
- Arrangement of Compassionate Visit
- Arrangement of Return of Minor Children
- Arrangement of Accommodation
- Interpreter Referral
- Lost Luggage and Passport Assistance
- Legal Referral
- Emergency Travel Service Assistance
- Emergency Interpreting Assistance
- Embassy Referral
- Emergency Document Delivery



Laburnum The Laburnum (*Laburnum anagyroides*) is one of the trees that is highly prized for its beauty. Its bright chains of yellow pea-flowers growing in pendulous racemes, which hang on the tree for months, make it particularly attractive. The yellow flowers, which bloom in summer, are responsible for the old poetic name 'goldenchain tree'. If it wasn't for the beguiling charm of its spectacular flower displays, the Laburnum might have been rooted out as a danger to the public, because all its parts are poisonous, in particular its pea-like seeds, which add a beauty of their own.



Butterflies and bees hum round the flowers on trees helping in the process of pollination and propagating new trees. **IGI Insurance draws its inspiration from nature to bring you timeless new products for your ease of mind.**

INTRODUCTION

Home Cover

Home Cover - a comprehensive plan for Home Insurance which includes coverage of Home Property, Contents (furniture, carpets, electronic equipment etc.), Jewellery (at home or at the locker), Home Owner Free Rent, Home Tenants Free Rent and Cash at Home.

This insurance plan also covers against the following perils for a maximum of Rs. 20 million:

- Fire, Lightening or Explosion
- Aircraft and other Aerial devices dropped therefrom
- Earthquake, Storm, Tempest and Flood
- Bursting or Overflowing of Water Tanks
- Impact by any Vehicle
- Riot and Strike
- Malicious Act
- Burglary, House Breaking including Dacoity
- Impact of Tree Falling

Fire & Allied Perils Insurance

This cover is for property insurance like factories, offices and homes. It provides coverage against perils like fire and lightning which can be extended to cover the following: impact damage, electric fluctuations, storms, earthquakes, rain-flood damage, riot and strike damage, burglary and malicious damage etc.

Marine Cover

Covers imports and exports of consignments, loss or damage of cargo during transit by Air, Sea and

Rail / Road; it also covers dispatch of finished goods from the insured factory to anywhere in Pakistan.

This kind of coverage is provided to transport-related businesses such as Ship Agents, Freight Forwarders, Terminal Operators, Stevedores, Courier Services etc.

Miscellaneous Insurance

We also provide customized insurance solutions for our corporate clients. The covers range from insuring engineering projects to insurance of electric equipment and machinery.

Reinsurance Arrangements:

We are re-insured with some of the best renowned international re-insurers holding the highest ratings in their respective businesses. These are:

- Swiss Re
- Mitsui Sumitomo Re
- Hannover Re
- Arab Insurance Group (ARIG)
- Korean Re
- Asian Reinsurance Corporation
- SCOR GLOBAL P&C
- Malaysian Re
- Brit Insurance
- Millennium Syndicate Lloyd's

KEY FINANCIAL DATA (Ten years at a glance)

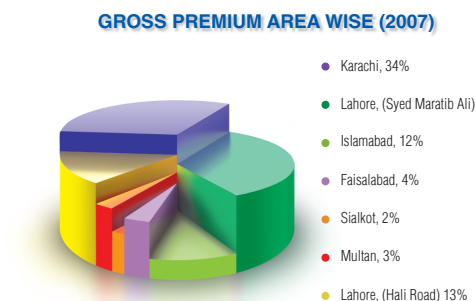
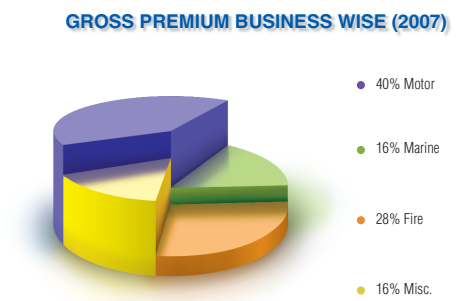
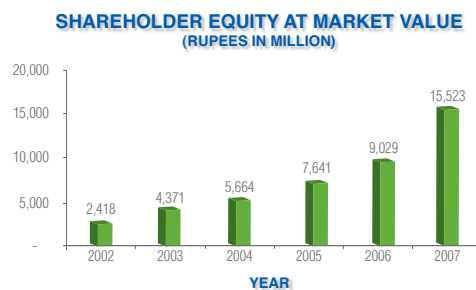
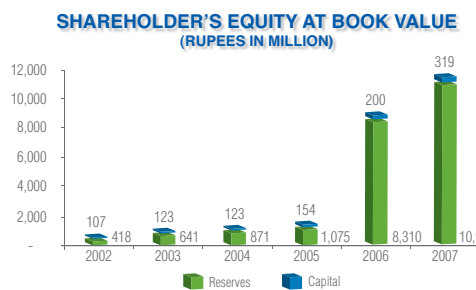
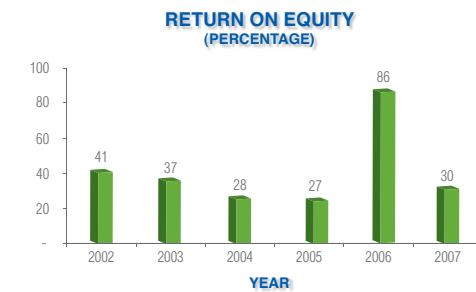
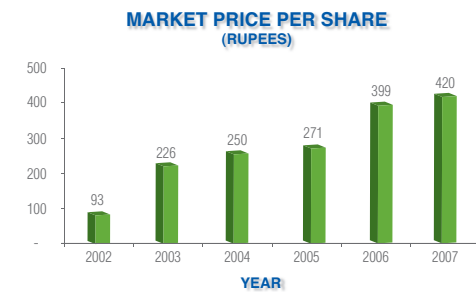
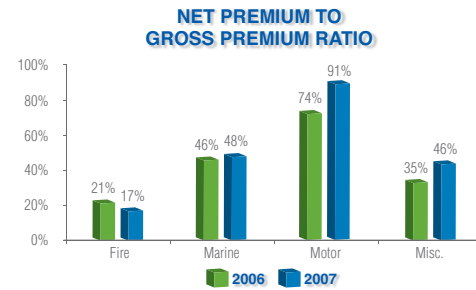
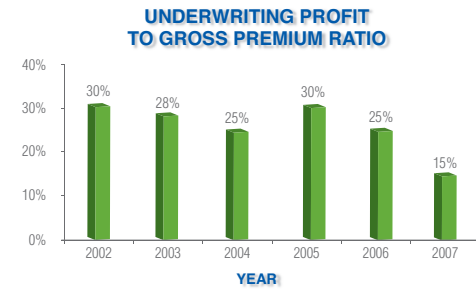
	(Rupees in thousand)									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Gross Premium	1,039,605	900,098	632,224	423,160	358,655	298,884	247,376	227,713	185,283	171,867
Underwriting Profit	160,803	226,929	190,065	106,878	99,333	90,082	70,480	76,882	67,386	55,995
Investment Income	3,021,533	7,315,629	258,822	230,054	215,851	147,158	90,875	86,614	81,145	36,337
Provision For Diminution In Value of Investments	-	-	1,328	(13,627)	3,795	23,238	31,930	86,071	(47)	47
Profit Before Tax	2,984,217	7,357,109	326,757	260,565	280,652	215,415	128,085	57,916	129,492	67,137
Income Tax	53,938	14,739	37,014	28,000	41,100	41,543	17,514	55,100	51,959	13,411
Profit After Tax	2,930,279	7,342,370	289,743	232,565	239,552	173,872	110,571	2,816	77,533	53,726
Employees Remuneration	83,486	68,076	51,823	32,730	28,028	21,351	17,373	15,222	13,174	11,737
Cash Dividend	127,720	79,825	61,404	55,264	92,106	64,074	48,541	38,833	33,767	15,505
Cash Dividend %	40	40	40	45	75	60	50	40	40	22
Stock Dividend	79,825	119,738	46,053	30,702	-	16,018	9,708	-	12,663	15,506
Stock Dividend %	25	60	30	25	-	15	10	-	15	23
Break-up Value Per Share - Rs	353	426	80	81	62	49	43	37	46	51
Market Value Per Share - Rs	420	399	271	250	226	93	58	58	53	59
Earning Per Share - Rs	91.77	229.95	14.52	15.15	19.51	16.28	11.39	0.29	9.18	7.80
Shareholders Equity	11,280,350	8,509,721	1,228,755	994,276	763,967	524,416	417,852	355,822	391,839	348,073
Paid Up Capital	319,301	199,563	153,510	122,808	122,808	106,790	97,082	97,082	84,419	68,913
General & Capital Reserves	8,103,740	823,740	673,740	704,442	543,740	409,758	308,448	255,338	279,762	249,762
Unexpired Risk / Unearned Premium, Commission And Prepaid Premium	234,394	253,616	156,419	145,643	74,856	53,831	50,022	52,156	40,915	37,739
Total Assets-at Book Value	14,104,104	10,399,049	2,957,949	1,626,127	1,086,527	894,876	822,136	695,868	599,509	555,133
Investments-at Book Value	12,404,727	9,246,735	1,873,786	954,802	728,863	626,916	530,027	500,412	484,576	451,059
Investments-at Market Value	16,647,641	9,765,736	8,286,127	5,624,871	4,335,668	2,519,780	1,668,000	1,505,906	1,375,346	910,367
Loss Ratio	59	44	45	41	38	30	42	34	31	36
Expense Ratio	16	7	(3)	11	(4)	3	(11)	(14)	(13)	(14)
Underwriting Profit To G.P Ratio	15	25	30	25	28	30	29	34	36	33
Profit Before Tax To G.P Ratio	287	817	52	62	78	72	52	25	70	39
Return on Equity	30	86	27	28	37	41	31	16	33	19
Total Assets Turnover Ratio	7	7	21	26	33	33	30	33	31	31
Investment Yield Ratio	18	132	14	29	32	25	18	18	17	9
Price Earning Ratio	5	1	18	17	12	7	6	200	7	9

African Tulip The African Tulip tree (*Spathodea campanulata*) is planted as an ornamental tree and is much appreciated for its very showy reddish-orange or crimson flowers. This tree is also known as the Fountain Tree, Flame-of-the-forest or Nandi Flame. The flower bud is ampule-shaped and contains water. These buds are often used by children who play with its ability to squirt water. The open flowers are cup-shaped and hold rain and dew, making them attractive to many species of birds and insects. The wood of the tree is soft and is used for nesting by many hole-building birds.



The Ladybird beetles are useful insects as they keep plants and trees safe from other harmful insects by feeding on them. They are the gardener's friend. IGI Insurance draws its inspiration from nature to bring you timeless safety and security.

KEY FINANCIAL DATA



KEY FINANCIAL DATA (For the year)

PROFIT AND LOSS ACCOUNTS

	2007	2006
	(Rupees in thousand)	
Gross Written Premium	1,039,605	900,098
Net Written Premium	592,574	494,126
Net Earned Premium	586,073	426,471
Claims Incurred	682,635	254,440
Net Claims Expenses	347,805	186,981
Commission Income	153,612	146,903
Commission Expense	81,231	71,146
Underwriting Profit	160,803	226,929
Direct Expenses	171,077	104,915
Investment Income	3,021,533	7,315,629
Profit Before Tax	2,984,217	7,357,109
Profit After Tax	2,930,279	7,342,370

TECHNICAL RESERVES COVER

	2007	2006
Fire	323,414	207,676
Marine	93,651	77,921
Motor	358,739	250,382
Miscellaneous	139,650	86,439
Total	915,454	622,418

CORPORATE ASSETS

	2007	2006
Investment in Fixed Assets	309,283	292,084
Equity Investment in Associated Companies	470,225	253,766
Other Investments	11,934,502	8,992,969
Total Investments	12,404,727	9,246,737
Total Investments at Realizable Value	16,647,641	9,765,736

NUMBER OF EMPLOYEES

	2007	2006
Karachi Corporate	26	-
Karachi	24	29
Lahore (Syed Maratib Ali Road)	31	42
Lahore (Hali Road)	11	-
Islamabad	9	7
Faisalabad	5	3
Multan	4	1
Sialkot	4	4
Total	114	86

Ratios	2007				2006			
	Fire	Marine	Motor	Misc	Fire	Marine	Motor	Misc
Net Premium to Gross Premium	17%	48%	91%	46%	21%	46%	74%	35%
Loss Ratio	48%	12%	80%	14%	25%	22%	63%	-8%
Expense Ratio	-29%	-9%	24%	39%	-23%	-32%	24%	26%
Reserves to Net Premium	657%	117%	94%	181%	149%	62%	92%	152%
Policy Acquisition Cost to Gross Premium	26%	24%	22%	27%	22%	19%	18%	18%

SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

7th Floor, The Forum,
Suite No.701-713, G-20,
Block 9, Khayaban-e-Jami
Clifton, Karachi-75600, Pakistan
Tel # 111-308-308
Fax # 92-21-5301772
Web site: www.igiinsurance.com.pk

SHARE REGISTRAR OFFICE

Ferguson Associates (Pvt) Ltd
State Life Building No. 2A
4th Floor, I.I. Chundrigar Road
P.O.Box # 4716
Karachi - Pakistan

Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

Listing Fees

The annual listing fee for the financial year 2006-07 has been paid to both the stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of IGI at KSE and in LSE is IGIL

Investor Service Centre

IGI's share department is operated by Ferguson Associates (Pvt) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1,311 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza Deputy General Manager Accounts and Deputy Company Secretary at IGI Registered Office.

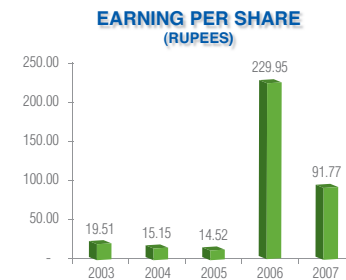
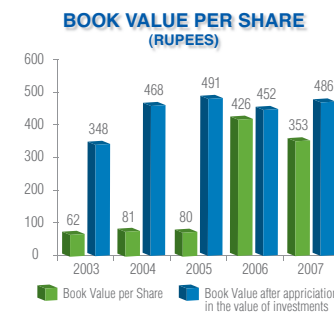
IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate / re-validated dividend warrants, issue of duplicate / replaced shares certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact persons:

Mr. Haider Raza
Phone: 111-308-308
E-mail: haider.raza@igi.com.pk

Mr. Hussain Ahmed
Phone:021-2420755, 021-2426597



SHAREHOLDERS' INFORMATION

Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For Request receives Through post	Over the counter
Transfer of Shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2007, 32.73% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

Dividend Announcement

The board of directors of the company has proposed a final cash dividend of 15% (Rs. 1.5 per share). This is in addition to the interim dividend of 25% (Rs.2.5 per share) already paid during the year making a total of 40% Cash dividend for the year ended 31st December 2007 (2006: 40% Cash dividend i.e., Rs 4.00 per share of Rs.10) and bonus share in the proportion of 2.5 shares for every 10 shares held i.e., 25% (2006: 60%) for the financial year ended December 31, 2007, subject to approval by the shareholders of the company at the Annual General Meeting.

Book Closure Dates

The register of Members and share transfer books of the company will remain closed from March 21, 2008 to March 31, 2008 both days inclusive.

SHAREHOLDERS' INFORMATION

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after March 31, 2008 but within the statutory time limit of 45 days:

- (i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.
- (ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 tax on dividend payable to a shareholder has been withheld and will be paid to the Government @ 10% unless the shareholder's Income is tax-exempt. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001

As Zakat has already been deducted on the payment of Interim Dividend (D-21) for the financial Year 2007, being the first payment of Dividend after the current valuation i.e. September 14, 2007, no Zakat is deductible on the Dividend now being paid.

Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the company in clearing their unclaimed dividend account.

Investors' Grievances

As on date none of the investor or shareholder has field any letter of complaints against any service provided by the company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the company for non-receipt of share / refund.

General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One

SHAREHOLDERS' INFORMATION

Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at IGI web site, www.igiinsurance.com.pk. The web site contains the latest financial results of the company together with Company's profile, the corporate philosophy and major products.

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on December 31, 2007 was as follows:

Shareholders' Category	No. of Share Holders	Share Holding	Percentage
Directors, Chief Executive and Family	15	9,832,993	30.80
Associated Companies, Undertakings and Related Parties	3	9,091,896	28.47
Public Sector Companies and Corporation	1	316,070	0.99
Banks, DFIs and NBFIs	5	160,890	0.50
Insurance Companies	3	217,369	0.68
Modaraba & Mutual Funds	8	868,257	2.72
Other Companies	58	1,649,212	5.17
Non Resident	4	2,277,931	7.13
General Public	1,214	7,515,512	23.54
	1,311	31,930,130	100.00

Shareholders having more than 10% Holdings (Name-Wise Detail)

Syed Baber Ali	6,995,720	21.91
Industrial Technical and Educational Institute	5,427,276	17.00
Packages Limited	3,389,020	10.61

Information as required under Code of Corporate Governance
CATEGORIES OF SHAREHOLDERS as at December 31, 2007

Category	Number of shareholders	Number of shares held	Holding %
Associated Companies, Undertakings and Related Parties			
Industrial Technical and Educational Institute Loads Limited	1	5,427,276	17.00
Packages Limited	1	3,389,020	10.61
Directors			
Syed Babar Ali	2	6,995,720	21.91
Syed Hyder Ali	3	1,090,721	3.41
Saulat Said	1	500	0.00
Syed Kamal Ali	2	238,968	0.75
Syed Shahid Ali	4	1,180,125	3.70
Syed Yawar Ali	2	325,316	1.02
Shamim Ahmed Khan	1	1,643	0.01
Joint Stock Companies			
Public Sector Companies and Corporations	1	316,070	0.99
Banks, Development Finance Institutions, Non-Banking Finance Institutions	5	160,890	0.50
Modaraba and Mutual Funds	8	868,257	2.72
Insurance Companies	3	217,369	0.68
Others	58	1,649,212	5.17
Non Residents			
	4	2,277,931	7.13
General Public			
	1,214	7,515,512	23.54
	1,311	31,930,130	100

CATEGORIES OF SHAREHOLDERS



Distribution of Shareholding in Central Depository Company of Pakistan Limited
As at December 31, 2007

Number of Shareholders	Shareholding From	To	Total Shares Held
203	1	100	10,034
188	101	500	54,850
96	501	1000	78,693
159	1001	5000	369,383
38	5001	10000	261,446
11	10001	15000	124,042
14	15001	20000	239,251
6	20001	25000	138,123
7	25001	30000	192,022
3	30001	35000	95,872
1	35001	40000	38,137
5	40001	45000	208,708
1	45001	50000	50,000
1	55001	60000	59,861
3	60001	65000	185,573
2	70001	75000	144,800
1	75001	80000	77,032
1	80001	85000	80,728
3	85001	90000	262,357
3	90001	95000	278,715
3	95001	100000	288,426
2	100001	105000	203,192
1	105001	110000	107,400
2	120001	125000	245,755
1	125001	130000	127,180
2	140001	145000	286,243
1	150001	155000	150,992
1	190001	195000	190,212
3	195001	200000	594,126
1	230001	235000	230,228
1	275001	280000	275,600
1	300001	305000	303,952
2	315001	320000	635,348
1	415001	420000	419,734
1	505001	510000	508,743
1	885001	890000	889,937
1	2040001	2045000	2,044,419
771			10,451,114

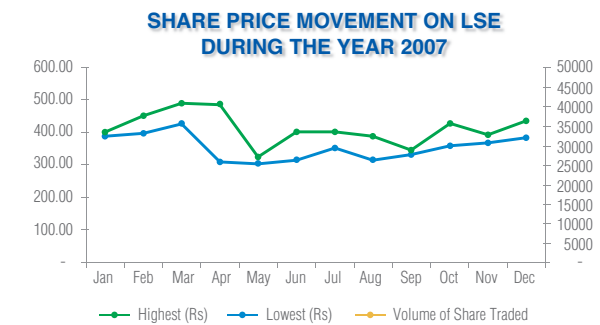
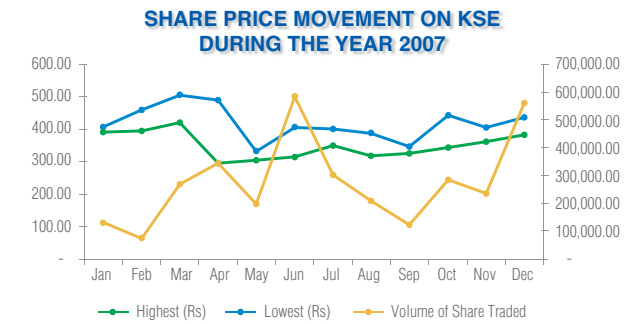
Pattern of Shareholding As at December 31, 2007

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
356	1	100	14,700
333	101	500	87,360
142	501	1,000	112,335
282	1,001	5,000	647,381
58	5,001	10,000	410,449
29	10,001	15,000	342,889
18	15,001	20,000	311,246
10	20,001	25,000	227,037
8	25,001	30,000	218,334
3	30,001	35,000	95,872
4	35,001	40,000	152,519
6	40,001	45,000	249,197
4	45,001	50,000	195,651
1	50,001	55,000	54,482
1	55,001	60,000	59,861
3	60,001	65,000	185,573
2	65,001	70,000	133,689
3	70,001	75,000	219,100
1	75,001	80,000	77,032
1	80,001	85,000	80,728
3	85,001	90,000	262,357
3	90,001	95,000	278,715
3	95,001	100,000	288,426
2	100,001	105,000	203,192
2	105,001	110,000	214,734
2	120,001	125,000	245,755
1	125,001	130,000	127,180
4	140,001	145,000	572,911
2	150,001	155,000	303,318
2	190,001	195,000	383,988
3	195,001	200,000	594,126
1	220,001	225,000	220,267
1	230,001	235,000	230,228
3	275,001	280,000	827,841
1	300,001	305,000	303,952
2	315,001	320,000	635,348
1	415,001	420,000	419,734
1	440,001	445,000	442,723
1	505,001	510,000	508,743
1	555,001	560,000	557,904
1	695,001	700,000	696,248
1	885,001	890,000	889,937
1	990,001	995,000	990,933
1	2,040,001	2,045,000	2,044,419
1	3,385,001	3,390,000	3,389,020
1	5,425,001	5,430,000	5,427,276
1	6,995,001	7,000,000	6,995,420
1,311			31,930,130

Share Price / Volume

The monthly high and low prices and the volume of shares traded on the KSE and LSE during the financial year 2007 are as under:

Month	Share Price on the KSE (Rs.)		Volume of Shares Traded	Share Price on the LSE (Rs.)		Volume of Shares Traded
	Highest	Lowest		Highest	Lowest	
January	404.00	391.00	137,200	400.10	391.00	–
February	460.00	395.00	72,500	451.00	395.25	–
March	505.00	418.00	269,100	488.40	427.05	–
April	490.00	293.05	345,200	484.00	307.00	–
May	330.00	303.00	195,800	327.50	300.95	–
June	405.00	314.00	576,800	401.00	314.00	–
July	400.00	348.00	301,800	400.00	351.00	–
August	387.00	317.30	206,400	386.90	317.30	–
September	344.95	322.75	122,600	343.80	329.00	–
October	441.55	341.00	284,600	420.55	357.50	–
November	404.25	360.00	235,400	393.00	366.10	–
December	435.80	381.00	561,000	435.80	381.00	–



DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2007.

Company Performance Review

In 2007, our underlying business performance remained strong, helping us sustain our growth momentum. The results in 2007 clearly illustrate that our team is very committed and motivated to make our strategy a success. This was accomplished in an increasingly challenging environment with growing competition.

Gross Premium increased by 16% from Rs. 900 million in 2006 to Rs. 1.04 billion in 2007 while maintaining the business mix with share of Fire, Marine, Motor & Miscellaneous classes at 28%, 16%, 40% and 16% respectively. Premium growth has been driven mainly by attainment of new businesses and introduction of new products like Home & Umrah Insurance to the existing portfolio.

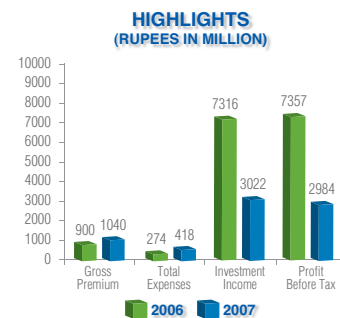
Net Premium and Commission grew by 31% from Rs. 502 million in 2006 to Rs. 658 million in 2007. Underwriting profit margin (as a percentage of gross premium) 15% illustrates your company's success in developing the business while maintaining profitability. The expense ratio (total expenses as a percentage of gross premium) increased to 27% in 2007 from 19% in the previous year. The underwriting profit decreased by 29% from Rs. 227 million in 2006 to Rs. 161 million in 2007.

As there was less realization of capital gains on part of the equity portfolio, investment income decreased by 59% from Rs. 7,316 million in 2006 to Rs. 3,022 million in 2007. Therefore profit before tax fell by 59% from Rs. 7,357 million in 2006 to Rs. 2,984 million in 2007 and profit after tax decreased to Rs. 2,930 million in 2007 from Rs. 7,342 million in 2006. Correspondingly earnings per share for the Company decreased to Rs. 91.77 in 2007 from Rs. 229.95 in 2006.

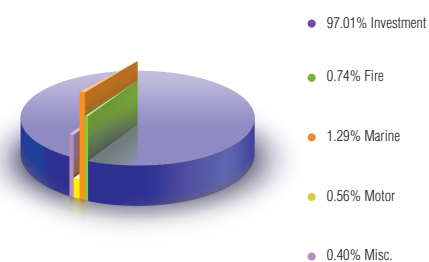
Segments at a Glance

Fire

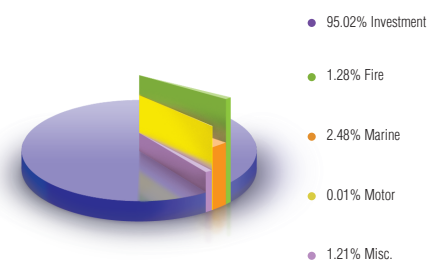
Gross premium grew by 7% from Rs. 272 million in 2006 to Rs. 291 million in 2007. Net Premium earned decreased by 13% from Rs. 56 million to Rs. 49 million. As losses increased by 66% from Rs. 14



CONTRIBUTION TO PROFITABILITY (2006)



CONTRIBUTION TO PROFITABILITY (2007)



DIRECTORS REPORT TO THE SHAREHOLDERS

million in 2006 to Rs. 23 million in 2007, underwriting profit decreased by 27% from Rs. 56 million in 2006 to Rs. 41 million in 2007.

Marine, Aviation and Transport

Marine business declined by 12% from Rs. 191 million in 2006 to Rs. 167 million in 2007. Correspondingly the underwriting profit fell by 18% from last year to Rs. 80 million.

Motor

Gross Premium in the motor segment increased by 23% from Rs. 337 million in 2006 to Rs. 415 million in 2007. Underwriting profit decreased by 99% from Rs. 42 million in 2006 to Rs. 0.174 million in 2007 as result of higher loss experiences, primarily on leasing portfolio.

Others (Miscellaneous)

For Miscellaneous lines, which include engineering, contract, travel and cash business, gross premium grew by 66% from Rs. 100 million in 2006 to Rs. 166 million in 2007. Net Premium increased by 121%, closing at Rs. 77 million. As travel insurance again proved to be a profitable segment, underwriting profit also increased by 28% from Rs. 31 million in 2006 to Rs.39 million in 2007.

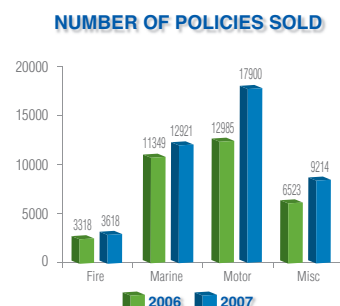
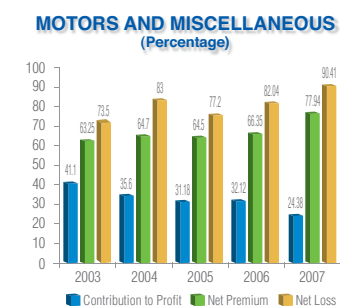
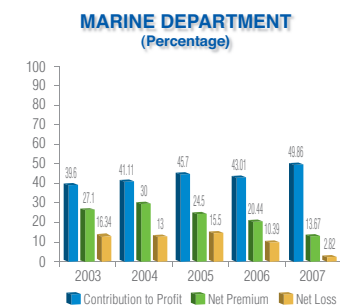
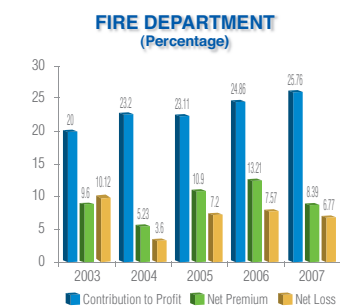
Investments

The book value of your company's investments increased from Rs. 9,247 million to Rs. 12,405 million, that is, by Rs. 3,158 million during the year 2007. As mentioned earlier this is mainly due to realization of capital gains on available for sale investments. The market value of investments increased by 70% from Rs. 9,766 million as at December 31, 2006 to Rs. 16,648 million as at December 31, 2007.

As per requirements of IAS 39, an unrealized gain of Rs.5 million against a loss of Rs. 15 million in the previous year was recognized in the profits of the company. The market value of shares held for trading was Rs. 124 million in 2007 as against Rs. 227 million in 2006.

ISO Certification

Since your Company received ISO 9001:2000 certification in 2001 it has successfully maintained the status and its entire operations are ISO 9001:2000 certified.



DIRECTORS REPORT TO THE SHAREHOLDERS

Insurer's Financial Strength Rating

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has for the eighth consecutive year assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A) and a Positive Outlook for the second consecutive year, on the basis of financial statements for the year 2007.

The Insurer Financial Strength (IFS) Rating of "AA" (Double A) denotes:

"Insurers are viewed as possessing VERY STRONG capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be VERY SMALL."

Appropriations

The proposed appropriations are as under:

	2007	2006
	(Rupees in thousand)	
Final Dividend for the year - 15% (2006: 40%)	47,895	79,825
Interim Dividend for the year - 25 % (2006: Nil)	79,825	-
Transfer to reserve for issue of Bonus Shares - 25% (2006: 60%)	79,825	119,738
Transfer to General Reserves	<u>2,720,000</u>	<u>7,280,000</u>
	<u>2,927,545</u>	<u>7,479,563</u>

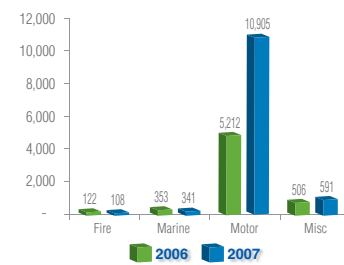
Auditors

The present auditors M/S A. F. Ferguson & Company, Chartered Accountants retire and have completed period of five years as prescribed by the Securities & Exchange Commission of Pakistan. As suggested by the Audit Committee, the Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Company, Chartered Accountants as auditors of the Company for the year 2008, at a fee to be mutually agreed. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program.

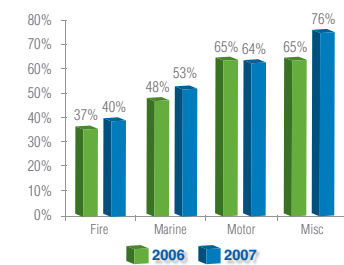
Board of Directors

Since the last annual report, casual vacancy occurring on the Board due to resignation of Syed Javed Hassan, Chief Executive Officer of the Company was filled by the Board of Directors on the date of occurrence.

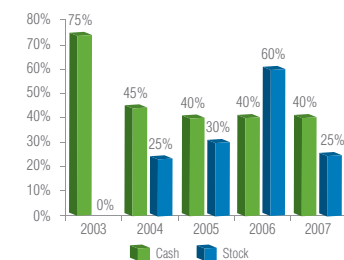
NUMBER OF CLAIMS SETTLED



CLAIM DISPOSAL RATIO



CASH AND STOCK DIVIDEND



DIRECTORS REPORT TO THE SHAREHOLDERS

The Board records its appreciation for the valuable services rendered to the company by Syed Javed Hassan, the outgoing Director & Chief Executive Officer.

During the year, five (5) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Director	Number of meetings attended
Syed Babar Ali	4
Mr. Shamim Ahmad Khan	5
Syed Yawar Ali	5
Syed Shahid Ali	2
Syed Kamal Ali	2
Syed Hyder Ali	5
Syed Javed Hassan	3
Mr. Saulat said	3

The Board granted leave of absence to those Directors who could not attend the Board meetings.

Audit Committee

As required under the Code of Corporate Governance, the audit committee continued to perform as per its terms of reference duly approved by the Board. The committee members are as follows:

Mr. Shamim Ahmad Khan	Non-executive Director (Chairman)
Syed Yawar Ali	Non-executive Director
Syed Hyder Ali	Non-executive Director
Mr. Akhtar Abbas	Secretary

Code of Corporate Governance

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

DIRECTORS REPORT TO THE SHAREHOLDERS

5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is shown at page number 19.
9. Outstanding taxes and duties are given in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows:

Provident Fund as at June 30, 2007	Rs. 10.727 million
Gratuity Fund as at December 31, 2006	Rs. 1.274 million
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors;
12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

Directors

Syed Babar Ali, Chairman together with his spouse purchased 16,280 shares.
 Syed Hyder Ali, Director together with his spouse purchased 29,817 shares.
 Syed Kamal Ali, Director sold 45,500 shares.
 Mr. Saulat Said, Chief Executive Officer purchased 500 shares.

CFO and Company Secretary: Nil; and

Executives:

Syed Khalid Yusuf, Chief Operating Officer purchased 1,000 shares.

13. All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2007.

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

DIRECTORS REPORT TO THE SHAREHOLDERS

Insurance Ordinance, 2000

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

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

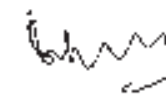
Future Outlook

We will continue with our strategic course in 2008. Our first priority is to build on the momentum of profitable growth. We will continue to focus our attention on the areas where there is potential for value maximization and to deploy resources accordingly. In those businesses where returns have stabilized at satisfying levels, we want to put more emphasis on spreading our activities. Further our primary aim is to strengthen our business fundamentals.

Acknowledgement

We would like to thank our valued clients for their continued support and feedback, our re-insurers for the support and backing given to the Company during the year. Lastly our appreciations for the staff for their hard work, devotion & loyalty and hope that they will continue to work with the same zeal and fervor.

For and on behalf of the Board



Syed Babar Ali
 Chairman
 Karachi, February 15, 2008

Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2007

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulation No. 37 and Chapter XIII of the Karachi and Lahore stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes five non-executive directors, including the Chairman, out of seven directors. We shall also encourage minority representation at the time of next election.
2. The directors of the Company have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors have given declaration that they are aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. A casual vacancy occurred in the Board on June 20, 2007 which was filled up by the directors on the same day.
6. The Company has prepared a 'Code of Conduct' as a substitute of 'Statement of Ethics and Business Practices', which has been duly signed.
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.
8. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment, determination of remuneration and terms and conditions of employment of Chief Executive Officer appointed during the year.
9. The meetings of the Board were presided over by the Chairman except once when leave of absence was granted to the Chairman. The Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
11. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.
12. All material information as required under the relevant rules, has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.

Statement of Compliance with the Code of Corporate Governance For the Year Ended December 31, 2007

13. The Board has approved the appointment of CFO and Company Secretary, including his remuneration and terms and conditions of employment. There was no new appointment of Head of Internal Audit during the year.
14. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
16. The directors, CEO and executives do not hold any interest in the shares of the Company other than that 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 Underwriting, Claims Settlement and Re-insurance & Co-insurance Committees.
19. The Board has formed an Audit Committee. It comprises of three members all of whom are non-executive directors including the chairman of the committee.
20. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
21. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the Internal Audit function on a full time basis.
22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. We confirm that all other material principles contained in the Code have been complied with.



Syed Babar Ali
Chairman
Karachi, February 15, 2008

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited (Formerly) International General Insurance Company of Pakistan Limited) to comply with the Listing Regulation No.37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2007



A. F. Ferguson & Co.
Chartered Accountants
Lahore, February 15, 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- | | |
|---------------------------------------|---------------------------------------|
| (i) balance sheet; | (ii) profit and loss account ; |
| (iii) statement of changes in equity; | (iv) cash flow statement; |
| (v) statement of premiums; | (vi) statement of claims; |
| (vii) statement of expenses; and | (viii) statement of investment income |

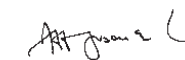
of IGI insurance Limited (Formerly International General Insurance Company of Pakistan Limited) as at December 31, 2007, together with the notes forming part thereof, for the year then ended.

It is the responsibility of the company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the company's affairs as at December 31, 2007 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



A. F. Ferguson & Co.
Chartered Accountants
Lahore, February 15, 2008