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# Corporate INFORMATION

## Board of Directors

Lt Gen Naveed Mukhtar (Retd)  
Chairman  
AVM Mohammad Athar Shams (Retd)  
Member  
Maj Gen Muhammad Muazzam Ali Goraya (Retd)  
Member  
Brig Kamran Asad (Retd)  
Member  
Mr. Malik Riffat Mahmood  
Member  
Mr. M. Munir Malik  
Member  
Mr. Imran Iqbal  
Member  
Ms. Saima Akbar Khattak  
Member

## President & Chief Executive Officer

Mr. Abdul Waheed

## Chief Financial Officer

Mr. Razi Haider

## Company Secretary

Mr. Usman Nawaz

## Head of Internal Audit

Mr. Ali Noor

## Executive, Risk Management & Compliance Committee

AVM Mohammad Athar Shams (Retd)  
Chairman  
Maj Gen Muhammad Muazzam Ali Goraya (Retd)  
Member  
Brig Kamran Asad (Retd)  
Member  
Mr. Abdul Waheed  
Member

## Audit Committee

Mr. M. Munir Malik  
Chairman  
Mr. Malik Riffat Mahmood  
Member  
Brig Kamran Asad (Retd)  
Member

## Ethics, Human Resource and Remuneration Committee

Mr. Imran Iqbal  
Chairman  
Brig Kamran Asad (Retd)  
Member  
Mr. Abdul Waheed  
Member

## Underwriting, Reinsurance & Coinsurance Committee

AVM Mohammad Athar Shams (Retd)  
Chairman  
Mrs. Samina Khan  
Member  
Mr. Sohail Khalid  
Member

## Claims Settlement Committee

Mr. Malik Riffat Mahmood  
Chairman  
Mr. Abdul Waheed  
Member  
Mr. M. Qasim  
Member  
Mian Syed Samir Ahmad  
Member

## Investment Committee

Mr. Malik Riffat Mahmood  
Chairman  
Mr. M. Munir Malik  
Member  
Mr. Abdul Waheed  
Member  
Mr. Razi Haider  
Member  
Mr. Shahid Qayyum  
Member

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Islamabad

## Shariah Compliance Auditors

S.M. Suhail & Co.  
Chartered Accountants  
Islamabad

## Shariah Advisor

Mufti Ehsan Waquar

## Legal Advisors

Hassan Kaunain Nafees

## Bankers

Askari Bank Limited  
Askari Islamic Bank Limited  
Habib Bank Limited  
The Bank of Punjab  
Bank Alfalah Limited  
Summit Bank Limited  
NRSP Microfinance Bank Limited  
Silk Bank Limited  
Faysal Bank Limited  
Bank Al Habib Limited  
Meezan Bank Limited  
Finca Microfinance Bank Limited  
Zarai Taraqati Bank Limited  
Samba Bank Limited  
U Microfinance Bank Limited  
JS Bank Limited  
Sindh Bank Limited  
The Bank of Khyber  
MCB Islamic Bank Limited  
Al Baraka Bank Limited  
Punjab Provincial Cooperative Bank Limited

## Registrar & Share Transfer Office

THK Associates (Private) Limited  
32-C, Jami Commercial Street # 2,  
DHA Phase 7, Karachi 75400, Pakistan.  
PABX: +92 (021) 111-000-322  
Direct: +92 (021) 35310188  
Fax: +92 (021) 35310191

## Registered Office/Head Office

3rd Floor, AWT Plaza, The Mall,  
Rawalpindi, Pakistan  
Ph: +92-51-9028101-2  
Fax: +92-51-9272424  
Email: info@agico.com.pk

# Our Board of DIRECTORS



Lt Gen Naveed Mukhtar  
Chairman (Retd)



AVM Mohammad Athar Shams  
(Retd)



Maj Gen Muhammad Muazzam Ali Goraya  
(Retd)



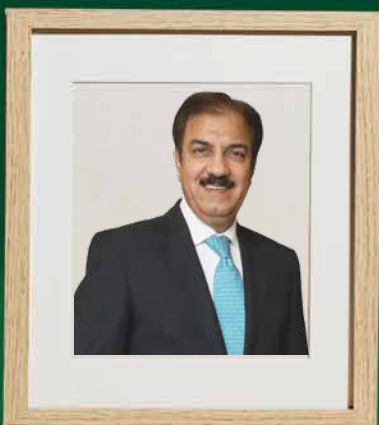
Brig Kamran Asad  
(Retd)



Malik Riffat Mahmood



Mr. Imran Iqbal



Mr. M. Munir Malik



Ms. Saima Akbar Khattak



# VISION

The vision of askari general insurance company limited (agico) is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.





# MISSION

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.





# Our PRODUCTS



MOTOR INSURANCE



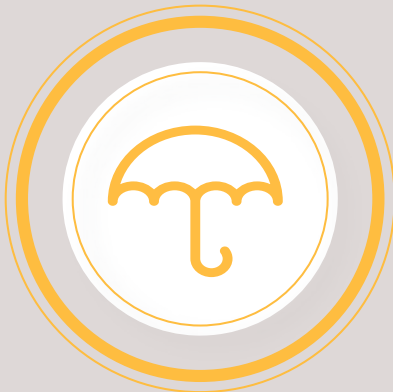
MARINE INSURANCE



HEALTH INSURANCE



FIRE INSURANCE



MISCELLANEOUS  
INSURANCE



AVIATION INSURANCE



AGRICULTURE  
INSURANCE



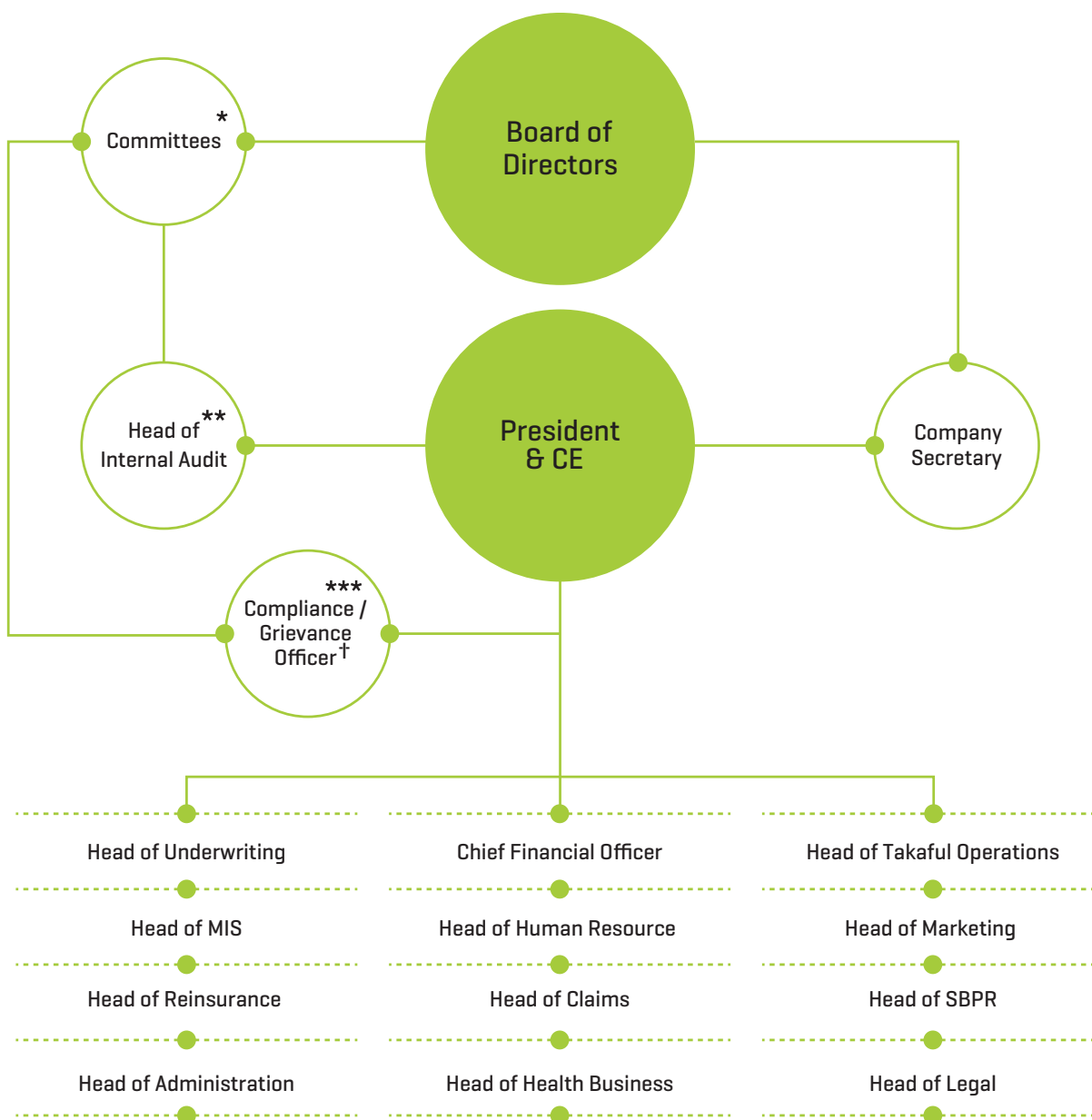
TRAVEL INSURANCE



ENGINEERING  
INSURANCE



# Organizational STRUCTURE



\*Committees include the following:-

- Audit Committee
- Executive, Risk Management & Compliance Committee
- Ethics, Human Resource and Remuneration Committee
- Underwriting, Reinsurance & Coinsurance Committee
- Claims Settlement Committee
- Investment Committee

\*\* Internal Audit functionally reports to the Audit Committee

\*\*\* Compliance Officer functionally reports to the Executive, Risk Management & Compliance Committee

† Grievance Officer functionally reports to Claims Settlement Committee

# OUR MANAGEMENT

**Rana Shahbaz Ahmed**  
Head of Marketing

**Mr. Razi Haider**  
Chief Financial Officer

**Mr. Mustafa Salman Pasha**  
Head of Strategic Business  
Planning & Relations

**Mr. Zahid Mahmood Chaudary**  
Head of Human Resource





**Mr. Anwar Ahmed Malik**  
Head of Compliance /  
Grievance Function

**Mr. Muhammad Qasim**  
Head of Claims

**Mrs. Samina Khan**  
Head of Underwriting

**Mr. Sohail Khalid**  
Head of Reinsurance



# OUR MANAGEMENT

**Mian Syed Samir Ahmad**  
Head of Health Business

**Mr. Raza Ali**  
Head of Takaful Operations

**Mr. Muhammad Hassan Shafique**  
Head of Risk Management

**Mr. Hassan Aziz Rana**  
Head of Legal Affairs



**Mr. Hassan Tahir**  
Head of MIS

**Mr. Ali Noor**  
Head of Internal Audit

**Mr. Usman Nawaz**  
Company Secretary



# CHAIRMAN'S REVIEW

## Esteemed Shareholders,

I am pleased to present this review on overall performance of Askari General Insurance Company Limited and the effective role played by the Board of Directors in achieving the desired objectives.

This year, Askari Insurance again flourished in difficult macroeconomic conditions. We further cemented our position as an important market player and remain well poised for sustainable future growth. Our aim is to play an active role in the growth of Insurance industry by offering high quality products and services tailored to the needs of our esteemed clients while ensuring compliance with regulatory requirements.

In 2020, the positive results of Askari Insurance were in line with its robust growth over the last several years based on vision of the Board and the management. PACRA and VIS Credit Rating agencies maintained our Insurer Financial Strength rating as Double A (AA), which was a testament to the excellent guidance of our Board and efforts put in by the Company. A sustainable growth of 10% was witnessed in profit before taxes over the corresponding period, well supported by profits of Rs. 63 million from Window Takaful Operations and Investment & other Income of Rs. 293 million, which grown significantly by 20% compared to the year 2019. The Company's excellent performance has also resulted in the Board recommending disbursement of 27.5% (Rs. 2.75 per share) final cash dividend for the year 2020.

The excellent guidance, collective contributions and efforts of our Board members allowed the Company to not only execute its overall

strategy but also achieve its profitability targets while maintaining excellent market reputation. The Board ensured implementation of best practices for corporate governance by maintaining high levels of professional and business conduct and implementing effective internal controls.

We are also grateful to our clients and shareholders for their continued trust, which has been the cornerstone of our continued success. I would also like to thank the Securities & Exchange Commission of Pakistan, Insurance Association of Pakistan and our reinsurers for their continued support.

I am confident that the Company will continue to move towards greater heights of success on back of guidance of Board of Directors, innovative product portfolio and focus on providing unparalleled client experience.

**Lt Gen Naveed Mukhtar (Retd)**

Chairman

Rawalpindi

March 24, 2021

## چیئر مین کا جائزہ ۲۰۲۰ء

عسکری جنرل انشورنس کمپنی لمیٹڈ

محترم حصص کنندگان،

مطلوبہ مقاصد کے حصول میں عسکری جنرل انشورنس کمپنی لمیٹڈ کی تمام کارکردگی اور بورڈ آف ڈائریکٹرز کے موثر کردار کے حوالے سے یہ جائزہ پیش کرنے پر مجھے خوشی ہے۔

ہمارے بورڈ ممبرز کی عمدہ رہنمائی، اجتماعی شراکت اور کاوشوں سے کمپنی کو نہ صرف اپنی مجموعی حکمت عملی پر عمل درآمد کرنے کا موقع ملا بلکہ مارکیٹ کی عمدہ سادھ کو برقرار رکھتے ہوئے کمپنی نے اپنے منافع کے اہداف کو بھی حاصل کیا۔ بورڈ نے، اعلیٰ سطح کے پیشہ ورانہ اور کاروباری طرز عمل کو برقرار رکھتے ہوئے اور موثر اندرونی کنٹرولوں کو نافذ کرتے ہوئے، کارپوریٹ گورننس کے بہترین طریقوں پر عمل درآمد کو یقینی بنایا۔

اس سال، عسکری انشورنس کمپنی، مشکل معاشی حالات کے باوجود ایک بار پھر پروان چڑھی۔ ہم نے مارکیٹ کے ایک اہم کھلاڑی کی حیثیت سے اپنی پوزیشن کو مزید مستحکم کیا اور مستقبل کی پائیدار نمو کے لئے اچھی طرح سے مستحکم رہے۔ ہمارا مقصد ہمارے معزز گاہکوں کی ضروریات کے مطابق اعلیٰ معیار کی مصنوعات اور خدمات پیش کرتے ہوئے انشورنس انڈسٹری کی ترقی میں فعال کردار ادا کرنا ہے جبکہ اس کے ساتھ ساتھ انضباطی تقاضوں کی تعمیل کو یقینی بنانا ہے۔

ہم اپنے گاہکوں اور شیئرز ہولڈرز کے مسلسل اعتماد پر ان کے بھی شکرگزار ہیں، ان کا یہ اعتماد ہماری مسلسل کامیابی کا سبب بنیاد رہا ہے۔ میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان اور ہماری ری انشورنس کمپنیوں کی مسلسل حمایت کے لئے بھی شکرگزار ہوں۔

2020ء میں، عسکری انشورنس کے مثبت نتائج، بورڈ اور انتظامیہ کے وژن کی بنیاد پر، گذشتہ کئی سالوں کی بڑھتی ہوئی طاقت تھے۔ PACRA اور VIS کریڈٹ ریٹنگ ایجنسیوں نے ہماری انشورنس مالیاتی طاقت کی درجہ بندی کو ڈبل A (AA) کے طور پر برقرار رکھا، جو ہمارے بورڈ کی عمدہ رہنمائی اور کمپنی کی جانب سے کی جانے والی کوششوں کا ثبوت ہے۔ ٹیکس سے پہلے منافع 2020 میں 2019 کے مقابلے میں 10 فیصد بڑھا ہے، جسے نافذہ السکافل عمل کاری کی طرف سے 63 ملین روپے اور سرمایہ کاری و دیگر آمدنی کی طرف سے 293 ملین روپے کی سپورٹ ملی، جو کہ 2020 میں 2019 کے مقابلے میں 20 فیصد تک نمایاں طور پر بڑھی۔ کمپنی کی عمدہ کارکردگی کے باعث بورڈ نے سال 2020ء کے لئے 27.5 فیصد (2.75 روپے فی حصص کے حساب سے) حتمی نقد یوٹیلٹی فراہمی کی سفارش کی ہے۔

مجھے یقین ہے کہ جدید پروڈکٹ پورٹ فولیو اور بورڈ آف ڈائریکٹرز کی رہنمائی میں کمپنی، کامیابی کی اعلیٰ بلندیوں کی طرف گامزن رہے گی اور گاہکوں کو بے مثال تجربہ فراہم کرنے پر توجہ دے گی۔

لیفٹیننٹ جنرل نوید مختار (ر)  
چیئر مین

راولپنڈی

24 مارچ 2021ء

# President's MESSAGE

“We will continue to strive for sustainable growth while providing exceptional services to our clients.”

I extend my sincerest appreciation to our stakeholders for the continued support and patronage. I would like to take this opportunity to share with you my thoughts on our performance in 2020.

Askari Insurance's brand was able to stand firm in a difficult year, continuing its growth trend in operating results as well as bottom line, and building a stronger position in each segment, thereby creating significant value for our clients and shareholders. We responded to changes in the marketplace by embracing new technologies and consistently delivering high-quality results through more efficient and effective ways of working with clients. As progressive thinkers, we are constantly looking forward for our clients and delivering cost-effective, high-value solutions.

Our relentless focus on growth along with better liquidity even at the most difficult times of COVID-19, the mankind has experienced, has enabled Askari Insurance to step forward with a positive growth in a challenging environment. In 2020, our underwriting results grew 7% as compared to the year 2019, exhibiting strong operating performance. Profit after taxes, well supplemented by profit of Rs. 63 million from Window Takaful

Operations, and Earnings Per Share grew by 9%, enabling it to declare 27.5% (Rs. 2.75 per share) final cash dividend for the year 2020.

We are confident that our unique business mix balanced across products and geographies, a diverse talent base, and a highly regarded brand, puts us in a strong position for coming years, helping us to generate better returns for shareholders and making us better at serving our esteemed clientele.

Based on our performance in 2020, we can look ahead with confidence that we have the right approach, mindset and culture to compete in this rapidly evolving, client-focused industry.



**Mr. Abdul Waheed**  
President & Chief Executive



# DIRECTORS' REPORT

Unconsolidated financial information for the year 2020



On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited (the Company) along with Audited Unconsolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2020.

## ECONOMIC REVIEW

In 2020, economic growth was impacted due to COVID-19 outbreak. Insurance industry was adversely affected due to the lockdown imposed by the government, where most of the industries such as automobile, textile and construction were partly or fully shut down for a period of 3-4 months in 2020, affecting the core segments of insurance i.e. motor, marine, engineering and other segments. However, the effects of Pandemic are gradually fading away in the year 2021. IMF has also projected GDP growth to 1.5% in 2021 and 4% in 2022, which stabilizes Pakistan Stock Exchange. Further, the new entrants in the automobile sector, growth in government spending, concessional loans and reduction in interest rates, are likely to have positive impact on economy in 2021. Moreover, the insurance industry is likely to be benefited by the improved economy in 2021.

## AGICO in 2020

The Company, despite challenging economic conditions primarily driven by COVID-19, successfully managed to underwrite a gross premium of Rs. 3.33 billion (inclusive of Rs. 376 million of Takaful contribution) in the year 2020 (2019: Rs. 3.4 billion). During 2020, the Company's prime focus was to improve its underwriting performance, maintaining better liquidity and retention of clientele. Profit after tax and Earnings Per Share (EPS), each grown by 9%

as compared to the year 2019. Increase is net profit and EPS is primarily driven by improved underwriting performance and better investment management.

## KEY HIGHLIGHTS

### CREDIT RATING

The Company has maintained Insurer Financial Strength Rating of "AA" in the year 2020, awarded by both Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency, with stable future outlook.

### IMPROVED INFORMATION TECHNOLOGY SYSTEMS AND CLIENT SATISFACTION

With the COVID-19 persistence and changes in business trends, we were ready to deal with the associated challenges, through improved Information Technology (IT) systems, well before time. In recent times, our prime objective was to strengthen the IT systems, being considered as backbone of any leading company, to not only achieve better risk management, but also to facilitate clients with improved services. Such as, reduction in Turn Around Time (TAT) in claims processing, enhanced communication and co-ordination facilitated through 24/7 immaculate call center, interactive website and fully functional android and IOS based mobile app (Ask Health). Further, to facilitate smooth underwriting operations, even at difficult times of COVID-19, our in-house Insurance Management System (IMS) is fundamental to the business performance, by way of adequate risk management, safeguarding of our valued customers' interests, and ensure timely reporting and availability of data at all times.



Our mobile applications for claims reimbursement on Android and IOS platforms are fully functional. Using those, a policy holder can view their policy data, submit their reimbursement claims and track its processing. To cater to ever increasing risk management and compliance requirements, we have developed dedicated risk management controls in our systems. The clients' data collection is integrated in such a way that system can automatically identify risk levels for individuals/businesses.

#### LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) are applicable to the Company. The Company has duly complied with the provisions of these Regulations. A Statement of Compliance in this regard can be viewed at page 68.

#### DIVIDEND DISTRIBUTION

The Board of Directors has recommended a final cash dividend of Rs. 2.75 per share to the shareholders whose names appear in the share register of the Company at the start of the book closure period.

#### PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

	31 December	
	2020	2019
	(Rupees in thousand)	
Gross premium written (Inclusive of Takaful Contribution)	3,331,065	3,400,520
Net premium revenue	1,860,234	2,016,249
Net claims	1,116,735	1,250,767
Underwriting profit	231,906	217,839
Investment and other income	292,962	245,897
Profit before tax - General Insurance Operations	497,101	442,307
Profit before tax - Window Takaful Operations (OPF)	62,898	67,157
Profit after tax	395,158	361,838
Earnings per share (Rs.)	5.50	5.03

#### SEGMENT WISE PERFORMANCE ANALYSIS

The segment wise performance analysis for each class of business is as follows:

##### Accident & Health

Health segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with

gross premium written of Rs. 921 m (2019: 744 m). Business mix of this segment is 31% of total gross premium written in the year 2020.

Net claims of this segment declined to Rs. 637 m (2019: 655 m), despite increase in premium written, primarily due to closure of small hospitals while the COVID-19 was at peak. The ratio of premium ceded to reinsurers decreased to 17% in 2020 as compared to 20% last year.

##### Motor

Motor segment was the significant contributor towards the total underwritten premium. This segment secured the business of Rs. 824 m in the year 2020 (2019: Rs. 893m), which translated to a share of 28% (2019: 29%) of the total business portfolio. Its contribution towards underwriting profits was Rs. 81 m (2019: Rs. 112 m). Loss ratio decreased to 48% this year from 50% last year. Which shows better control over claim management.

##### Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. This segment exhibited the lowest loss ratio of 18% in the year 2020 (2019: 38%) across all segments. This segment contributed 20% towards our underwritten business in 2020 with gross premium underwritten of Rs. 586 m in 2020 (2019: 781 m). The cession for this segment stood at 49% as compared to 65% in 2019.

##### Marine, Aviation & Transport

Gross premium underwritten of this segment was Rs. 193 m in the year 2020 (2019: Rs. 193). This segment contributed 7% towards total gross premium of the Company in the year 2020 (2019: 6%).

The contribution from this segment in the year 2020 was Rs. 51 m (2019: Rs. 59 m). The premium ceded to the reinsurers stood at 66% which is similar to the year 2019.



# DIRECTORS' REPORT

Unconsolidated financial information for the year 2020



## Fire & Property Damage

This segment contributed 15% to our total business underwritten in 2020 with gross premium underwritten of Rs. 431 m (2019: Rs. 418 m).

This segment reported underwriting profit of Rs. 32 m in the year 2020 (2019: Rs. 64 m). The loss ratio (net claims as % of net premium revenue) increased to 43% as compared to 18% of last year. The premium ceded to the reinsurers decreased to 87% (2019: 90%) in line with the reinsurance arrangements.

## Investment and other Income

Overall Investment and other income increased by 19% to Rs. 293 m in the year 2020, as compared to Rs. 246 m of the year 2019. Increase in investment and other income is primarily driven by better management of investment portfolio by placing majority investments in fixed income at the times of high uncertainty.

## WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding



volume and profitability towards business of the Company and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2020 was Rs. 376 m (2019: Rs. 371 m) while the profit from Operator's Fund for the year 2020 was Rs. 63 m as compared to Rs. 67 m of 2019.

## CONTRACT FOR TRACKING AND OTHER SERVICES

In accordance with section 208(2) of Companies Act, 2017, we would like to inform the shareholders that the Company has continued its contract for provision of tracking and other services with Asktech (Pvt.) Ltd, a subsidiary of the Company. Tracking services have been sought to minimize the risks in motor insurance business. We have ensured that the transactions with the said company are on arm's length.

## AUDITORS

### External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants audited the financial statements of the Company for the year 2020. Further, section 33(1) of Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), provides that every listed company, in financial sector, is mandatorily required to change their external auditors every five years.

The above referred provision of the Regulations makes KPMG Taseer Hadi & Co. Chartered Accountants ineligible for reappointment. To ensure compliance with the Regulations, the Board of Directors, upon recommendation of Audit Committee, recommended appointment of A. F. Ferguson and Co. Chartered



Accountants as auditors of the Company for the next financial year ending December 31, 2021.

#### Shariah Compliance Auditors

The Board of Directors has also recommended reappointment of S.M. Suhail & Co. Chartered Accountants, being eligible for reappointment, as Shariah Compliance Auditors of the company, as required under Takaful Rules 2012, for the next financial year ending December 31, 2021.

#### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

##### Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results 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.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed

in preparation of financial statements and any departure there from has been adequately disclosed;

- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2020, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2020 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.



# DIRECTORS' REPORT

## Unconsolidated financial information for the year 2020

### Board Performance Evaluation

The Company's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of your Company. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which include, but are not limited to, the following:

- Basic composition of the Board of Directors;
- Assessment of overall roles and responsibilities of the Board members;
- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Trainings and upgradation of knowledge & skills of directors;

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

### Directors' Training Program

Five directors have been awarded certifications of directors training program, while the newly appointed directors will acquire training in the year 2021.

### Directors' Remuneration Policy

In order to comply with the relevant legal requirements and Articles of Association, the Company has policy with respect to the remuneration of Chairman, Non-Executive, Executive and Independent Directors. Directors are only paid a fee for attending the meetings of the Board and its sub-committees and are also reimbursed for expenses borne by them in that regard, as per the Articles of Association.

### Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

### Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2020 was:

Name of Fund	2020	2019
Rupees in Millions		
Employees' Provident Fund	108	89
Employees' Gratuity Fund	112	92

### Composition of Board

At present, the total number of directors are eight (08) as per the following:

a.	Male	Seven (07)
b.	Female	One (01)

Category	Name of Director
<b>Independent Directors</b>	Mr. M. Munir Malik Mr. Imran Iqbal Ms. Saima Akbar Khattak
<b>Non-Executive Directors</b>	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Maj Gen Muhammad Muazzam Ali Goraya (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood
<b>Executive Directors</b>	Not applicable
<b>Female Director</b>	Ms. Saima Akbar Khattak

The Board of Directors were elected in the 25th Annual General Meeting, held on May 21, 2020. Subsequent to the year 2020, upon expiry of the contract with Army Welfare Trust (AWT), three members resigned, thus, in their place new members appointed on the Board to fill the casual vacancy. Appointment of new members on the Board has been approved by Insurance Division of Securities and Exchange Commission of Pakistan (SECP), as required under Insurance Companies (Sound and Prudent Management) Regulation, 2012. Detail of outgoing and new appointed members is as follows;

Outgoing Members	Replaced by – New Appointees
Lt Gen Najib Ullah Khan (Retd)	Lt Gen Naveed Mukhtar (Retd)
Maj Gen Akhtar Iqbal (Retd)	AVM Mohammad Athar Shams (Retd)
Maj Gen Imtiaz Hussain Sherazi (Retd)	Maj Gen Muhammad Muazzam Ali Goraya (Retd)

The latest composition of the Board is mentioned above.

### Board Meetings

During the year 2020, five meetings of the Board of Directors were held. Attendance in those meetings, by each of the director (at the Board of the Company in 2020) was as follows:

Name of Director	Meetings Attended
Lt Gen Najib Ullah Khan (Retd)	5
Maj Gen Imtiaz Hussain Sherazi (Retd)	5
Maj Gen Akhtar Iqbal (Retd)	5
Brig Kamran Asad (Retd)	5
Malik Riffat Mahmood	5
Mr. Imran Iqbal	5
Mr. M. Munir Malik	3
Ms. Saima Akbar Khattak	3
Mr. Abdul Hai Mahmood Bhaimia	1

The Board granted leave of absence to those directors who could not attend the Board Meetings. The list of the Board Committees, their composition and Terms of references are given at page 52 of this report.

### Pattern of Shareholding

The pattern of shareholding is given at page 286 of this report. There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

### Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

### Principal Risks and Uncertainties Facing the Company

The information relating to principal risks and uncertainties faced by the Company is given at page 47 of this report.

### Board Committees

During the year 2020, the Audit Committee held five meetings whereas Ethics, Human Resource & Remuneration Committee held one meeting. The composition of the Board Committees and their terms of references are given at page 52 of this report.

Further, the Company has four sub committees of the Board which cover the core areas of business; these are Underwriting,

Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee and Investment Committee. The names of members and the terms of references of these committees are given at page 52 of this report.

### OUTLOOK

In the wake of COVID-19 outbreak, Pakistan is experiencing major economic losses in different sectors. Although recovering from the situation, business development in current scenario is quite challenging. A vigilant approach would be adopted to cater the business risks. We strive to maintain a balance between growth, profitability and liquidity. Further, with a blend of insurance expertise together with well-established and implemented internal controls system, improved IT systems and dedicated team who strives to achieve higher business levels as well as profits, even at most difficult times, gives us confidence to achieve success at times ahead.

### ACKNOWLEDGMENTS

We would like to take this opportunity to thank our Regulators, the Insurance Association of Pakistan, for their continued support, and our valued reinsurers and other stakeholders for their trust and confidence in us. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Company.

### For and on behalf of the Board



**Abdul Waheed**  
President & Chief Executive



**Lt Gen Naveed Mukhtar (Retd)**  
Chairman – Board of Directors

Rawalpindi

March 24, 2021

## بورڈ کی کمیٹیاں:

## انٹہا تشکر:

ہم ریگولیٹری حکام یعنی انشورنس ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت پر شکریہ ادا کرتے ہیں، نیز اپنے مکرر بیہ نوبہوں اور دیگر اسٹیک ہولڈرز کی طرف سے ہم پر کیے جانے والے اعتماد اور بھروسے کی بدولت ان کا بھی شکریہ ادا کرنا چاہیں گے۔ آخر میں، کمیٹی کی ترقی کے خاطر کام کرنے والے ہمارے ملازمین کی وابستگی اور محنت کے لئے ہم اپنے تعریفی کلمات ریکارڈ میں رکھتے ہیں۔

سال 2020ء کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جب کہ انسانی وسائل اور معاوضاتی کمیٹی کا ایک اجلاس منعقد ہوا۔ بورڈ کمیٹیوں کی ساخت اور ان کے ریفرنس کی شرائط صفحہ 52 پر دی گئی ہیں۔

اس کے علاوہ، کمیٹی میں بورڈ کی چار ذیلی کمیٹیاں ہیں جو کہ کاروبار کے اہم علاقوں کا احاطہ کرتی ہیں؛ یہ کمیٹیاں (1) ذمہ نوبہ، مکرر بیمہ کاری اور باہمی انشورنس کی کمیٹی، (2) دعویٰ جات کی سپلیمٹ کمیٹی، (3) ایگزیکٹو، رسک مینجمنٹ اینڈ کپائلنس کمیٹی اور (4) انویسٹمنٹ کمیٹی ہیں۔ ارکان اور ان کمیٹیوں کے حوالہ کی شرائط صفحہ 52 پر دی گئی ہے۔

بورڈ کی جگہ اور بورڈ کی نیابت سے:

## مستقبل کی توقعات:

جناب عبدالوحید

صدر و چیف ایگزیکٹو

راولپنڈی

24 مارچ 2021ء

کوویڈ-19 کے پھیلاؤ کے تناظر میں، پاکستان مختلف شعبہ جات میں بڑے معاشی نقصانات سے دوچار ہے۔ اگرچہ صورتحال سے بحالی کے باوجود، موجودہ منظر نامے میں کاروبار کی ترقی کافی چیلنجنگ ہے۔ کاروباری خطرات سے نمٹنے کے لئے ایک چوکسی نقطہ نظر اپنایا جائے گا۔ ہم ترقی، منافع اور لیکویڈٹی کے مابین توازن برقرار رکھنے کی کوشش کرتے ہیں۔ مزید برآں، انشورنس کی مہارت کے ساتھ مل کر اچھی طرح سے قائم اور نافذ داخلی کنٹرول سسٹم، بہتر آئی ٹی سسٹم اور مخلص ٹیم جو اعلیٰ کاروباری سطح کے ساتھ ساتھ منافع کو حاصل کرنے کی کوشش کرتی ہے، یہاں تک کہ مشکل ترین اوقات میں بھی، اگلے وقت میں بھی ہمیں کامیابی حاصل کرنے کے لئے اعتماد فراہم کرتی ہے۔

لیفٹیننٹ جنرل نوید مختار (ر)

چیئر مین۔ بورڈ آف ڈائریکٹرز

# منتظمین کی رپورٹ

سال 2020ء کے لیے غیر متقابل مالی معلومات پر مبنی منتظمین کی رپورٹ

بورڈ کی ساخت:

ڈائریکٹرز کی مجموعی تعداد آٹھ ہے جو کہ درج ذیل طریقے سے ہے:

سات	مرد	اے۔
ایک	خواتین	بی۔

بورڈ کے اجلاس:

سال 2020ء کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
لفیعت جزل نجیب اللہ خان (ر)	5
میجر جزل امتیاز حسین شیرازی (ر)	5
میجر جزل اختر اقبال (ر)	5
برگیدئیر کامران اسد (ر)	5
ملک رفعت محمود	5
عمران اقبال	5
محمد منیر ملک	3
محترمہ مصائبہ اکبر خٹک	3
عبدالرحمن محمود بھائی میاں	1

درجہ	ڈائریکٹر کا نام
خود انحصار ڈائریکٹرز	جناب محمد منیر ملک
	جناب عمران اقبال
	محترمہ مصائبہ اکبر خٹک
غیر ایگزیکٹو ڈائریکٹرز	لفیعت جزل نوید مختار (ر)
	ایروائس مارشل محمد اطہر شمس (ر)
	میجر جزل محمد معظم علی گورانیہ (ر)
	برگیدئیر کامران اسد (ر)
	ملک رفعت محمود
ایگزیکٹو ڈائریکٹرز	قابل اطلاق نہیں
خاتون ڈائریکٹر	محترمہ مصائبہ اکبر خٹک

بورڈ نے ان منتظمین کو رخصت دی تھی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔ بورڈ کمیٹیوں کی فہرست، ان کی تشکیل اور حوالہ کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

21 مئی 2020ء کو منعقدہ 25 ویں سالانہ جزل میٹنگ میں بورڈ آف ڈائریکٹرز کا انتخاب کیا گیا۔ سال 2020ء کے بعد، آرمی ویلفیئر ٹرسٹ (اے ڈبلیو ٹی) کے ساتھ معاہدہ ختم ہونے پر، تین ممبروں نے استعفیٰ دے دیا، اس طرح، ان کی جگہ نئے ممبران کو وہ اسامیاں پر کرنے کے لئے بورڈ پر مقرر کیا گیا۔ بورڈ میں نئے ممبروں کی تقرری کو انشورنس ڈویژن آف سکیورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان (ایس ای سی پی) نے منظوری دے دی ہے، جیسا کہ انشورنس کمینیز (ساؤنڈ اینڈ پریڈینٹ مینجمنٹ) ریگولیشن، 2012ء کے تحت درکار ہے۔ سبکدوش ہونے والے اور نئے مقرر کردہ ممبروں کی تفصیل مندرجہ ذیل ہے۔

شیرز ہولڈنگ کا طریقہ کار:

شیرز ہولڈنگ کا طریقہ کار اس رپورٹ کے صفحہ نمبر 286 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان:

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان اس رپورٹ کے صفحے 44 پر دیا گیا ہے۔

کمپنی کو درپیش بڑے خطرات و خدشات:

کمپنی کو درپیش بڑے خطرات و خدشات کے متعلق معلومات اس رپورٹ کے صفحے 47 پر دی گئی ہیں۔

سبکدوش ہونے والے ممبران	ان کی جگہ مقرر ہونے والے نئے ممبران
لفیعت جزل نجیب اللہ خان (ر)	لفیعت جزل نوید مختار (ر)
میجر جزل اختر اقبال (ر)	ایروائس مارشل محمد اطہر شمس (ر)
میجر جزل امتیاز حسین شیرازی (ر)	میجر جزل محمد معظم علی گورانیہ (ر)

بورڈ کی تازہ ترین تشکیل اور پر بیان کی گئی ہے۔

- ایکوئی (حصص کی مقررہ قیمت) میں تبدیلیوں کے نتائج کو منصفانہ طریقے سے پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔
- ☆ ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معقول اور منصفانہ فیصلہ پر رکھی گئی ہے۔
- ☆ انٹرنیشنل اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ معیارات یا کسی بھی دوسرے ضابطے یا قانون (جو کہ بلا حصر شرعی ہدایات/ اصولوں کو شامل ہیں) جو کہ پاکستان میں لاگو ہیں، کو مالی بیانات کی تیاری میں استعمال کیا گیا ہے اور کسی بھی طرح کے اخراج کو مناسب طور پر ظاہر کیا گیا ہے۔
- ☆ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور سال بھر اس کی نگرانی کی گئی ہے۔
- ☆ حالیہ تشویش کے طور پر جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کے بہترین طریق کار سے کوئی مادی رخصتی نہیں ہوئی ہے۔
- ☆ ٹیکس، فرائض، لیویز اور الزامات کے اکاؤنٹ پر کوئی قانونی ادائیگی نہیں ہے جو کہ 31 دسمبر 2020 تک واجب الادا ہیں سوائے ان ادائیگیوں کے جن کا انکشاف مالی بیانات میں کر دیا گیا ہے۔ ایسے تمام واجبات بنیادی طور پر مالی سال 2020ء کے آخری مہینے کے واجبات سے متعلق ہیں اور نتیجتاً یہ بروقت حکومتی خزانے میں جمع کروا دیے گئے تھے۔
- ☆ متعلقہ پارٹی کی لین دین کی منظوری اور توثیق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی طرف سے کی جاتی ہے۔

### ڈائریکٹرز کا تریخی پروگرام

پانچ ڈائریکٹرز نے ڈائریکٹرز ٹریڈنگ پروگرام کی سند حاصل کی ہوئی ہے، جبکہ نو منتخب ڈائریکٹرز سال 2021ء میں تربیت حاصل کریں گے۔

### ڈائریکٹرز کے معاوضے کی پالیسی:

چیئرمین، غیر ایگزیکٹو، ایگزیکٹو اور خود انحصار ڈائریکٹرز کے معاوضے کے سلسلے میں، متعلقہ قانونی تقاضوں اور کمپنی کے آرٹیکل آف ایسوسی ایشن کی تعمیل میں، کمپنی کی ایک پالیسی ہے۔ ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لئے صرف فیس دی جاتی ہے اور اس ضمن میں ہونے والے اخراجات کی ادائیگی بھی کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق کی جاتی ہے۔

### کلیدی مالیاتی ڈیٹا:

گزشتہ 6 سال کے لئے کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحے 64 پر شامل کر دیا گیا ہے۔

### پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت:

آڈٹ اکاؤنٹس کی بنیاد پر، پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت 31 دسمبر 2020ء تک درج ذیل تھی:

فنڈ کا نام	سال 2020ء	سال 2019ء
		روپے بلین میں
ایمپلائز کا پراویڈنٹ فنڈ	108	89
ایمپلائز کا گریجویٹ فنڈ	112	92

### بورڈ کی کارکردگی کا اندازہ:

کمپنی کے بورڈ آف ڈائریکٹرز کچھ پیرامیٹرز کی روشنی میں ہر سال خود تشخيصی مشق سے گزرتے ہیں۔ بنیادی طور پر گورننس کے معیار کا جائزہ لینے میں بورڈ کی مدد کرنے کے لیے تشخيصی مشق کی جاتی ہے اور یہ بورڈ کے ارکان کو اس قابل بنادیتی ہے کہ وہ اس کمپنی کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ مؤثر طریقے سے سرانجام دیں۔ یہ خود تشخيصی عمل مخصوص پیرامیٹرز پر مبنی ایک تشخيصی طریقہ کار کے تحت عمل میں لایا جاتا ہے۔

تشخيصی مشق انتہائی اہمیت کے اریا کا احاطہ کرتی ہے جس میں درج ذیل اریا شامل ہیں:

• بورڈ آف ڈائریکٹرز کی بنیادی ساخت؛

• بورڈ کے ممبران کی اجمالی ذمہ داریوں اور کرداری تشخيص؛



# منتظمین کی رپورٹ

سال 2020ء کے لیے غیر متقابل مالی معلومات پر مبنی منتظمین کی رپورٹ

آئندہ دگی اور املاک کے نقصان:

کے لئے ٹریڈنگ سروسز کے ذریعہ کوشش کی گئی ہے۔ ہم نے یہ یقینی بنایا ہے کہ مذکورہ کمپنی کے ساتھ مالی معاملات Arm's length پر ہیں۔

اس شعبہ نے 431 ملین روپے کی مجموعی ذمہ نویسی پر بیمہ کے ساتھ (جو کہ سال 2019ء میں 418 ملین روپے تھی) سال 2020ء میں ہمارے بیمہ کاری مجموعی کاروبار میں 15 فیصد حصہ ڈالا۔

محاسبین

خارجی محاسب

"KPMG Taseer Hadi & Co. Chartered Accountants" (KPMG) نے سال 2020ء کے مالی بیانات کا محاسبہ کیا۔ مزید یہ کہ فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ریگولیشنز، 2019 (ریگولیشنز) کے سیکشن (1) 33 کے مطابق مالیاتی شعبے میں ہر فہرست شدہ کمپنی کو لازمی طور پر ہر پانچ سال بعد اپنے بیرونی آڈیٹر کو تبدیل کرنا ہوتا ہے۔

سال 2020ء میں، ذمہ نویسی منافع 32 ملین روپے ہے (جو کہ گزشتہ سال 2019ء میں 64 ملین روپے تھا)۔ نقصان کا تناسب (نیٹ پر بیمہ آمدنی کے فیصدی کے طور پر خالص مطالبہ جات) اس سال 43 فیصد تک بڑھ گیا جو کہ گزشتہ سال 18 فیصد تھا۔ مگر بیمہ کاری کی ترتیبات کے موافق اس سال کمر بیمہ کاری کی طرف پر بیمہ 87 فیصد رہا (جو کہ سال 2019ء میں 90 فیصد تھا)۔

سرمایہ کاری اور دیگر آمدنی:

ریگولیشنز کی مذکورہ بالا دفعہ "KPMG" کو دوبارہ تقرری کے لئے نااہل بنا دیتی ہے۔ ضابطے کی تعمیل کو یقینی بنانے کے لئے، بورڈ آف ڈائریکٹرز نے "اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس" کو 31 دسمبر 2021ء کو ختم ہونے والے اگلے مالی سال کے لئے کمپنی کے آڈیٹر کی حیثیت سے تقرری کی سفارش کی ہے۔

سال 2020ء میں مجموعی طور پر سرمایہ کاری اور دیگر آمدنی 19 فیصد اضافے سے 293 ملین روپے تک بڑھ گئی جو کہ سال 2019ء میں اس کے مقابلے میں 246 ملین تھی۔ سرمایہ کاری اور دیگر آمدنی میں اضافہ بنیادی طور پر انویسٹمنٹ پورٹ فولیو کے بہتر نظم و نسق سے ہوا ہے جو اعلیٰ غیر یقینی صورتحال کے وقت منافع بخش فائدے کے ثمرات سے فائدہ اٹھانے کے لئے مستحکم آمدنی میں اکثریت سے سرمایہ کاری کر کے رکھتا ہے۔

شریعت تعمیل آڈیٹرز:

بورڈ آف ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والے آئندہ مالی سال کے لیے "S.M. Suhail & Co. Chartered Accountants" کو کمپنی کے شریعت تعمیل آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی بھی سفارش کی ہے، جیسا کہ تکافل روز 2012ء کے تحت مطلوب ہے۔

نافذہ الحکافل عمل کاری

نافذہ الحکافل عمل کاری (WTO) کمپنی کے کاروبار میں مسلسل حجم اور منافع شامل کرتا رہا ہے اور ہم امید کرتے ہیں کہ یہ درجہ آئے والے سال میں جاری رہے گا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کی ذمہ داریوں کا بیان:

کارپوریٹ گورننس کے کوڈ کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، منتظمین درج ذیل کی تصدیق کرتے ہیں:

☆ کمپنی کی انتظامیہ کی طرف سے مالیاتی بیانات بشمول ان نفاذ کے جو کہ ان بیانات کا ایک لازمی حصہ ہیں، گنپینز ایکٹ 2017ء اور انشورنس آرڈیننس 2000ء کے مطابق تیار کیا گیا ہے؛ اور یہ بیانات کمپنی کے معاملات کی حالت، اس کی کاروائیوں کے نتائج، نقد رقم کے بہاؤ اور

سال 2020ء کے دوران نافذہ الحکافل عمل کاری (WTO) کی طرف سے کلتوبہ کنٹری بیوشن 376 ملین روپے تھی (جو کہ سال 2019ء میں 371 ملین روپے تھی) جب کہ اس سال 2020ء کے لئے آپریٹنگ سے 63 ملین روپے کا منافع ہوا جو کہ سال 2019ء میں 67 ملین روپے تھا۔

ٹریڈنگ اور دیگر خدمات کے لئے معاہدہ

کمپنیز ایکٹ 2017ء کے سیکشن 208(2) کے مطابق، ہم حصص یافتگان کو یہ بتانا چاہیں گے کہ کمپنی نے کمپنی کے ایک ذیلی ادارہ Asktech (پرائیوٹ) لمیٹڈ کے ساتھ ٹریڈنگ اور دیگر خدمات کی فراہمی کے معاہدے کو جاری رکھا ہے۔ موثر انشورنس کاروبار میں ہونے والے خطرات کو کم کرنے

## ڈیویڈنڈ کی تقسیم

خالص دعوے سال 2020ء میں 637 ملین (جو کہ سال 2019ء میں 655 ملین تھے) تک کم ہوئے، اور اس کی بنیادی وجہ چھوٹے اسپتالوں کا بند ہونا بنی جب کوویڈ-19 عروج پر تھا۔ مگر ربیمہ کاری کی طرف پریمیوم کا تناسب سال 2020ء میں کم ہو کر 17 فیصد رہ گیا جو کہ پچھلے سال 20 فیصد تھا۔

بورڈ آف ڈائریکٹرز نے ان شیئرز ہولڈرز کے لیے 2.75 روپے فی حصہ کے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جن کے نام کتاب کے بند ہونے کی مدت کے آغاز پر کمپنی کے شیئرز رجسٹر میں آئے ہیں۔

## کارکردگی کا جائزہ

کمپنی کی کارکردگی کے کلیدی اشاریہ کا ذیل میں خلاصہ پیش کیا گیا ہے:

## موٹر گاڑیاں:

مجموعی ذمہ نویسی پر بیمہ کیلئے موٹر گاڑیوں کے شعبہ کی اہم شراکت تھی۔ اس شعبے نے سال 2020ء میں 824 ملین روپے (جو کہ سال 2019ء میں 893 ملین روپے تھا) کا کاروبار کیا، جو کہ مجموعی کاروباری پورٹ فولیو کا 28 فیصد (جو کہ سال 2019ء میں 29 فیصد تھا) بنتا ہے۔ ذمہ نویسی منافع کی مد میں اس کی شراکت 81 ملین رہی (جو کہ سال 2019ء میں 112 ملین تھی)۔ گذشتہ سال نقصان کا تناسب 50 فیصد تھا جو کہ اس سال کم ہو کر 48 فیصد رہ گیا، جو کہ دعویٰ کے انتظام پر بہتر کنٹرول کو ظاہر کرتا ہے۔

## متفرق کاروبار:

اس شعبہ میں انجینئرنگ انشورنس، ہانڈ انشورنس، فصلی انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ تمام شعبہ جات میں سے اس شعبے نے سال 2020ء میں سب سے کم نقصان اٹھانے کا تناسب 18 فیصد ظاہر کیا (جو کہ سال 2019ء میں 38 فیصد تھا)۔ اس شعبے نے سال 2020ء میں 586 ملین روپے (جو کہ سال 2019ء میں 781 ملین روپے تھی) کی مجموعی ذمہ نویسی پر بیمہ کے ساتھ سال 2020ء میں ہمارے ذمہ نویسی کاروبار میں 20 فیصد حصہ ڈالا۔ اس شعبہ کے لیے منتقلی 49 فیصد رہی جو کہ سال 2019ء میں 65 فیصد تھی۔

## بحری، فضائی اور ٹرانسپورٹ:

اس شعبے کا مجموعی ذمہ نویسی پر بیمہ سال 2020ء میں 193 ملین رہا (جو کہ سال 2019ء میں بھی 193 ملین روپے تھا)۔ اس شعبہ نے سال 2020ء میں کمپنی کے کل مجموعی پریمیوم کی مد میں 7 فیصد حصہ ڈالا (جو کہ سال 2019ء میں 6 فیصد تھا)۔

سال 2020ء میں اس شعبہ کی کنٹری بیوشن 51 ملین روپے رہی (جو کہ سال 2019ء میں 59 ملین روپے تھی)۔ مگر ذمہ نویسی پر بیمہ کا تناسب 66 فیصد رہا جو کہ سال 2019ء کے برابر ہے۔

## شعبہ جاتی کارکردگی کا تجزیہ

کاروبار کے ہر شعبہ کے لئے شعبہ جاتی کارکردگی کا تجزیہ مندرجہ ذیل ہے:

## حادثات و صحت:

صحت کے شعبے نے کاروبار میں نمایاں اضافہ کیا، اس کے نتیجے میں، مجموعی کاروبار میں اس کا حصہ سب سے زیادہ رہا جس کی مجموعی ذمہ نویسی پر بیمہ 921 ملین رہی (جو کہ سال 2019ء میں 744 ملین تھی)۔ اس شعبہ کا کاروباری مرکب سال 2020ء میں کئے گئے کل مجموعی پریمیوم کا 31 فیصد ہے۔

31 دسمبر		
2019ء	2020ء	
روپے ہزاروں میں		
3,400,520	3,331,065	مجموعی مکتوبہ پر بیمہ (بشمول تکافل کا حصہ)
2,016,249	1,860,234	خالص پریمیوم آمدنی
1,250,767	1,116,735	خالص دعوے
217,839	231,906	ذمہ نویسی کے نتائج
245,897	292,962	سرمایہ کاری اور دیگر آمدنی
442,307	497,101	ٹیکس سے قبل منافع۔ جنرل انشورنس آپریشنز
67,157	62,898	ٹیکس سے قبل منافع۔ نافذہ العمل تکافل عمل کاری
361,838	395,158	ٹیکس کے بعد منافع
5.03	5.50	فی حصہ آمدنی (روپے میں)

# منتظمین کی رپورٹ

سال 2020ء کے لیے غیر متقابل مالی معلومات پر مبنی منتظمین کی رپورٹ

## کلیدی جھلکیاں

### کرڈیٹ ریٹنگ

AGICO کی VIS کرڈیٹ ریٹنگ ایجنسی اور پاکستان کرڈیٹ ریٹنگ کمپنی لمیٹڈ (PACRA) کی طرف سے درجہ بندی کی گئی، جس میں AGICO نے مستحکم مستقبل کے نقطہ نظر کے ساتھ "ڈبل A" (AA) کی بیمہ کار مالی طاقت کی درجہ بندی کو برقرار رکھا۔

## اقتصادی جائزہ

### بہتر انفارمیشن ٹیکنالوجی سسٹم اور گاہک کا اطمینان

کوویڈ-19 کی مستقل موجودگی اور کاروباری رجحانات میں تبدیلیوں کے ساتھ، ہم وقت سے پہلے ہی بہتر انفارمیشن ٹیکنالوجی (IT) نظام کے ذریعے، وابستہ چیلنجز سے نمٹنے کے لئے تیار تھے۔ حالیہ دنوں میں، بہتر رسک مینجمنٹ کے حصول کے لئے ہمارا بنیادی مقصد آئی ٹی کے نظام کو مضبوط بنانا تھا جسے کسی بھی سرکردہ کمپنی کی ریڑھ کی ہڈی سمجھا جاتا ہے، اور اس کے ساتھ ساتھ اپنے گاہکوں کو بہتر خدمات کی سہولت فراہم کرنا تھا جیسا کہ، دعویٰ جات کی پروسیجرنگ میں اٹن رائٹڈ ٹائم (ٹی اے ٹی) میں کمی، 24/7 میسر اعلیٰ کال سینٹر، انٹرایکٹیو ویب سائٹ اور مکمل طور پر فعال Android اور IOS پر مبنی موبائل ایپ (Ask Health) کے ذریعہ سہولیات فراہم کرنے میں اضافہ۔ مزید برآں، مناسب رسک مینجمنٹ اور اپنے قیمتی صارفین کے مفادات کی حفاظت کے ذریعہ، مشکل اوقات (کوویڈ-19 وغیرہ) میں بھی، ہمارا انڈر رائٹنگ آپریشنز کی سہولت کے لیے، ہمارا داخلی انشورنس مینجمنٹ سسٹم (آئی ایم ایس) کاروباری کارکردگی کے لئے بنیادی ضرورت ہے جو کہ ہر وقت ڈیٹا کی بروقت رپورٹنگ اور دستیابی کو یقینی بناتا ہے۔

سال 2020ء میں، کوویڈ-19 پھیلنے کی وجہ سے معاشی ترقی متاثر ہوئی۔ حکومت کی طرف سے لگائے گئے لاک ڈاؤن کی وجہ سے انشورنس انڈسٹری بڑی طرح متاثر ہوئی، اس وجہ سے سال 2020ء میں آٹوموبائل، ٹیکسٹائل اور تعمیر جیسی بیشتر صنعتیں تین سے چار ماہ کے لیے جزوی طور پر یا مکمل طور پر بند ہوئیں، جس نے انشورنس کے بنیادی طبقات جیسا کہ موٹر، میرین، انجینئرنگ اور دیگر طبقات کو متاثر کیا۔ تاہم، سال 2021ء میں وبائی امراض کے اثرات آہستہ آہستہ ختم ہوتے جا رہے ہیں۔ آئی ایم ایف نے سال 2021ء میں جی ڈی پی کی شرح نمو کے 1.5 فیصد اور سال 2022ء میں 4 فیصد تک پہنچنے کی پیش گوئی بھی کی ہے، جو کہ پاکستان اسٹاک ایکسچینج کو مستحکم کرتا ہے۔ مزید برآں، آٹوموبائل سیکٹر میں نئی برآمدات، سرکاری اخراجات میں اضافے، مراعاتی قرضوں اور سود کی شرحوں میں کمی سے اس بات کا امکان ہے کہ سال 2021ء میں معیشت پر ان چیزوں کے مثبت اثرات مرتب ہوں گے۔ مزید یہ کہ سال 2021ء میں انشورنس انڈسٹری کو بہتر معیشت سے فائدہ ہوگا۔

## 2020ء میں عسکری جزل انشورنس کمپنی لمیٹڈ (AGICO)

Android اور IOS پلیٹ فارمز پر دعویٰ کی ادائیگی کے لئے ہماری موبائل ایپلی کیشنز مکمل طور پر فعال ہیں۔ ان کا استعمال کرتے ہوئے، ایک پالیسی ہولڈر اپنا پالیسی ڈیٹا دیکھ سکتا ہے، اپنے معاوضے کا دعویٰ دائر کر سکتا ہے اور اس سارے عمل کی کارروائی دیکھ سکتا ہے۔ بڑھتے ہوئے رسک مینجمنٹ اور تعمیل کی ضروریات کو پورا کرنے کے لیے، ہم نے اپنے سسٹم میں وقف شدہ رسک مینجمنٹ کنٹرول تیار کیا ہے۔ گاہکوں سے متعلق ڈیٹا اکٹھا کرنے کا طریقہ اس طرح سے مربوط ہے کہ یہ نظام خود بخود افراد/کاروبار کے لئے خطرہ کی سطح کی شناخت کرے گا۔

کمپنی، بنیادی طور پر کوویڈ-19 کی وجہ سے کارفرما معاشی حالات کو درپیش چیلنجز کے باوجود، اس سال 2020ء میں 3.33 بلین روپے (جس میں 376 بلین روپے تکفل کی شراکت بھی شامل ہے) کے مجموعی پریمیوم کا میانی کے ساتھ ذمہ نوبیسی کرنے میں کامیاب رہی (جو کہ سال 2019ء میں 3.4 بلین روپے تھی)۔

سال 2020ء کے دوران، کمپنی کی بنیادی توجہ اپنی ذمہ نوبیسی کارکردگی کو بہتر بنانے، بہتر لیکویڈیٹی کو برقرار رکھنے اور گاہک کو محفوظ رکھنے پر تھی۔ سال 2019ء کے مقابلہ میں اس سال ٹیکس کے بعد منافع اور آمدنی فی شیئر (ای پی ایس)، دونوں میں 9 فیصد اضافہ ہوا۔ خالص منافع اور آمدنی فی شیئر (ای پی ایس) بنیادی طور پر بہتر ذمہ نوبیسی کارکردگی اور بہتر سرمایہ کاری کے انتظام سے کارفرما ہے۔

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء  
فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء (ضوابط) کمپنی پر لاگو ہیں۔ کمپنی نے ان ضوابط کی دفعات کی پوری پابندی کی ہے۔ اس سلسلے میں تعمیل کا ایک بیان صفحہ 68 پر دیکھا جاسکتا ہے۔

# DIRECTORS' REPORT

To members of the Group on Consolidated financial information for the year 2020



On behalf of the Board of Directors, we are pleased to present the Directors' Report of Askari General Insurance Company Limited and its subsidiary (the Group) along with Audited Consolidated Financial Statements and the Auditors' Report thereon for the year ended December 31, 2020.

## ECONOMIC REVIEW

In 2020, economic growth was impacted due to COVID-19 outbreak. Insurance industry was adversely affected due to the lockdown imposed by the government, where most of the industries such as automobile, textile and construction were partly or fully shut down for a period of 3-4 months in 2020, affecting the core segments of insurance i.e. motor, marine, engineering and other segments. However, the effects of Pandemic are gradually fading away in the year 2021. IMF has also projected GDP growth to 1.5% in 2021 and 4% in 2022, which stabilizes Pakistan Stock Exchange. Further, the new entrants in the automobile sector, growth in government spending, concessional loans and reduction in interest rates, are likely to have positive impact on economy in

2021. Moreover, the insurance industry is likely to be benefited by the improved economy in 2021.

## KEY HIGHLIGHTS

### CREDIT RATING

AGICO has maintained Insurer Financial Strength Rating of "AA" in the year 2020, awarded by both Pakistan Credit Rating Company Limited (PACRA) and VIS credit rating agency, with stable future outlook.

### IMPROVED INFORMATION TECHNOLOGY SYSTEMS AND CLIENT SATISFACTION

With the COVID-19 persistence and changes in business trends, we were ready to deal with the associated challenges, through improved Information Technology (IT) systems, well before time. In recent times, our prime objective was to strengthen the IT systems, being considered as backbone of any leading Group, to not only achieve better risk management, but also to facilitate clients with improved services. Such as, reduction in Turn Around Time (TAT) in claims processing, enhanced communication and co-ordination facilitated through 24/7 immaculate call center, interactive website and fully functional android and IOS based mobile app (Ask Health). Further, to facilitate smooth underwriting operations, even at difficult times (COVID-19 etc.), our in-house Insurance Management System (IMS) is fundamental to the business performance, by way of adequate risk management and safeguarding of our valued





customers' interests, and ensure timely reporting and availability of data at all times.

Our mobile applications for claims reimbursement on Android and IOS platforms are fully functional. Using those, a policy holder can view their policy data, submit their reimbursement claims and track its processing. To cater to ever increasing risk management and compliance requirements, we have developed dedicated risk management controls in our systems. The clients' data collection is integrated in such a way that system can automatically identify risk levels for individuals/businesses.

#### **LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) are applicable to the Group. The Group has duly complied with the provisions of these Regulations. A Statement of Compliance in this regard can be viewed at page 68.

#### **DIVIDEND DISTRIBUTION**

The Board of Directors has recommended a final cash dividend of Rs. 2.75 per share to the shareholders whose names appear in the share register of the Group at the start of the book closure period.

#### **PERFORMANCE REVIEW**

The key performance indicators of the Group are summarized below:

	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Rupees in thousand)</b>	
Gross premium written (Inclusive of Takaful Contribution)	<b>3,331,065</b>	3,400,520
Net premium revenue	<b>1,860,234</b>	2,016,249
Net claims	<b>1,116,735</b>	1,250,767
Underwriting profit	<b>233,856</b>	216,245
Investment and other income	<b>293,112</b>	246,478
Profit before tax - General Insurance Operations	<b>499,122</b>	440,919
Profit before tax - Window Takaful Operations (OPF)	<b>62,898</b>	67,157
Profit after tax	<b>396,482</b>	360,189
Earnings per share (Rs.)	<b>5.51</b>	5.01

#### **SEGMENT WISE PERFORMANCE ANALYSIS**

The segment wise performance analysis for each class of business is as follows:

##### **Accident & Health**

Health segment shown a considerable growth in business, as a result, it became the highest contributor in overall business with gross premium written of Rs. 921 m (2019: 744 m). Business mix of this segment is 31% of total gross premium written in the year 2020.

# DIRECTORS' REPORT

## To members of the Group on Consolidated financial information for the year 2020

Net claims reduced to Rs. 637 m in the year 2020 (2019: Rs. 655 m) primarily due to closure of small hospitals while the COVID-19 was at peak. The ratio of premium ceded to reinsurers decreased to 17% in 2020 as compared to 20% last year.

### Motor

Motor segment was the significant contributor towards the total underwritten premium. This segment secured the business of Rs. 824 m in the year 2020 (2019: Rs. 893m), which translated to a share of 28% (2019: 29%) of the total business portfolio. Its contribution towards underwriting profits was Rs. 82 m (2019: Rs. 112 m). Loss ratio decreased to 48% this year from 50% last year. Which shows better control over claim management.

### Miscellaneous

This segment comprises of engineering insurance, bond insurance, crop insurance, travel insurance etc. This segment exhibited the lowest loss ratio of 18% in the year 2020 (2019: 38%) across all segments. This segment contributed 20% towards our underwritten business in 2020 with gross premium underwritten of Rs. 586 m in 2020 (2019: 781 m). The cession for this segment stood at 49% as compared to 65% in 2019.

### Marine, Aviation & Transport

Gross premium underwritten of this segment was Rs. 193 m in the year 2020 (2019: Rs. 193). This segment contributed 7% towards total gross premium of the Group in the year 2020 (2019: 6%).

The contribution from this segment in the year 2020 was Rs. 51 m (2019: Rs. 59 m). The premium ceded to the reinsurers stood at 66% which is similar to the year 2019.

### Fire & Property Damage

This segment contributed 15% to our total business underwritten in 2020 with gross premium underwritten of Rs. 431 m (2019: Rs. 418 m).

This segment reported underwriting profit of Rs. 32 m in the year 2020 (2019: Rs. 64 m). The loss ratio (net claims as % of net



premium revenue) is increased to 43% as compared to 18% of last year. The premium ceded to the reinsurers decreased to 87% (2019: 90%) in line with the reinsurance arrangements.

### Investment and other Income

Overall Investment and other income increased by 19% to Rs. 293 m in the year 2020, as compared to Rs. 246 m of the year 2019. Increase in investment and other income is primarily driven by better management of investment portfolio by placing majority investments in fixed income to avail the benefits of lucrative interest rates at the times of high uncertainty.

### WINDOW TAKAFUL OPERATIONS

Window Takaful Operations (WTO) have been continuously adding volume and profitability towards business of the Group and we expect this trend to continue in the coming years as well.

The written contribution from WTO during 2020 was Rs. 376 m (2019: Rs. 371 m) while the profit from Operator's Fund for the year 2020 was Rs. 63 m as compared to Rs. 67 m of 2019.

### AUDITORS

#### External Auditors

KPMG Taseer Hadi & Co. Chartered Accountants audited the financial statements for the year 2020. Further, section 33(1) of Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), provides that every listed company, in financial sector, is mandatorily required to change their external auditors every five years.

The above referred provision of the Regulations makes KPMG Taseer Hadi & Co. Chartered Accountants ineligible for reappointment. To ensure compliance with the Regulations, the Board of Directors, upon recommendation of Audit Committee, recommended appointment of A. F. Ferguson and Co. Chartered Accountants as auditors of the Group, for the next financial year ending December 31, 2021.





### Shariah Compliance Auditors

The Board of Directors has recommended reappointment of S.M. Suhail & Co. Chartered Accountants, being eligible for reappointment, as Shariah Compliance Auditors of the Group, as required under Takaful Rules 2012, for the next financial year ending December 31, 2021.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

### Statement of Directors Responsibilities

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Group in conformity with the Companies Act, 2017 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Group 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.
- International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines I principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;

- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year.
- There are no significant doubts upon the Group's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2020, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2020 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

### Board Performance Evaluation

The Group's Board of Directors undergoes a self-evaluation exercise each year against a set of parameters. This evaluation is performed primarily to assist the Board in evaluating its quality of governance as it enables the Board members to perform their roles and responsibilities more effectively towards progress of the Group. This self-evaluation is carried out under an evaluation methodology based on certain parameters.

The evaluation exercise addresses areas of critical importance which include, but are not limited to, the following:

- Basic composition of the Board of Directors;
- Assessment of overall roles and responsibilities of the Board members;
- Effectiveness and efficiency of the operation of the Board and its Committees; and
- Trainings and upgradation of knowledge & skills of directors;



# DIRECTORS' REPORT

## To members of the Group on Consolidated financial information for the year 2020

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

### Directors' Training Program

Five directors have been awarded certifications of directors training program, while the newly appointed directors will acquire training in the year 2021.

### Directors' Remuneration Policy

In order to comply with the relevant legal requirements and Articles of Association, the Group has policy with respect to the remuneration of Chairman, Non-Executive, Executive and Independent Directors. Directors are only paid a fee for attending the meetings of the Board and its sub-committees and are also reimbursed for expenses borne by them in that regard, as per the Articles of Association.

### Key Financial Data

Key operational and financial data for the last 6 years is annexed at page 64 of the Annual Report.

### Value of investments in Provident Fund and Gratuity Fund

The value of investments in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2020 was:

Name of Fund	2020	2019
	Rupees in Millions	
Employees' Provident Fund	108	89
Employees' Gratuity Fund	112	92

### Composition of Board

At present, the total number of directors are eight (08) as per the following:

a.	Male	Seven (07)
b.	Female	One (01)

Category	Name of Director
<b>Independent Directors</b>	Mr. M. Munir Malik Mr. Imran Iqbal Ms. Saima Akbar Khattak
<b>Non-Executive Directors</b>	Lt Gen Naveed Mukhtar (Retd) AVM Mohammad Athar Shams (Retd) Maj Gen Muhammad Muazzam Ali Goraya (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood
<b>Executive Directors</b>	Not applicable
<b>Female Director</b>	Ms. Saima Akbar Khattak

The Board of Directors were elected in the 25th Annual General Meeting, held on May 21, 2020. Subsequent to the year 2020, upon expiry of the contract with Army Welfare Trust (AWT), three members resigned, thus, in their place new members appointed on the Board to fill the casual vacancy. Appointment of new members on the Board is been approved by Insurance Division of Securities and Exchange Commission of Pakistan (SECP), as required under Insurance Companies (Sound and Prudent Management) Regulation, 2012. Detail of outgoing and new appointed members is as follows;

Outgoing Members	Replaced by – New Appointees
Lt Gen Najib Ullah Khan (Retd)	Lt Gen Naveed Mukhtar (Retd)
Maj Gen Akhtar Iqbal (Retd)	AVM Mohammad Athar Shams (Retd)
Maj Gen Imtiaz Hussain Sherazi (Retd)	Maj Gen Muhammad Muazzam Ali Goraya (Retd)

The latest composition of the Board is mentioned above.

### Board Meetings

During the year 2020, five meetings of the Board of Directors were held. Attendance in those meetings, by each of the director (at the Board in 2020) was as follows:

Name of Director	Meetings Attended
Lt Gen Najib Ullah Khan (Retd)	5
Maj Gen Imtiaz Hussain Sherazi (Retd)	5
Maj Gen Akhtar Iqbal (Retd)	5
Brig Kamran Asad (Retd)	5
Malik Riffat Mahmood	5
Mr. Imran Iqbal	5
Mr. M. Munir Malik	3
Ms. Saima Akbar Khattak	3
Mr. Abdul Hai Mahmood Bhaimia	1

The Board granted leave of absence to those directors who could not attend the Board Meetings. The list of the Board Committees, their composition and Terms of references are given at page 52 of this report.

### Pattern of Shareholding

The pattern of shareholding is given at page 286 of this report. There was no trading in shares of the Group by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.



### Statement on Risk Management and Internal Controls

The statement on Risk Management and Internal Controls is given at page 44 of this report.

### Principal Risks and Uncertainties Facing the Group

The information relating to principal risks and uncertainties faced by the Group is given at page 47 of this report.

### Board Committees

During the year 2020, the Audit Committee held five meetings whereas Ethics, Human Resource & Remuneration Committee held one meeting. The composition of the Board Committees and their terms of references are given at page 52 of this report.

Further, the Group has four sub committees of the Board which cover the core areas of business; these are Underwriting, Reinsurance & Coinsurance Committee, Claims Settlement Committee, Executive, Risk Management & Compliance Committee and Investment Committee. The names of members and the terms of references of these committees are given at page 52 of this report.

### OUTLOOK

In the wake of COVID-19 outbreak, Pakistan is experiencing major economic losses in different sectors. Although recovering from the situation, business development in current scenario is quite challenging. A vigilant approach would be adopted to cater the business risks. We strive to maintain a balance between growth,

profitability and liquidity. Further, with a blend of insurance expertise together with well-established and implemented internal controls system, improved IT systems and dedicated team who strives to achieve higher business levels as well as profits, even at most difficult times, gives us confidence to achieve success at times ahead.

### ACKNOWLEDGMENTS

We would like to take this opportunity to thank our Regulators, the Insurance Association of Pakistan, for their continued support, and our valued reinsurers and other stakeholders for their trust and confidence in us. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Group.

### For and on behalf of the Board



**Abdul Waheed**  
President & Chief Executive

Rawalpindi  
March 24, 2021



**Lt Gen Naveed Mukhtar (Retd)**  
Chairman – Board of Directors

اس کے علاوہ، گروپ میں بورڈ کی چار ذیلی کمیٹیاں ہیں جو کہ کاروبار کے اہم علاقوں کا احاطہ کرتی ہیں؛ یہ کمیٹیاں (۱) ذمہ داری، بکرہ بیمہ کاری اور باہمی انشورنس کی کمیٹی، (۲) دعویٰ جات کی سٹیٹمنٹ کمیٹی، (۳) ایگزیکٹو، رسک مینجمنٹ اینڈ کمپائلنس کمیٹی اور (۴) انویسٹمنٹ کمیٹی ہیں۔ ارکان اور ان کمیٹیوں کے حوالہ کی شرائط صفحہ 52 پر دی گئی ہے۔

### مستقبل کی توقعات:

کوویڈ-19 کے پھیلاؤ کے تناظر میں، پاکستان مختلف شعبہ جات میں بڑے معاشی نقصانات سے دوچار ہے۔ اگرچہ صورتحال سے بحالی کے باوجود، موجودہ منظر نامے میں کاروبار کی ترقی کافی چیلنجنگ ہے۔ کاروباری خطرات سے نمٹنے کے لئے ایک چوکسی نقطہ نظر اپنایا جائے گا۔ ہم ترقی، منافع اور لیکویڈیٹی کے مابین توازن برقرار رکھنے کی کوشش کرتے ہیں۔ مزید برآں، انشورنس کی مہارت کے ساتھ مل کر اچھی طرح سے قائم اور نافذ داخلی کنٹرول سسٹم، بہتر آئی ٹی سسٹم اور مخلص ٹیم جو اعلیٰ کاروباری سطح کے ساتھ ساتھ منافع کو حاصل کرنے کی کوشش کرتی ہے، یہاں تک کہ مشکل ترین اوقات میں بھی، اگلے وقت میں بھی ہمیں کامیابی حاصل کرنے کے لئے اعتماد فراہم کرتی ہے۔

### اظہار تشکر:

ہم ریگولیٹری حکام یعنی انشورنس ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت پر شکریہ ادا کرتے ہیں، نیز اپنے مکرر بیمہ نوایوں اور دیگر اسٹیک ہولڈرز کی طرف سے ہم پر کیے جانے والے اعتماد اور بھروسے کی بدولت ان کا بھی شکریہ ادا کرنا چاہیں گے۔ آخر میں، گروپ کی ترقی کے خاطر کام کرنے والے ہمارے ملازمین کی وابستگی اور محنت کے لئے ہم اپنے تعریفی کلمات ریکارڈ میں رکھتے ہیں۔

### بورڈ کی جگہ اور بورڈ کی نیابت سے:

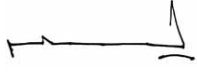


جناب عبدالوحید

صدر و چیف ایگزیکٹو

راولپنڈی

24 مارچ 2021ء



لیفٹیننٹ جنرل نوید مختار (ر)

چیئر مین۔ بورڈ آف ڈائریکٹرز

# منتظمین کی رپورٹ

گروپ ممبران کے لیے سال 2020ء کی مستحکم مالی معلومات پر مبنی رپورٹ

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
لفٹیٹ جنرل نجیب اللہ خان (ر)	5
میجر جنرل امتیاز حسین شیرازی (ر)	5
میجر جنرل اختر اقبال (ر)	5
بریگیڈیئر کامران اسد (ر)	5
ملک رفعت محمود	5
عمران اقبال	5
محمد منیر ملک	3
محترمہ صائمہ اکبر خٹک	3
عبدالحی محمود بھائی میاں	1

درجہ	ڈائریکٹر کا نام
خود انحصار ڈائریکٹرز	جناب محمد منیر ملک
	جناب عمران اقبال
	محترمہ صائمہ اکبر خٹک
غیر ایگزیکٹو ڈائریکٹرز	لفٹیٹ جنرل نوید مختار (ر)
	ایئر وائس مارشل محمد اطہر شمس (ر)
	میجر جنرل محمد معظم علی گورائییہ (ر)
	بریگیڈیئر کامران اسد (ر)
	ملک رفعت محمود
ایگزیکٹو ڈائریکٹرز	قابل اطلاق نہیں
خانوں ڈائریکٹر	محترمہ صائمہ اکبر خٹک

بورڈ نے ان منتظمین کو رخصت دی تھی جو بورڈ کے اجلاس میں شرکت نہیں کر سکے۔ بورڈ کمیٹیوں کی فہرست، ان کی تشکیل اور حوالہ کی شرائط اس رپورٹ کے صفحہ 52 پر دی گئی ہیں۔

## شیر ہولڈنگ کا طریقہ کار:

شیر ہولڈنگ کا طریقہ کار اس رپورٹ کے صفحہ نمبر 286 پر دیا گیا ہے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کی بیویوں اور نابالغ بچوں کی طرف سے گروپ کے حصص میں کوئی ٹریڈنگ نہیں ہوئی۔

## رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان:

رسک مینجمنٹ اور انٹرنل کنٹرولز کے حوالے سے بیان اس رپورٹ کے صفحے 44 پر دیا گیا ہے۔

## گروپ کو درپیش بڑے خطرات و خدشات:

گروپ کو درپیش بڑے خطرات و خدشات کے متعلق معلومات اس رپورٹ کے صفحے 47 پر دی گئی ہیں۔

## بورڈ کی کمیٹیاں:

سال 2020ء کے دوران، آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جب کہ انسانی وسائل اور معروضاتی کمیٹی کا ایک اجلاس منعقد ہوا۔ بورڈ کمیٹیوں کی ساخت اور ان کے ریفرنس کی شرائط صفحہ 52 پر دی گئی ہیں۔

21 مئی 2020ء کو منعقدہ 25 ویں سالانہ جنرل مینٹگ میں بورڈ آف ڈائریکٹرز کا انتخاب کیا گیا۔ سال 2020ء کے بعد، آرمی ویلفیئر ٹرسٹ (اے ڈبلیو ٹی) کے ساتھ معاہدہ ختم ہونے پر، تین ممبروں نے استعفیٰ دے دیا، اس طرح، ان کی جگہ نئے ممبران کو وہ اسامیاں پر کرنے کے لئے بورڈ پر مقرر کیا گیا۔ بورڈ میں نئے ممبروں کی تقرری کو انشورنس ڈویژن آف سکیورٹیز اینڈ ایکسیجنگ کمیشن آف پاکستان (ایس ای سی پی) نے منظوری دے دی ہے، جیسا کہ انشورنس کمپنیز (سائونڈ اینڈ پریڈینٹ مینجمنٹ) ریگولیشن، 2012ء کے تحت درکار ہے۔ سبکدوش ہونے والے اور نئے مقرر کردہ ممبروں کی تفصیل مندرجہ ذیل ہے۔

سبکدوش ہونے والے ممبران	ان کی جگہ مقرر ہونے والے نئے ممبران
لفٹیٹ جنرل نجیب اللہ خان (ر)	لفٹیٹ جنرل نوید مختار (ر)
میجر جنرل اختر اقبال (ر)	ایئر وائس مارشل محمد اطہر شمس (ر)
میجر جنرل امتیاز حسین شیرازی (ر)	میجر جنرل محمد معظم علی گورائییہ (ر)

بورڈ کی تازہ ترین تشکیل اور پر بیان کی گئی ہے۔

## بورڈ کے اجلاس:

سال 2020ء کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

### ڈائریکٹرز کے معاوضے کی پالیسی:

چیرمین، غیر ایگزیکٹو، ایگزیکٹو اور خود انحصار ڈائریکٹرز کے معاوضے کے سلسلے میں، متعلقہ قانونی تقاضوں اور کمپنی کے آرٹیکل آف ایسوسی ایشن کی تعمیل میں، گروپ کی ایک پالیسی ہے۔ ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لئے صرف فیس دی جاتی ہے اور اس ضمن میں ہونے والے اخراجات کی ادائیگی بھی کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق کی جاتی ہے۔

### کلیدی مالیاتی ڈیٹا:

گزشتہ 6 سال کے لئے کلیدی آپریشنل اور مالیاتی ڈیٹا سالانہ رپورٹ کے صفحے 64 پر شامل کر دیا گیا ہے۔

### پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت:

آڈٹ اکاؤنٹس کی بنیاد پر، پراویڈنٹ فنڈ اور گریجویٹ فنڈ میں سرمایہ کاری کی قدر و قیمت 31 دسمبر 2020ء تک درج ذیل تھی:

فنڈ کا نام	سال 2020ء	سال 2019ء
	روپے ملین میں	
ایمپلائز کا پراویڈنٹ فنڈ	108	89
ایمپلائز کا گریجویٹ فنڈ	112	92

### بورڈ کی ساخت:

ڈائریکٹرز کی مجموعی تعداد آٹھ ہے جو کہ درج ذیل طریقے سے ہے:

اے .	مرد	سات
بی .	خواتین	ایک

☆ حالیہ تشکیل کے طور پر جاری رکھنے کے لئے گروپ کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

☆ کارپوریٹ گورننس کے بہترین طریق کار سے کوئی مادی رخصتی نہیں ہوئی ہے۔

☆ ٹیکس، فرائض، لیویز اور الزامات کے اکاؤنٹ پر کوئی قانونی ادائیگی نہیں ہے جو کہ 31 دسمبر 2020ء تک واجب الادا ہیں سوائے ان ادائیگیوں کے جن کا انکشاف مالی بیانات میں کر دیا گیا ہے۔ ایسے تمام واجبات بنیادی طور پر مالی سال 2020ء کے آخری مہینے کے واجبات سے متعلق ہیں اور نتیجتاً یہ بروقت حکومتی خزانے میں جمع کروادے گئے تھے۔

☆ متعلقہ پارٹی کی لین دین کی منظوری اور توثیق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی طرف سے کی جاتی ہے۔

### بورڈ کی کارکردگی کا اندازہ:

گروپ کے بورڈ آف ڈائریکٹرز کچھ پیرامیٹرز کی روشنی میں ہر سال خود تشخیصی مشق سے گزرتے ہیں۔ بنیادی طور پر گورننس کے معیار کا جائزہ لینے میں بورڈ کی مدد کرنے کے لیے یہ تشخیص کی جاتی ہے اور یہ بورڈ کے ارکان کو اس قابل بنادیتی ہے کہ وہ اس گروپ کی ترقی کے لیے اپنے کردار اور ذمہ داریوں کو زیادہ موثر طریقے سے سرانجام دیں۔ یہ خود تشخیصی عمل، مخصوص پیرامیٹرز پر مبنی ایک تشخیصی طریقہ کار کے تحت عمل میں لایا جاتا ہے۔

تشخیصی مشق انتہائی اہمیت کے اہلیا کا احاطہ کرتی ہے جس میں درج ذیل ایریا شامل ہیں:

- بورڈ آف ڈائریکٹرز کی بنیادی ساخت؛
- بورڈ کے ممبران کی اجمالی ذمہ داریوں اور کردار کی تشخیص؛
- بورڈ اور اس کی کمیٹیوں کی کارروائی کی کارکردگی اور تاثیر؛ نیز
- منتظمین کی مہارت اور علم کی اپ گریڈیشن اور ٹریننگ؛

قائم کردہ معیار کے لحاظ سے بورڈ کی مجموعی کارکردگی کی خود تشخیصی تسلی بخش تھی۔

### ڈائریکٹرز کا تربیتی پروگرام

پانچ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کی سند حاصل کی ہوئی ہے، جبکہ نو منتخب ڈائریکٹرز سال 2021ء میں تربیت حاصل کریں گے۔

# منتظمین کی رپورٹ

گروپ ممبران کے لیے سال 2020ء کی مستحکم مالی معلومات پڑنی رپورٹ

ریگولیشنز کی مذکورہ بالا دفعہ "KPMG" کو دوبارہ تقرری کے لئے نااہل بنا دیتی ہے۔ ضابطے کی تعمیل کو یقینی بنانے کے لئے، بورڈ آف ڈائریکٹرز نے "اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس" کو 31 دسمبر 2021ء کو ختم ہونے والے اگلے مالی سال کے لئے گروپ کے آڈیٹر کی حیثیت سے تقرری کی سفارش کی ہے۔

## شریعت تعمیل آڈیٹرز:

بورڈ آف ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والے آئندہ مالی سال کے لیے "S.M. Suhail & Co. Chartered Accountants" کو کمپنی کے شریعت تعمیل آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی بھی سفارش کی ہے، جیسا کہ تکافل رولز 2012ء کے تحت مطلوب ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

### ڈائریکٹرز کی ذمہ داریوں کا بیان:

کارپوریٹ گورننس کے کوڈ کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، منتظمین درج ذیل کی تصدیق کرتے ہیں:

☆ گروپ کی انتظامیہ کی طرف سے مالیاتی بیانات بشمول ان نقاط کے جو کہ ان بیانات کا ایک لازمی حصہ ہیں، کو کمپنیز ایکٹ 2017ء اور انشورنس آرڈیننس 2000ء کے مطابق تیار کیا گیا ہے؛ اور یہ بیانات گروپ کے معاملات کی حالت، اس کی کارروائیوں کے نتائج، نقد رقم کے بہاؤ اور ایکٹیوٹی (حصص کی مقررہ قیمت) میں تبدیلیوں کے نتائج کو منصفانہ طریقے سے پیش کرتے ہیں۔

☆ گروپ کے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جا چکا ہے۔

☆ ان مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کر دیا گیا ہے اور اکاؤنٹنگ اندازہ جات کی بنیاد معتدل اور منصفانہ فیصلہ پر رکھی گئی ہے۔

☆ انٹرنیشنل اکاؤنٹنگ معیارات، بین الاقوامی مالیاتی رپورٹنگ معیارات یا کسی بھی دوسرے ضابطے یا قانون (جو کہ بلا حصر شرعی ہدایات/اصولوں کو شامل ہیں) جو کہ پاکستان میں لاگو ہیں، کو مالی بیانات کی تیاری میں استعمال کیا گیا ہے اور کسی بھی طرح کے اخراج کو مناسب طور پر ظاہر کیا گیا ہے۔

☆ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے، اسے مؤثر طریقے سے لاگو کیا گیا ہے اور سال بھر اس کی نگرانی کی گئی ہے۔

سال 2020ء میں، ذمہ داریوں سے 32 ملین روپے (جو کہ گزشتہ سال 2019ء میں 64 ملین روپے تھا) نقصان کا تناسب (نیٹ پریمیم آمدنی کے فیصدی کے طور پر خالص مطالبہ جات) اس سال 43 فیصد تک بڑھ گیا جو کہ گزشتہ سال 18 فیصد تھا۔ مگر بیمہ کاری کی ترتیبات کے موافق اس سال مگر بیمہ کاری کی طرف پریمیم 87 فیصد رہا (جو کہ سال 2019ء میں 90 فیصد تھا)۔

## سرمایہ کاری اور دیگر آمدنی:

سال 2020ء میں مجموعی طور پر سرمایہ کاری اور دیگر آمدنی 19 فیصد اضافے سے 293 ملین روپے تک بڑھ گئی جو کہ سال 2019ء میں اس کے مقابلے میں 246 ملین تھی۔ سرمایہ کاری اور دیگر آمدنی میں اضافہ بنیادی طور پر انویسٹمنٹ پورٹ فولیو کے بہتر نظم و نسق سے ہوا ہے جو اعلیٰ غیر یقینی صورتحال کے وقت منافع بخش فائدے کے ثمرات سے فائدہ اٹھانے کے لئے مستحکم آمدنی میں اکثریت سے سرمایہ کاری کر کے رکھتا ہے۔

## نافذہ الحکامات عمل کاری

نافذہ الحکامات عمل کاری (WTO) گروپ کے کاروبار میں مسلسل حجم اور منافع شامل کرتا رہا ہے اور ہم امید کرتے ہیں کہ یہ رجحان آنے والے سال میں جاری رہے گا۔

سال 2020ء کے دوران نافذہ الحکامات عمل کاری (WTO) کی طرف سے ذمہ داریوں کی طرف سے 376 ملین روپے تھے (جو کہ سال 2019ء میں 371 ملین روپے تھے) جب کہ اس سال 2020ء کے لئے آپریٹنگ فٹنڈ 63 ملین روپے کا منافع ہوا (جو کہ سال 2019ء میں 67 ملین روپے تھا)۔

## محاسبین

## خارجی محاسب

"KPMG Taseer Hadi & Co. Chartered Accountants" نے سال 2020ء کے مالی بیانات کا محاسبہ کیا۔ مزید یہ کہ فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ریگولیشنز، 2019 (ریگولیشنز) کے سیکشن (1) 33 کے مطابق مالیاتی شعبے میں فہرست شدہ کمپنی کو لازمی طور پر ہر پانچ سال بعد اپنے بیرونی آڈیٹر کو تبدیل کرنا ہوتا ہے۔

## کارکردگی کا جائزہ

کمپنی کی کارکردگی کے کلیدی اشاریہ کا ذیل میں خلاصہ پیش کیا گیا ہے:

## موٹر گاڑیاں:

مجموعی ذمہ داری پر بیمہ کیلئے موٹر گاڑیوں کے شعبہ کی اہم شراکت تھی۔ اس شعبے نے سال 2020ء میں 824 ملین روپے (جو کہ سال 2019ء میں 893 ملین روپے تھا) کا کاروبار کیا، جو کہ مجموعی کاروباری پورٹ فولیو کا 28 فیصد (جو کہ سال 2019ء میں 29 فیصد تھا) بنتا ہے۔ ذمہ داری منافع کی مد میں اس کی شراکت 82 ملین رہی (جو کہ سال 2019ء میں 112 ملین تھی)۔ گزشتہ سال نقصان کا تناسب 50 فیصد تھا جو کہ اس سال کم ہو کر 48 فیصد رہ گیا، جو کہ دعویٰ کے انتظام پر بہتر کنٹرول کو ظاہر کرتا ہے۔

## متفرق کاروبار:

اس شعبہ میں انجینئرنگ انشورنس، ہانڈ انشورنس، فصلی انشورنس، ٹریول انشورنس وغیرہ شامل ہیں۔ تمام شعبہ جات میں سے اس شعبے نے سال 2020ء میں سب سے کم نقصان اٹھانے کا تناسب 18 فیصد ظاہر کیا (جو کہ سال 2019ء میں 38 فیصد تھا)۔ اس شعبے نے سال 2020ء میں 586 ملین روپے (جو کہ سال 2019ء میں 781 ملین روپے تھی) کی مجموعی ذمہ داری پر بیمہ کے ساتھ سال 2020ء میں ہمارے ذمہ داری کاروبار میں 20 فیصد حصہ ڈالا۔ اس شعبہ کے لیے منتقلی 49 فیصد رہی جو کہ سال 2019ء میں 65 فیصد تھی۔

## بحری، فضائی اور ٹرانسپورٹ:

اس شعبے کا مجموعی ذمہ داری پر بیمہ سال 2020ء میں 193 ملین رہا (جو کہ سال 2019ء میں بھی 193 ملین روپے تھا)۔ اس شعبہ نے سال 2020ء میں گروپ کے کل مجموعی پر بیمہ کی مد میں 7 فیصد حصہ ڈالا (جو کہ سال 2019ء میں 6 فیصد تھا)۔

سال 2020ء میں اس شعبہ کی طرف سے کی جانے والی کٹری بیوشن 51 ملین روپے رہی (جو کہ سال 2019ء میں 59 ملین روپے تھی)۔ مکرر ذمہ داری پر بیمہ کا تناسب 66 فیصد رہا جو کہ سال 2019ء کے برابر ہے۔

## آتشزدگی اور املاک کے نقصان:

اس شعبہ نے 431 ملین روپے کی مجموعی ذمہ داری پر بیمہ کے ساتھ (جو کہ سال 2019ء میں 418 ملین روپے تھی) سال 2020ء میں ہمارے بیمہ کاری مجموعی کاروبار میں 15 فیصد حصہ ڈالا۔

31 دسمبر		
2020ء	2019ء	
روپے ہزاروں میں		
400,520	3,331,065	مجموعی کٹو بہرہ پر بیمہ (بشمول تکافل کا حصہ)
016,249	1,860,234	خالص پر بیمہ آمدنی
1,250,767	1,116,735	خالص دعوے
216,245	233,856	ذمہ داری کے نتائج
246,478	293,112	سرمایہ کاری اور دیگر آمدنی
440,919	499,122	ٹیکس سے قبل منافع۔ جزل انشورنس آپریشنز
67,157	62,898	ٹیکس سے قبل منافع۔ نافذہ العمل تکافل عمل کاری
360,189	396,482	ٹیکس کے بعد منافع
5.01	5.51	فی حصص آمدنی (روپے میں)

## شعبہ جاتی کارکردگی کا تجزیہ

کاروبار کے ہر شعبہ کے لئے شعبہ جاتی کارکردگی کا تجزیہ مندرجہ ذیل ہے:

## حادثات و صحت:

صحت کے شعبے نے کاروبار میں نمایاں اضافہ کیا، اس کے نتیجے میں، مجموعی کاروبار میں اس کا حصہ سب سے زیادہ رہا جس کی مجموعی ذمہ داری پر بیمہ 921 ملین رہی (جو کہ سال 2019ء میں 744 ملین تھی)۔ اس شعبہ کا کاروبار سال 2020ء میں کئے گئے کل مجموعی پر بیمہ کا 31 فیصد ہے۔

خالص دعوے سال 2020ء میں 637 ملین (جو کہ سال 2019ء میں 655 ملین تھے) تک کم ہوئے، اور اس کی بنیادی وجہ چھوٹے اسپتالوں کا بند ہونا بنی جب کوویڈ-19 عروج پر تھا۔ مگر بیمہ کاری کی طرف پر بیمہ کا تناسب سال 2020ء میں کم ہو کر 17 فیصد رہ گیا جو کہ پچھلے سال 20 فیصد تھا۔

# منتظمین کی رپورٹ

گروپ ممبران کے لیے سال 2020ء کی مستحکم مالی معلومات پر مبنی رپورٹ

جسے کسی بھی سرکردہ گروپ کی ریڑھ کی ہڈی سمجھا جاتا ہے، اور اس کے ساتھ ساتھ اپنے گاہکوں کو بہتر خدمات کی سہولت فراہم کرنا تھا جیسا کہ، دعویٰ جات کی پروسیجرنگ میں 'ٹرن رائونڈ ٹائم' (ٹی اے ٹی) میں کمی، 7/24 میسر اعلیٰ کال سینٹر، انٹرایکٹیو ویب سائٹ اور مکمل طور پر فعال Android اور IOS پر مبنی موبائل ایپ (Ask Health) کے ذریعہ سہولیات فراہم کرنے میں اضافہ۔ مزید برآں، مناسب رسک مینجمنٹ اور اپنے قیمتی صارفین کے مفادات کی حفاظت کے ذریعہ، مشکل اوقات (کوویڈ-19 وغیرہ) میں بھی، ہمارا انڈر رائٹنگ آپریشنز کی سہولت کے لیے، ہمارا داخلی انشورنس مینجمنٹ سسٹم (آئی ایم ایس) کاروباری کارکردگی کے لئے بنیادی ضرورت ہے جو کہ ہر وقت ڈیٹا کی بروقت رپورٹنگ اور دستیابی کو یقینی بناتا ہے۔

Android اور IOS پلیٹ فارمز پر دعویوں کی ادائیگی کے لئے ہماری موبائل ایپلی کیشنز مکمل طور پر فعال ہیں۔ ان کا استعمال کرتے ہوئے، ایک پالیسی ہولڈر اپنا پالیسی ڈیٹا دیکھ سکتا ہے، اپنے معاوضے کا دعویٰ دائر کر سکتا ہے اور اس سارے عمل کی کارروائی دیکھ سکتا ہے۔ بڑھتے ہوئے رسک مینجمنٹ اور تعمیل کی ضروریات کو پورا کرنے کے لیے، ہم نے اپنے سسٹم میں وقف شدہ رسک مینجمنٹ کنٹرول تیار کیا ہے۔ گاہکوں سے متعلق ڈیٹا اکٹھا کرنے کا طریقہ اس طرح سے مربوط ہے کہ یہ نظام خود بخود افراد/کاروبار کے لئے خطرہ کی سطح کی شناخت کرے گا۔

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء

فہرست شدہ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019ء (ضوابط) گروپ پر لاگو ہیں۔ گروپ نے ان ضوابط کی دفعات کی پوری پابندی کی ہے۔ اس سلسلے میں تعمیل کا ایک بیان صفحہ 68 پر دیکھا جاسکتا ہے۔

ڈیویڈنڈ کی تقسیم

بورڈ آف ڈائریکٹرز نے ان شیئر ہولڈرز کے لیے 2.75 روپے فی حصہ کے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے جن کے نام کتاب کی بند ہونے کی مدت کے آغاز پر گروپ کے شیئر رجسٹر میں آئے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے، ہم "عسکری جنرل انشورنس کمپنی لمیٹڈ (AGICO)" اور اس کے ذیلی ادارے (دی گروپ) کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں، اس رپورٹ کے ساتھ 31 دسمبر 2020ء کو ختم ہونے والے سال کے محاسبہ شدہ مستحکم مالی بیانات اور محاسبین کی رپورٹ بھی ہے۔

اقتصادی جائزہ

سال 2020ء میں، کوویڈ-19 پھیلنے کی وجہ سے معاشی ترقی متاثر ہوئی۔ حکومت کی طرف سے لگائے گئے لاک ڈاؤن کی وجہ سے انشورنس انڈسٹری بڑی طرح متاثر ہوئی، اس وجہ سے سال 2020ء میں آٹوموبائل، ٹیکسٹائل اور تعمیراتی پیشتر صنعتیں جزوی طور پر یا مکمل طور پر بند ہوئیں، جس نے انشورنس کے بنیادی طبقات جیسا کہ موٹر، میرین، انجینئرنگ اور دیگر طبقات کو متاثر کیا۔ تاہم، سال 2021ء میں وبائی امراض کے اثرات آہستہ آہستہ ختم ہوتے جا رہے ہیں۔ آئی ایم ایف نے سال 2021ء میں جی ڈی پی کی شرح نمو کے 1.5 فیصد اور سال 2022ء میں 4 فیصد تک پہنچنے کی پیش گوئی بھی کی ہے، جو کہ پاکستان اسٹاک ایکسچینج کو مستحکم کرتا ہے۔ مزید برآں، آٹوموبائل سیکٹرز میں نئی برآمدات، سرکاری اخراجات میں اضافے، مراعاتی قرضوں اور سود کی شرحوں میں کمی سے اس بات کا امکان ہے کہ سال 2021ء میں معیشت پر ان چیزوں کے مثبت اثرات مرتب ہوں گے۔ مزید یہ کہ سال 2021ء میں انشورنس انڈسٹری کو بہتر معیشت سے فائدہ ہوگا۔

کلیدی جھلکیاں

کریڈٹ ریٹنگ

AGICO کی VIS کریڈٹ ریٹنگ ایجنسی اور پاکستان کریڈٹ ریٹنگ کمپنی لمیٹڈ (PACRA) کی طرف سے درجہ بندی کی گئی، جس میں AGICO نے مستحکم مستقبل کے نقطہ نظر کے ساتھ "ڈبل A" (AA) کی بیہ کار مالی طاقت کی درجہ بندی کو برقرار رکھا۔

بہتر انفارمیشن ٹیکنالوجی سسٹم اور گاہک کا اطمینان

کوویڈ-19 کی مستقل موجودگی اور کاروباری رجحانات میں تبدیلیوں کے ساتھ، ہم وقت سے پہلے ہی بہتر انفارمیشن ٹیکنالوجی (IT) نظام کے ذریعے، وابستہ چیلنجز سے نمٹنے کے لئے تیار تھے۔ حالیہ دنوں میں، بہتر رسک مینجمنٹ کے حصول کے لئے ہمارا بنیادی مقصد آئی ٹی کے نظام کو مضبوط بنانا تھا

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD RESPONSIBILITIES

The Board of Directors ("the Board") of askari general insurance company limited (Company) recognizes the importance of maintaining a good system of risk management and internal controls to safeguard investment of shareholders and assets of the Company. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal controls, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board has thoroughly reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Company. It acknowledges the fact that owing to inherent limitations, the systems for this purpose can only manage rather than eliminate risk of business failure. Therefore, these systems cannot provide absolute assurance against

material misstatements or losses and the effectiveness of an internal control system may vary over time.

## SYSTEM OF RISK MANAGEMENT

The Board also acknowledges that all areas of the Company's activities involve some degree of risks and appreciates that effective risk management is part of best business management practices aimed at successfully achieving the Company's goals and objectives. Operationally, the respective key management staff is responsible for managing the risks of their departments. Any significant risks facing the Company are highlighted at appropriate level of hierarchy to ensure such risks are closely monitored and appropriately addressed. The abovementioned practices culminate into an on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Company's goals & objectives.

## SYSTEM OF INTERNAL CONTROLS

The key measures implemented in the Company are as follows:-





- A well-defined organizational structure with well-defined responsibility matrix that sets out the authority delegated to the members of management;
- Documented policies and procedures for all significant processes;
- A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;
- Performance reports such as quarterly financial reviews, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at meetings of the Board;
- Review of quarterly and annual financial results by the Audit Committee;
- Regular meetings by the management team to discuss and review reports for business development and to resolve key operations and managements issues; and
- Reviewing adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

#### **INTERNAL AUDIT FUNCTION**

The Company has an in-house internal audit function that constantly reviews the adequacy and integrity of the internal control systems of the Company.

The functions of the internal audit are as follows:-

- i. Perform audit work in accordance with the pre-approved internal audit plan;
- ii. Carry out review of the system of internal controls of the Company;

- iii. Review and comment on the effectiveness and adequacy of the existing control policies and procedures;
- iv. Provide recommendations, if any, for the improvement of the control policies and procedures; and
- v. Review and comment on the implementation status of the recommendations by the internal audit function.

The internal audit function reports directly to the Audit Committee. The internal audit reports are submitted to the Audit Committee who reviews and deliberates on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

#### **CONCLUSION**

The Board has utmost assurance that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board reiterates its commitment towards operating a sound system of internal controls and effective risk management practices throughout the Company. It is the view of the Board that the system of internal controls is adequate, considering the size of the Company's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may have resulted in a significant loss to the Company for the year ended 31 December 2020. The Board will remain vigilant and continue implementing the necessary measures to improve and strengthen the Company's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

# رسک مینجمنٹ اینڈ انٹرنل کنٹرول سے متعلق بیان

## بورڈ کی ذمہ داریاں

« رپورٹوں اور کاروباری ترقی پر تبادلہ خیال کرنے اور اہم عمل کارپوں اور انتظامی مسائل کو حل کرنے کے لئے انتظامی ٹیم کی طرف سے باقاعدہ اجلاس؛ اور  
« داخلی آڈٹ فنکشن کی مدد سے، داخلی کنٹرول کے نظام کی موزونیت اور مؤثریت کا جائزہ لینا۔

## داخلی آڈٹ فنکشن

کمپنی کے پاس ایک داخلی آڈٹ فنکشن ہے جو کمپنی کی داخلی کنٹرول کے نظام کی موزونیت اور سالمیت کا تسلسل سے جائزہ لیتا ہے۔

داخلی آڈٹ کے افعال مندرجہ ذیل ہیں:-

i	پہلے سے منظور شدہ داخلی آڈٹ منصوبہ کے مطابق آڈٹ کے کام سرانجام دینا؛
ii	کمپنی کے داخلی کنٹرول کے نظام کا جائزہ لینے کی کوشش کرنا؛
iii	موجودہ کنٹرول کی پالیسیوں اور طریقہ کار کی مؤثر اور مناسب نظر ثانی اور اس پر تبصرہ؛
iv	کنٹرول پالیسیوں اور طریقہ کاروں کی بہتری کے لئے سفارشات مہیا کرنا، اگر کوئی ہے تو؛ اور
v	داخلی آڈٹ فنکشن کی سفارشات کی نفاذ کی حیثیت پر نظر ثانی اور تبصرہ کرنا۔

داخلی آڈٹ فنکشن براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ داخلی آڈٹ رپورٹس آڈٹ کمیٹی کو پیش کی جاتی ہے جو، داخلی کنٹرول اور پالیسیوں کے نظام کو مضبوط کرنے کے لئے بورڈ کو ضروری سفارشات کرنے سے پہلے نتائج پر نظر ثانی کرتا ہے۔

## نتیجہ

بورڈ نے انتہائی یقین دہانی کی ہے کہ کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" پر بنیاد رکھتے ہوئے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" تمام مادی پہلوؤں میں موزوں اور مؤثر انداز میں کام کر رہے ہیں۔

بورڈ نے کمپنی بھر میں داخلی کنٹرول اور مؤثر خطرے کے انتظام کے طریقوں کی موثر نظام کو چلانے کے لئے اپنا عزم کا اعادہ کیا ہے۔ کمپنی کے آپریشن اور افعال کے ساز و ساز پر غور کرتے ہوئے، یہ بورڈ کا نقطہ نظر ہے کہ اندرونی کنٹرول کا نظام مناسب ہے؛ اور یہ کہ داخلی کنٹرول کے نظام میں کوئی ایسی خرابی یا کمزوری نہیں تھی جو ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے سال کے لئے کمپنی میں اہم نقصان کا باعث بن سکتی تھی۔ بورڈ محتاط رہے گا اور کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول سسٹم" کو بہتر بنانے اور مضبوط کرنے کے لیے، کبھی بھی بدلنے والے اور مشکل کاروباری ماحول کے مطابق، ضروری اقدامات پر عملدرآمد جاری رکھے گا۔

عسکری جرنل انٹرنس کمپنی لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز ("دی بورڈ") کمپنی کے اثاثوں اور حصے داروں کی سرمایہ کاری کو محفوظ کرنے کے لئے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے اچھے نظام کو برقرار رکھنے کی اہمیت کو تسلیم کرتا ہے۔ بورڈ، بڑے خدشات کی پہچان کرتے ہوئے نیز خدشات کو قابو کرنے، کمپنی کے آپریشنل اثر و رسوخ اور کارکردگی کا اندازہ کرنے اور مناسب کنٹرول والا ماحول کا انتظامی ڈھانچہ بناتے ہوئے، کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کی شناخت اور موزونیت کو مد نظر رکھنے کے لئے اپنی مجموعی ذمہ داری کو تسلیم کرنے کا اعتراف کرتا ہے۔

بورڈ نے کمپنی کے "رسک مینجمنٹ اینڈ انٹرنل کنٹرول" کے نظام کی موزونیت اور مؤثریت کا اچھی طرح سے جائزہ لیا ہے۔ بورڈ اس حقیقت کا اعتراف کرتا ہے کہ معتدل حدود کی وجہ سے، اس مقصد کے نظام، کاروباری ناکامی کے خطرے کو ختم کرنے کے بجائے صرف اسے منظم کر سکتے ہیں۔ لہذا، یہ نظام مواد کی غلطی یا بیانیوں نقصانات کے خلاف مطمئن یقین دہانی نہیں فراہم کر سکتا اور ایک اندرونی کنٹرول کے نظام کی تاثر وقتاً فوقتاً مختلف ہوتی ہے۔

## رسک مینجمنٹ کا نظام

بورڈ یہ بھی اعتراف کرتا ہے کہ کمپنی کی سرگرمیوں کے تمام شعبہ جات میں کسی حد تک خدشہ شامل ہوتا ہے اور بورڈ یہ تعریف کرتا ہے کہ بورڈ رسک مینجمنٹ، بہترین کاروباری مینجمنٹ کے طریقوں کا حصہ ہے جن کا مقصد کمپنی کے اغراض و مقاصد کو مہیا کرنے کے لئے حاصل کرنا ہے۔ عملی طور پر، متعلقہ کلیدی مینجمنٹ اسٹاف اپنے اپنے شعبہ جات کے خدشات کا انتظام کرنے کا خود ذمہ دار ہے۔ کمپنی کو درپیش کسی بھی اہم خطرے کے متعلق تنظیمی ڈھانچے کے متعلق مناسب افراد کو باخبر کیا جائے تاکہ ان خدشات کی قریب سے نگرانی کی جائے اور مناسب طریقے سے ان کو حل کیا جائے۔ مندرجہ بالا طریقوں کا استعمال اس جاری عمل میں مفید ہے جو عمل ایسے نمایاں خدشات کی شناخت کرنے، ان کی تشخیص کرنے اور ان کو قابو کرنے کے لیے استعمال ہوتا ہے جو خدشات کمپنیوں کے اہداف اور مقاصد کی کامیابی کو متاثر کرتے ہیں۔

## داخلی کنٹرول کا نظام

کمپنی میں لاگو اہم اقدامات مندرجہ ذیل ہیں:-

- « بالکل واضح ذمہ داری بیان کرنے والے میٹرکس کے ساتھ ایک بالکل واضح تنظیمی ڈھانچہ جو مینجمنٹ کے اراکین کو تفویض کردہ اختیار مقرر کرتا ہے؛
- « تمام اہم عمل کارپوں کے لئے دستاویزی پالیسیاں اور طریقہ کار؛
- « انتظامی جائزے اور فیصلے کے لئے اہم تنقیدی معلومات کو جمع کرنا، اس کی پروسیجرنگ کرنا، اس کی نگرانی کرنا اور اس کو پھیلانے کے عمل کو بہل بنانے کے لیے مینجمنٹ رپورٹنگ سسٹم
- « کارکردگی کی رپورٹیں جیسا کہ سہ ماہی مالیاتی جائزے، کاروباری ترقی اور دیگر کارپورٹس سے متعلقہ معاملات بورڈ کے اجلاسوں میں بحث و مباحثہ اور غور و فکر کے لیے باقاعدگی سے ڈائریکٹرز کو فراہم کی جاتی ہیں؛
- « آڈٹ کمیٹی کی طرف سے سہ ماہی اور سالانہ مالیاتی نتائج کا جائزہ؛

# PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY



## **STRATEGIC RISKS**

Strategic risks are the result of Company's strategic objectives and business strategy decisions. The Company's Board of Directors have established an Executive, Risk Management & Compliance Committee through which it actively supervises the management of these risks and creates mitigating strategies wherever required.

## **BUSINESS RISKS**

These risks are associated with the commercial essence of an entity. Common examples are reduced market share, amendments to product-pricing regulations or other regulatory changes undermining the organization's profitability are a few examples of these risks affecting the Company.

## **OPERATIONAL RISKS**

These include risk of adverse change in the value of capital resources resulting from operational events such as inadequacy or failure of internal systems, personnel, procedures or controls etc.

## **FINANCIAL RISKS**

The Company's activities exposes it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for

the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies. These risks are divided into following categories:

### **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.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure relates to held to maturity

# PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

investment that are placed with Government of Pakistan and a financial institution as mentioned in note 10 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the financial statements.

## 2. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are as follows:

### A). Interest / Mark up Rate Risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates 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's financial liabilities are not exposed to interest / mark up rate risk.

### B). Foreign currency risk

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

### C). Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. For further details relating to Price Risk, please refer note no. 41 to the financial statements.

## 3. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

For further information relating to Liquidity Risks facing the Company, please refer to note no. 41 to the financial statements.

### Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that impact reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. The estimates and associated assumptions are based on historical experience and various other factors that the management and the Board believe to be reasonable under the prevailing conditions. The results of these estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

### Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Calculation of unearned premiums is performed by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

### Premium deficiency reserve (liability adequacy test)

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is inadequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses

expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in profit and loss account for the year, if any.

#### **Provision for outstanding claims (including IBNR)**

A liability for outstanding claims (including IBNR) is recognized in respect of all claims incurred up to the balance sheet date that is measured at the undiscounted value of expected future payments. An actuary carries out the valuation of IBNR claims based on guidelines issued by the Securities and Exchange Commission of Pakistan.

#### **Employees' retirement benefits**

The Company operates defined benefit pension fund and defined benefit gratuity fund for its employees. The accounting of these benefits is performed in accordance with International Accounting Standard (IAS) 19 – Employee Benefits.

#### **Deferred taxation**

Deferred tax asset or liability is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting and taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

#### **Impairment in value of investments**

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense in the profit and loss account.

#### **Investment properties**

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan. Valuation of investment properties are also carried out by independent valuers having relevant professional qualifications.

#### **Useful lives of fixed assets**

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

#### **Premium due but unpaid and Amounts due from other insurers/reinsurers**

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

داری کو پورا کرنے کے لئے مناسب فنڈ موجود ہیں۔ خطرے سے بچنے کے لئے، کمپنی نے لیکویڈٹی ڈہن میں رکھنے کے ساتھ نقد، نقد مساوات اور مارکیٹنگ سکیورٹیز کے صحت مند توازن کو برقرار رکھتے ہوئے فنڈنگ وسائل اور اثاثہ جات کو مختلف جگہوں پر لگایا ہے۔

کمپنی کو درپیش لیکویڈٹی خطرات سے متعلق مزید معلومات کے لئے، براہ کرم نوٹ نمبر 41 کی طرف رہنمائی کریں۔

### غیر یقینی صورتحال کا تخمینہ کرنے کے اہم ذرائع

مالی بیانات کی تیاری کے لیے اس چیز کی ضرورت ہوتی ہے کہ بورڈ آف ڈائریکٹرز ایسے تخمینے اور فیصلے کرے جو کہ اثاثہ جات، واجبات، آمدنیوں اور اخراجات اور متعلقہ افواہوں کے بارے میں اطلاع کی مقدار پر اثر انداز ہوں۔ تخمینہ جات اور منسلک مفروضات تاریخی تجربے اور دیگر متعدد عوامل پر مبنی ہیں جن کے بارے میں انتظامیہ اور بورڈ کا یہ خیال ہے کہ یہ موجودہ حالات کے تحت مناسب ہیں۔ ان تخمینوں اور مفروضوں کے نتائج ان اثاثوں اور واجبات کے اقدار کے بارے میں فیصلہ کرنے کے لئے بنیاد بناتے ہیں جو کہ دوسرے ذرائع سے آسانی سے ظاہر نہیں ہوتے ہیں۔ مختلف نتائج یا حالات کے تحت اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ غیر یقینی تخمینہ کی اہم وجوہات، جس کا مالی بیانات میں تسلیم کردہ مقداروں پر ایک اہم اثر ہو سکتا ہے، کے بارے میں ذیل میں تبادلہ خیال کیا گیا ہے:

### غیر موصول شدہ پریمیم کے لئے فراہمی

غیر موصول شدہ پریمیم ریزرو، بیلنس شیٹ ڈیٹ میں مذکور کاروبار سے متعلق پریمیم کا غیر متوقع حصہ ہے۔ "انسورنس اکاؤنٹنگ ریگولیشنز، ۲۰۱۷ء" میں بیان کردہ طریقہ کار کے ۴۳/۱۰۱ ویں حصے کو لاگو کرنے سے غیر موصول کردہ پریمیموں کا حساب لگایا جاتا ہے۔

### پریمیم کی کمی والی آمدن (واجبات چاہنے کا ٹیسٹ)

کمپنی، کاروبار کی کلاس کے لئے پریمیم کی کمی کے سلسلے میں شرط کو برقرار رکھتی ہے جہاں بکر بیمہ کاری کے بعد، مستقبل کے متوقع واجبات کو پورا کرنے کے لئے غیر موصول پریمیم واجبات ناقابل اعتماد ہے، ایسے دعویٰ جات اور دیگر اضافی اخراجات میں سے جن کے بارے میں یہ توقع ہے کہ یہ بیلنس شیٹ ڈیٹ میں کاروبار کی اس کلاس میں غیر متوقع پالیسی کے حوالے سے بیلنس شیٹ ڈیٹ کے بعد خرچ ہوں گے۔ پریمیم کی کمی آمدن میں تحریک، بوقت ضرورت، سال کے لئے منافع اور نقصان کے اکاؤنٹ میں خرچ کے طور پر ریکارڈ کی گئی ہے۔

### بقایا جاتی رقم کے دعویٰ کے لئے شرط (IBNR سمیت)

بقایا جاتی رقم کے دعویٰ (بشمول آئی بی این آر) کی ذمہ داری ان تمام دعویوں کے سلسلے میں تسلیم کی جاتی ہے جو اس بیلنس شیٹ ڈیٹ تک خرچ ہوئے جس کی متوقع مستقبل کی ادائیگیوں کے غیر رعایتی اقدار تک پیمائش ہوئی۔ آئی بی این آر کے ان دعویٰ جات کی تشخیص عمل میں لائی گئی جو دعویٰ جات ان ہدایات پر مبنی تھے جو "سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان" نے جاری کیں۔

### ملازمین کے ریٹائرمنٹ فوائد

کمپنی اپنے ملازمین کے لئے مقررہ ہٹی فنڈ پنشن فنڈ اور مقررہ ہٹی فنڈ گریجویٹ فنڈ چلاتی ہے۔ ان فوائد کی اکاؤنٹنگ "بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) 19- ملازمین فوائد" کے مطابق کی جاتی ہے۔

### معطل ٹیکس

مالیاتی رپورٹنگ اور ٹیکس کے مقاصد کے لئے اثاثوں اور واجبات کی منسوب کردہ رقم کے درمیان تمام عارضی اختلافات کے لئے بیلنس شیٹ واجبات کا طریقہ استعمال کرتے ہوئے معطل ٹیکس اثاثہ یا واجبات کو تسلیم کیا جاتا ہے۔ شناخت شدہ معطل ٹیکس کی رقم کی بنیاد، بیلنس شیٹ ڈیٹ میں نافذ کردہ ٹیکس کی شرح کا استعمال کرتے ہوئے، اثاثوں اور واجبات کی رقم کی وصولی یا تصفیہ کے متوقع طریقہ کار پر ہے۔

### سرمایہ کاری کی قیمت میں نقصان

منافع اور نقصان کے اکاؤنٹ میں تمام نقصانات کو تسلیم کیا جاتا ہے۔ ہر بیلنس شیٹ ڈیٹ میں نقصان کی شرائط کا جائزہ لیا جاتا ہے اور موجودہ بہترین تخمینوں کی عکاسی کرنے کے لئے اسے ایڈجسٹ کیا جاتا ہے۔ شرائط میں تبدیلی کو منافع اور نقصان کے اکاؤنٹ میں آمدنی یا اخراج کے طور پر تسلیم کیا جاتا ہے۔

### سرمایہ کاری کی جائیداد

سرمایہ کاری کی جائیداد کو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ S.R.O 938، "سرمایہ کاری پر اپرٹی" اور منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (آئی اے ایس) ۴۰ کے مطابق لاگت ماڈل کے تحت شمار کیا جاتا ہے۔ سرمایہ کاری پر اپرٹی کی تشخیص بھی خود مختار قابل قدر اشخاص کی طرف سے کی جاتی ہے جو متعلقہ پیشرو رازنا اہلیت رکھتے ہوں۔

### فلسفہ اثاثوں کا مفید بقاء

اثاثے کے باقی رہنے والے اقدار، مفید بقاء اور استحصال کے طریقہ کار کی ہر مالی سال کے اختتام پر نظر ثانی کی جاتی ہیں اور اگر قیمتوں میں اضافہ بہت نمایاں ہو تو انہیں ایڈجسٹ کیا جاتا ہے۔

### پریمیم واجبات لیکن دیگر بیمہ کاروں / اکرر ذمہ داریوں کی طرف سے غیر ادا شدہ اور قابل ادارت رقم

کمپنی اپنے ان پریمیم واجبات جو کہ ابھی تک بیمہ کاروں / اکرر ذمہ داریوں کے پورٹ فولیو کی طرف سے غیر ادا شدہ اور قابل ادارت ہیں، ان کا جائزہ لیتی ہے تاکہ ان کی بحالی اور مطلوبہ فراہمی کے لئے رسائی حاصل کرے۔ اس تقاضے کا اندازہ کرتے ہوئے، ہم منصب پارٹی کی لاقانونیت اور مالی پوزیشن سمیت کئی عوامل شامل ہیں۔

# کمپنی کو درپیش بڑے خطرات اور غیر یقینی صورتحال

## اسٹریٹجک رسک

خطرے کو کم کرنے کے لئے کمپنی کے پاس سرمایہ کاری کا ایک متنوع پورٹ فولیو ہے۔ اہم کریڈٹ رسک کے واقع ہونے کا تعلق اس پورٹ فولیو سرمایہ کاری کے ساتھ ہے جو حکومت پاکستان اور مالیاتی ادارے کے ساتھ رکھی جاتی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10 میں مذکور ہے۔ کمپنی نے سرمایہ کاری کے بعض مشقیات کے خلاف ایکشن بھی برقرار رکھی ہے جیسا کہ مالیاتی بیانات کے ملاحظہ نمبر 10.5 میں انکشاف کیا ہے۔

اسٹریٹجک رسک کمپنی کے اسٹریٹجک مقاصد اور کاروباری حکمت عملی کے فیصلے کا نتیجہ ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک "ایگزیکٹو، رسک مینجمنٹ اینڈ کمپلائنس کمیٹی" قائم کر دی ہے جس کے ذریعہ یہ کمپنی ان خطرات کے انتظام کی مؤثر طریقے سے نگرانی کرتی ہے اور جہاں بھی ضروری ہو یہ کمپنی ان خطرات کو کم کرنے کے لیے حکمت عملی بناتی ہے۔

## مارکیٹ رسک

مارکیٹ رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کے متغیرات جیسا کہ سود/منافع کی شرح، غیر ملکی کرنسی کی شرح اور ایکٹیوٹی کی قیمتوں وغیرہ میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیش ہو جائے گی۔ اصل مقصد قابل قبول پیرامیٹرز کے اندر رہتے ہوئے مارکیٹ رسک سے نمٹنے کا انتظام کرنا اور اسے کنٹرول کرنا ہے، جبکہ واپسی کو بہتر بنانا مقصود ہو۔ کمپنی کی کاروباری سرگرمیوں کے ساتھ منسلک مارکیٹ رسک مندرجہ ذیل ہیں:

## کاروباری رسک

یہ خطرات کسی ادارے کے تجارتی جزو سے منسلک ہوتے ہیں۔ کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالوں میں مارکیٹ شیئر کی کمی، مصنوعات کی قیمتوں کا تعین کرنے والے قواعد و ضوابط میں ترمیم یا کمپنی کے منافع کو کم کرنے والی دیگر ریگولیٹری تبدیلیاں بہت عام مثالیں ہیں۔

## آپریٹنگ رسک

ان میں آپریٹنگ واقعات کے نتیجے میں کسٹومرز اور مالی وسائل کی قدر میں منفی تبدیلی کا خطرہ شامل ہوتا ہے جیسا کہ اندرونی نظام، ایپارٹس، طرہ پیکار یا کنٹرول وغیرہ کا ناکافی ہونا یا ان چیزوں کی ناکامی۔

## مالیاتی رسک

(اے) سود/منافع کی شرح کا رسک  
سود/منافع کی شرح کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ سود/منافع کی شرح میں تبدیلی کے نتیجے میں مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں کمی پیش ہو جائے گی۔ کمپنی سیکورٹیز میں سرمایہ کاری کرتا ہے اور اس کے پاس رقوم ہیں جس میں سود/منافع کی شرح کا رسک موجود ہے۔ کمپنی اس کرنسی میں سود/منافع کی شرح میں تبدیلی کو مدنظر رکھتے ہوئے سود/منافع کی شرح کے رسک کو محدود کرتی ہے جس کرنسی میں کمپنی کے نقد رقوم اور سرمایہ کاری کی نشان زدگی کی گئی ہوتی ہے۔

کمپنی کی سرگرمیاں مختلف مالیاتی خطرات سے نمٹنے کے لئے ظہور میں آتی ہیں۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی مارکیٹوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی درج ذیل اہم ملاحظات میں بیان کردہ طریقے سے پچھلے سال کی نسبت اس سال بھی کسی چیز کی تبدیلی کے بغیر مالیاتی خطرے کے ظہور کا تسلسل سے انتظام کر رہی ہے۔ بورڈ آف ڈائریکٹرز پر کمپنی کے رسک مینجمنٹ فریم ورک کے قیام اور اس کی نگرانی کی مجموعی ذمہ داری ہے۔ کمپنی کی رسک مینجمنٹ پالیسیوں کی بہتری کے لئے بھی بورڈ ذمہ دار ہے۔ یہ خطرات مندرجہ ذیل اقسام میں تقسیم کیے گئے ہیں:

## (بی) غیر ملکی کرنسی رسک

غیر ملکی کرنسی رسک ایسا خطرہ ہے جس میں غیر ملکی کرنسی کی شرح میں تبدیلیوں کی وجہ سے مالی وسائل کی منصفانہ قیمت یا مستقبل کے نقد بہاؤ میں تبدیلی آ جائے گی۔ اس وقت کمپنی مادی طور پر کرنسی رسک میں مبتلا نہیں ہے کیونکہ زیادہ تر لین دین پاکستانی روپوں میں کیا جاتا ہے۔

## کریڈٹ رسک (قرض کا خطرہ)

کریڈٹ رسک ایسا خطرہ ہے جو اس امکان سے پیدا ہوتا ہے کہ ایک مالی آلہ پر ایک پارٹی اپنی ذمہ داری کو ہٹانے میں ناکام ہو جائے اور دوسری پارٹی کو مالی نقصان پہنچا دے۔ کمپنی، مختلف صنعتوں میں بہت سی ہم منصب پارٹیوں کے ساتھ لین دین کا آغاز کرتے ہوئے اور ہم منصب پارٹیوں کے کریڈٹ کی اہلیت کا جائزہ لیتے ہوئے کریڈٹ کے ظہور کی نگرانی کے ذریعہ کریڈٹ رسک کنٹرول کرنے کی کوشش کرتی ہے۔

(سی) قیمتوں کا رسک  
قیمتوں کا رسک ایسا خطرہ ہے کہ جس میں مارکیٹ کی قیمتوں (سود/منافع کی شرح کے رسک یا کرنسی رسک کے علاوہ) میں تبدیلی کی وجہ سے مالیاتی وسائل کی منصفانہ قیمت میں کمی پیش واقع ہوگی، چاہے ان تبدیلیوں کی وجہ انفرادی مالیاتی وسائل یا اس کے اجراء کنندہ کے ساتھ مخصوص عوامل ہوں، یا مارکیٹ میں تجارت کیے جانے والے تمام یا ایک جیسے مالیاتی وسائل پر اثر انداز ہونے والے عوامل ہوں۔ قیمتوں کے رسک سے متعلق مزید تفصیلات کے لئے، براہ کرم نوٹ نمبر 41 کی طرف رجوع کریں۔

کریڈٹ رسک کا ارتکاز اس وقت ہوتا ہے جب کئی ہم منصب پارٹیاں ایک ہی قسم کی کاروباری سرگرمیاں کرتی ہیں۔ اس کے نتیجے میں، معاشی، سیاسی یا دیگر حالات میں کوئی بھی تبدیلی اسی طریقے سے ان کے معاہدے کو پورا کرنے کی صلاحیت پر اثر انداز ہوگی۔ مینجمنٹ، اگر ضرورت پڑے تو کلائنٹ کی پوشیدہ حقیقت کی نگرانی اور مشکوک اثاثہ جات کے لئے اشیاء کے روایتی تخمینوں کو برقرار رکھنے کے ذریعے، کمپنی کو کریڈٹ رسک میں پڑنے سے روکتی ہے یا اس خطرے کو کم کر دیتی ہے۔ مینجمنٹ کا خیال ہے کہ کریڈٹ رسک پر بہت زیادہ توجہ مرکوز کرنے کی ضرورت نہیں ہے کیونکہ کمپنی کے مالی اثاثہ جات مالیاتی لحاظ سے مضبوط اداروں میں ہے جو ادارے مختلف صنعتی شعبہ جات کا احاطہ کرتے ہوئے ہیں۔

## لیکویڈیٹی رسک (مائع جاتی خطرات)

لیکویڈیٹی رسک ایسا خطرہ ہے جس میں کمپنی اپنے پر لاگو ہونے والے مالی واجبات کو پورا کرنے میں کامیاب نہیں ہو سکتی۔ متوقع لیکویڈیٹی رسک مینجمنٹ کا مطلب مناسب نقد رقم اور مارکیٹنگ سیکورٹیز کو برقرار رکھنا ہے۔ انتظامیہ، لیکویڈیٹی کی ضروریات کی نگرانی کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کسی بھی درجہ ذمہ

# BOARD COMMITTEES

The company has six committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

## Executive, Risk Management and Compliance Committee

The terms of reference of this committee include the following:

- a. Oversee the activities of the risk management function / department;
- b. Monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.
- c. Supervise and monitor matters reported using the insurer's whistle blowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations or frauds.
- d. Approve all investments over Rs. 10 million and review progress of investments.
- e. Review yearly budget and recommend its approval to the Board.
- f. Review monthly performance of the Company.
- g. Review and approve claim payments over Rs. 1 million.
- h. Review legal suits filed by or against the Company.
- i. Consider any other matter related to the performance and operations of the Company.

The Committee comprises of four members, including the Chairman of this committee, three of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
AVM Mohammad Athar Shams (Retd)	Chairman
Maj Gen Muhammad Muazzam Ali Goraya (Retd)	Member
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

## Audit Committee

The terms of reference of this committee include the following:

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- o major judgmental areas;
  - o significant adjustments resulting from the audit;
  - o the going concern assumption;
  - o any changes in accounting policies and practices;
  - o compliance with applicable accounting standards;
  - o compliance with listing regulations and other statutory and regulatory requirements; and
  - o significant related party transactions.
- review of preliminary announcements of results prior to publication;
  - facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - review of management letter issued by external auditors and management's response thereto;
  - ensuring coordination between the internal and external auditors of the Company;
  - review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
  - consideration of major findings of internal investigations and management's response thereto;
  - ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
  - review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
  - determination of compliance with relevant statutory requirements;
  - monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
  - consideration of any other issue or matter as may be assigned by the Board of Directors.
  - instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body



- review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures

The Committee comprises of three members, including the Chairman of this committee, all of whom are non-executive directors. Following is the composition of this committee:

Name	Status in Committee
Mr. M. Munir Malik	Chairman
Malik Riffat Mahmood	Member
Brig Kamran Asad (Retd)	Member

#### **Ethics , Human Resource & Remuneration Committee**

The terms of reference of this committee include the following:

- recommending human resource management policies to the board;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.
- proposing a remuneration approach and related policies for the insurer covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit.

The committee comprises of three members including the Chairman of this Committee, out of which one is independent and one is a non-executive director. Following is the composition of this committee:

Name	Status in Committee
Mr. Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

#### **Underwriting, Reinsurance & Coinsurance Committee**

The Underwriting, Reinsurance & Coinsurance Committee formulates the under writing policy of the Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as business portfolio and the market development.

This committee also ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for the future reference

Following is the composition of this committee:

Name	Status in Committee
AVM Mohammad Athar Shams (Retd)	Chairman
Mr. Sohail Khalid	Member
Mrs. Samina Khan	Member

#### **Claims Settlement Committee**

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays particular attention to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims disputes be brought to its attention and decide how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

# BOARD COMMITTEES

Following is the composition of this committee:

Name	Status in Committee
Malik Riffat Mahmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member
Mian Syed Samir Ahmad	Member

## Investment Committee

The Investment Committee is responsible for framing the investment policy for the Company and ensuring that the overall investment portfolio is managed in line with the approved investment policy. The functions of the committee are outlined below:

- Reviewing overall investment portfolio and investments and encashments made during the period under consideration;
- Reviewing the investment income generated in comparison with budgeted targets during the period under consideration;
- Reviewing and recommending the annual investment budget for the Board's approval;
- Assessing the macroeconomic and microeconomic factors

for the foreseeable future and to issue guidance for further investments/disinvestments, restructuring of investment portfolio and reallocation of funds etc. so as to make timely decisions to maximize profits (or reduce possible losses), within the parameters of prudent and sound investment operations;

- Assessing the performance benchmarks for the investment portfolio;
- To ensure that the investment decisions are in synchronization with overall business strategy and investment policy of the Company; and
- To recommend changes in the investment policy guidelines, as and when considered necessary, to the Board of Directors.

Following is the composition of this committee:

Name	Status in Committee
Malik Riffat Mahmood	Chairman
Mr. M. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member



At Asktech we believe that through diversity and transparency we can enhance the experience of our customers by providing them with quality services using cutting edge technologies and turnkey solutions. We started our operations after receiving commencement from regulators in November 2019, since then our focus has been to develop a strong and close relationship with our customers, understand their individual needs and implement solutions.

In this period we have also managed to acquire digitization technologies and Information Technology services by partnering with world leading brands who seek progress on our shared challenges.

With the right mind set and a growing team of highly trained and experience staff, we aim to excel in everything we do, and to be considered best in the industry is a continuous process in our young history. We strive to providing exceptional client service and living our core values of Excellence, Integrity and Transparency.

We give our sincere gratitude to our valued customers for their confidence in us and our team for their hard work and dedication. Special Thanks to our Board of Directors for their valuable guidance.

**We believe that we are all set and ready to accept challenges this year and excel according to expectations of our stakeholder.**

**Mr. Taimoor Afzal**  
Chief Executive Officer  
AskTech (Pvt) Ltd.

# FINANCIAL CALENDAR

## 26<sup>TH</sup> ANNUAL GENERAL MEETING

To be held on  
May 25, 2021



## ANNUAL REPORT 2020

Issued on  
May 03, 2021

## YEAR ENDED 31 DECEMBER 2020

Announced on  
March 24, 2021



## THIRD QUARTER ENDED 30 SEPTEMBER 2020

Announced on  
October 27, 2020

## HALF YEAR ENDED 30 JUNE 2020

Announced on  
August 11, 2020



## FIRST QUARTER ENDED 31 MARCH 2020

Announced on  
April 27, 2020

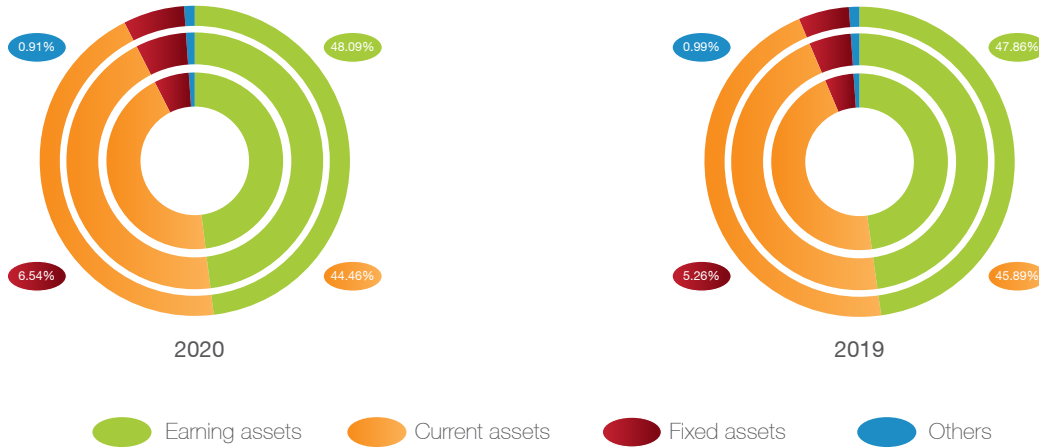
# FINANCIAL ANALYSIS

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Graphical Analysis of Balance sheet	59
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Statement of Value Added	61
Financial Statement Analysis - Vertical	62
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# PERFORMANCE AT A GLANCE

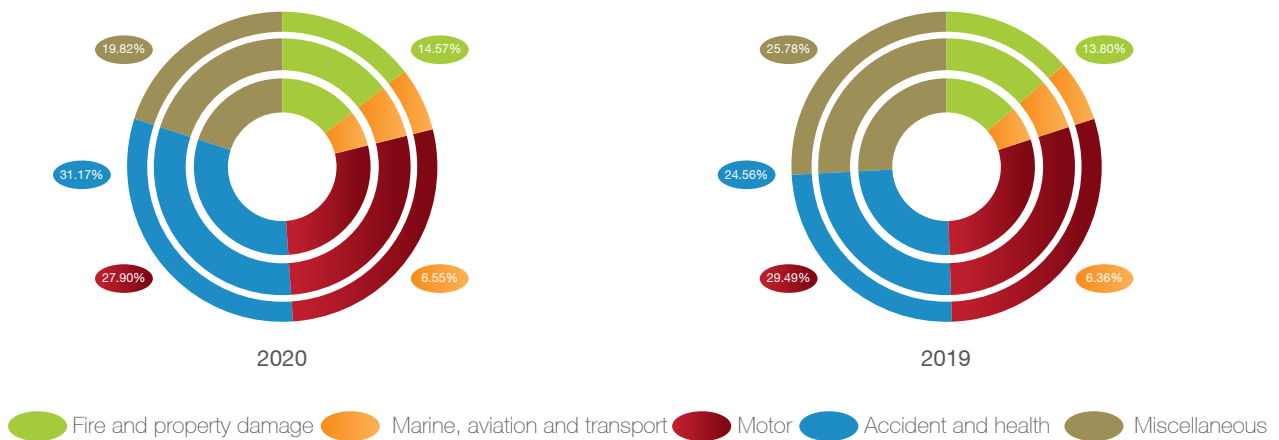
## Assets



## Shareholders' Equity and Liabilities

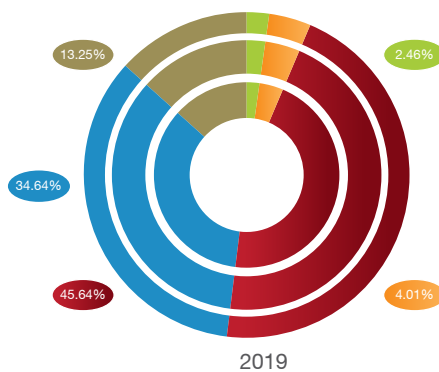
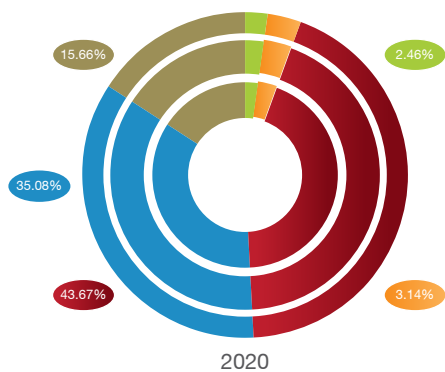


## Gross Premium - Business Wise



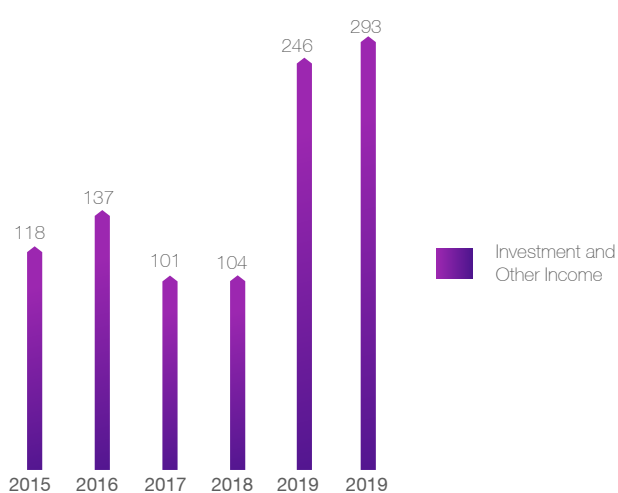
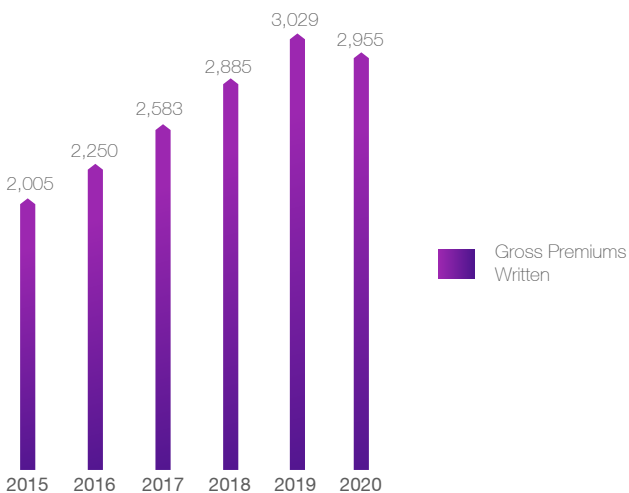
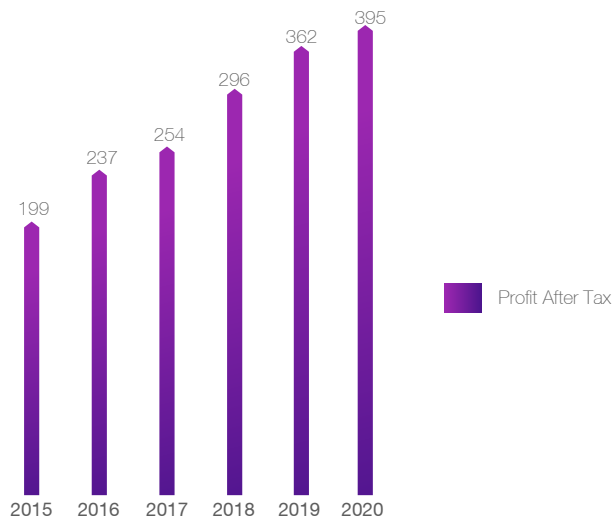
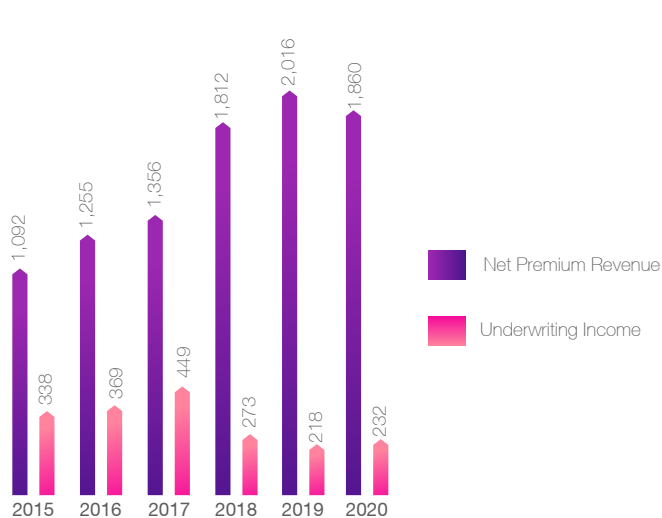
# PERFORMANCE AT A GLANCE

## Net Premium - Business Wise



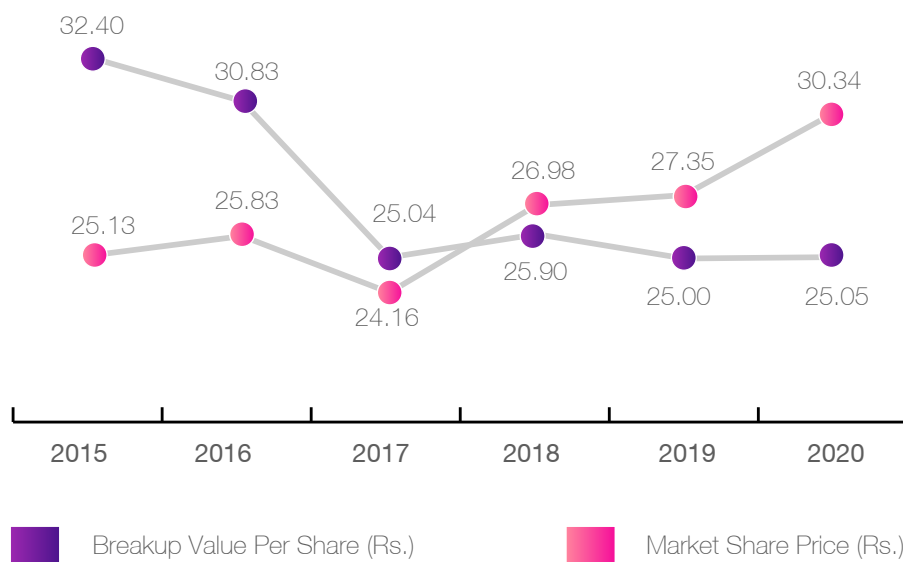
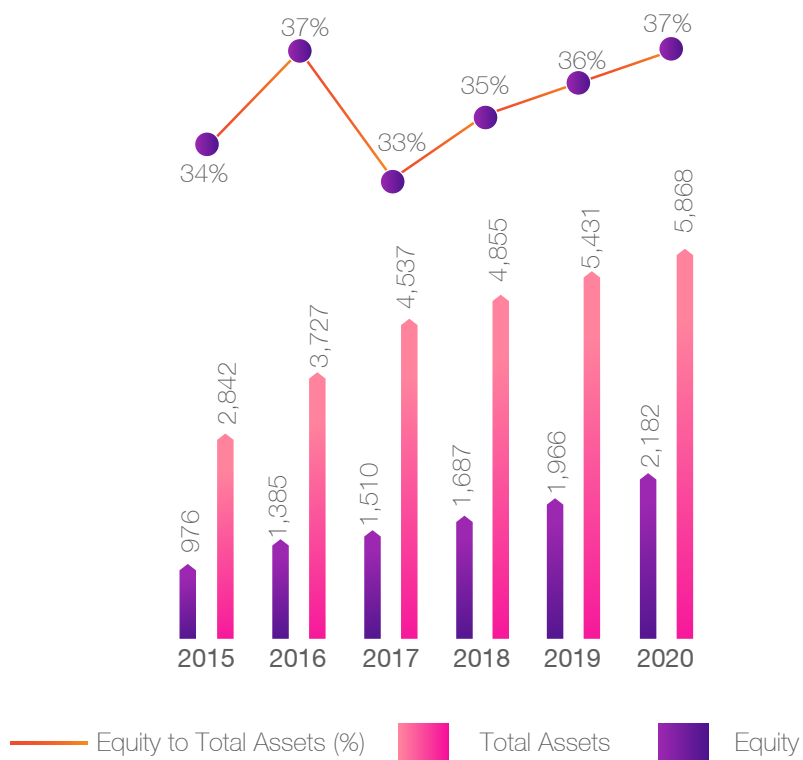
● Fire and property damage 
 ● Marine, aviation and transport 
 ● Motor 
 ● Accident and health 
 ● Miscellaneous

# GRAPHICAL ANALYSIS OF BALANCE SHEET



# GRAPHICAL ANALYSIS - PROFIT & LOSS

## Graphical Analysis of P&L





# STATEMENT OF VALUE ADDED

## FOR THE YEAR ENDED DECEMBER 31, 2019

	2020	2019
	Rupees in thousand	
<b>Wealth Generated</b>		
Net Premium Revenue	1,860,234	2,016,249
Commission from reinsurer	319,317	272,042
Investment income and profit on bank deposits	279,114	219,521
Rental income	5,048	5,354
Other income	8,800	21,022
Gain on Takaful	62,898	67,157
	<b>2,535,411</b>	<b>2,601,345</b>
<b>Less:</b>		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	1,440,680	1,572,379
Net wealth generated	<b>1,094,731</b>	<b>1,028,966</b>
<b>Wealth distribution:</b>		
Employees' remuneration	433,622	424,689
Government taxes (includes income tax, WWF and other taxes)	164,841	147,926
Finance cost	16,982	12,356
	<b>615,445</b>	<b>584,971</b>
<b>Distribution</b>		
Cash Dividend	179,755	93,785
Stock Dividend	-	93,785
	<b>179,755</b>	<b>187,570</b>
<b>Retained in business:</b>		
Depreciation and amortization	84,128	82,157
Earnings	215,403	174,268
	<b>299,531</b>	<b>256,425</b>
<b>Total Wealth Distributed</b>	<b>1,094,731</b>	<b>1,028,966</b>

# VERTICAL ANALYSIS

Balance Sheet	2020		2019		2018		2017		2016		2015	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Cash and Bank Deposits	231,797	3.95	342,237	6.30	147,175	3.03	191,755	4.23	151,902	4.08	154,264	5.43
Loans to Employees	222	0.00	12	0.00	324	0.01	801	0.02	1,344	0.04	1,488	0.05
Investments	2,550,902	43.47	2,216,837	40.82	1,831,910	37.74	1,643,014	36.21	1,498,227	40.20	1,157,928	40.75
Investment Property	39,191	0.67	40,501	0.75	41,811	0.86	43,121	0.95	44,431	1.19	45,741	1.61
Deferred Taxation	13,748	0.23	15,592	0.29	31,940	0.66	12,989	0.29	11,173	0.30	11,232	0.40
Current Assets - without investments, advances and cash and bank	2,338,914	39.86	2,247,921	41.39	2,357,261	48.56	2,404,616	53.00	1,807,718	48.51	1,321,156	46.49
Fixed Assets- Tangible and Intangible	383,751	6.54	285,910	5.26	228,906	4.72	120,400	2.65	133,732	3.59	99,524	3.50
House Building Finance	2,863	0.05	2,961	0.05	12,771	0.26	00	00	00	00	00	00
Total Assets from Window Takatuf Operations - Operators Fund (OPF)	306,866	5.23	279,427	5.14	202,467	4.17	120,437	2.65	78,051	2.09	50,368	1.77
<b>Total Assets</b>	<b>5,868,254</b>	<b>100.00</b>	<b>5,431,398</b>	<b>100.00</b>	<b>4,854,565</b>	<b>100.00</b>	<b>4,537,133</b>	<b>100.00</b>	<b>3,726,578</b>	<b>100.00</b>	<b>2,841,701</b>	<b>100.00</b>
Share Holders' Equity	2,181,933	37.18	1,966,379	36.20	1,686,721	34.75	1,510,290	33.29	1,385,172	37.17	975,777	34.34
Underwriting Provisions	2,315,988	39.47	2,117,312	38.98	2,195,594	45.23	2,045,241	45.08	1,651,460	44.32	1,412,067	49.69
Staff Retirement Benefits	70,788	1.21	67,081	1.24	54,390	1.12	40,988	0.90	32,357	0.87	31,481	1.11
Creditors and Accruals	929,642	15.84	1,035,769	19.07	751,407	15.48	773,271	17.04	508,014	13.63	347,208	12.22
Finance Lease Liability	209,092	3.56	100,390	1.85	59,591	1.23	63,770	1.41	70,655	1.90	31,474	1.11
Deposits and other payables	55,818	0.95	45,610	0.84	33,604	0.69	58,184	1.28	53,223	1.43	40,565	1.43
Other Liabilities	9,105	0.16	7,158	0.13	4,049	0.08	2,298	0.05	1,237	0.03	809	0.03
Total Liabilities from Window Takatuf Operations - OPF	95,887	1.63	91,699	1.688	69,209	1.426	43,091	0.95	24,460	0.66	2,320	0.08
<b>Total Equity and Liabilities</b>	<b>5,868,254</b>	<b>100.00</b>	<b>5,431,398</b>	<b>100.00</b>	<b>4,854,565</b>	<b>100.00</b>	<b>4,537,133</b>	<b>100.00</b>	<b>3,726,578</b>	<b>100.00</b>	<b>2,841,701</b>	<b>100.00</b>
<b>Profit &amp; Loss Account</b>												
Net Premium Revenue	1,860,234	92.26	2,016,249	100.00	1,811,751	100.00	1,356,189	100.00	1,255,230	100.00	1,091,884	100.00
Net Claims	1,116,735	60.03	1,250,767	62.03	1,069,485	59.03	622,365	45.89	644,502	51.35	537,792	49.25
Expenses	647,055	34.78	639,228	31.70	553,133	30.53	536,302	39.54	477,867	38.07	449,083	41.13
Net Commission	124,677	6.70	82,512	4.09	75,563	4.17	46,999	3.47	48,722	3.88	54,965	5.03
Investment Income including Rental & Bank Deposits Returns	284,162	15.28	224,875	11.15	81,824	4.52	98,320	7.25	131,098	10.44	113,325	10.38
Other Income	8,800	0.47	21,022	1.04	21,718	1.20	2,957	0.22	6,310	0.50	6,406	0.59
Finance Cost	16,982	0.91	12,356	0.61	4,297	0.24	5,056	0.37	4,017	0.32	983	0.09
Impairment in Value of Available for Sale Securities	-	-	-45,103	-2.24	38,711	2.14	4,463	0.33	2,322	0.18	4,251	0.39
Profit Before Window Takatuf Operations and Tax	497,101	26.72	442,307	21.94	363,940	20.09	340,742	25.12	314,973	25.09	276,868	25.36
Profit / (loss) from Window Takatuf Operations - OPF	62,898	3.38	67,157	3.33	56,907	3.14	23,755	1.75	5,543	0.44	-1,952	(0.18)
Taxation - net	164,841	8.86	147,626	7.32	125,080	6.90	110,807	8.17	83,711	6.67	76,408	7.00
<b>Profit After Tax</b>	<b>395,158</b>	<b>21.24</b>	<b>361,838</b>	<b>17.95</b>	<b>296,767</b>	<b>16.32</b>	<b>253,690</b>	<b>18.71</b>	<b>236,805</b>	<b>18.87</b>	<b>198,508</b>	<b>18.18</b>

# HORIZONTAL ANALYSIS

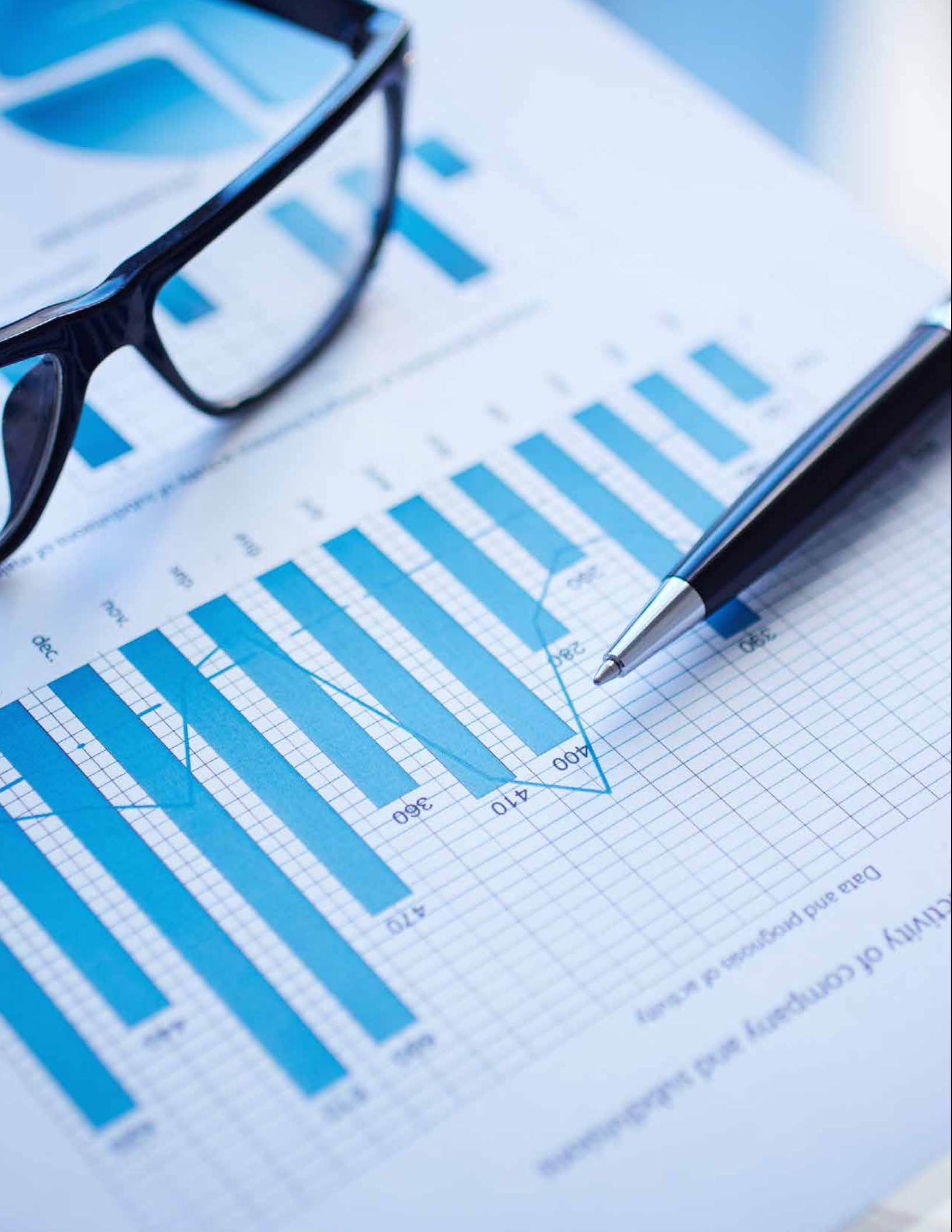
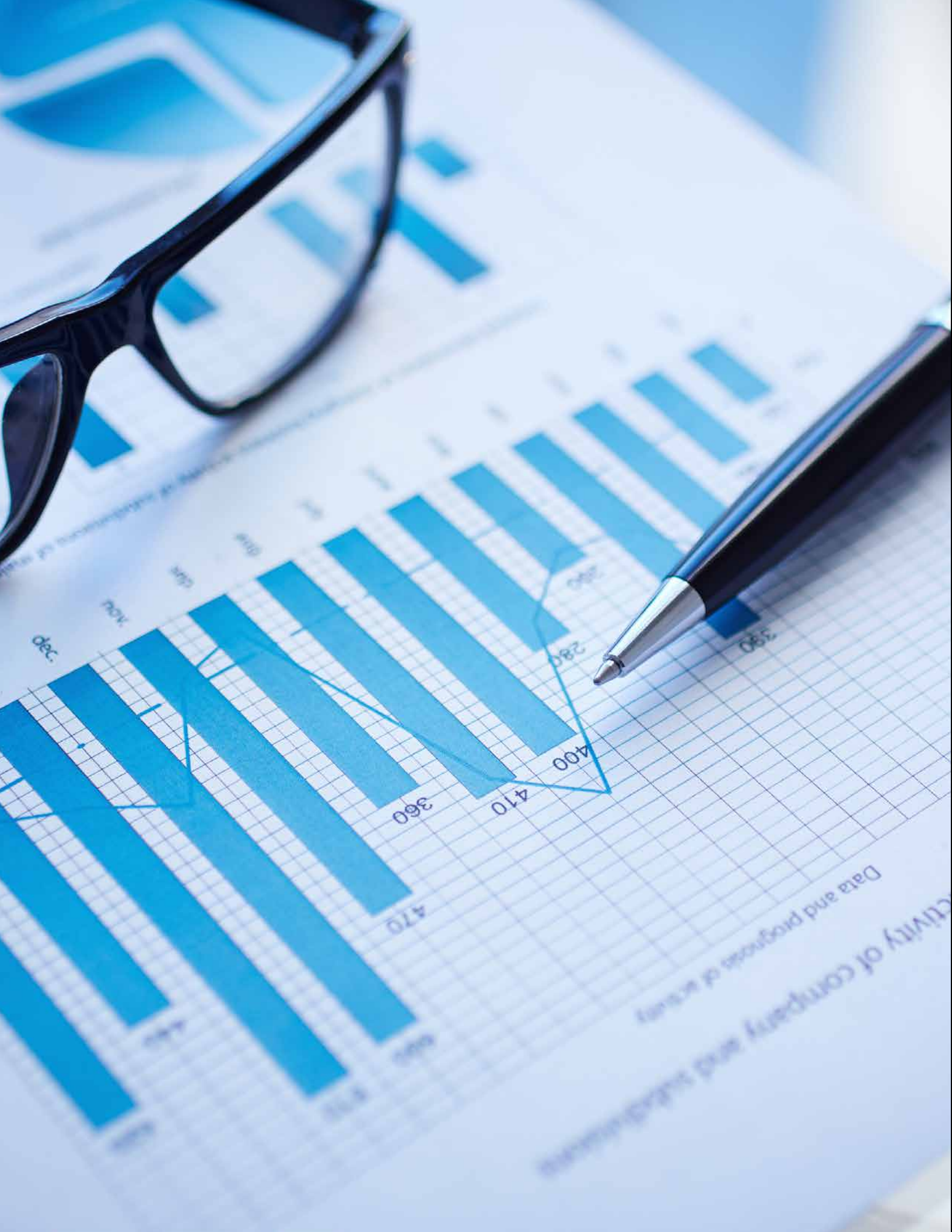
Balance Sheet	Rupees '000										% increase / (decrease) over preceding year				
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015			
Cash and Bank Deposits	231,797	342,237	147,175	191,755	151,902	154,264	(32.27)	132.54	(23.25)	26.24	(1.53)	(13.96)			
Loans to Employees	222	12	324	801	1,344	1,488	1,719.67	(96.23)	(59.57)	(40.40)	(9.68)	(6.18)			
Investments	2,550,902	2,216,837	1,831,910	1,643,014	1,498,227	1,157,928	15.07	21.01	11.50	9.66	29.39	14.16			
Investment Property	39,191	40,501	41,811	43,121	44,431	45,741	(3.23)	(3.13)	(3.04)	(2.95)	(2.86)	(2.78)			
Deferred Taxation	13,748	15,592	31,940	12,989	11,173	11,232	(11.83)	(51.18)	145.90	16.25	(0.53)	184.93			
Current Assets - without investments, advances and cash and bank	2,338,914	2,247,921	2,357,261	2,404,616	1,807,718	1,321,156	4.05	(4.64)	(1.97)	33.02	36.83	9.01			
Fixed Assets - Tangible and Intangible	383,751	285,910	228,906	120,400	133,732	99,524	34.22	24.90	90.12	(9.97)	34.37	101.79			
House Building Finance	2,863	2,961	12,771	-	-	-	(3.30)	(76.82)	-	-	-	-			
Total Assets from Window Takatuf Operations - OPF	306,866	279,427	202,467	120,437	78,051	50,368	9.82	38.01	68.11	54.31	54.96	100.00			
<b>Total Assets</b>	<b>5,868,254</b>	<b>5,431,398</b>	<b>4,854,565</b>	<b>4,537,133</b>	<b>3,726,578</b>	<b>2,841,701</b>	<b>8.04</b>	<b>11.88</b>	<b>7.00</b>	<b>21.75</b>	<b>31.14</b>	<b>13.76</b>			
Share Holders' Equity	2,181,933	1,966,379	1,686,721	1,510,290	1,385,172	975,777	10.96	16.58	11.68	9.03	41.96	25.17			
Underwriting Provisions	2,315,988	2,117,312	2,195,594	2,045,241	1,651,460	1,412,067	9.38	(3.57)	7.35	23.84	16.95	5.00			
Staff Retirement Benefits	70,788	67,081	54,390	40,988	32,357	31,481	5.53	23.33	32.70	26.67	2.78	30.43			
Creditors and Accruals	929,642	1,035,769	751,407	773,271	508,014	347,208	(10.25)	37.84	(2.83)	52.21	46.31	11.02			
Finance Lease Liability	209,092	100,390	59,591	63,770	70,655	31,474	108.28	68.47	(6.55)	(9.74)	124.49	100.00			
Deposits and other payables	55,818	45,610	33,604	58,184	53,223	40,565	22.38	35.73	(42.25)	9.32	-	100.00			
Other Liabilities	9,105	7,158	4,049	2,298	1,237	809	27.20	76.78	76.20	85.77	52.90	26.68			
Total Liabilities from Window Takatuf Operations - OPF	95,887	91,699	69,209	43,091	24,460	2,320	4.57	32.50	60.61	76.17	954.31	100.00			
<b>Total Equity and Liabilities</b>	<b>5,868,254</b>	<b>5,431,398</b>	<b>4,854,565</b>	<b>4,537,133</b>	<b>3,726,578</b>	<b>2,841,701</b>	<b>8.04</b>	<b>11.88</b>	<b>7.00</b>	<b>21.75</b>	<b>31.14</b>	<b>13.76</b>			
<b>Profit &amp; Loss Account</b>															
Net Premium Revenue	1,860,234	2,016,249	1,811,751	1,356,189	1,255,230	1,091,884	(7.74)	11.29	33.59	8.04	14.96	12.40			
Net Claims	1,116,735	1,250,767	1,069,485	622,365	644,502	537,792	(10.72)	16.95	71.84	(3.43)	19.84	(4.21)			
Expenses	647,055	639,228	553,133	536,302	477,867	449,083	1.22	15.56	3.14	12.23	6.41	7.33			
Net Commission	124,677	82,512	75,563	46,999	48,722	54,965	51.10	9.20	60.78	(3.54)	(11.36)	(8.50)			
Investment Income including Rental & Bank Deposits Returns	284,162	224,875	81,824	98,320	131,098	113,325	26.36	174.83	(16.78)	(25.00)	15.68	(17.24)			
Other Income	8,800	21,022	21,718	2,957	6,310	6,406	(58.14)	(3.21)	634.47	(53.14)	(1.50)	(66.55)			
Finance Cost	16,982	12,366	4,297	5,056	4,017	983	37.44	187.55	(15.01)	25.87	308.65	100.00			
Impairment in Value of Available for Sale Securities	-	(45,103)	38,711	4,463	2,322	4,251	(100.00)	(216.51)	767.37	92.20	(45.38)	100.00			
Profit Before Window Takatuf Operations and Tax	497,101	442,307	363,940	340,742	314,973	276,888	12.39	21.53	6.81	8.18	13.76	36.92			
Profit / (loss) from Window Takatuf Operations - OPF	62,898	67,157	56,907	23,755	5,543	(1,952)	(6.34)	18.01	139.56	328.56	(383.97)	100.00			
Taxation - net	164,841	147,626	125,080	110,807	83,711	76,408	11.66	18.03	12.88	32.37	9.56	96.92			
<b>Profit After Tax</b>	<b>395,158</b>	<b>361,838</b>	<b>295,767</b>	<b>253,690</b>	<b>236,805</b>	<b>198,508</b>	<b>9.21</b>	<b>22.34</b>	<b>16.59</b>	<b>7.13</b>	<b>19.29</b>	<b>21.47</b>			

# SIX YEARS PERFORMANCE

Financial Position	2020	2019	2018	2017	2016	2015
Paid Up Share Capital	719,019	719,019	625,234	625,000	543,681	388,344
Retained Profits	1,268,728	1,055,860	887,788	693,895	650,330	512,775
Reserves	194,186	191,500	173,699	191,161	191,161	74,658
Share Holders' Equity	2,181,933	1,966,379	1,686,721	1,510,290	1,385,172	975,777
Underwriting Reserve	1,493,846	1,388,338	1,642,458	1,538,596	1,160,228	986,731
Investments	2,550,902	2,216,837	1,831,910	1,643,014	1,498,227	1,157,928
Investment Property	39,191	40,501	41,811	43,121	44,431	45,741
Fixed Assets - Tangible and Intangible	383,751	285,910	228,906	120,400	133,732	99,524
Total Assets	5,868,254	5,431,398	4,854,565	4,537,133	3,726,578	2,841,701
Market Share Price	25.05	25.00	25.90	25.04	30.83	32.40
Breakup Value Per Share	30.35	27.35	26.98	24.16	25.48	25.13
<b>Financial Performance</b>						
Gross Premium Written	2,955,255	3,029,070	2,885,080	2,583,234	2,249,946	2,005,066
Net Premium Revenue	1,860,234	2,016,249	1,811,751	1,356,189	1,255,230	1,091,884
Net Claims	1,116,735	1,250,767	1,069,485	622,365	644,502	537,792
Underwriting Income	231,906	217,839	272,577	449,256	369,211	337,909
Management and Other Expenses	647,055	639,228	553,133	536,302	477,868	449,086
Investment and Other Income	292,962	245,897	103,541	101,277	137,408	117,877
Finance Cost	16,982	12,356	4,297	5,056	4,017	983
Profit Before Window Takaful Operations and Tax	497,101	442,307	363,940	340,742	314,973	276,868
Profit / (loss) from Window Takaful Operations - OPF	62,898	67,157	56,907	23,755	5,543	(1,952)
Profit After Tax	395,158	361,838	295,767	253,690	236,805	198,508
Dividend	27.50%	25%	15%	25%	10%	15%
Bonus Shares	0%	0%	15%	0%	15%	10%
Earning Per Share (Rs.) (Restated)	5.50	5.03	4.11	4.06	3.89	4.25
<b>Cash Flows Summary</b>						
Operating Activities	206,117	575,132	364,137	257,472	123,594	120,099
Investing Activities	(55,301)	(225,537)	(274,436)	(75,044)	(227,059)	(137,800)
Financing Activities	(261,256)	(154,533)	(134,281)	(142,575)	140,097	(1,004)
Cash & Cash Equivalents at the year end	231,797	342,237	147,175	191,755	151,902	115,264

# FINANCIAL RATIOS

	2020	2019	2018	2017	2016	2015
<b>Profitability</b>						
Profit Before Tax / Gross Premium	%	18.95	16.82	14.59	14.11	13.71
Profit Before Tax / Net Premium	%	30.10	25.27	23.23	26.88	25.18
Profit After Tax / Gross Premium	%	13.37	11.95	10.25	9.82	9.90
Profit After Tax / Net Premium	%	21.24	17.95	16.32	18.71	18.18
Underwriting Result / Gross Premium	%	7.85	7.19	9.45	17.39	16.85
Underwriting Result / Net Premium	%	12.47	10.80	15.04	33.13	30.95
Profit Before Tax / Total Income	%	23.81	21.04	20.47	21.03	19.08
Profit After Tax / Total Income	%	16.80	14.95	14.39	14.64	13.78
Combined ratio	%	85.14	79.53	77.03	74.91	82.39
Net Claims / Net Premium	%	60.03	62.03	59.03	45.89	49.25
Management and Other Expense / Net Premium	%	34.78	31.70	30.53	39.54	41.13
<b>Return to Share Holders</b>						
Return on Equity - PAT	%	20.10	21.45	19.58	18.31	25.46
Earning Growth	%	9.21	22.34	16.59	7.13	21.47
Return on Assets (Book value)	%	6.73	6.66	6.09	5.59	6.99
Earning Per Share	Rs.	5.50	5.03	4.11	4.06	4.25
Breakup Value Per Share	Rs.	30.35	27.35	26.98	24.16	25.13
Market Share Price	Rs.	25.05	25.00	25.90	25.04	32.40
<b>Performance / Liquidity</b>						
Current Ratio	Times	1.52	1.38	1.39	1.44	1.46
Cash / Current Liabilities	Times	0.07	0.10	0.05	0.07	0.09
Total Assets Turnover	Times	0.50	0.56	0.59	0.57	0.71
Fixed Assets Turnover	Times	7.70	10.59	12.60	21.46	20.15
Total Liabilities / Equity	Times	1.69	1.76	1.88	2.00	1.91
<b>Paid-up Capital / Total Assets</b>	%	12.25	13.24	12.88	13.78	13.67
Earning Assets / Total Assets	%	48.09	47.86	41.63	41.39	47.79
Equity / Total Assets	%	37.18	36.20	34.75	33.29	34.34
Cash Flow from Operations / Premium Written	%	6.97	18.99	12.62	9.97	5.99



# STATEMENTS & **REPORTS**

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# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## Name of the Company:

Askari General Insurance Company Limited (the Company)

**Year Ending:** 31 December 2020

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

The Company has applied the principles contained in CCG 2016 and Regulations 2019 in the following manner:

1. The total number of directors are eight (08) as per the following:

a.	Male	Seven (07)
b.	Female	One (01)

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors as at 31 December 2020 the Board includes:

Category	Name of Director
<b>Independent Directors</b>	Mr. M. Munir Malik Mr. Imran Iqbal Ms. Saima Akbar Khattak
<b>Non-Executive Directors</b>	Lt Gen Najib Ullah Khan (Retd) Maj Gen Akhtar Iqbal (Retd) Maj Gen Imtiaz Hussain Sherazi (Retd) Brig Kamran Asad (Retd) Malik Riffat Mahmood
<b>Executive Directors</b>	Not applicable
<b>Female Directors</b>	Ms. Saima Akbar Khattak

All independent directors meet the criteria of independence as laid down under CCG 2016 and Regulations 2019.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- All the resident directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- No casual vacancy occurred on the Board during the year 2020
- The Company has prepared a Code of Conduct & Ethics

and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and Regulations 2019.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.
- The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations 2019.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the CCG 2016.
- The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.
- CFO and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board.
- The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial



reporting requirements of CCG 2016 and Regulations 2019.

17. The Board has put in place a mechanism for an annual evaluation of the Board's own performance as required under the Regulations 2019.

18. The Board has formed the following Management Committees under the CCG 2016:

**Underwriting, Reinsurance & Coinsurance Committee:**

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Mr. Sohail Khalid	Member
Mrs. Samina Khan	Member

**Claims Settlement Committee:**

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Mr. Abdul Waheed	Member
Mr. M. Qasim	Member
Mian Syed Samir Ahmad	Member

**Executive, Risk Management & Compliance Committee:**

Name of the Member	Category
Maj Gen Akhtar Iqbal (Retd)	Chairman
Maj Gen Imtiaz Hussain Sherazi (Retd)	Member
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

19. The Board has formed the following Board Committees under CCG 2016/Regulations 2019:

**Ethics, Human Resource & Remuneration Committee:**

Name of the Member	Category
Mr. Imran Iqbal	Chairman
Brig Kamran Asad (Retd)	Member
Mr. Abdul Waheed	Member

**Investment Committee:**

Name of the Member	Category
Malik Riffat Mahmood	Chairman
Mr. M. Munir Malik	Member
Mr. Abdul Waheed	Member
Mr. Razi Haider	Member
Mr. Shahid Qayyum	Member

20. The Board has formed an Audit Committee. It comprises of three (3) members, of whom one is independent director and two are non-executive director. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

**Audit Committee:**

Name of the Member	Category
Mr. M. Munir Malik	Chairman
Malik Riffat Mahmood	Member
Brig Kamran Asad (Retd)	Member

21. The meeting of the Committees, except Ethics, Human Resources and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the insurer and as required by CCG 2016 and Regulations 2019.

22. During the year 2020, the Audit Committee held five meetings whereas Ethics, Human Resource & Remuneration Committee held one meeting.

23. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

24. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on regular basis.

25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. 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 of 2000):

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Persons	Designation
Mr. Abdul Waheed	Chief Executive Officer
Mrs. Samina Khan	Head of Underwriting
Mr. Sohail Khalid	Head of Reinsurance
Mr. M. Qasim	Head of Claims
Mr. Hassan Shafiq	Head of Risk Management
Mr. Anwar Ahmed Malik	Compliance Officer / Head of Grievance Function
Mr. Razi Haider	Chief Financial Officer
Mr. Usman Nawaz	Company Secretary
Mr. Ali Noor	Head of Internal Audit

Further, during the year 2020, Company Secretary of the Company resigned. Consequently, the Board appointed Mr. Usman Nawaz as Company Secretary, who was discharging duties of head of internal audit at that time. Moreover, the Board appointed Mr. Ali Noor as head of internal audit to fill the position.

26. The Statutory auditors of the insurer 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 partner of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidance on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
27. The statutory auditors and the partners of the firm involved in audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Company.
28. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
29. All related party transactions entered during the year were on arm's length basis and these have been placed before

the Audit Committee and the Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.

30. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the CCG 2016.
31. The Board ensures that the risk management system of the Company is in place as per requirements of the CCG 2016.
32. The Board has set up a risk management function/ department, which carries out its tasks as covered under the CCG 2016.
33. The Board ensured that, as part of the risk management system, the Company obtained rating from JCR-VIS and PACRA, which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by PACRA and VIS on 16 February 2021 and 31 December 2020 respectively, was "AA" (Double A) with Stable outlook.
34. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG 2016.
35. The Company has not obtained any exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirements of the CCG 2016 and Regulations 2019.
36. We confirm that all material principles contained in CCG 2016 and all requirements of the Regulations 2019 have been complied with.



**Lt Gen Naveed Mukhtar (Retd)**  
Chairman – Board of Directors

Rawalpindi  
March 24, 2021



**Abdul Waheed**  
President & Chief Executive



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## INDEPENDENT AUDITORS REVIEW REPORT

To the members of askari general insurance company limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of askari general insurance company limited for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 2020.

**KPMG Taseer Hadi & Co**  
**Chartered Accountants**

Islamabad  
30 April 2021

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative.

("KPMG International"), a Swiss entity.

## **INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR IN RESPECT OF COMPLIANCE WITH PRESCRIBED TAKAFUL RULES, 2012, AND THE SHARIAH RULES AND PRINCIPLES DETERMINED BY THE SHARIAH ADVISOR FOR WINDOW TAKAFUL OPERATIONS - ASKARI GENERAL INSURANCE COMPANY LIMITED**

We have performed an independent assurance engagement – Shariah Compliance Audit of Window Takaful Operations of Askari General Insurance Company Limited (the Company) to ensure that the Company has complied with the prescribed Takaful Rules, 2012, and Shariah Rules and Principles determined by the Shariah Advisor of the Company, during the period under review from January 01, 2020, to December 31, 2020.

### **2. Management's Responsibility for Shariah Compliance**

It is the responsibility of the Company's management to ensure that the financial arrangements, contracts, products and transactions entered into by the Company, with other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah Rules and Principles, as prescribed in the Takaful Rules, 2012, and determined by the Shariah Advisor.

### **3. Our Responsibility**

- 3.1 Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah Rules and Principles, as determined by the Company's Shariah Advisor and prescribed in the Takaful Rules, 2012.
- 3.2 The procedures selected by us for the engagement were based on our judgment, including the assessment of the risks of material non-compliance with the said Shariah Rules and Principles. In making those risk assessments; we considered such internal control procedures as were relevant to the Company's compliance with the Shariah Rules and Principles. Our engagement, however, is not intended to express opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah Rules and Principles.
- 3.3 We believe that the evidence we have obtained through performing our procedures on a sample basis, were sufficient and appropriate to provide a basis for our opinion.

3.4 During the course of our assignment we came across certain matters that have been brought to the attention of the Shariah Advisor and the management of the Company entailing certain Shariah issues. Based on discussion with management and Shariah Advisor, it is reasonably concluded that these matters have no adverse Shariah compliance affect. In addition, interpretation and conclusion of the Shariah Advisor of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

#### 4. Framework for the Engagement

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Advisor of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter, i.e., the Company's compliance with the Shariah Rules and Principles, as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012.

#### 5. Our Opinion

In our opinion, based on the samples selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Askari General Insurance Company Limited, Window Takaful Operations, as the case may be, during the year from January 01, 2020, to December 31, 2020, are in compliance with the requirements of the Shariah Rules and Principles as determined by the Shariah Advisor and prescribed in the Takaful Rules, 2012, in all material respects.

The engagement partner on the Shariah audit resulting in this independent auditors' report is Syed Imran Haider, FCA.

*S. M. Suhail & Co.*

**S.M. Suhail & Co.**  
Chartered Accountants,  
Karachi.

Our Ref: SMS-A-5232021  
Date: March 18, 2021



## Window Takaful Operations

Shariah Advisor Report to the Board of Directors.

### For the year ended 31 December 2020

As Shariah Advisor of Askari General Insurance-Window Takaful operation, I have carefully reviewed all the product documents including policies, agreement, Surplus distribution mechanism. I have found them according with Shariah principles. I conform that transaction and activities of window Takaful Operation during the year comply with the Shariah principles and guidelines.

We hope Askari Window Takaful Operation to continue training programs in the coming year.

According to my information, Askari Window Takaful Operation has complied with the Shariah principles in every aspect of practical implementation.

A handwritten signature in black ink, appearing to read 'E. W. Ahmad', with a stylized flourish at the end.

Mufti Ehsan Waqar Ahmad

**Shariah Advisor**  
**Askari General Insurance Company Ltd.**  
**Window Takaful Operation**



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# INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Unconsolidated Financial Statements

## Opinion

We have audited the annexed unconsolidated financial statements of askari general insurance company limited ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2020, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 2020 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matter(s)	How the matters were addressed in our audit
1	<p><b>Valuation of Claim Liabilities</b></p> <p>Refer notes 3.4,4(c) and 26 to the unconsolidated financial statements relating to claim liabilities. The Company's claim liabilities represent 20% of its total liabilities.</p> <p>Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;</li> <li>• Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions;</li> <li>• Assessed on a sample basis the reinsurer's share of claims against the term of the reinsurance contracts and the related recorded liabilities; and</li> <li>• Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations;</li> <li>• Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;</li> <li>• Tested on sample basis the completeness, accuracy and reliability of the underlying data utilized by the management, to support the actuarial valuation;</li> <li>• Involved independent actuarial expert to review the reasonableness of the assumptions used and adequacy of IBNR reserve; and</li> <li>• Assessed the adequacy of Company's disclosures within the unconsolidated financial statements as per the relevant accounting and reporting requirements.</li> </ul>



S. No.	Key audit matter(s)	How the matters were addressed in our audit
2	<p><b>Revenue Recognition</b></p> <p>Refer notes 3.2 and 25 to the unconsolidated financial statements relating to revenue recognition.</p> <p>We identified Premium recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premium in line with requirements of applicable accounting and reporting standards;</li> <li>• Tested the premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders;</li> <li>• Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as unearned premium reserve; and</li> <li>• Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period.</li> </ul>
3	<p><b>Valuation of insurance / reinsurance receivables</b></p> <p>Refer notes 3.2, 4(g) and 13 to the unconsolidated financial statements relating to valuation of insurance / reinsurance receivables.</p> <p>The Company's insurance / reinsurance receivables represent 20.7% of its total assets which are stated net of provision for impairment of Rs.36.26 million.</p> <p>Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; and</li> <li>• Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end.</li> </ul>

## **Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon**

Management is responsible for the Other Information. The Other Information comprises the information included in the Company's Annual Report but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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.

## **Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 unconsolidated 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 unconsolidated 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 auditors' report to the related disclosures in the unconsolidated 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 auditors' 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Taufiq.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

30 April 2021



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# INDEPENDENT AUDITORS' REPORT

## To the members of askari general insurance company limited Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of askari general insurance company limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

Following are the key audit matter(s):

S. No.	Key audit matter(s)	How the matters were addressed in our audit
1	<p><b>Valuation of Claim Liabilities</b></p> <p>Refer notes 3.1.3, 4(c) and 25 to the consolidated financial statements relating to claim liabilities.</p> <p>The Group's claim liabilities represent 20 % of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Group maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims;</li> <li>• Assessed the appropriateness of the Group's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;</li> <li>• Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions;</li> <li>• Assessed on a sample basis the reinsurer's share of claims against the term of the reinsurance contracts and the related recorded liabilities; and</li> <li>• Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Group's policy and insurance regulations;</li> <li>• Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;</li> <li>• Tested on sample basis the completeness, accuracy and reliability of the underlying data utilized by the management, to support the actuarial valuation;</li> <li>• Involved independent actuarial expert to review the reasonableness of the assumptions used and adequacy of IBNR reserve; and</li> <li>• Assessed the adequacy of Group's disclosures within the consolidated financial statements as per the relevant accounting and reporting requirements.</li> </ul>

S. No.	Key audit matter(s)	How the matters were addressed in our audit
2	<p><b>Revenue Recognition</b></p> <p>Refer notes 3.1.1 and 24 to the consolidated financial statements relating to revenue recognition.</p> <p>We identified Premium recognition as a key audit matter as it is one of the key performance indicators of the Groups' and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income;</li> <li>• Assessed the appropriateness of the Group's accounting policy for recording of premiums in line with requirements of applicable accounting and reporting standards;</li> <li>• Tested the premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders;</li> <li>• Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as unearned premium reserve; and</li> <li>• Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period.</li> </ul>
3	<p><b>Valuation of insurance / reinsurance receivables</b></p> <p>Refer note 3.1.1, 4(g) and 12 to the consolidated financial statements relating to valuation of insurance / reinsurance receivables.</p> <p>The Group's insurance / reinsurance receivables represent 20.7% of its total assets which are stated net of provision for impairment of Rs.36.26 million.</p> <p>Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; and</li> <li>• Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end.</li> </ul>

### **Information Other than the consolidated Financial Statements and Auditors' Report Thereon**

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

### **Auditors' responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Taufiq



**KPMG Taseer Hadi & Co.**  
Chartered Accountants

Islamabad  
30 April 2021





# INDEPENDENT AUDITORS' REPORT

To the members of askari general insurance company limited

Report on the Audit of the Financial Statements - window takaful operations

## Opinion

We have audited the annexed financial statements of askari general insurance company limited – window takaful operations (“the Operator”), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in fund 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 Operator’s affairs as at 31 December 2020 and total comprehensive income or loss, the changes in fund 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 Auditors’ 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 Auditors’ Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Operator’s Annual Report for 2020 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.

### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

## Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Taufiq.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

30 April 2021



# UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

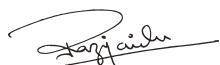
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# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	Rupees in thousand	
<b>ASSETS</b>			
Property and equipment	5	382,719	285,565
Intangible assets	6	1,032	345
Investment property	7	39,191	40,501
Investment in subsidiary	8	10,000	10,000
Investments			
- Equity securities	9	27,663	314,451
- Debt securities	10	2,513,239	1,640,386
- Term deposits	11	-	252,000
Loans and other receivables	12	144,764	132,406
Insurance / Reinsurance receivables	13	1,218,722	1,166,352
Reinsurance recoveries against outstanding claims	26	381,046	331,317
Salvage recoveries accrued		33,899	39,206
Deferred commission expense / Acquisition cost	27	118,575	124,175
Deferred taxation	16	13,748	15,592
Prepayments	17	444,993	457,438
Cash and bank	18	231,797	342,237
<b>Total assets from Window Takaful Operations - OPF</b>	44	<b>306,866</b>	<b>279,427</b>
<b>Total Assets</b>		<b>5,868,254</b>	<b>5,431,398</b>



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive

		31 December 2020	31 December 2019
	Note	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	19	719,019	719,019
Share premium	20	121,161	121,161
Reserves	20	73,025	70,339
Unappropriated profit		1,268,728	1,055,860
<b>Total Equity</b>		<b>2,181,933</b>	<b>1,966,379</b>
<b>Liabilities</b>			
Underwriting Provisions			
- Outstanding claims including IBNR	26	735,247	624,125
- Unearned premium reserves	25	1,493,846	1,388,338
- Unearned reinsurance commission	27	86,896	104,849
Retirement benefit obligations	14	36,468	37,366
Staff compensated absences	15	34,320	29,715
Lease liabilities	21	209,092	100,390
Taxation - provision less payment		1,208	295
Premium received in advance		37,145	15,021
Insurance / Reinsurance payables	22	749,277	853,022
Unclaimed dividends		9,105	7,158
Other creditors and accruals	23	142,012	167,431
Deposits and other payables		55,818	45,610
<b>Total Liabilities</b>		<b>3,590,434</b>	<b>3,373,320</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	44	<b>95,887</b>	<b>91,699</b>
<b>Total Equity and Liabilities</b>		<b>5,868,254</b>	<b>5,431,398</b>
Contingencies and commitments	24		

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



AVM Mohammad Athar Shams (Retd)  
Director




Lt Gen Naveed Mukhtar (Retd)  
Chairman

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	Rupees in thousand	
Net insurance premium	25	1,860,234	2,016,249
Net insurance claims	26	(1,116,735)	(1,250,767)
Net commission and other acquisition costs	27	124,677	82,512
Insurance claims and acquisition expenses		(992,058)	(1,168,255)
Management expenses	28	(636,270)	(630,155)
Underwriting results		231,906	217,839
Investment income	29	265,754	201,389
Rental income		5,048	5,354
Other income	30	22,160	39,154
Other expenses	31	(10,785)	(9,073)
Results of operating activities		514,083	454,663
Finance costs	32	(16,982)	(12,356)
<b>Profit before tax from General Operations</b>		<b>497,101</b>	<b>442,307</b>
<b>Profit before tax from Window Takaful Operations - OPF</b>	33	<b>62,898</b>	<b>67,157</b>
<b>Profit before tax</b>		<b>559,999</b>	<b>509,464</b>
Income tax expense	34	(164,841)	(147,626)
<b>Profit after tax</b>		<b>395,158</b>	<b>361,838</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit and loss account:</b>			
Unrealised gain on available-for-sale investments - net		2,156	338
Unrealised gain on available-for-sale investments from Window Takaful Operations - OPF (net)		530	-
Reclassification adjustment on available-for-sale investments included in profit and loss account - net		-	17,463
Reclassification adjustment on available-for-sale investments included in profit and loss account from Window Takaful Operations - OPF (net)		-	-
		2,686	17,801
<b>Items that will not be reclassified subsequently to profit and loss account:</b>			
Effect of remeasurement of staff retirement benefit plans - net		(2,509)	(4,866)
<b>Total comprehensive income for the year</b>		<b>395,334</b>	<b>374,773</b>
Earnings (after tax) per share - Rupees (restated)	35	5.50	5.03

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Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director




Lt Gen Naveed Mukhtar (Retd)  
Chairman



# UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
Rupees in thousand		
<b>Operating cash flows</b>		
<b>a) Underwriting activities:</b>		
Premium received	2,934,432	3,230,418
Reinsurance premium paid	(1,493,713)	(490,851)
Claims paid	(1,484,248)	(1,613,090)
Reinsurance and other recoveries received	742,292	185,721
Commission paid	(200,261)	(212,376)
Commission received	376,374	146,026
Management expenses paid	(557,439)	(513,609)
<b>Net cash flows generated from underwriting activities</b>	<b>317,437</b>	<b>732,239</b>
<b>b) Other operating activities:</b>		
Income tax paid	(145,056)	(142,553)
Other expenses paid	(10,761)	(8,202)
Other operating receipts / (payments)	44,707	(6,664)
Advances to employees	(210)	312
<b>Net cash used in other operating activities</b>	<b>(111,320)</b>	<b>(157,107)</b>
<b>Total cash generated from all operating activities</b>	<b>206,117</b>	<b>575,132</b>
<b>Investing activities:</b>		
Profit / return received	267,035	161,981
Dividends received	2,466	6,436
Payments for investments	(7,526,179)	(9,316,333)
Proceeds from investments	7,204,738	8,957,449
Fixed capital expenditure	(6,726)	(41,343)
Proceeds from disposal of fixed assets	3,365	6,273
<b>Total cash (used in) investing activities</b>	<b>(55,301)</b>	<b>(225,537)</b>
<b>Financing activities:</b>		
Financial charges paid	(16,982)	(12,356)
Repayment of lease liabilities	(66,836)	(61,421)
Dividend paid	(177,809)	(90,676)
Staff house building finance - net	97	9,810
Mark-up on staff house building finance received	300	1,440
Equity transactions costs paid	(26)	(1,330)
<b>Total cash (used in) financing activities</b>	<b>(261,256)</b>	<b>(154,533)</b>
<b>Net cash (used in) / generated from all activities</b>	<b>(110,440)</b>	<b>195,062</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>342,237</b>	<b>147,175</b>
<b>Cash and cash equivalents at end of the year</b>	<b>231,797</b>	<b>342,237</b>

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



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Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

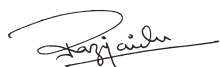
	2020	2019
	Rupees in thousand	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	206,117	575,132
Depreciation expense	(84,128)	(82,157)
Financial charges	(16,982)	(12,356)
Gain on disposal of fixed assets	1,761	557
(Decrease) / increase in assets other than cash	(360,689)	153,976
Decrease / (increase) in liabilities other than running finance	326,853	(547,972)
Unrealized gain on investments - held for trading	15	2
Provision against premium due but unpaid	-	(5,423)
Provision against amounts due from other insurers / reinsurers	-	(1,524)
Provision for diminution in value of AFS investments	-	45,103
Dividend income	2,466	6,336
Investment income	251,735	95,434
Profit on bank deposits	13,360	18,132
Income tax provision	(164,841)	(147,626)
Gain on trading	11,537	54,514
Tax paid	145,056	142,553
<b>Profit after taxation from General Insurance Operations</b>	<b>332,260</b>	<b>294,681</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>62,898</b>	<b>67,157</b>
<b>Profit after taxation</b>	<b>395,158</b>	<b>361,838</b>

#### Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2020	2019
	Rupees in thousand	
<b>Cash for the purpose of cash flow statement consists of:</b>		
<b>Cash and other equivalents</b>		
Cash in hand	1,495	1,458
Banking instrument (Cash Deposit Receipt)	-	-
Stamp in hand	786	460
	2,281	1,918
<b>Current and other accounts</b>		
Current accounts	39,381	35,917
Deposit accounts	190,135	304,402
	229,516	340,319
<b>Total</b>	<b>231,797</b>	<b>342,237</b>

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director




Lt Gen Naveed Mukhtar (Retd)  
Chairman

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital		Reserves			Total	Total
	Issued, subscribed and paid up	Capital reserve	Revenue reserve			reserves	equity
			Share premium	General reserve	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2019	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	361,838	361,838	361,838
Other comprehensive income / (loss) for the year	-	-	-	17,801	(4,866)	12,935	12,935
Total comprehensive income for the year	-	-	-	17,801	356,972	374,773	374,773
<b>Changes in owners' equity</b>							
Issuance of bonus shares	93,785	-	-	-	(93,785)	(93,785)	-
Cash dividend 2018: Rupee 1.5 per share	-	-	-	-	(93,785)	(93,785)	(93,785)
Equity transaction costs	-	-	-	-	(1,330)	(1,330)	(1,330)
	93,785	-	-	-	(188,900)	(188,900)	(95,115)
Balance as at 31 December 2019	719,019	121,161	70,000	339	1,055,860	1,247,360	1,966,379
Balance as at 01 January 2020	719,019	121,161	70,000	339	1,055,860	1,247,360	1,966,379
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	395,158	395,158	395,158
Other comprehensive income / (loss) for the year	-	-	-	2,686	(2,509)	177	177
Total comprehensive income for the year	-	-	-	2,686	392,649	395,335	395,335
<b>Changes in owners' equity</b>							
Cash dividend 2019: Rupee 2.5 per share	-	-	-	-	(179,755)	(179,755)	(179,755)
Equity transaction costs	-	-	-	-	(26)	(26)	(26)
	-	-	-	-	(179,781)	(179,781)	(179,781)
Balance as at 31 December 2020	719,019	121,161	70,000	3,025	1,268,728	1,462,914	2,181,933

The annexed notes 1 to 48 form an integral part of these unconsolidated financial statements.



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Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 20 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

The Company was granted license to work as Window Takaful Operator (WTO) dated August 10, 2015 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan

## 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulation 2017, General Takaful Accounting Regulations, 2019, SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, and Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and SECP Takaful Rules, 2012, have been followed.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

A separate set of financial statements of Window Takaful Operations has been reported which is annexed to the financial statements as per the requirements of the SECP Takaful Rules, 2012.

### 2.1 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

### 2.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

### 2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

## 2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021.

- ◆ COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease
- ◆ Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- ◆ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022."

- ◆ IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- ◆ IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- ◆ IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique
- ◆ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- ◆ Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

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

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

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

	<b>December 31, 2020</b>				
	<b>Fail the SPPI test</b>		<b>Pass the SPPI test</b>		
	<b>Fair value</b>	<b>Change in unrealized gain/ (loss) during the year</b>	<b>Carrying value</b>	<b>Cost less Impairment</b>	<b>Change in unrealized gain/ (loss) during the year</b>
<b>Financial assets</b>	(Rupees in thousand)				
Cash and bank *	231,797	-	-	-	-
Investments in subsidiary available for sale	10,000				
Investments in equity securities - available for sale	27,009	1,956	-	-	-
Investments in debt securities - available for sale	-	-	295,025		1,557
Loans to employees	222	-		-	-
<b>Total</b>	<b>269,028</b>	<b>1,956</b>	<b>295,025</b>	<b>-</b>	<b>1,557</b>

	<b>December 31, 2020</b>				
	<b>Gross carrying amounts of debt instruments that pass the SPPI test</b>				
	<b>AAA</b>	<b>AA+</b>	<b>AA</b>	<b>A</b>	<b>Unrated</b>
	(Rupees in thousand)				
Investments in debt securities - available for sale	-	250,025	45,000	-	
<b>Total</b>	<b>-</b>	<b>250,025</b>	<b>45,000</b>	<b>-</b>	

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- ◆ IFRS 17 - Insurance Contracts - This standard has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is currently in the process of assessing the impact of changes laid down by the standard on its financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

### 3.1 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 expired.

Insurance contracts are classified into 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;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

These 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.

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.

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.

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.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

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.

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.

## **Reinsurance contracts**

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

### **3.2 Premium and receivable under insurance contracts**

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and that impairment loss is recognised in the profit and loss account.

### **3.3 Reinsurance ceded**

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

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

Reinsurance liabilities or assets are derecognized when the contractual rights are extinguished or expired.

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

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

### **3.4 Claim expense including provision for outstanding claims including Incurred But Not Reported**

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims as at 31 December 2020 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	6,912	762
- Marine, aviation and transport;	4,347	1,430
- Motor;	13,565	12,944
- Accident and health; and	125,377	101,847
- Miscellaneous.	50,047	9,824
	200,248	126,807

### 3.5 Reinsurance recoveries against claims

Claims recoveries receivables from the 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 in accordance with respective reinsurance arrangements.

### 3.6 Commission and deferred commission expense / acquisition cost

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

### 3.7 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in profit and loss account for the year. Income is recognised to the extent of reversal of deficit previously recognised, if any.

For this purpose, loss ratios for each class are estimated based on historical claim development for all classes except Accident and health which is determined on the basis of actuarial recommendations. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2020	2019
- Fire and property damage;	35%	33%
- Marine, aviation and transport;	36%	37%
- Motor;	47%	45%
- Accident and health; and	98%	94%
- Miscellaneous.	37%	35%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Based on an analysis of combined operating ratio for the expired year of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these unconsolidated financial statements.

## 3.8 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Accounting Regulations, 2018, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

## 3.9 Creditors, accruals and provisions

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 the services received, whether or not billed to the Company.

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

## 3.10 Fixed assets

### Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### Owned - intangible

Software development costs are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

## 3.11 Investments

### 3.11.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Company are classified into the following categories:

#### a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

## b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

## c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

## 3.11.2 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3.12 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

## 3.13 Taxation

### Current

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

### Deferred taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.14 Employees' retirement benefits

### a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2020.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2020	2019
Discount rate	9.75% per annum	11.25% per annum
Expected return on plan assets	9.75% per annum	11.25% per annum
Expected rate of increase in salary	9.75% per annum	11.25% per annum
Average expected remaining working life time of the employee	9 years	10 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

### b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

### c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2020 based on the following significant assumptions:

	2020	2019
Discount rate	9.75% per annum	11.25% per annum
Expected rate of increase in salary	9.75% per annum	11.25% per annum
Average number of leaves accumulated per annum	5 days	2 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

## 3.15 Management expenses

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

## 3.16 Earnings per share

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.17 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible 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. The Company has following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## 3.18 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

## 3.19 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

## 3.20 Impairment

### a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## b) **Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.21 **Right of use assets and lease liability**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

## 3.22 **Distribution and appropriations**

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

## 3.23 **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.24 Investment income

Following are recognised as investment income;

- Dividend income on securities held for trading and available for sale securities
- Income from debt securities
- Net realised gains on held for trading securities

## 3.25 Investments in subsidiary and associate

Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any.

At each reporting date, the carrying amounts of investments if any, in subsidiary and associates is reviewed to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit and loss account.

Currently the Company has investment in AskTeck (Pvt.) Ltd. which is wholly owned subsidiary and classified as investments in subsidiary at reporting dates, presented in these financial statements.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In particular, the matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

### a) Income tax

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

### b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

### c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

**d) Premium deficiency reserves**

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

**e) Defined benefit plan**

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**f) Impairment**

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**g) Provision against premium due but unpaid & amount due from other insurers/reinsurers**

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

**h) Classification of investments**

In classifying investments as "fair value through profit and loss" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

**i) Allocation of management expenses**

Management expenses which are not specifically related to a class of business are allocated on all classes of business on equitable basis.

**j) Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## k) Fair value of investments

The fair value of held for trading and available for sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

## l) Lease term

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognised.

		2020	2019
	Note	Rupees in thousand	
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	1,637	3,310
	Operating assets	381,082	282,255
		<b>382,719</b>	<b>285,565</b>
<b>5.1</b>	<b>Movement in Capital work-in-progress is as follows:</b>		
	Opening balance	3,310	2,871
	Additions	3,502	4,664
	Transfers	(5,175)	(4,225)
	Closing balance	1,637	3,310

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 5.2 Operating assets

		Rupees in thousand								
		2020								
Note		Cost		Depreciation		Written down value as at 31 December	Useful life (years)			
		As at 1 January	Additions / (Disposals)	As at 31 December	For the period			(Disposals) / Adjustments	As at 31 December	
5.2.1	Building	142,602	-	142,602	3,802	3,565	-	7,367	135,235	40
	Furniture and fixtures	29,122	(1,158)	27,964	19,605	3,114	(2,444)	20,275	7,689	5
	Computers and office equipment	69,391	3,516	72,907	59,548	5,569	(3,069)	62,048	10,859	3
	Motor vehicles (Owned)	21,047	1,346	22,393	14,608	3,315	(3,769)	14,154	8,239	5
	Right of use assets - Motor vehicles	140,407	13,246	153,653	86,298	25,301	(23,788)	87,811	65,842	5
	Right of use assets - Rental properties	92,725	127,753	220,478	38,818	42,752	-	81,570	138,908	1 to 9
	Tracking devices	87,004	(6,157)	86,022	82,001	3,641	(5,922)	79,720	6,302	3
	Leasehold improvements	23,312	5,431	28,743	18,675	3,905	(1,845)	20,735	8,008	3
		605,610	143,977	754,762	323,355	91,162	(40,837)	373,680	381,082	

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

		Rupees in thousand								
		2019								
Note		Cost		Depreciation		Written down value as at 31 December	Useful life (years)			
		As at 1 January	Additions / (Disposals)	As at 31 December	For the period			(Disposals) / Adjustments	As at 31 December	
5.2.1	Building	118,800	23,802	142,602	743	3,059	-	3,802	138,800	40
	Furniture and fixtures	25,694	3,428	29,122	17,760	2,605	(760)	19,605	9,517	5
	Computers and office equipment	67,421	1,970	69,391	57,076	6,790	(4,318)	59,548	9,843	3
	Motor vehicles (Owned)	22,100	(1,053)	21,047	12,452	3,087	(931)	14,608	6,439	5
	Right of use assets - Motor vehicles (initial application of IFRS 16)	139,368	1,039	140,407	68,635	28,469	(11,006)	86,298	54,109	5
	Right of use assets - Rental properties (initial application of IFRS 16)	74,498	18,227	92,725	-	38,818	-	38,818	53,907	1 to 9
	Tracking devices	109,155	(26,376)	87,004	104,222	3,389	(25,610)	82,001	5,003	3
	Leasehold improvements	20,675	2,637	23,312	16,162	2,513	-	18,675	4,637	3
		577,711	23,674	605,610	277,250	88,730	(42,625)	323,355	282,255	

5.2.1.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 5.2.2 Details of disposal of fixed assets during the year

#### Particulars of assets / buyers

Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
Rupees in thousand					
2020					
<b>Vehicles sold to following in-service/ resigning employees as per Company's policy</b>					
Kamran	858	858	-	700	700
Abdul Waheed	2,567	2,567	-	-	-
Ather Alam	1,696	1,583	113	113	-
Muhammad Shafi	1,338	914	424	424	-
Naeem Ahmed Bajwa	1,709	1,417	293	293	-
Muhammad Qasim	1,552	1,552	-	-	-
Sarfraz Ahmed Tarrar	2,382	2,382	-	-	-
Munawar Iqbal	1,553	1,553	-	-	-
Kamran Khan	1,553	1,553	-	-	-
Anwar ur Rehman	1,553	1,553	-	-	-
Milan Arif Tanveer	1,696	1,696	-	-	-
Maj (R) Kamal Pasha	1,878	1,691	188	188	-
Qamar Ikram	1,553	1,553	-	-	-
Syed Aftab Hussain Rizvi	2,001	2,001	-	-	-
Syed Muhammad Hanif	1,781	1,781	-	-	-
Bashir Khaskheli	1,666	1,666	-	-	-
Khan Bahadur Mughal	1,117	894	223	223	-
Aggregate value of other items with individual book value not exceeding Rs. 500,000/- Disposed via auction	8,067	7,703	364	1,425	1,061
<b>2020 - Total</b>	<b>36,520</b>	<b>34,917</b>	<b>1,604</b>	<b>3,365</b>	<b>1,761</b>
2019 - Total	22,730	17,014	5,716	6,274	557

### 6 INTANGIBLE ASSETS

	Cost		Amortization		Useful life (years)
	As at 1 January	Additions / (Disposals)	As at 31 December	For the period Adjustments	
Rupees ('000)					
Computer software	5,505	74	5,579	105	5
Antivirus	-	760	760	42	3
<b>2020</b>	<b>5,505</b>	<b>834</b>	<b>6,339</b>	<b>147</b>	<b>3</b>
2019	5,139	366	5,505	93	5
			As at 31 December	As at 31 December	
			5,160	5,265	
			-	42	
			<b>5,160</b>	<b>5,307</b>	
			5,067	5,160	
			345	345	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7	INVESTMENT PROPERTY	2020	2019
	This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.		
		Rupees in thousand	
	<b>Cost</b>		
	Balance at beginning of the year	52,400	52,400
	Balance at end of the year	52,400	52,400
	<b>Depreciation</b>		
	Balance at beginning of the year	(11,899)	(10,589)
	Depreciation for the year	(1,310)	(1,310)
	Balance at end of the year	(13,209)	(11,899)
		<b>39,191</b>	<b>40,501</b>
	Useful life (years)	40	40

7.1 The market value of the investment property as on 31 December 2020 is Rs. 98.25 million (2019: Rs. 94.32 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

7.2 The amount of depreciation has been allocated to management expenses.

8	INVESTMENT IN SUBSIDIARY	Note	2020	2019		
			Rupees in thousand			
			10,000	10,000		
	AskTech (Private) Limited - At cost	8.1	10,000	10,000		
			Rupees in thousand			
Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit/(loss)	% interest held
AskTech (Private) Limited	Pakistan	21,531	11,854	46,420	1,326	100
		21,531	11,854	46,420	1,326	100
		11,988	3,637	17,444	(1,649)	100

8.1 AskTech (Private) Limited is engaged in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems. The Company acquired 100% shareholding in AskTech (Private) Limited in February 2019. The Company holds 99.96% shares of AskTech (Private) Limited whereas the directors nominated by the Company on the Board of Directors of AskTech (Private) Limited hold qualification shares of 0.04%.

9	INVESTMENTS IN EQUITY SECURITIES	Note	2020	2019
			Rupees in thousand	
	Fair value through profit and loss	9.1	654	311,421
	Available-for-sale	9.2	27,009	3,030
	<b>Total equity securities</b>		<b>27,663</b>	<b>314,451</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Number of shares / units		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
<b>Rupees in thousand</b>						
<b>9.1</b>	<b>Fair value through profit and loss account</b>					
	<b>Mutual funds</b>					
	NBP Financial Sector Income Fund	- 11,154,419	-	-	125,004	125,004
	JS Income Fund	- 899,834	-	-	90,451	90,451
	First Habib Cash Fund	- 502,129	-	-	50,326	50,326
	Atlas Money Market Fund	- 89,252	-	-	45,000	45,000
	786 Smart Fund (Dawood Income Fund)	7,897	7,438	640	654	638
		<b>7,897</b>	<b>12,653,072</b>	<b>640</b>	<b>654</b>	<b>311,419</b>
						<b>311,421</b>

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
<b>Rupees in thousand</b>						
<b>9.2</b>	<b>Available-for-sale</b>					
	Listed shares	22,253	22,253	-	-	-
	Mutual funds	2,800	2,800	2,554	-	2,554
	Unrealized surplus / (deficit) on revaluation		1,956	-	-	476
		<b>25,053</b>	<b>27,009</b>	<b>2,554</b>	<b>-</b>	<b>3,030</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
<b>Listed shares</b>						
Nishat Mills Limited	2,016	-	2,016	-	-	-
The Searl Company Limited	1,224	-	1,224	-	-	-
Pak Suzuki Motor Company Limited	2,871	-	2,871	-	-	-
Honda Atlas Cars (Pakistan) Limited	3,296	-	3,296	-	-	-
Pak Elektron Limited	1,923	-	1,923	-	-	-
Pakistan Petroleum Limited	893	-	893	-	-	-
MCB Bank Limited	681	-	681	-	-	-
United Bank Limited	1,237	-	1,237	-	-	-
Habib Bank Limited	1,323	-	1,323	-	-	-
Askari Bank Limited	6,789	-	6,789	-	-	-
	22,253	-	22,253	-	-	-
Unrealized surplus / (deficit) on revaluation			1,585			-
			23,838			-
<b>Mutual funds</b>						
Dawood Income Fund	2,800		2,800	2,554	-	2,554
	2,800		2,800	2,554	-	2,554
Unrealized surplus / (deficit) on revaluation			371			476
			3,171			3,030

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9.2.1		Investments in units / shares - quoted				
		Number of shares / units	Face value per share / unit	Investee name	Carrying value	
2020	2019	Rupees			2020	2019
Rupees in thousand						
<b>Open-End Mutual Funds</b>						
<b>38,280</b>	35,238	100	786 Smart Fund (Dawood Income Fund)		<b>2,800</b>	2,554
Carrying value - before provision					<b>2,800</b>	2,554
Provision for diminution in market value					-	
Carrying value					<b>2,800</b>	2,554
Market value					<b>3,171</b>	3,030

10		INVESTMENTS IN DEBT SECURITIES					
		2020			2019		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		Rupees in thousand					
		Note					
<b>HELD TO MATURITY</b>							
<b>Government Securities</b>							
Pakistan Investment Bonds	10.1	<b>114,781</b>	-	<b>114,781</b>	112,259	-	112,259
Treasury Bills	10.2	<b>2,101,876</b>	-	<b>2,101,876</b>	1,223,102	-	1,223,102
		<b>2,216,657</b>	-	<b>2,216,657</b>	1,335,361	-	1,335,361
<b>AVAILABLE-FOR-SALE</b>							
Term Finance Certificates	10.3	<b>160,000</b>	-	<b>160,000</b>	160,000	-	160,000
Sukuks	10.4	<b>135,025</b>	-	<b>136,582</b>	145,025	-	145,025
		<b>295,025</b>	-	<b>296,582</b>	305,025	-	305,025
<b>LOANS AND RECEIVABLES</b>							
Certificates of Investments	10.5	<b>11,128</b>	<b>(11,128)</b>	-	11,128	<b>(11,128)</b>	-
		<b>2,522,810</b>	<b>(11,128)</b>	<b>2,513,239</b>	1,651,515	<b>(11,128)</b>	1,640,386



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10.1		Pakistan Investment Bonds						2020	2019
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date					
Rupees							Rupees in thousand		
50,000,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28			39,010	38,216	
37,500,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28			29,302	28,707	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22			23,557	22,845	
25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24			22,912	22,491	
							114,781	112,259	
10.1.1	These carry interest at effective rate of 12.38% to 13.48% per annum (2019: 5.65% to 13.48% per annum) and will mature by 12 July 2028 (2019: 12 July 2028). Market value of PIBs carried at amortised cost amounts to Rs. 131.05 million (2019: Rs.142.9 million).								
10.2		Treasury Bills						2020	2019
Face Value	Note	Profit Rate %	Profit Payment	Type of Security	Maturity Date				
Rupees							Rupees in thousand		
110,000,000	10.2.1	14.19%	Maturity	Treasury Bills	27-Aug-20		-	96,365	
500,000,000		13.83%	Maturity	Treasury Bills	10-Sep-20		-	439,393	
500,000,000		13.21%	Maturity	Treasury Bills	7-May-20		-	469,102	
225,000,000		13.46%	Maturity	Treasury Bills	12-Mar-20		-	218,242	
185,000,000		13.29%	Maturity	Treasury Bills	25-Feb-21		163,351	-	
15,000,000		7.29%	Maturity	Treasury Bills	17-Jun-21		13,986	-	
30,000,000	10.2.1	7.01%	Maturity	Treasury Bills	28-Jan-21		28,986	-	
250,000,000		7.17%	Maturity	Treasury Bills	11-Mar-21		241,368	-	
130,000,000		7.16%	Maturity	Treasury Bills	14-Jan-21		127,893	-	
250,000,000		7.15%	Maturity	Treasury Bills	28-Jan-21		245,954	-	
180,000,000		7.20%	Maturity	Treasury Bills	6-May-21		173,762	-	
250,000,000		7.14%	Maturity	Treasury Bills	11-Feb-21		245,958	-	
15,000,000		7.20%	Maturity	Treasury Bills	20-May-21		14,480	-	
260,000,000		7.13%	Maturity	Treasury Bills	25-Feb-21		255,800	-	
380,000,000		7.11%	Maturity	Treasury Bills	11-Mar-21		373,879	-	
220,000,000		7.11%	Maturity	Treasury Bills	25-Mar-21		216,459	-	
							2,101,876	1,223,102	
10.2.1	Treasury bills are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000.								
10.3		Term Finance Certificates						2020	2019
Number of certificates	Credit rating	Mark up Rate	Investee name	Value of Certificates					
2020	2019			2020	2019				
Rupees in thousand									
15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Al Habib			75,000	75,000	
15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Alfalah			75,000	75,000	
2,000	2,000	A	6-M KIBOR Plus 200 bps	Soneri Bank			10,000	10,000	
							160,000	160,000	
10.3.1	The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2019: 05 January 2028 to 20 December 2028)								

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 10.4 Sukuks

Number of certificates		Mark up Rate	Investee name	Value of Certificates	
2020	2019			2020	2019
Rupees in thousand					
350	500	3-M KIBOR Plus 100 bps	Dawood Hercules Corporation Limited	35,000	45,000
50	50	Based on Monthly Shariah Pool	Meezan Bank Limited	50,025	50,025
500	500	3-M KIBOR Plus 190 bps	The Hub Power Company Limited	50,000	50,000
<b>Cost of certificates</b>				<b>135,025</b>	145,025
<b>Unrealized surplus / (deficit) on revaluation</b>				<b>1,557</b>	-
<b>Carrying value</b>				<b>136,582</b>	145,025

## 10.5 Loans and Receivables

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
Certificates of Investments	11,128	(11,128)	-	11,128	(11,128)	-

## 11 INVESTMENTS IN TERM DEPOSITS

	Note	2020	2019
Rupees in thousand			
<b>Loans and receivables</b>			
Deposits maturing within 12 months	11.1	-	252,000
Deposits maturing after 12 months		-	-

11.1	Certificate Number		Investment Period	Investee Name	Rate	Carrying value	
	2020	2019				2020	2019
Rupees in thousand							
-		0001497360	31 days	JS Bank Limited	14.80%	-	252,000
						-	252,000

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>12</b>	<b>LOANS AND OTHER RECEIVABLES</b>		
	Sundry receivables	97,520	85,405
	Advances to employees	222	12
	Staff house building finance	2,863	2,961
	Accrued investment income	44,159	44,028
		<b>144,764</b>	<b>132,406</b>
<b>12.1</b>	<b>Sundry receivables</b>		
	Security deposits	16,038	16,038
	Advances to suppliers - unsecured, considered good	3,439	14,949
	Receivable against sale of laptops	4,917	940
	Receivable against sale of vehicles	611	611
	Deposit against vehicles Ijarah	3,629	3,005
	Other receivables - unsecured, considered good	68,886	49,862
		<b>97,520</b>	<b>85,405</b>
<b>12.2</b>	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. nil (2019: Rs. 800 thousand) and outstanding balance at 31 December 2020 is Rs. nil (2019: nil).		
		2020	2019
	Note	Rupees in thousand	
<b>13</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>		
	Due from insurance contract holders	1,048,107	1,013,864
	Less: provision for impairment of receivables from insurance contract holders	(20,760)	(20,760)
		<b>1,027,347</b>	<b>993,104</b>
	Due from other insurers / reinsurers	206,875	188,748
	Less: provision for impairment of receivables from other insurers / reinsurers	(15,500)	(15,500)
		<b>191,375</b>	<b>173,248</b>
		<b>1,218,722</b>	<b>1,166,352</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 13.1 Due from insurance contract holders

This includes premium amounting to Rs. 1,639 thousand (2019: Rs. 2,358 thousand) and Rs. 69,079 thousand (2019: Rs. 80,204 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2020	2019
	Rupees in thousand	
<b>Receivable from parent:</b>		
Balance at beginning of the year	2,358	1,316
Insurance premium written (including government levies, administrative surcharge and policies stamps)	6,212	6,946
Premium received during the year	(6,931)	(5,904)
Balance at end of the year	1,639	2,358
<b>Payable to subsidiary:</b>		
Balance at beginning of the year	4,853	-
Services acquired	42,187	22,200
Paid during the year	(33,743)	(17,347)
Balance at end of the year	13,297	4,853
<b>Receivable from associated undertakings:</b>		
Balance at beginning of the year	80,204	94,261
Insurance premium written (including government levies, administrative surcharge and policies stamps)	117,263	108,957
Premium received during the year	(128,388)	(123,014)
Balance at end of the year	69,079	80,204
<b>13.2 Provision for doubtful balances</b>		
Balance at beginning of the year	20,760	15,337
Provision made during the year	-	5,423
Balance at end of the year	20,760	20,760

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Rupees in thousand	
<b>13.3</b>	<b>Age analysis of amounts receivable from related parties:</b>	
	<b>Receivable from parent:</b>	
Up to 1 year	1,520	1,319
1 to 2 years	-	1,013
2 to 3 years	119	26
	<b>1,639</b>	<b>2,358</b>
	<b>Receivable from associated undertakings:</b>	
Up to 1 year	61,688	72,670
1 to 2 years	5,020	6,900
2 to 3 years	2,371	634
	<b>69,079</b>	<b>80,204</b>
<b>13.4</b>	<b>Due from other insurers / reinsurers</b>	
Considered good	191,375	173,248
Considered doubtful	15,500	15,500
	<b>206,875</b>	<b>188,748</b>
Provision for doubtful balances	<b>(15,500)</b>	<b>(15,500)</b>
	<b>191,375</b>	<b>173,248</b>
<b>13.5</b>	<b>Provision for doubtful balances</b>	
Balance at beginning of the year	15,500	13,976
Provision made during the year	-	1,524
Balance at end of the year	<b>15,500</b>	<b>15,500</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>14</b>	<b>RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>14.1</b>	<b>Amount recognized in the balance sheet</b>		
	Present value of defined benefit obligation	14.3	142,393
	Benefits due but not paid during the year		2,510
			144,903
	Fair value of plan assets	14.4	(108,435)
	Net liability at end of the year		36,468
<b>14.2</b>	<b>Movement in liability recognized in balance sheet</b>		
	Balance at beginning of the year		37,366
	Expense for the year	14.5	15,511
	Actuarial loss recognized in other comprehensive income		3,534
			56,411
	Contributions to the fund during the year		(19,942)
	Balance at end of the year		36,468
<b>14.3</b>	<b>Reconciliation of the present value of defined benefits obligation</b>		
	Present value of obligations as at beginning of the year		124,970
	Current service cost		12,678
	Interest cost		13,500
	Benefits paid		(9,397)
	Benefits due but not paid		(846)
	Actuarial gain / (loss)		1,488
	Present value of obligations as at end of the year		142,393

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>14.4</b>	<b>Movement in the fair value of plan assets</b>	<b>Rupees in thousand</b>	
	Fair value of plan assets as at beginning of the year	89,814	80,303
	Interest income on plan assets	10,667	10,773
	Contribution to the fund	19,942	13,076
	Benefits paid	(9,942)	(5,076)
	Actuarial loss	(2,046)	(9,262)
	Fair value of plan assets as at end of the year	108,435	89,814
<b>14.5</b>	<b>Expense for the year</b>		
	Current service cost	12,678	11,763
	Interest cost	13,500	13,877
	Interest income on plan assets	(10,667)	(10,773)
	Expense for the year	15,511	14,867

**14.6** The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2021 is Rs. 16.25 million.

	2020		2019	
	Fair value	Percentage	Fair value	Percentage
	Rupees in thousand	%	Rupees in thousand	%
Debt instruments	48,308	45%	35,871	40%
Cash and bank balances	11,046	10%	8,458	9%
Mutual funds	49,081	45%	45,485	51%
Fair value of plan assets	108,435	100%	89,814	100%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 14.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

	2020	2019	2018	2017	2016
	Rupees in thousand				
Present value of defined benefit obligation	142,393	124,970	107,728	90,208	79,885
Fair value of plan assets	(108,435)	(89,814)	(80,303)	(77,318)	(76,082)
Deficit	33,958	35,156	27,425	12,890	3,803
<b>Effect of remeasurement:</b>					
- Actuarial (gain) / loss on experience adjustment on obligation	1,488	(2,409)	2,502	3,869	1,816
- Actuarial (loss) / gain on plan assets	(2,046)	(9,262)	(8,511)	(11,097)	4,939

## 14.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	Increase / decrease in defined benefit obligation			
	2020		2019	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	130,303	156,754	113,913	137,773
Future salary growth	156,771	130,018	137,781	113,703

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
14.10	Expected maturity analysis of staff gratuity fund is as follows:	Rupees in thousand	
	Within one year	6,573	6,778
	Between one to two years	9,168	7,121
	Between two to five years	34,691	33,243
	Over five year	134,478	128,412

## 14.11 Significant Actuarial Assumption

The following significant assumptions have been used for valuation of this scheme:

	2020	2019
	per annum	
a) Expected rate of increase in salary level	9.75%	11.25%
b) Discount rate	9.75%	11.25%

## 14.12 Risks

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.

		2020	2019	
	Note	Rupees in thousand		
15	STAFF COMPENSATED ABSENCES	15.1	34,320	29,715

## 15.1 Movement in liability

			29,715	25,668
	Charge for the year	15.1.1	7,534	8,018
	Benefits paid		(2,929)	(3,971)
	Balance at end of the year		34,320	29,715

### 15.1.1 Charge for the year

	Current service cost		2,805	3,231
	Interest cost		3,178	3,138
	Actuarial loss / (gain) on experience adjustment		1,551	1,649
			7,534	8,018

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>16</b>	<b>DEFERRED TAXATION</b>		
		Rupees in thousand	
	Deferred tax asset in respect of:		
	- Provision for impairment in loans and receivables investments	3,227	3,227
	- Effect of remeasurement of staff retirement benefit plans	1,025	1,988
	- Unrealized losses on AFS investments	(1,019)	(138)
	- Provision for diminution in value of AFS investments	-	-
	- Provision against premium due but unpaid	6,020	6,020
	- Provision against amounts due from other insurers / reinsurers	4,495	4,495
		<b>13,748</b>	<b>15,592</b>
<b>17</b>	<b>PREPAYMENTS</b>		
	Prepaid reinsurance premium ceded	443,281	454,811
	Prepaid rent	132	220
	Others	1,580	2,407
		<b>444,993</b>	<b>457,438</b>
<b>18</b>	<b>CASH AND BANK</b>		
	Cash in hand	1,495	1,458
	Policy & Revenue stamps, Bond papers	786	460
		<b>2,281</b>	<b>1,918</b>
	<b>CURRENT AND OTHER ACCOUNTS</b>		
	<b>Cash at bank:</b>		
	Current accounts	39,381	35,917
	Deposit accounts - local currency	18.1 190,135	304,402
		<b>229,516</b>	<b>340,319</b>

**18.1** These carry an annual effective markup rate ranging from 2.51% to 11.25% (2019 : 4.5% to 11.25%).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 18.2 Reconciliation of movement of liabilities of cash flows arising from financing activities

	Unpaid dividend and unclaimed dividend	Staff house building finance	Finance cost	Lease liabilities	Total
2020					
Rupees in thousand					
Balance at 01 January	7,158	(2,961)	-	100,390	104,587
<b>Changes from financing cash flows</b>					
Dividend declared	179,755	-	-	-	179,755
Dividend paid	(177,809)	-	-	-	(177,809)
Total finance provided	-	-	-	-	-
Repayment of principal	-	97	-	-	97
Additional rental lease liability	-	-	-	151,655	151,655
Additional leased vehicles	-	-	-	38,275	38,275
Lease rentals paid	-	-	-	(66,836)	(66,836)
Down payment on leased assets	-	-	-	(14,392)	(14,392)
Finance cost received / (paid)	-	300	(16,982)	-	(16,682)
Finance cost charge for the year	-	(300)	16,982	-	16,682
<b>Balance at 31 December</b>	<b>9,104</b>	<b>(2,864)</b>	<b>-</b>	<b>209,092</b>	<b>215,332</b>
2019					
Rupees in thousand					
Balance at 01 January	4,049	(12,771)	-	59,591	50,869
<b>Changes from financing cash flows</b>					
Dividend declared	93,785	-	-	-	93,785
Dividend paid	(90,676)	-	-	-	(90,676)
Total finance provided	-	(3,000)	-	-	(3,000)
Repayment of principal	-	12,810	-	-	12,810
Additional rental lease liability	-	-	-	86,432	86,432
Additional leased vehicles	-	-	-	15,788	15,788
Lease rentals paid	-	-	-	(57,893)	(57,893)
Down payment on leased assets	-	-	-	(3,528)	(3,528)
Finance cost received / (paid)	-	1,440	(12,356)	-	(10,916)
Finance cost charge for the year	-	(1,440)	12,356	-	10,916
<b>Balance at 31 December</b>	<b>7,158</b>	<b>(2,961)</b>	<b>-</b>	<b>100,390</b>	<b>104,587</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19	SHARE CAPITAL		2020	2019
19.1	Authorized Capital		Rupees in thousand	
	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
19.2	Issued, subscribed and paid-up share capital			
			2020	2019
	Number of shares		Rupees in thousand	
		Ordinary shares of Rs. 10 each issued as:		
	24,358,699	24,358,699 - fully paid cash shares	243,587	243,587
	47,543,196	47,543,196 - fully paid bonus shares	475,432	475,432
	71,901,895	71,901,895	719,019	719,019
19.3	Army Welfare Trust (AWT) and directors hold 42,600,734 (2019: 42,597,713) and 545,939 (2019: 549,973) ordinary shares of the Company respectively at the year end.			
			2020	2019
	Note		Rupees in thousand	
20	RESERVES			
	Capital reserve			
	Share premium		121,161	121,161
	Revenue reserves			
	General reserves		70,000	70,000
	AFS Revaluation reserve		3,025	339
			73,025	70,339
			194,186	191,500
21	LEASE LIABILITIES			
	Lease liability - rental properties		160,254	53,480
	Lease liabilities - vehicles		48,838	46,910
			209,092	100,390

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31 December 2020	31 December 2019
<b>Contractual maturity of remaining lease commitments</b>	<b>Rupees in thousand</b>	
Within one year	38,131	35,257
Between 2 and 5 years	115,826	17,683
After 5 years	57,639	10,851
Total un-discounted lease commitments	211,596	63,791
Discounted lease liability using the incremental borrowing rate as at 31 December 2020	160,254	53,480
Current portion of discounted lease	26,921	40,277

## 21.1 Lease liabilities - right of use assets - vehicles

	2020			2019		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	<b>Rupees in thousand</b>					
Not later than one year	19,751	3,573	16,178	25,525	5,265	20,260
Later than one year and not later than five years	37,268	4,608	32,660	32,628	5,978	26,650
	57,019	8,181	48,838	58,153	11,243	46,910

21.1.1 The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>22</b>	<b>INSURANCE / REINSURANCE PAYABLES</b>		
	Amount due to other insurers	57,230	48,349
	Amount due to foreign reinsurers	692,047	804,673
		<b>749,277</b>	<b>853,022</b>
<b>23</b>	<b>OTHER CREDITORS AND ACCRUALS</b>		
	Agents' commission payable	49,313	64,947
	Tax deducted at source	10,310	13,395
	Federal excise duty / federal insurance fee	31,831	39,940
	Accrued expenses	4,879	12,269
	Fund received against leased vehicle	9,657	2,262
	Fund received against vehicle ljarah	23.1 482	145
	Payable to subsidiary	13,297	4,853
	Others	22,243	29,620
		<b>142,012</b>	<b>167,431</b>
23.1	<b>Funds received from executives</b>	-	-
	Fund received against vehicle ljarah	-	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 24 CONTINGENCIES AND COMMITMENTS

24.1 Claims against the Company not acknowledged as debts amounted to Rs. 16,757 million at year end (2019: Rs. 16,629 million). Details of the major legal proceedings disclosed as contingencies are as follows:

				2020	2019
Parties involved	Date of institution of case	Court, agency or authority where proceedings are pending	Facts of the case and relief sought	Rupees in thousand	
Mian cotton factory	10-Mar-18	Banking court	AGICO had issued Fire Insurance Coverage to Mian Cotton Factory For Cotton bales, which were pledged against credit facilities, sanctioned to them by JS Bank. The above suit is as a result of demand raised by JS Bank and factual controversies about the claim of fire, the above suit has been filed. A Petition for Leave to Appeal has been filed and the management believes that the case will be settled in favor of the Company.	5,000	5,000
Other immaterial cases				11,757	11,629
Total				16,757	16,629

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

### 24.2 Commitments

The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs 11.5 million (2019: Rs 9.6 million ). The contracts have a term of five years.

Future Minimum Ujrah (lease) payments are as under:

	2020	2019
	Rupees in thousand	
Not later than one year	5,024	4,564
Later than one year and not later than five years	6,489	5,037
	11,513	9,601
Ijarah payments recognized in expense during the year	7,609	6,287

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Rupees in thousand	
<b>25</b>	<b>NET INSURANCE PREMIUM</b>	
Written gross premium	2,955,255	3,029,070
Add: Unearned premium reserve opening	1,388,337	1,642,458
Less: Unearned premium reserve closing	1,493,846	1,388,338
Premium earned	2,849,746	3,283,190
Less: Reinsurance premium ceded	977,982	1,173,779
Add: Prepaid reinsurance premium opening	454,811	547,973
Less: Prepaid reinsurance premium closing	443,281	454,811
Reinsurance expense	989,512	1,266,941
	1,860,234	2,016,249
<b>26</b>	<b>NET INSURANCE CLAIMS</b>	
Claims paid	1,484,248	1,613,090
Add: Outstanding claims including IBNR closing	735,247	624,125
Less: Outstanding claims including IBNR opening	624,125	445,799
Claims expense	1,595,370	1,791,416
Less: Reinsurance and other recoveries received	428,906	390,312
Add: Reinsurance and other recoveries in respect of outstanding claims closing	381,046	331,317
Less: Reinsurance and other recoveries in respect of outstanding claims opening	331,317	180,980
Reinsurance and other recoveries revenue	478,635	540,649
	1,116,735	1,250,767

## 26.1 Claim Development

The following table shows the development of fire claims over the last five years. The disclosure goes back to the year 2016 for which there is still uncertainty about the amount and timing of claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timing of claims payment is usually resolved within a year, are not disclosed in the below table.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Accident Year	2016	2017	2018	2019	2020
Rupees in thousand					
<b>Estimate of ultimate claims costs</b>					
At end of accident year	87,779	101,657	116,460	50,750	100,903
One year later	93,845	99,357	127,847	60,176	-
Two years later	93,983	97,935	126,989	-	-
Three years later	94,677	99,409	-	-	-
Four years later	94,935	-	-	-	-
Current estimate of cumulative claims	94,935	99,409	126,989	60,176	100,903
Cumulative payments to date	94,630	95,028	126,556	38,113	69,452
<b>Liability recognised in the statement</b>					
<b>of financial position</b>	305	4,381	433	22,063	31,451

		2020	2019
<b>27</b>	<b>NET COMMISSION EXPENSE / ACQUISITION COST</b>	Rupees in thousand	
	Commission paid or payable	189,040	215,749
	Add: Deferred commission expense opening	124,175	97,956
	Less: Deferred commission expense closing	118,575	124,175
	Net commission	194,640	189,530
	Less: Commission received or recoverable	301,364	269,554
	Add: Unearned reinsurance commission opening	104,849	107,337
	Less: Unearned reinsurance commission closing	86,896	104,849
	Commission from reinsurers	319,317	272,042
		(124,677)	(82,512)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

			2020	2019
28	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Salaries and other benefits	28.1	433,622	424,689
	Rent		10,228	9,922
	Communication		6,588	8,510
	Tracker devices		2,423	3,602
	Monitoring of trackers		31,740	22,293
	Printing and stationery		8,798	7,006
	Traveling and entertainment		3,867	6,624
	Depreciation and amortization		84,128	82,157
	Repair and maintenance		12,971	12,546
	Utilities		12,288	12,716
	Advertisement		1,338	2,052
	Legal and professional charges		9,259	8,592
	Bank charges		1,413	1,892
	Provision against premium due but unpaid		-	5,423
	Provision against amounts due from other insurers / reinsurers		-	1,524
	Vehicle ljarah rentals		7,609	6,287
	Miscellaneous		9,998	14,320
			<b>636,270</b>	<b>630,155</b>

**28.1** This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 15.51 million (2019: Rs. 14.87 million), Rs. 7.53 million (2019: Rs. 8.02 million) and Rs. 12.02 million (2019: Rs. 11.03 million) respectively.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
29	INVESTMENT INCOME	Rupees in thousand	
	Note		
	<b>Dividend income on investments</b>		
	Dividend income on securities held for trading	2,177	3,939
	Dividend income on available for sale investments	290	2,396
		<b>2,467</b>	<b>6,335</b>
	<b>Income from debt securities</b>		
	Return on government securities	204,484	99,144
	Return on other fixed income securities	48,271	100,402
		<b>252,755</b>	<b>199,546</b>
	<b>Net realised gains on investments</b>		
	Gain on trading of held for trading investments	11,537	54,514
	(Loss) / gain on sale of available for sale investments	(486)	(103,949)
		<b>11,051</b>	<b>(49,435)</b>
	Unrealized profit on re-measurement of investments held for trading	15	2
	Provision for diminution in available-for-sale investments	-	45,103
	Reversal for diminution in value of Certificate of Investments	-	-
	Total investment income	<b>266,288</b>	<b>201,551</b>
	Less: Investment related expenses	<b>(534)</b>	<b>(162)</b>
		<b>265,754</b>	<b>201,389</b>
<b>30</b>	<b>OTHER INCOME</b>		
	Profit on bank deposits	13,360	18,132
	Gain on sale of fixed assets	5.2.2	1,761
	Mark-up on staff house building finance	300	1,440
	Others	30.1	6,739
		<b>22,160</b>	<b>39,154</b>

**30.1** This includes amount of funds received against leased vehicles amortized till 31 December 2020 amounting to Rs. 3.63 million (2019: 14.75 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>31</b>	<b>OTHER EXPENSES</b>		
		Rupees in thousand	
	Subscription	8,705	7,080
	Auditors' remuneration	2,080	1,993
		<b>10,785</b>	<b>9,073</b>
<b>31.1</b>	<b>Auditors' remuneration</b>		
	Audit fee	910	867
	Half yearly review	347	331
	Special purpose review	331	315
	Other certifications	255	255
	Tax advisory services	236	225
		<b>2,079</b>	<b>1,993</b>
<b>32</b>	<b>FINANCE COSTS</b>	<b>16,982</b>	<b>12,356</b>
	Interest on lease liabilities	16,982	12,356
<b>33</b>	<b>WINDOW TAKAFUL OPERATIONS - OPF</b>		
	Wakala fee	147,625	139,363
	Management expenses	(75,094)	(67,464)
	Commission expenses	(33,911)	(28,722)
	Modarib's share of PTF investment income	5,258	4,146
	Investment income	15,479	18,137
	Other expenses - net	3,541	1,697
	Profit from Window Takaful Operations - OPF	<b>62,898</b>	<b>67,157</b>
<b>34</b>	<b>INCOME TAX EXPENSE</b>		
	<b>For the year</b>		
	Current	164,841	136,560
	Deferred	-	11,066
		<b>164,841</b>	<b>147,626</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

34.1	Relationship between tax expense and accounting profit	2020	2019	2020	2019
		Effective tax rate - %		Rupees in thousand	
	Profit for the year before taxation			559,999	509,464
	Tax at the applicable rate	29.00	29.00	162,400	147,745
	Effect of items that are not considered				
	in determining taxable income - net	0.44	(0.02)	2,441	(119)
	Effect of amounts				
	chargeable to tax at reduced rate	-	-	-	-
	Effect of change in tax rate	-	-	-	-
		29.44	28.98	164,841	147,626
34.2	Taxation charged to other comprehensive income			(1,025)	(1,988)
34.3	Tax returns for the Tax Years 2014 to 2019 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.				
35	<b>EARNINGS PER SHARE</b>			<b>2020</b>	<b>2019</b>
				<b>Rupees in thousand</b>	
	Profit after tax (Rupees in thousand)			395,158	361,838
	Weighted average number of shares			71,902	71,902
	<b>Earnings per share (Rupees)</b>			<b>5.50</b>	<b>5.03</b>

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 36 COMPENSATION OF DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts charged in these unconsolidated financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,645	-	-	1,705	-
Managerial remuneration	14,110	-	17,542	12,269	-	12,352
Leave encashment	751	-	639	710	-	572
Bonus	6,135	-	6,460	5,334	-	4,428
Charge to defined benefit plan	1,309	-	1,742	1,921	-	2,309
Rent and house maintenance	6,349	-	7,424	5,521	-	5,008
Utilities	1,411	-	1,650	1,227	-	1,113
Conveyance	1,179	-	6,541	1,219	-	5,011
Provident fund	1,175	-	1,122	1,022	-	801
Others	36	-	1,419	36	-	1,419
	32,455	1,645	44,539	29,260	1,705	33,014
No of person(s)	1	8	10	1	8	7

36.2 The Chief Executive and Executives are also provided with Company maintained cars.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 37 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 13.1 and the remuneration of chief executive, executives and directors is disclosed in note 36 to the unconsolidated financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2020	2019
<b>Transactions with the parent company:</b>		
<b>Rupees in thousand</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	6,212	6,946
Premium received during the period	6,931	5,904
Insurance claims paid	2,688	355
Rent paid	26,662	22,646
Dividend Paid	106,493	55,578
Bonus shares issued	-	55,578
<b>Transactions with subsidiary:</b>		
Investment made	-	10,000
Services acquired	42,187	22,200
Payments made	33,743	17,347
Insurance premium written (including government levies administrative surcharge and policies stamps)	997	-
Premium received during the period	958	-
Insurance claims paid	709	-
<b>Transactions with associated undertakings:</b>		
<b>Army Stud Farms Boylegunj</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(42)	57
Premium received during the period	(42)	57
Insurance claims paid	-	53
<b>Army Stud Farms Probynabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	310
Premium received during the period	65	245
Insurance claims paid	-	152

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Army Welfare Sugar Mills</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	<b>8,168</b>	11,786
Premium received during the period	<b>9,286</b>	11,380
Insurance claims paid	<b>552</b>	189
<b>Askari Airport Services</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	21
<b>Askari Aviation (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	<b>3,958</b>	(9,685)
Premium received during the period	<b>3,585</b>	8,058
Insurance claims paid	<b>321</b>	1,880
<b>Askari Development and Holdings (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	<b>8,261</b>	8,509
Premium received during the period	<b>7,817</b>	8,372
Insurance claims paid	<b>649</b>	349
<b>Askari Enterprises (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	<b>335</b>	543
Premium received during the period	<b>344</b>	380
Insurance claims paid	<b>298</b>	168



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari CNG and Fuels</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,741	5,196
Premium received during the period	1,034	9,859
Insurance claims paid	620	1,798
<b>Askari Guards (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	53,820	50,946
Premium received during the period	60,716	54,574
Insurance claims paid	2,455	5,419
<b>Askari Lagoon Faisalabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	44	47
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Askari Shoe Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,577	2,719
Premium received during the period	4,243	2,487
Insurance claims paid	370	129
<b>Askari Tours and Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,177	1,681
Premium received during the period	2,309	523
Insurance claims paid	38	9

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari Woolen Mills</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,055	796
Premium received during the period	265	1,343
Insurance claims paid	160	254
<b>AWT Plaza Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	160	107
Premium received during the period	-	94
Insurance claims paid	76	70
<b>Army Welfare Trust CEO (Army Projects) Office</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	91
Insurance claims paid	18	125
<b>Blue Lagoon</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	690	489
Premium received during the period	802	510
Insurance claims paid	246	14

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Fauji Security Services (Private) Limited</b>		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	17,696	15,890
Premium received during the period	18,005	14,313
Insurance claims paid	1,800	430
<b>MAL Pakistan Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,958	7,793
Premium received during the period	8,156	3,031
Insurance claims paid	3,576	2,760
<b>Petrosel Lubricants (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	5
Insurance claims paid	-	-
<b>Army Welfare Housing Scheme</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	496	287
Premium received during the period	496	287
Insurance claims paid	67	258
<b>Army Welfare Real Estate Division</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,502	1,082
Premium received during the period	1,486	1,007
Insurance claims paid	609	406

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>ASK Flying Academy</b>	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Askari Apparel</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	25	380
Premium received during the period	25	551
Insurance claims paid	1	41
<b>AWT Investments Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,225	2,867
Premium received during the period	2,133	1,882
Insurance claims paid	868	1,229
<b>Services Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	225	-
Premium received during the period	225	-
Insurance claims paid	-	-
<b>Askari Life Assurance</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,064	4,252
Premium received during the period	3,492	1,626
Insurance claims paid	3,303	828

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari Chartered Services</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	120
<b>Askari Seeds</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	731	238
Premium received during the period	512	238
Insurance claims paid	153	87
<b>Medask</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,396	2,669
Premium received during the period	3,434	2,103
Insurance claims paid	923	160
<b>Transactions with other related parties</b>		
Contributions to Employees Provident Fund Trust	39,466	37,115

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 38 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2020						
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
<b>Financial assets measured at fair value</b>							
Investment at fair value through profit and loss	654	-	-	-	-	654	654
Investment at fair value through other comprehensive income	-	27,009	-	-	-	27,009	27,009
Fixed term deposits	-	50,000	-	-	-	50,000	50,000
<b>Financial assets not measured at fair value</b>							
Investment in subsidiary	-	10,000	-	-	-	10,000	-
Investments							
- Government securities	-	-	2,216,657	-	-	2,216,657	-
- Certificates of Investment (COIs) / TDRs							
- Fixed term deposits		246,582				246,582	
Loans to employees				222		222	
Accrued investment income*				44,159		44,159	
Staff house building finance				2,863		2,863	
Sundry receivables*				97,520		97,520	
Amount due from insurance contract holders*				1,027,347		1,027,347	
Amounts due from other insurers / reinsurers*				191,375		191,375	
Reinsurance recoveries against outstanding claims*				381,046		381,046	
Salvage recoveries accrued*				33,899		33,899	
Cash and bank deposits*				231,797		231,797	
Total assets of Window Takatuf Operations - OFF				306,866		306,866	
<b>Financial liabilities not measured at fair value</b>							
Provision for outstanding claims (including IBNR)*				-	735,247	735,247	
Lease liabilities				-	209,092	209,092	
Premium received in advance				-	37,145	37,145	
Insurance / Reinsurance payables*				-	749,277	749,277	
Unclaimed dividends*				-	9,105	9,105	
Accrued expenses*				-	4,879	4,879	
Other creditors and accruals*				-	123,834	123,834	
Deposits and other payables*				-	55,818	55,818	
Total liabilities of Window Takatuf Operations - OFF				-	95,887	95,887	
	654	333,591	2,216,657	2,317,094	2,020,284	6,888,280	77,663

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2019						
	Held-for- trading	Available-for- sale	Held-to- maturity	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand						
<b>Financial assets measured at fair value</b>							
Investment at fair value through profit and loss	311,421	-	-	-	-	311,421	311,421
Investment at fair value through other comprehensive income	-	3,030	-	-	-	3,030	3,030
<b>Financial assets not measured at fair value</b>							
Investment in subsidiary	-	10,000	-	-	-	10,000	-
Investments	-	-	-	-	-	-	-
- Government securities	-	-	1,335,361	-	-	1,335,361	-
- Certificates of Investment (COIs) / TDRs	-	-	-	252,000	-	252,000	-
- Fixed term deposits	-	305,025	-	-	-	305,025	-
Loans to employees	-	-	-	12	-	12	-
Accrued investment income*	-	-	-	44,028	-	44,028	-
Staff house building finance	-	-	-	2,961	-	2,961	-
Sundry receivables*	-	-	-	85,405	-	85,405	-
Amount due from insurance contract holders*	-	-	-	993,104	-	993,104	-
Amounts due from other insurers / reinsurers*	-	-	-	173,248	-	173,248	-
Reinsurance recoveries against outstanding claims*	-	-	-	331,317	-	331,317	-
Salvage recoveries accrued*	-	-	-	39,206	-	39,206	-
Cash and bank deposits*	-	-	-	342,237	-	342,237	-
Total assets of Window Takatful Operations - OPF	-	-	-	279,427	-	279,427	-
<b>Financial liabilities not measured at fair value</b>							
Provision for outstanding claims (including IBNR)*	-	-	-	-	624,125	624,125	-
Lease liabilities	-	-	-	-	100,390	100,390	-
Premium received in advance	-	-	-	-	15,021	15,021	-
Insurance / Reinsurance payables*	-	-	-	-	853,022	853,022	-
Unclaimed dividends*	-	-	-	-	7,158	7,158	-
Accrued expenses*	-	-	-	-	12,269	12,269	-
Other creditors and accruals*	-	-	-	-	150,308	150,308	-
Deposits and other payables*	-	-	-	-	45,610	45,610	-
Total liabilities of Window Takatful Operations - OPF	-	-	-	-	91,699	91,699	-
	311,421	318,055	1,335,361	2,542,945	1,899,602	6,407,985	314,451

\* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 39 SEGMENT INFORMATION 39.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees in thousand											
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	501,213	487,249	228,989	228,612	963,319	1,045,590	930,478	751,514	635,086	833,898	3,259,085	3,346,863
Less: Federal Excise Duty	66,394	65,118	27,021	27,126	130,501	142,948	179	2	43,338	45,020	267,433	280,214
Federal Insurance Fee	4,234	4,164	1,925	2,045	8,277	9,082	9,182	7,427	5,878	7,789	29,496	30,507
Stamp Duty	39	43	6,606	6,712	130	175	5	5	119	138	6,899	7,073
Gross written premium (inclusive of administrative surcharge)	430,546	417,924	193,437	192,729	824,411	893,385	921,112	744,080	585,751	780,951	2,955,255	3,029,069
Gross premium	419,407	407,313	187,207	185,907	796,646	862,747	917,760	740,987	579,570	772,361	2,900,588	2,969,314
Administrative surcharge	5,701	6,515	6,946	7,736	26,047	31,005	835	1,170	6,464	6,789	45,993	53,215
Facultative inward premium	7,410	6,549	-	-	288	-	-	-	1,303	2,508	9,001	9,058
Service charges	(1,972)	(2,453)	(716)	(914)	1,430	(367)	2,517	1,923	(1,586)	(707)	(327)	(2,518)
Insurance premium earned	439,486	414,385	185,995	204,538	835,302	932,444	811,032	858,578	577,933	873,245	2,849,746	3,283,190
Insurance premium ceded to reinsurers	(393,785)	(364,689)	(127,630)	(123,652)	(22,999)	(12,297)	(158,396)	(160,117)	(286,702)	(606,186)	(989,512)	(1,266,941)
Net insurance premium	45,701	49,696	58,365	80,886	812,303	920,147	652,636	698,461	291,231	267,059	1,860,234	2,016,249
Commission income	112,176	87,591	42,211	41,112	1,886	780	25,155	25,755	137,890	116,804	319,317	272,042
<b>Net underwriting income</b>	<b>157,876</b>	<b>137,287</b>	<b>100,575</b>	<b>121,998</b>	<b>814,188</b>	<b>920,927</b>	<b>677,791</b>	<b>724,216</b>	<b>429,121</b>	<b>383,863</b>	<b>2,179,551</b>	<b>2,288,291</b>
Insurance claims	(114,941)	(78,419)	(70,246)	(156,102)	(395,570)	(453,776)	(767,954)	(770,149)	(246,658)	(332,970)	(1,595,370)	(1,791,416)
Insurance claims recovered from reinsurers	95,474	69,454	48,045	125,924	8,161	(2,515)	131,392	115,001	195,573	232,785	478,635	540,649
<b>Net claims</b>	<b>(19,467)</b>	<b>(8,965)</b>	<b>(22,201)</b>	<b>(30,178)</b>	<b>(387,419)</b>	<b>(456,291)</b>	<b>(636,562)</b>	<b>(655,148)</b>	<b>(51,085)</b>	<b>(100,185)</b>	<b>(1,116,735)</b>	<b>(1,250,767)</b>
Commission expense	(37,807)	(49,253)	(27,408)	(32,340)	(40,185)	(47,333)	(20,428)	(24,556)	(68,812)	(36,048)	(194,640)	(189,530)
Management expense	(69,009)	(14,741)	(34,961)	(23,991)	(305,918)	(305,039)	(14,269)	(207,171)	(212,115)	(79,213)	(636,270)	(630,155)
<b>Underwriting results</b>	<b>31,592</b>	<b>64,328</b>	<b>16,005</b>	<b>35,489</b>	<b>80,666</b>	<b>112,264</b>	<b>6,533</b>	<b>(162,659)</b>	<b>97,110</b>	<b>168,417</b>	<b>231,906</b>	<b>217,839</b>
Investment income											265,754	201,389
Rental income											5,048	5,364
Other income											22,160	39,154
Finance costs											(16,982)	(12,356)
Other expenses											(10,785)	(9,079)
<b>Profit before tax from Window Takaful Operations - OPF</b>											<b>497,101</b>	<b>442,307</b>
<b>Profit before tax</b>											<b>62,898</b>	<b>67,157</b>
											<b>559,999</b>	<b>509,464</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 39.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees in thousand											
Corporate Segment assets - Conventional	345,827	341,185	129,635	125,052	784,034	750,071	683,551	630,697	62,7024	554,421	2,570,071	2,401,426
Corporate Segment assets - Takaful OPF	14,137	10,033	5,583	4,161	30,967	36,929	4,257	2,338	5,225	4,695	60,169	58,156
Corporate unallocated assets - Conventional											2,992,063	2,749,544
Corporate unallocated assets - Takaful OPF											245,951	222,272
Consolidated total assets											5,868,254	5,431,398
Corporate Segment liabilities - Conventional	397,029	399,985	150,669	135,018	962,221	1,014,588	1,011,122	876,409	718,331	709,851	3,239,372	3,135,851
Corporate Segment liabilities - Takaful OPF	16,559	11,571	4,695	2,599	50,325	50,746	8,228	5,205	6,565	11,421	86,372	81,542
Corporate unallocated Segment liabilities - Conventional											351,278	237,597
Corporate unallocated Segment liabilities - Takaful OPF											9,299	10,029
Consolidated total liabilities											3,686,321	3,465,019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

40	MOVEMENT IN INVESTMENTS				
	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
	Rupees in thousand				
<b>At beginning of previous year</b>	66,345	468,425	166,340	1,130,800	1,831,910
Additions	3,223,852	726,512	7,484,136	1,973,639	13,408,139
Disposals (sale and redemptions)	(1,954,836)	(957,055)	(7,339,057)	(2,852,439)	(13,103,387)
Fair value net gain (excluding net realised gains)	-	25,070	2	-	25,072
Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
Classified as held for trading	-	-	-	-	-
Impairment (loss) / reversal	-	45,103	-	-	45,103
<b>At beginning of current year</b>	<b>1,335,361</b>	<b>308,055</b>	<b>311,421</b>	<b>252,000</b>	<b>2,206,837</b>
Additions					
Disposals (sale and redemptions)	5,122,685	1,118,177	1,700,006	403,612	8,344,480
Fair value net gain (excluding net realised gains)	(4,241,389)	(1,105,678)	(2,010,788)	(655,612)	(8,013,467)
Designated at fair value through profit / loss upon initial recognition	-	3,037	15	-	3,052
Classified as held for trading					-
Impairment reversal					-
<b>At end of current year</b>	<b>2,216,657</b>	<b>323,591</b>	<b>654</b>	<b>-</b>	<b>2,540,902</b>

## 41 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 41.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### i) 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.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020	2019
	Rupees in thousand	
Bank deposits	229,516	340,319
Investments	2,540,902	2,206,837
Salvage recoveries accrued	33,899	39,206
Advances to employees	222	12
Amounts due from insurance contract holders	1,027,347	993,104
Amounts due from other insurers / reinsurers	191,375	173,248
Accrued investment income	44,159	44,028
Reinsurance recoveries against outstanding claims	381,046	331,317
Staff house building finance	2,863	2,961
Sundry receivables	97,520	85,405
	<b>4,548,849</b>	<b>4,216,437</b>

The Company does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these unconsolidated financial statements, past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2020 Aggregate	2019 Aggregate
	Rupees in thousand					
Up to 1 year	874,640	154,926	305,563	97,520	1,432,649	1,343,791
1-2 years	160,823	16,390	43,782	-	220,995	211,772
2-3 years	4,860	23,864	6,249	-	34,973	27,291
Over 3 years	7,783	11,695	25,453	-	44,931	36,480
	<b>1,048,107</b>	<b>206,875</b>	<b>381,046</b>	<b>97,520</b>	<b>1,733,548</b>	<b>1,619,334</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Rating Financial institution	Rating		Rating agency	2020	2019
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A-1+	PACRA	174,298	313,110
Habib Bank Limited	AAA	A-1+	JCR-VIS	303	1,513
Faysal Bank Limited	AA	A-1+	PACRA	1,248	2,029
Silk Bank Limited	A-	A-2	JCR-VIS	51	37
Bank Al Falah Limited	AA+	A-1+	PACRA	11	10
Bank Al-Habib Limited	AA+	A-1+	PACRA	321	113
Meezan Bank Limited	AA+	A-1+	JCR-VIS	11,206	933
The Bank of Punjab	AA	A-1+	PACRA	89	775
NRSP Microfinance Bank	A	A-1	PACRA	7,466	2,966
JS Bank Limited	AA-	A-1+	PACRA	7,479	311
Sindh Bank Limited	A+	A-1	JCR-VIS	1	1
Bank Of Khyber	A	A-1	PACRA	693	644
PPCBL	Exempted	Exempted	Not Applicable	1,455	2,756
Samba Bank Limited	AA	A-1	JCR-VIS	0	6
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	22,666	11,921
Finca Microfinance Bank	A	A-1	PACRA	3	939
U Microfinance Bank	A	A-1	JCR-VIS	43	1,190
MCB Islamic Banking	A	A-1	PACRA	1	1
Summit Bank Limited	D (SO)	D (SO)	JCR-VIS	1,133	1,064
Allied Bank Limited	AAA	A-1+	PACRA	1,049	-
				229,515	340,319

b) Sector wise analysis of gross amount due from insurance contract holders is as follows:

Agriculture	23,887	16,636
Automobile Industry	1,063	-
Construction Companies	21,572	35,363
Development	30,333	33,637
Education	116,076	55,385
Engineering	11,619	23,091
Financial Services	79,087	57,367
Logistics	18,368	28,357
Miscellaneous	112,763	138,710
Other Manufacturing	40,788	23,908
Other Services	150,859	143,372
Pharmaceuticals	8,011	11,068
Poultry Industry	2,554	1,511
Sugar Industry	5,905	1,163
Telecommunication	374,677	407,005
Textile And Composites	38,779	36,765
Travel And Tourism Development	11,766	526
	1,048,107	1,013,864

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2020		2019	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
<b>Rating</b>	<b>206,875</b>	<b>381,046</b>	<b>587,921</b>	<b>520,065</b>
A or above	-	-	-	-
Others	206,875	381,046	587,921	520,065

- d) The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to the unconsolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the unconsolidated financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	735,247	735,247	735,247	-
Amounts due to other insurers / reinsurers	749,277	749,277	749,277	-
Accrued expenses	4,879	4,879	4,879	-
Other creditors and accruals	141,219	141,219	141,219	-
Unclaimed dividend	9,105	9,105	9,105	-
Deposits and other payables	55,818	55,818	55,818	-
Lease liabilities	268,615	268,615	57,882	210,733
Other liabilities	32,382	32,382	32,382	-
	1,996,542	1,996,542	1,785,809	210,733

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	624,125	624,125	624,125	-
Amounts due to other insurers / reinsurers	853,022	853,022	853,022	-
Accrued expenses	12,269	12,269	12,269	-
Other creditors and accruals	160,501	160,501	160,501	-
Unclaimed dividend	7,158	7,158	7,158	-
Deposits and other payables	45,610	45,610	45,610	-
Liabilities liabilities	121,944	121,944	60,782	61,162
Other liabilities	32,027	32,027	32,027	-
	1,856,656	1,856,656	1,795,494	61,162

### iii) Market risk

- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

#### Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates 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's financial liabilities are not exposed to interest / mark up rate risk. At the balance sheet date exposure to interest bearing financial assets is as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
<b>Fixed rate financial assets</b>				
Deposit accounts	2.51% to 11.25%	4.5% to 11.25%	190,135	304,402
Investments	12.38% to 13.48%	5.65% to 13.49%	2,540,902	2,206,837
			2,731,037	2,511,239

## Sensitivity analysis

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 will not effect the fair value of any financial instrument.

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by Rs. 2.95 million (2019: Rs. 3.05 million).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant. Actual results might differ from those reflected above.

### b) Foreign currency risk

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

### c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities which are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

## Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 0.065 million (2019: Rs. 31.14 million).

### iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

#### Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 0.65 million (2019: Rs. 311.42 million) and investments in available-for-sale (Equity securities) of Rs. 27.01 million (2019: Rs. 3.03 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of debt securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

## Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

### Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

### Available-for-sale investment

The fair value of available-for-sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

### Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

### Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

## v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

	30 June	31 December
	Rupees in thousand	
Year 2015	-	300,000
Year 2016	350,000	400,000
Year 2017	450,000	500,000

The Company meets the regulatory requirements for minimum paid up capital.

## 41.2 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## (a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company. In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

## (b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	83,101	71,041	6,347	4,023	1,690	-

**(c) Key assumptions**

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

**(d) Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

**(e) Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claim 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 enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Profit before tax		Shareholders' equity	
	2020	2019	2020	2019
	Rupees in thousand		Rupees in thousand	
<b>10% increase in loss</b>				
Fire and property damage	(1,696)	(1,385)	(1,204)	(983)
Marine aviation and transport	(2,531)	(1,929)	(1,797)	(1,370)
Motor	(14,934)	(13,343)	(10,603)	(9,473)
Health	(10,365)	(3,814)	(7,359)	(2,708)
Miscellaneous	(5,894)	(8,811)	(4,185)	(6,255)
	(35,420)	(29,281)	(25,148)	(20,789)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## (f) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured	Reinsurance	Net
Rupees in thousand			
<b>2020</b>			
Fire and property	487,925,026	435,634,785	52,290,241
Marine, aviation and transport	236,721,735	175,424,139	61,297,596
Motor	44,807,666	790,639	44,017,027
Miscellaneous	194,205,999	121,966,863	72,239,136
	<b>963,660,426</b>	<b>733,816,426</b>	<b>229,844,000</b>
<b>2019</b>			
Fire and property	322,151,661	280,469,222	41,682,439
Marine, aviation and transport	128,427,157	(71,383,362)	199,810,519
Motor	45,047,115	481,627	44,565,488
Miscellaneous	152,439,208	103,792,540	48,646,668
	<b>648,065,141</b>	<b>313,360,027</b>	<b>334,705,114</b>

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

	Maximum Gross Risk Exposure	
	2020	2019
	Rupees in thousand	
Fire and property	71,409,081	59,259,860
Marine, aviation and transport	13,000,000	14,000,000
Motor	130,000	116,740
Liability	3,925,000	3,925,000
Miscellaneous	11,972,411	10,028,718

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

42	STATEMENT OF SOLVENCY	2020
		Rupees in thousand
<b>Assets</b>		
	Property and equipment	382,719
	Intangible assets	1,032
	Investment property	39,191
	Investment in subsidiary	10,000
	Investments	
	- Equity securities	27,663
	- Debt securities	2,513,239
	- Term deposits	-
	Loans and other receivables	144,764
	Insurance / Reinsurance receivables - unsecured, considered good	1,218,722
	Reinsurance recoveries against outstanding claims	381,046
	Salvage recoveries accrued	33,899
	Deferred commission expense / Acquisition cost	118,575
	Deferred taxation	13,748
	Prepayments	444,993
	Cash and bank	231,797
	<b>Total assets from Window Takaful Operations - OPF</b>	<b>306,866</b>
	<b>Total Assets (A)</b>	<b>5,868,254</b>
<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>		
(d)	loans to employees	222
(g)	receivable from related parties	70,718
(g)	investment in subsidiary	10,000
(h)	insurance / reinsurance receivables for more than three months	497,548
(i)	intangible assets	1,032
(j)	deferred tax asset	13,748
(k)	security deposit receivable	16,038
(k)	security deposits	55,818
(U)-(i)	vehicles	74,081
(U)-(ii)	office equipment	18,798
(U)-(ii)	office equipment (window takaful operator's fund)	852
(U)-(iii)	fixtures and fittings	7,689
(U)-(iii)	fixtures and fittings (window takaful operator's fund)	129
	<b>Total of In-admissible assets (B)</b>	<b>766,673</b>
	<b>Total Admissible Assets (C=A-B)</b>	<b>5,101,581</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Total Liabilities	2020
	Rupees in thousand
<b>Underwriting Provisions</b>	
- Outstanding claims including IBNR	735,247
- Unearned premium reserves	1,493,846
- Unearned reinsurance commission	86,896
Retirement benefit obligations	36,468
Staff compensated absences	34,320
Lease liabilities	209,092
Taxation - provision less payment	1,208
Premium received in advance	37,145
Insurance / Reinsurance Payables	749,277
Unclaimed dividend	9,105
Other Creditors and Accruals	142,012
Deposits and other payables	55,818
<b>Total Liabilities</b>	<b>3,590,434</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	
<b>Total Liabilities (D)</b>	<b>3,590,434</b>
<b>Total Net Admissible Assets (E=C-D)</b>	<b>1,511,146</b>
<b>Minimum solvency requirement (higher of following)</b>	<b>372,047</b>
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	372,047
Method C - U/s 36(3)(c)	283,638
<b>Excess in Net Admissible Assets over Minimum Requirements</b>	<b>1,139,099</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

43 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2020	2019
	Rupees in thousand	
<b>44 WINDOW TAKAFUL OPERATIONS - OPF</b>		
<b>Assets</b>		
Cash and bank deposits	66,635	24,966
Investments	168,541	186,560
Current assets - others	70,709	67,374
Fixed assets	981	527
<b>Total assets</b>	<b>306,866</b>	<b>279,427</b>
<b>Total liabilities - current</b>	<b>95,887</b>	<b>91,699</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>62,898</b>	<b>67,157</b>

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

## 45 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 24 March 2021 have proposed a final cash dividend of Rupees 2.75 per share.

## 46 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

During the year, the novel coronavirus (COVID 19) emerged, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, the Company based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Company.

## 47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 24 March 2021.

## 48 GENERAL

### Number of employees

Total number of employees at the end of the year were 384 (2019: 397). Average number of employees during the year were 391 (2019: 417).



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

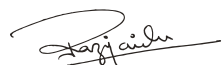
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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	Rupees in thousand	
<b>ASSETS</b>			
Property and equipment	5	384,848	287,179
Intangible assets	6	1,032	345
Investment property	7	39,191	40,501
Investments			
- Equity securities	8	27,663	314,451
- Debt securities	9	2,513,239	1,640,386
- Term deposits	10	-	252,000
Loans and other receivables	11	149,524	133,334
Insurance / Reinsurance receivables	12	1,218,722	1,166,352
Reinsurance recoveries against outstanding claims	25	381,046	331,317
Salvage recoveries accrued		33,899	39,206
Taxation - payments less provision		118,575	124,175
Deferred commission expense / Acquisition cost	26	13,748	15,592
Deferred taxation	15	445,352	457,470
Prepayments	16	232,782	346,798
Cash and bank	17	232,782	346,798
<b>Total assets from Window Takaful Operations - OPF</b>	43	<b>306,866</b>	<b>279,427</b>
<b>Total Assets</b>		<b>5,866,487</b>	<b>5,428,533</b>



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



		31 December 2020	31 December 2019
	Note	Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	18	719,019	719,019
Share premium	19	121,161	121,161
Reserves	19	73,025	70,339
Unappropriated profit		1,268,404	1,054,211
<b>Total Equity</b>		<b>2,181,609</b>	<b>1,964,730</b>
<b>Liabilities</b>			
Underwriting Provisions			
- Outstanding claims including IBNR	25	735,247	624,125
- Unearned premium reserves	24	1,493,846	1,388,338
- Unearned reinsurance commission	26	86,896	104,849
Retirement benefit obligations	13	36,468	37,366
Staff compensated absences	14	34,320	29,715
Lease liabilities	20	209,092	100,390
Taxation - provision less payment		1,904	556
Premium received in advance		37,145	15,021
Insurance / Reinsurance payables	21	749,277	853,022
Unclaimed dividends		9,105	7,158
Other creditors and accruals	22	139,873	165,954
Deposits and other payables		55,818	45,610
<b>Total Liabilities</b>		<b>3,588,991</b>	<b>3,372,104</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	43	<b>95,887</b>	<b>91,699</b>
<b>Total Equity and Liabilities</b>		<b>5,866,487</b>	<b>5,428,533</b>
Contingencies and commitments	23		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

AVM Mohammad Athar Shams (Retd)  
Director

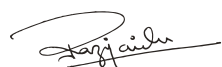
Lt Gen Naveed Mukhtar (Retd)  
Chairman

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
Net insurance premium	24	1,860,234	2,016,249
Net insurance claims	25	(1,116,735)	(1,250,767)
Net commission and other acquisition costs	26	124,677	82,512
Insurance claims and acquisition expenses		(992,058)	(1,168,255)
Management expenses	27	(634,320)	(631,749)
Underwriting results		233,856	216,245
Investment income	28	265,754	201,389
Rental income		5,048	5,354
Other income	29	22,310	39,735
Other expenses	30	(10,850)	(9,444)
Results of operating activities		516,118	453,279
Finance costs	31	(16,996)	(12,360)
<b>Profit before tax from General Operations</b>		<b>499,122</b>	<b>440,919</b>
<b>Profit before tax from Window Takaful Operations - OPF</b>	32	<b>62,898</b>	<b>67,157</b>
<b>Profit before tax</b>		<b>562,020</b>	<b>508,076</b>
Income tax expense	33	(165,538)	(147,887)
<b>Profit after tax</b>		<b>396,482</b>	<b>360,189</b>
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit and loss account:</b>			
Unrealised gain on available-for-sale investments - net		2,156	338
Unrealised gain on available-for-sale investments from Window Takaful Operations - OPF (net)		530	-
Reclassification adjustment on available-for-sale investments included in profit and loss account - net		-	17,463
Reclassification adjustment on available-for-sale investments included in profit and loss account from Window Takaful Operations - OPF (net)		-	-
		2,686	17,801
<b>Items that will not be reclassified subsequently to profit and loss account:</b>			
Effect of remeasurement of staff retirement benefit plans - net		(2,509)	(4,866)
<b>Total comprehensive income for the year</b>		<b>396,659</b>	<b>373,124</b>
Earnings (after tax) per share - Rupees (restated)	34	5.51	5.01

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Rupees in thousand	
<b>Operating cash flows</b>		
<b>a) Underwriting activities:</b>		
Premium received	2,942,603	3,230,418
Reinsurance premium paid	(1,493,713)	(490,851)
Claims paid	(1,484,248)	(1,613,090)
Reinsurance and other recoveries received	742,292	185,721
Commission paid	(200,261)	(212,376)
Commission received	376,374	146,026
Management expenses paid	(609,491)	(529,097)
<b>Net cash flows generated from underwriting activities</b>	<b>273,556</b>	<b>716,751</b>
<b>b) Other operating activities:</b>		
Income tax paid	(145,317)	(142,553)
Other expenses paid	(10,827)	(8,572)
Other operating receipts / (payments)	85,203	3,179
Advances to employees	(210)	312
<b>Net cash used in other operating activities</b>	<b>(71,151)</b>	<b>(147,634)</b>
<b>Total cash generated from all operating activities</b>	<b>202,405</b>	<b>569,117</b>
<b>Investing activities:</b>		
Profit / return received	267,184	162,561
Dividends received	2,466	6,436
Payments for investments	(7,526,179)	(9,306,333)
Proceeds from investments	7,204,738	8,957,449
Fixed capital expenditure	(6,726)	(41,344)
Proceeds from disposal of fixed assets	3,365	6,274
<b>Total cash (used in) investing activities</b>	<b>(55,152)</b>	<b>(214,957)</b>
<b>Financing activities:</b>		
Financial charges paid	(16,995)	(12,360)
Repayment of lease liabilities	(66,836)	(61,421)
Dividend paid	(177,809)	(90,676)
Staff house building finance - net	97	9,810
Mark-up on staff house building finance received	300	1,440
Equity transactions costs paid	(26)	(1,330)
<b>Total cash (used in) financing activities</b>	<b>(261,269)</b>	<b>(154,537)</b>
<b>Net cash (used in) / generated from all activities</b>	<b>(114,016)</b>	<b>199,623</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>346,798</b>	<b>147,175</b>
<b>Cash and cash equivalents at end of the year</b>	<b>232,782</b>	<b>346,798</b>

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Rupees in thousand	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	202,405	569,117
Depreciation expense	(84,712)	(82,332)
Financial charges	(16,995)	(12,360)
Gain on disposal of fixed assets	1,761	557
(Decrease) / increase in assets other than cash	(346,987)	161,576
Decrease / (increase) in liabilities other than running finance	319,071	(551,348)
Unrealized gain on investments - held for trading	15	2
Provision against premium due but unpaid	-	(5,423)
Provision against amounts due from other insurers / reinsurers	-	(1,524)
Provision for diminution in value of AFS investments	-	45,103
Dividend income	2,466	6,336
Investment income	251,735	95,434
Profit on bank deposits	13,509	18,713
Income tax provision	(165,538)	(147,887)
Gain on trading	11,537	54,514
Tax paid	145,317	142,553
<b>Profit after taxation from General Insurance Operations</b>	<b>333,584</b>	<b>293,032</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>62,898</b>	<b>67,157</b>
<b>Profit after taxation</b>	<b>396,482</b>	<b>360,189</b>

#### Definition of cash :

Cash comprises cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

	2020	2019
	Rupees in thousand	
<b>Cash for the purpose of cash flow statement consists of:</b>		
<b>Cash and other equivalents</b>		
Cash in hand	1,555	1,518
Banking instrument (Cash Deposit Receipt)	-	-
Stamp in hand	786	460
	<b>2,341</b>	<b>1,978</b>
<b>Current and other accounts</b>		
Current accounts	39,431	36,263
Deposit accounts	191,010	308,557
	<b>230,441</b>	<b>344,820</b>
<b>Total</b>	<b>232,782</b>	<b>346,798</b>

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.



Razi Haider  
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Director



Lt Gen Naveed Mukhtar (Retd)  
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital		Reserves			Total	Total
	Issued, subscribed and paid up	Capital reserve	Revenue reserve			reserves	equity
			Share premium	General reserve	Available for sale investment revaluation reserve		
Rupees in thousand							
Balance as at 01 January 2019	625,234	121,161	70,000	(17,462)	887,788	1,061,487	1,686,721
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	360,189	360,189	360,189
Other comprehensive income / (loss) for the year	-	-	-	17,801	(4,866)	12,935	12,935
Total comprehensive income for the year	-	-	-	17,801	355,323	373,124	373,124
<b>Changes in owners' equity</b>							
Issuance of bonus shares	93,785	-	-	-	(93,785)	(93,785)	-
Cash dividend 2018: Rupee 1.5 per share	-	-	-	-	(93,785)	(93,785)	(93,785)
Equity transaction costs	-	-	-	-	(1,330)	(1,330)	(1,330)
	93,785	-	-	-	(188,900)	(188,900)	(95,115)
Balance as at 31 December 2019	719,019	121,161	70,000	339	1,054,211	1,245,711	1,964,730
Balance as at 01 January 2020	719,019	121,161	70,000	339	1,054,211	1,245,711	1,964,730
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	396,482	396,482	396,482
Other comprehensive income / (loss) for the year	-	-	-	2,686	(2,509)	177	177
Total comprehensive income for the year	-	-	-	2,686	393,973	396,659	396,659
<b>Changes in owners' equity</b>							
Cash dividend 2019: Rupee 2.5 per share	-	-	-	-	(179,754)	(179,754)	(179,754)
Equity transaction costs	-	-	-	-	(26)	(26)	(26)
	-	-	-	-	(179,780)	(179,780)	(179,780)
Balance as at 31 December 2020	719,019	121,161	70,000	3,025	1,268,404	1,462,590	2,181,609

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The group consists of:

### **Holding Company**

**Askari General Insurance Company Limited**

### **Subsidiary Company**

AskTech (Private) Limited

### **Askari General Insurance Company Limited (Holding Company)**

askari general insurance company limited (“the Company”) was incorporated under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 20 branches in Pakistan. The Company is a subsidiary of Army Welfare Trust.

The Company was granted license to work as Window Takaful Operator (WTO) dated August 10, 2015 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

### **AskTech (Private) Limited (Subsidiary Company)**

AskTech (Private) Limited was incorporated in Pakistan on 17 December 2018 as a private limited company under the Companies Act, 2017. AskTech (Private) Limited was acquired by Askari General Insurance Company Limited as a wholly owned subsidiary on 01 February 2019. The registered office and principal place of business of the subsidiary company is located at 1st Floor, Ferozsons Building, Harding Road, Saddar, Rawalpindi. The subsidiary specializes in establishing, developing, expanding, enhancing, managing and operating information technology services, GPS/GSM based tracking and systems.

## 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulation 2017, General Takaful Accounting Regulations, 2019, SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, and Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and SECP Takaful Rules, 2012, have been followed.

The Securities and Exchange Commission of Pakistan (“SECP”) vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these consolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

A separate set of financial statements of Window Takaful Operations has been reported which is annexed to the financial statements as per the requirements of the SECP Takaful Rules, 2012.

### 2.1 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, “Employee Benefits” and lease liability.

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## 2.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest rupees in thousand, unless otherwise stated.

## 2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Group's operation and therefore not detailed in these consolidated financial statements.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

## 2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021.

- ◆ COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease

- ◆ Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- ◆ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- ◆ Annual Improvements to IFRS standards 2018-2020:  
The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
- ◆ IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- ◆ IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- ◆ IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique
- ◆ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- ◆ Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

- ◆ Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- ◆ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- ◆ The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

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

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

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

	December 31, 2020				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain/ (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain/ (loss) during the year
<b>Financial assets</b>	(Rupees in thousand)				
Cash and bank *	232,782	-	-	-	-
Investments in equity securities					
- available for sale	27,009	1,956	-	-	-
Investments in debt securities - available for sale	-	-	295,025		1,557
Investments in debt securities - held to maturity			2,216,657	2,216,657	
Loans to employees	252	-		-	-
<b>Total</b>	<b>260,043</b>	<b>1,956</b>	<b>2,511,682</b>	<b>2,216,657</b>	<b>1,557</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

December 31, 2020					
Gross carrying amounts of debt instruments that pass the SPPI test					
	AAA	AA+	AA	A	Unrated
(Rupees in thousand)					
Investments in debt securities - available for sale	-	250,025	45,000	-	-
Investments in debt securities - held to maturity	-	-	-	-	2,216,657
<b>Total</b>	<b>-</b>	<b>250,025</b>	<b>45,000</b>	<b>-</b>	<b>2,216,657</b>

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

- ◆ IFRS 17 - Insurance Contracts - This standard has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is currently in the process of assessing the impact of changes laid down by the standard on its financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### 3.1 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 expired.

Insurance contracts are classified into 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;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

These 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,

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

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.

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.

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.

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

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.

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.

## **Reinsurance contracts**

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers.

### **3.1.1 Premium and receivable under insurance contracts**

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and that impairment loss is recognised in the profit and loss account.

### **3.1.2 Reinsurance ceded**

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Reinsurance liabilities or assets are derecognized when the contractual rights are extinguished or expired.

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

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

### 3.1.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims as at 31 December 2020 is made on the basis of individual case estimates by using Chain Ladder Method (Development technique) on the basis of recommendation by an independent actuary under the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, which were effective from 01 July 2016.

Class of business	IBNR	
	Gross	Net
	Rupees in thousand	
- Fire and property damage;	6,912	762
- Marine, aviation and transport;	4,347	1,430
- Motor;	13,565	12,944
- Accident and health; and	125,377	101,847
- Miscellaneous.	50,047	9,824
	200,248	126,807

### 3.1.4 Reinsurance recoveries against claims

Claims recoveries receivables from the 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 in accordance with respective reinsurance arrangements.

### 3.1.5 Commission and deferred commission expense / acquisition cost

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

### 3.1.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in profit and loss account for the year. Income is recognised to the extent of reversal of deficit previously recognised, if any.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

For this purpose, loss ratios for each class are estimated based on historical claim development for all classes except Accident and health which is determined on the basis of actuarial recommendations. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2020	2019
- Fire and property damage;	35%	33%
- Marine, aviation and transport;	36%	37%
- Motor;	47%	45%
- Accident and health; and	98%	94%
- Miscellaneous.	37%	35%

Based on an analysis of combined operating ratio for the expired year of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these consolidated financial statements.

### 3.2 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules, 2017, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

### 3.3 Creditors, accruals and provisions

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 the services received, whether or not billed to the Group.

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

### 3.4 Fixed assets

#### Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### Owned - intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.5 Investments

### 3.5.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Group are classified into the following categories:

#### a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

#### b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

#### c) In term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the Group has the intention and ability to hold till maturity. Investments which are designated at fair value through profit or loss upon initial recognition.

## 3.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3.7 Investment property

Investment Property is accounted for under cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

## 3.8 Taxation

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

## Deferred taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

## 3.9 Employees' retirement benefits

### a) Defined benefit plan

The Group operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2020.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

	2020	2019
Discount rate	9.75% per annum	11.25% per annum
Expected return on plan assets	9.75% per annum	11.25% per annum
Expected rate of increase in salary	9.75% per annum	11.25% per annum
Average expected remaining working life time of the employee	9 years	10 years
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

### b) Defined contribution plan

The Group operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Group and the employees to the fund at the rate of 8.33% of basic salary. The Group's contribution is charged to income during the year.

### c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2020 based on the following significant assumptions:

	2020	2019
Discount rate	9.75% per annum	11.25% per annum
Expected rate of increase in salary	9.75% per annum	11.25% per annum
Average number of leaves accumulated per annum	5 days	2 days
Mortality rate	SLIC 2001 - 2005 with 1 year setback	SLIC 2001 - 2005 with 1 year setback

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## **3.10 Management expenses**

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under other expenses.

## **3.11 Earnings per share**

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

## **3.12 Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible 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. The Company has following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## **3.13 Foreign currency transactions**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

## **3.14 Finance income**

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.



# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.15 Impairment

### a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.16 Distribution and appropriations

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## 3.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

## 3.18 Investment income

Following are recognised as investment income;

- Dividend income on securities held for trading and available for sale securities
- Income from debt securities
- Net realised gains on held for trading securities

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In particular, the matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

### a) Income tax

In making the estimates for income taxes currently payable by the Group, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

### b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Group. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets' residual values are reviewed and adjusted if appropriate, at each financial year end.

### c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgement which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

**d) Premium deficiency reserves**

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

**e) Defined benefit plan**

Defined benefit plan is provided to eligible employees of the Group. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**f) Impairment**

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**g) Provision against premium due but unpaid & amount due from other insurers/reinsurers**

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

**h) Classification of investments**

In classifying investments as "fair value through profit and loss" the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Group has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as fair value through profit and loss or held to maturity are classified as available for sale.

**i) Allocation of management expenses**

Management expenses which are not specifically related to a class of business are allocated on all classes of business on equitable basis.

**j) Provisions**

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## k) Fair value of investments

The fair value of held for trading and available-for-sale investments is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amounts of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of held to maturity investments is determined for disclosure purpose only.

## l) Lease term

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right of use assets recognised.

		2020	2019
	Note	Rupees in thousand	
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	1,724	4,211
	Operating assets	383,124	282,968
		<b>384,848</b>	<b>287,179</b>
<b>5.1</b>	<b>Movement in Capital work-in-progress is as follows:</b>		
	Opening balance	4,211	2,871
	Additions	3,502	5,565
	Transfers	(5,989)	(4,225)
	Closing balance	1,724	4,211

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 5.2 Operating assets

		Rupees in thousand					
		2020					
Note		Cost		Depreciation		Written down value as at 31 December	Useful life (years)
		As at 1 January	As at 31 December	For the period	(Disposals) / Adjustments		
		As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	
5.2.1	Building	142,602	-	-	142,602	3,802	3,565
	Furniture and fixtures	29,664	(1,124)	-	28,540	20,028	3,176
	Computers and office equipment	71,585	4,201	-	75,786	61,395	5,784
	Motor vehicles (Owned)	21,778	1,346	-	23,124	15,092	3,408
	Right of use assets - Motor vehicles	140,407	13,246	-	153,653	86,298	25,301
	Right of use assets - Rental properties	92,725	127,753	-	220,478	38,818	42,752
	Tracking devices	87,004	(5,075)	5,175	87,104	82,001	3,744
	Leasehold improvements	23,312	5,431	-	28,743	18,675	3,905
		609,077	145,778	5,175	760,030	326,109	91,635
							(40,838)
							376,906
							383,124

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

		Rupees in thousand					
		2019					
Note		Cost		Depreciation		Written down value as at 31 December	Useful life (years)
		As at 1 January	As at 31 December	For the period	(Disposals) / Adjustments		
		As at 1 January	Additions / (Disposals)	Adjustments	As at 31 December	As at 1 January	
5.2.1	Building	118,800	23,802	-	142,602	743	3,059
	Furniture and fixtures	25,694	3,970	-	29,664	17,760	2,634
	Computers and office equipment	67,421	4,164	-	71,585	57,076	6,850
	Motor vehicles (Owned)	22,100	(322)	-	21,778	12,452	3,135
	Right of use assets - Motor vehicles (initial application of IFRS 16)	139,368	1,039	-	140,407	68,835	28,469
	Right of use assets - Rental properties (initial application of IFRS 16)	74,498	18,227	-	92,725	-	38,818
	Tracking devices	109,155	(26,376)	4,225	87,004	104,222	3,389
	Leasehold improvements	20,675	2,637	-	23,312	16,162	2,513
		577,711	27,141	4,225	609,077	277,250	88,867
							(40,008)
							326,109
							282,968

5.2.1 This represents the carrying value of one office located at 8th Floor of Askari Tower, Lahore. The total area of the office is 5,460 square feet.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 5.2.2 Details of disposal of fixed assets during the year

### Particulars of assets / buyers

Relationship	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on sale
Rupees in thousand					
2020					
<b>Vehicles sold to following in-service/ resigning employees as per Company's policy</b>					
Kamran	858	858	-	700	700
Abdul Waheed	2,567	2,567	-	-	-
Ather Alam	1,696	1,583	113	113	-
Muhammad Shafi	1,338	914	424	424	-
Naeem Ahmed Bajwa	1,709	1,417	293	293	-
Muhammad Qasim	1,552	1,552	-	-	-
Sarfraz Ahmed Tarrar	2,382	2,382	-	-	-
Munawar Iqbal	1,553	1,553	-	-	-
Kamran Khan	1,553	1,553	-	-	-
Anwar ur Rehman	1,553	1,553	-	-	-
Mian Arif Tanveer	1,696	1,696	-	-	-
Maj (R) Kamal Pasha	1,878	1,691	188	188	-
Qamar Ikram	1,553	1,553	-	-	-
Syed Aftab Hussain Rizvi	2,001	2,001	-	-	-
Syed Muhammad Hanif	1,781	1,781	-	-	-
Bashir Khaskheli	1,666	1,666	-	-	-
Khan Bahadur Mughal	1,117	894	223	223	-
Aggregate value of other items with individual book value not exceeding Rs. 50,000/- Disposed via auction	8,067	7,703	364	1,425	1,061
<b>2020 - Total</b>	<b>36,519</b>	<b>34,915</b>	<b>1,604</b>	<b>3,365</b>	<b>1,761</b>
2019 - Total	22,730	17,014	5,716	6,274	557

## 6 INTANGIBLE ASSETS

	Cost			Amortization	Written down value as at 31 December	Useful life (years)
	As at 1 January	Additions / (Disposals)	Adjustments			
Rupees in thousand						
Computer software	5,505	74	-	105	5,265	5
Antivirus	-	760	-	42	42	3
<b>2020</b>	<b>5,505</b>	<b>834</b>	<b>-</b>	<b>147</b>	<b>5,307</b>	<b>1,032</b>
2019	5,139	366	-	93	5,160	5

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 7 INVESTMENT PROPERTY

This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.

	2020	2019
	Rupees in thousand	
<b>Cost</b>		
Balance at beginning of the year	52,400	52,400
Balance at end of the year	52,400	52,400
<b>Depreciation</b>		
Balance at beginning of the year	(11,899)	(10,589)
Depreciation for the year	(1,310)	(1,310)
Balance at end of the year	(13,209)	(11,899)
	39,191	40,501
Useful life (years)	40	40

7.1 The market value of the investment property as on 31 December 2020 is Rs. 98.25 million (2019: Rs. 94.32 million) as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

7.2 The amount of depreciation has been allocated to management expenses.

		2020	2019
		Rupees in thousand	
<b>8 INVESTMENTS IN EQUITY SECURITIES</b>	Note		
Fair value through profit and loss	8.1	654	311,421
Available-for-sale	8.2	27,009	3,030
		-	
<b>Total equity securities</b>		27,663	314,451

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Number of shares / units		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
<b>Rupees in thousand</b>						
<b>8.1</b>	<b>Fair value through profit and loss account</b>					
	<b>Mutual funds</b>					
NBP Financial Sector Income Fund	-	11,154,419	-	-	125,004	125,004
JS Income Fund	-	899,834	-	-	90,451	90,451
First Habib Cash Fund	-	502,129	-	-	50,326	50,326
Atlas Money Market Fund	-	89,252	-	-	45,000	45,000
786 Smart Fund (Dawood Income Fund)	7,897	7,438	640	654	638	640
	<b>7,897</b>	<b>12,653,072</b>	<b>640</b>	<b>654</b>	<b>311,419</b>	<b>311,421</b>

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
<b>Rupees in thousand</b>						
<b>8.2</b>	<b>Available-for-sale</b>					
Listed shares	22,253		22,253	-	-	-
Mutual funds	2,800		2,800	2,554	-	2,554
Unrealized surplus / (deficit) on revaluation			1,956	-	-	476
	<b>25,053</b>		<b>27,009</b>	<b>2,554</b>	<b>-</b>	<b>3,030</b>



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
<b>Listed shares</b>						
Nishat Mills Limited	2,016	-	2,016	-	-	-
The Searl Company Limited	1,224	-	1,224	-	-	-
Pak Suzuki Motor Company Limited	2,871	-	2,871	-	-	-
Honda Atlas Cars (Pakistan) Limited	3,296	-	3,296	-	-	-
Pak Elektron Limited	1,923	-	1,923	-	-	-
Pakistan Petroleum Limited	893	-	893	-	-	-
MCB Bank Limited	681	-	681	-	-	-
United Bank Limited	1,237	-	1,237	-	-	-
Habib Bank Limited	1,323	-	1,323	-	-	-
Askari Bank Limited	6,789	-	6,789	-	-	-
	22,253	-	22,253	-	-	-
Unrealized surplus / (deficit) on revaluation			1,585			-
			23,838			-
<b>Mutual funds</b>						
Dawood Income Fund	2,800		2,800	2,554	-	2,554
	2,800		2,800	2,554	-	2,554
Unrealized surplus / (deficit) on revaluation			371			476
			3,171			3,030

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8.2.1 Investments in units / shares - quoted						
Number of shares / units		Face value per share / unit	Investee name		Carrying value	
2020	2019	Rupees			2020	2019
Rupees in thousand						
<b>Open-End Mutual Funds</b>						
<b>38,280</b>	35,238	100	786 Smart Fund (Dawood Income Fund)		<b>2,800</b>	2,554
Carrying value - before provision					<b>2,800</b>	2,554
Provision for diminution in market value					-	
Carrying value					<b>2,800</b>	2,554
Market value					<b>3,171</b>	3,030
<b>9 INVESTMENTS IN DEBT SECURITIES</b>						
		2020			2019	
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision
		Rupees in thousand				
		Note				
<b>HELD TO MATURITY</b>						
<b>Government Securities</b>						
Pakistan Investment Bonds	9.1	<b>114,781</b>	-	<b>114,781</b>	112,259	-
Treasury Bills	9.2	<b>2,101,876</b>	-	<b>2,101,876</b>	1,223,102	-
		<b>2,216,657</b>	-	<b>2,216,657</b>	1,335,361	-
<b>AVAILABLE-FOR-SALE</b>						
Term Finance Certificates	9.3	<b>160,000</b>	-	<b>160,000</b>	160,000	-
Sukuks	9.4	<b>135,025</b>	-	<b>136,582</b>	145,025	-
		<b>295,025</b>	-	<b>296,582</b>	305,025	-
<b>LOANS AND RECEIVABLES</b>						
Certificates of Investments	9.5	<b>11,128</b>	<b>(11,128)</b>	-	11,128	(11,128)
		<b>2,522,810</b>	<b>(11,128)</b>	<b>2,513,239</b>	1,651,514	(11,128)
					1,640,386	

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9.1 Pakistan Investment Bonds							
Face Value	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2020	2019	
Rupees					Rupees in thousand		
50,000,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28	39,010	38,216	
37,500,000	8.75%	On Maturity	Pakistan Investment Bonds	12-Jul-28	29,302	28,707	
25,000,000	9.00%	On Maturity	Pakistan Investment Bonds	19-Sep-22	23,557	22,845	
25,000,000	9.50%	On Maturity	Pakistan Investment Bonds	19-Sep-24	22,912	22,491	
					<b>114,781</b>	112,259	

9.1.1 These carry interest at effective rate of 12.38% to 13.48% per annum (2019: 5.65% to 13.48% per annum) and will mature by 12 July 2028 (2019: 12 July 2028). Market value of PIBs carried at amortised cost amounts to Rs. 131.05 million (2019: Rs.142.9 million).

9.2 Treasury Bills							
Face Value	Note	Profit Rate %	Profit Payment	Type of Security	Maturity Date	2020	2019
Rupees					Rupees in thousand		
110,000,000	9.2.1	14.19%	Maturity	Treasury Bills	27-Aug-20	-	96,365
500,000,000		13.83%	Maturity	Treasury Bills	10-Sep-20	-	439,393
500,000,000		13.21%	Maturity	Treasury Bills	7-May-20	-	469,102
225,000,000		13.46%	Maturity	Treasury Bills	12-Mar-20	-	218,242
185,000,000		13.29%	Maturity	Treasury Bills	25-Feb-21	163,351	
15,000,000		7.29%	Maturity	Treasury Bills	17-Jun-21	13,986	
30,000,000	9.2.1	7.01%	Maturity	Treasury Bills	28-Jan-21	28,986	
250,000,000		7.17%	Maturity	Treasury Bills	11-Mar-21	241,368	
130,000,000		7.16%	Maturity	Treasury Bills	14-Jan-21	127,893	
250,000,000		7.15%	Maturity	Treasury Bills	28-Jan-21	245,954	
180,000,000		7.20%	Maturity	Treasury Bills	6-May-21	173,762	
250,000,000		7.14%	Maturity	Treasury Bills	11-Feb-21	245,958	
15,000,000		7.20%	Maturity	Treasury Bills	20-May-21	14,480	
260,000,000		7.13%	Maturity	Treasury Bills	25-Feb-21	255,800	
380,000,000		7.11%	Maturity	Treasury Bills	11-Mar-21	373,879	
220,000,000		7.11%	Maturity	Treasury Bills	25-Mar-21	216,459	
					<b>2,101,876</b>	1,223,102	

9.2.1 Treasury bills are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000.

9.3 Term Finance Certificates							
Number of certificates		PACRA rating	Mark up Rate	Investee name	Value of Certificates		
2020	2019				2020	2019	
					Rupees in thousand		
15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Al Habib	75,000	75,000	
15,000	15,000	AA	6-M KIBOR Plus 150 bps	Bank Alfalah	75,000	75,000	
2,000	2,000	A	6-M KIBOR Plus 200 bps	Soneri Bank	10,000	10,000	
					<b>160,000</b>	160,000	

9.3.1 The term finance certificates have a maturity of ten years and are maturing on 05 January 2028 to 20 December 2028 (2019: 05 January 2028 to 20 December 2028)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 9.4 Sukuks

Number of certificates		Mark up Rate	Investee name	Value of Certificates	
2020	2019			2020	2019
Rupees in thousand					
350	500	3-M KIBOR Plus 100 bps	Dawood Hercules Corporation Limited	35,000	45,000
50	50	Based on Monthly Shariah Pool	Meezan Bank Limited	50,025	50,025
500	500	3-M KIBOR Plus 190 bps	The Hub Power Company Limited	50,000	50,000
<b>Cost of certificates</b>				<b>135,025</b>	145,025
<b>Unrealized surplus / (deficit) on revaluation</b>				<b>1,557</b>	-
<b>Carrying value</b>				<b>136,582</b>	145,025

## 9.5 Loans and Receivables

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
Certificates of Investments	11,128	(11,128)	-	11,128	(11,128)	-

## 10 INVESTMENTS IN TERM DEPOSITS

	Note	2020	2019
Rupees in thousand			
<b>Loans and receivables</b>			
Deposits maturing within 12 months	10.1	-	252,000
Deposits maturing after 12 months		-	-

10.1	Certificate Number		Investment Period	Investee Name	Rate	Carrying value	
	2020	2019				2020	2019
Rupees in thousand							
-		0001497360	31 days	JS Bank Limited	14.80%	-	252,000
						-	252,000

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
		Rupees in thousand	
	Note		
<b>11</b>	<b>LOANS AND OTHER RECEIVABLES</b>		
	Sundry receivables	102,202	85,984
	Advances to employees	252	111
	Staff house building finance	2,863	2,961
	Accrued investment income	44,207	44,278
		<b>149,524</b>	<b>133,334</b>
<b>11.1</b>	<b>Sundry receivables</b>		
	Security deposits	16,142	16,038
	Advances to suppliers - unsecured, considered good	3,439	14,949
	Receivable against sale of laptops	4,962	940
	Receivable against sale of vehicles	611	611
	Deposit against vehicles Ijarah	4,039	3,527
	Other receivables - unsecured, considered good	73,009	49,919
		<b>102,202</b>	<b>85,984</b>
<b>11.2</b>	These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. nil (2019: Rs. 800 thousand) and outstanding balance at 31 December 2020 is Rs. nil (2019: nil).		
		2020	2019
		Rupees in thousand	
	Note		
<b>12</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>		
	Due from insurance contract holders	1,048,107	1,013,864
	Less: provision for impairment of receivables from insurance contract holders	(20,760)	(20,760)
		<b>1,027,347</b>	<b>993,104</b>
	Due from other insurers / reinsurers	206,875	188,748
	Less: provision for impairment of receivables from other insurers / reinsurers	(15,500)	(15,500)
		<b>191,375</b>	<b>173,248</b>
		<b>1,218,722</b>	<b>1,166,352</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 12.1 Due from insurance contract holders

This includes premium amounting to Rs. 1,639 thousand (2019: Rs. 2,358 thousand) and Rs. 69,079 thousand (2019: Rs. 80,204 thousand) receivable from the Parent and associated undertakings respectively, the movement of which is as follows:

	2020	2019
	Rupees in thousand	
<b>Receivable from parent:</b>		
Balance at beginning of the year	2,358	1,316
Insurance premium written (including government levies, administrative surcharge and policies stamps)	6,212	6,946
Premium received during the year	(6,931)	(5,904)
Balance at end of the year	1,639	2,358
<b>Receivable from associated undertakings:</b>		
Balance at beginning of the year	80,204	94,261
Insurance premium written (including government levies, administrative surcharge and policies stamps)	117,263	108,957
Premium received during the year	(128,388)	(123,014)
Balance at end of the year	69,079	80,204
<b>12.2 Provision for doubtful balances</b>		
Balance at beginning of the year	20,760	15,337
Provision made during the year	-	5,423
Balance at end of the year	20,760	20,760

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
		Rupees in thousand	
12.3	Age analysis of amounts receivable from related parties:		
	Receivable from parent:		
	Up to 1 year	1,520	1,319
	1 to 2 years	-	1,013
	2 to 3 years	119	26
		1,639	2,358
	Receivable from associated undertakings:		
	Up to 1 year	61,688	72,670
	1 to 2 years	5,020	6,900
	2 to 3 years	2,371	634
		69,079	80,204
12.4	Due from other insurers / reinsurers		
	Considered good	191,375	173,248
	Considered doubtful	15,500	15,500
		206,875	188,748
	Provision for doubtful balances	(15,500)	(15,500)
		191,375	173,248
12.5	Provision for doubtful balances		
	Balance at beginning of the year	15,500	13,976
	Provision made during the year	-	1,524
	Balance at end of the year	15,500	15,500

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>13</b>	<b>RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>13.1</b>	<b>Amount recognized in the balance sheet</b>		
	Present value of defined benefit obligation	13.3	142,393
	Benefits due but not paid during the year		2,510
			144,903
	Fair value of plan assets	13.4	(108,435)
	Net liability at end of the year		36,468
<b>13.2</b>	<b>Movement in liability recognized in balance sheet</b>		
	Balance at beginning of the year		37,366
	Expense for the year	13.5	15,511
	Actuarial loss recognized in other comprehensive income		3,534
			56,411
	Contributions to the fund during the year		(19,942)
	Balance at end of the year		36,469
<b>13.3</b>	<b>Reconciliation of the present value of defined benefits obligation</b>		
	Present value of obligations as at beginning of the year		124,970
	Current service cost		12,678
	Interest cost		13,500
	Benefits paid		(9,397)
	Benefits due but not paid		(846)
	Actuarial gain / (loss)		1,488
	Present value of obligations as at end of the year		142,393



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>13.4</b>	<b>Movement in the fair value of plan assets</b>	<b>Rupees in thousand</b>	
	Fair value of plan assets as at beginning of the year	89,814	80,303
	Interest income on plan assets	10,667	10,773
	Contribution to the fund	19,942	13,076
	Benefits paid	(9,942)	(5,076)
	Actuarial loss	(2,046)	(9,262)
	Fair value of plan assets as at end of the year	108,435	89,814
<b>13.5</b>	<b>Expense for the year</b>		
	Current service cost	12,678	11,763
	Interest cost	13,500	13,877
	Interest income on plan assets	(10,667)	(10,773)
	Expense for the year	15,511	14,867
<b>13.6</b>	The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2021 is Rs. 16.25 million.		
<b>13.7</b>	<b>Composition of fair value of plan assets</b>		
		2020	2019
		Fair value	Fair value
		Percentage	Percentage
		Rupees in thousand	Rupees in thousand
		%	%
	Debt instruments	48,308	35,871
		45%	40%
	Cash and bank balances	11,046	8,458
		10%	9%
	Mutual funds	49,081	45,485
		45%	51%
	Fair value of plan assets	108,435	89,814
		100%	100%

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 13.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

	2020	2019	2017	2016	2015
Rupees in thousand					
Present value of defined benefit obligation	142,393	124,970	107,728	90,208	79,885
Fair value of plan assets	(108,435)	(89,814)	(80,303)	(77,318)	(76,082)
Deficit	33,958	35,156	27,425	12,890	3,803
<b>Effect of remeasurement:</b>					
- Actuarial (gain) / loss on experience adjustment on obligation	1,488	(2,409)	2,502	3,869	1,816
- Actuarial (loss) / gain on plan assets	(2,046)	(9,262)	(8,511)	(11,097)	4,939

## 13.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	Increase / decrease in defined benefit obligation			
	2020		2019	
	Rupees in thousand			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	130,303	156,754	113,913	137,773
Future salary growth	156,771	130,018	137,781	113,703

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
13.10	Expected maturity analysis of staff gratuity fund is as follows:	Rupees in thousand	
	Within one year	6,573	6,778
	Between one to two years	9,168	7,121
	Between two to five years	34,691	33,243
	Over five year	134,478	128,412

## 13.11 Significant Actuarial Assumption

The following significant assumptions have been used for valuation of this scheme:

		2020	2019
		per annum	
	a) Expected rate of increase in salary level	9.75%	11.25%
	b) Discount rate	9.75%	11.25%

## 13.12 Risks

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.

		2020	2019	
		Rupees in thousand		
	Note			
14	STAFF COMPENSATED ABSENCES	14.1	34,320	29,715

## 14.1 Movement in liability

	Balance at beginning of the year		29,715	25,668
	Charge for the year	14.1.1	7,534	8,018
	Benefits paid		(2,929)	(3,971)
	Balance at end of the year		34,320	29,715

### 14.1.1 Charge for the year

	Current service cost		2,805	3,231
	Interest cost		3,178	3,138
	Actuarial loss / (gain) on experience adjustment		1,551	1,649
			7,534	8,018

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>15</b>	<b>DEFERRED TAXATION</b>		
		Rupees in thousand	
	Deferred tax asset in respect of:		
	- Provision for impairment in loans and receivables investments	3,227	3,227
	- Effect of remeasurement of staff retirement benefit plans	1,025	1,988
	- Unrealized losses on AFS investments	(1,019)	(138)
	- Provision for diminution in value of AFS investments	-	-
	- Provision against premium due but unpaid	6,020	6,020
	- Provision against amounts due from other insurers / reinsurers	4,495	4,495
		<b>13,748</b>	<b>15,592</b>
<b>16</b>	<b>PREPAYMENTS</b>		
	Prepaid reinsurance premium ceded	443,281	454,811
	Prepaid rent	132	220
	Others	1,939	2,439
		<b>445,352</b>	<b>457,470</b>
<b>17</b>	<b>CASH AND BANK</b>		
	Cash in hand	1,555	1,518
	Policy & Revenue stamps, Bond papers	786	460
		<b>2,341</b>	<b>1,978</b>
	<b>CURRENT AND OTHER ACCOUNTS</b>		
	<b>Cash at bank:</b>		
	Current accounts	39,431	36,263
	Deposit accounts - local currency	17.1 191,010	308,557
		<b>230,441</b>	<b>344,820</b>

17.1 These carry an annual effective markup rate ranging from 2.51% to 11.25% (2019 : 4.5% to 11.25%).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17.2 Reconciliation of movement of liabilities of cash flows arising from financing activities

	Unpaid dividend and unclaimed dividend	Staff house building finance	Finance cost	Lease liabilities	Total
2020					
Rupees in thousand					
Balance at 01 January	7,158	(2,961)	-	100,390	104,587
<b>Changes from financing cash flows</b>					
Dividend declared	179,755	-	-	-	179,755
Dividend paid	(177,809)	-	-	-	(177,809)
Total finance provided	-	-	-	-	-
Repayment of principal	-	97	-	-	97
Additional rental lease liability	-	-	-	151,655	151,655
Additional leased vehicles	-	-	-	38,275	38,275
Lease rentals paid	-	-	-	(66,836)	(66,836)
Down payment on leased assets	-	-	-	(14,392)	(14,392)
Finance cost received / (paid)	-	300	(16,996)	-	(16,696)
Finance cost charge for the year	-	(300)	16,996	-	16,696
<b>Balance at 31 December</b>	<b>9,104</b>	<b>(2,864)</b>	<b>-</b>	<b>209,092</b>	<b>215,332</b>
2019					
Rupees in thousand					
Balance at 01 January	4,049	(12,771)	-	59,591	50,869
<b>Changes from financing cash flows</b>					
Dividend declared	93,785	-	-	-	93,785
Dividend paid	(90,676)	-	-	-	(90,676)
Total finance provided	-	(3,000)	-	-	(3,000)
Repayment of principal	-	12,810	-	-	12,810
Additional rental lease liability	-	-	-	86,432	86,432
Additional leased vehicles	-	-	-	15,788	15,788
Lease rentals paid	-	-	-	(57,893)	(57,893)
Down payment on leased assets	-	-	-	(3,528)	(3,528)
Finance cost received / (paid)	-	1,440	(12,360)	-	(10,920)
Finance cost charge for the year	-	(1,440)	12,360	-	10,920
<b>Balance at 31 December</b>	<b>7,158</b>	<b>(2,961)</b>	<b>-</b>	<b>100,390</b>	<b>104,587</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18	SHARE CAPITAL		2020	2019	
18.1	Authorized Capital		Rupees in thousand		
	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000	
18.2	Issued, subscribed and paid-up share capital				
	2020	2019	2020	2019	
	Number of shares		Rupees in thousand		
	Ordinary shares of Rs. 10 each issued as:				
	24,358,699	24,358,699	- fully paid cash shares	243,587	243,587
	47,543,196	47,543,196	- fully paid bonus shares	475,432	475,432
	71,901,895	71,901,895		719,019	719,019
18.3	Army Welfare Trust (AWT) and directors hold 42,600,734 (2019: 42,597,713) and 545,939 (2019: 549,973) ordinary shares of the Company respectively at the year end.				
			2020	2019	
	Note		Rupees in thousand		
19	RESERVES				
	Capital reserve				
	Share premium		121,161	121,161	
	Revenue reserves				
	General reserves		70,000	70,000	
	AFS Revaluation reserve		3,025	339	
			73,025	70,339	
			194,186	191,500	
20	LEASE LIABILITIES				
	Lease liability - rental properties	20.1	160,254	53,480	
	Lease liabilities - vehicles	20.2	48,838	46,910	
			209,092	100,390	

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31 December 2020	31 December 2019
<b>20.1 Contractual maturity of remaining lease commitments</b>	<b>Rupees in thousand</b>	
Within one year	38,131	35,257
Between 2 and 5 years	115,826	17,683
After 5 years	57,639	10,851
Total un-discounted lease commitments	211,596	63,791
Discounted lease liability using the incremental borrowing rate as at 31 December 2020	160,254	53,480
Current portion of discounted lease	26,921	40,277

## 20.2 Lease liabilities - right of use assets - vehicles

	2020			2019		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	<b>Rupees in thousand</b>					
Not later than one year	19,751	3,573	16,178	25,525	5,265	20,260
Later than one year and not later than five years	37,268	4,608	32,660	32,628	5,978	26,650
	57,019	8,181	48,838	58,153	11,243	46,910

20.2.1 The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>21</b>	<b>INSURANCE / REINSURANCE PAYABLES</b>		
	Amount due to other insurers	57,230	48,349
	Amount due to foreign reinsurers	692,047	804,673
		<b>749,277</b>	<b>853,022</b>
<b>22</b>	<b>OTHER CREDITORS AND ACCRUALS</b>		
	Agents' commission payable	49,313	64,947
	Tax deducted at source	10,368	13,422
	Federal excise duty / federal insurance fee	36,659	41,853
	Accrued expenses	6,368	12,346
	Fund received against leased vehicle	9,657	2,262
	Fund received against vehicle ljarah	22.1 482	145
	Others	27,026	30,978
		<b>139,873</b>	<b>165,954</b>
<b>22.1</b>	<b>Funds received from executives</b>	-	-
	Fund received against vehicle ljarah	-	-



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 23 CONTINGENCIES AND COMMITMENTS

23.1 Claims against the Company not acknowledged as debts amounted to Rs. 16,757 million at year end (2019: Rs. 16,629 million). Details of the major legal proceedings disclosed as contingencies are as follows:

Parties involved	Date of institution of case	Court, agency or authority where proceedings are pending	Facts of the case and relief sought	Rupees in thousand	
				2020	2019
Mian cotton factory	10-Mar-18	Banking court	AGICO had issued Fire Insurance Coverage to Mian Cotton Factory For Cotton bales, which were pledged against credit facilities, sanctioned to them by JS Bank. The above suit is as a result of demand raised by JS Bank and factual controversies about the claim of fire, the above suit has been filed. A Petition for Leave to Appeal has been filed and the management believes that the case will be settled in favor of the Company.	5,000	5,000
Other immaterial cases				11,757	11,629
Total				16,757	16,629

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

## 23.2 Commitments

The Company's commitment under Ijarah arrangement with Meezan Bank Limited is Rs 11.5 million (2019: Rs 9.6 million ). The contracts have a term of five years.

Future Minimum Ujrah (lease) payments are as under:

	2020	2019
	Rupees in thousand	
Not later than one year	5,024	4,564
Later than one year and not later than five years	6,489	5,037
	11,513	9,601
Ijarah payments recognized in expense during the year	7,609	6,481

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	Rupees in thousand	
<b>24</b>	<b>NET INSURANCE PREMIUM</b>	
Written gross premium	2,955,255	3,029,070
Add: Unearned premium reserve opening	1,388,337	1,642,458
Less: Unearned premium reserve closing	1,493,846	1,388,338
Premium earned	2,849,746	3,283,190
Less: Reinsurance premium ceded	977,982	1,173,779
Add: Prepaid reinsurance premium opening	454,811	547,973
Less: Prepaid reinsurance premium closing	443,281	454,811
Reinsurance expense	989,512	1,266,941
	1,860,234	2,016,249
<b>25</b>	<b>NET INSURANCE CLAIMS</b>	
Claims paid	1,484,248	1,613,090
Add: Outstanding claims including IBNR closing	735,247	624,125
Less: Outstanding claims including IBNR opening	624,125	445,799
Claims expense	1,595,370	1,791,416
Less: Reinsurance and other recoveries received	428,906	390,312
Add: Reinsurance and other recoveries in respect of outstanding claims closing	381,046	331,317
Less: Reinsurance and other recoveries in respect of outstanding claims opening	331,317	180,980
Reinsurance and other recoveries revenue	478,635	540,649
	1,116,735	1,250,767

## 25.1 Claim Development

The following table shows the development of fire claims over the last five years. The disclosure goes back to the year 2016 for which there is still uncertainty about the amount and timing of claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timing of claims payment is usually resolved within a year, are not disclosed in the below table.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Accident Year	2016	2017	2018	2019	2020
Rupees in thousand					
<b>Estimate of ultimate claims costs</b>					
At end of accident year	87,779	101,657	116,460	50,750	<b>100,903</b>
One year later	93,845	99,357	127,847	60,176	
Two years later	93,983	97,935	126,989		
Three years later	94,677	99,409			
Four years later	94,935				
Current estimate of cumulative claims	94,935	99,409	126,989	60,176	<b>100,903</b>
Cumulative payments to date	94,630	95,028	126,556	38,113	<b>69,452</b>
<b>Liability recognised in the statement</b>					
<b>of financial position</b>	305	4,381	433	22,063	<b>31,451</b>

		2020	2019
<b>26</b>	<b>NET COMMISSION EXPENSE / ACQUISITION COST</b>	Rupees in thousand	
	Commission paid or payable	<b>189,040</b>	215,749
	Add: Deferred commission expense opening	<b>124,175</b>	97,956
	Less: Deferred commission expense closing	<b>118,575</b>	124,175
	Net commission	<b>194,640</b>	189,530
	Less: Commission received or recoverable	<b>301,364</b>	269,554
	Add: Unearned reinsurance commission opening	<b>104,849</b>	107,337
	Less: Unearned reinsurance commission closing	<b>86,896</b>	104,849
	Commission from reinsurers	<b>319,317</b>	272,042
		<b>(124,677)</b>	(82,512)

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

			2020	2019
27	MANAGEMENT EXPENSES	Note	Rupees in thousand	
	Salaries and other benefits	27.1	460,961	442,028
	Rent		10,260	9,922
	Communication		7,069	8,510
	Tracker devices		2,423	3,602
	Monitoring of trackers		78	6,063
	Printing and stationery		8,910	7,053
	Traveling and entertainment		4,055	6,625
	Depreciation and amortization		84,712	82,332
	Repair and maintenance		13,028	12,571
	Utilities		12,288	12,716
	Advertisement		1,455	2,076
	Legal and professional charges		9,337	8,592
	Bank charges		1,413	1,892
	Provision against premium due but unpaid		-	5,423
	Provision against amounts due from other insurers / reinsurers		-	1,524
	Vehicle ljarah rentals		8,164	6,481
	Miscellaneous		10,167	14,338
			<b>634,320</b>	<b>631,749</b>

**27.1** This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 15.51 million (2019: Rs. 14.87 million), Rs. 7.53 million (2019: Rs. 8.02 million) and Rs. 12.02 million (2019: Rs. 11.03 million) respectively.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
28	INVESTMENT INCOME	Rupees in thousand	
	Note		
	<b>Dividend income on investments</b>		
	Dividend income on securities held for trading	2,177	3,939
	Dividend income on available for sale investments	290	2,396
		<b>2,467</b>	<b>6,335</b>
	<b>Income from debt securities</b>		
	Return on government securities	204,484	99,144
	Return on other fixed income securities	48,271	100,402
		<b>252,755</b>	<b>199,546</b>
	<b>Net realised gains on investments</b>		
	Gain on trading of held for trading investments	11,537	54,514
	(Loss) / gain on sale of available for sale investments	(486)	(103,949)
		<b>11,051</b>	<b>(49,435)</b>
	Unrealized profit on re-measurement of investments held for trading	15	2
	Provision for diminution in available-for-sale investments	-	45,103
	Reversal for diminution in value of Certificate of Investments	-	-
	Total investment income	<b>266,288</b>	<b>201,551</b>
	Less: Investment related expenses	<b>(534)</b>	<b>(162)</b>
		<b>265,754</b>	<b>201,389</b>
<b>29</b>	<b>OTHER INCOME</b>		
	Profit on bank deposits	13,510	18,713
	Gain on sale of fixed assets	5.2.2 1,761	558
	Mark-up on staff house building finance	300	1,440
	Others	29.1 6,739	19,024
		<b>22,310</b>	<b>39,735</b>

**29.1** This includes amount of funds received against leased vehicles amortized till 31 December 2020 amounting to Rs. 3.63 million (2019: 14.75 million).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
<b>30</b>	<b>OTHER EXPENSES</b>		
		Rupees in thousand	
	Subscription	8,711	7,406
	Auditors' remuneration	2,139	2,038
		<b>10,850</b>	<b>9,444</b>
<b>30.1</b>	<b>Auditors' remuneration</b>		
	Audit fee	970	912
	Half yearly review	347	331
	Special purpose review	331	315
	Other certifications	255	255
	Tax advisory services	236	225
		<b>2,139</b>	<b>2,038</b>
<b>31</b>	<b>FINANCE COSTS</b>	<b>16,996</b>	<b>12,360</b>
	Interest on lease liabilities	16,996	12,360
<b>32</b>	<b>WINDOW TAKAFUL OPERATIONS - OPF</b>		
	Wakala fee	147,625	139,363
	Management expenses	(75,094)	(67,464)
	Commission expenses	(33,911)	(28,722)
	Modarib's share of PTF investment income	5,258	4,146
	Investment income	15,479	18,137
	Other expenses - net	3,541	1,697
	Profit from Window Takaful Operations - OPF	<b>62,898</b>	<b>67,157</b>
<b>33</b>	<b>INCOME TAX EXPENSE</b>		
	<b>For the year</b>		
	Current	165,538	136,821
	Deferred	-	11,066
		<b>165,538</b>	<b>147,887</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

33.1	Relationship between tax expense and accounting profit	2020	2019	2020	2019
		Effective tax rate - %		Rupees in thousand	
	Profit for the year before taxation			562,020	508,076
	Tax at the applicable rate	29.00	29.00	162,986	147,342
	Effect of items that are not considered in determining taxable income - net	0.45	0.11	2,552	545
	Effect of amounts chargeable to tax at reduced rate	0.00	0.00	-	-
	Effect of change in tax rate	0.00	0.00	-	-
		29.45	29.11	165,538	147,887
33.2	Taxation charged to other comprehensive income			(1,025)	(1,987)
33.3	Tax returns for the Tax Years 2014 to 2019 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.				
34	<b>EARNINGS PER SHARE</b>			<b>2020</b>	<b>2019</b>
	Profit after tax (Rupees in thousand)			396,482	360,189
	Weighted average number of shares			71,902	71,902
	<b>Earnings per share (Rupees) - Restated</b>			<b>5.51</b>	<b>5.01</b>

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised. The restatement is due to issuance of 9,378,508 bonus shares.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 35 COMPENSATION OF DIRECTORS AND EXECUTIVES

35.1 The aggregate amounts charged in these unconsolidated financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in thousand					
Fees	-	1,645	-	-	1,705	-
Managerial remuneration	14,110	-	17,542	12,269	-	12,352
Leave encashment	751	-	639	710	-	572
Bonus	6,135	-	6,460	5,334	-	4,428
Charge to defined benefit plan	1,309	-	1,742	1,921	-	2,309
Rent and house maintenance	6,349	-	7,424	5,521	-	5,008
Utilities	1,411	-	1,650	1,227	-	1,113
Conveyance	1,179	-	6,541	1,219	-	5,011
Provident fund	1,175	-	1,122	1,022	-	801
Others	36	-	1,419	36	-	1,419
	32,455	1,645	44,539	29,259	1,705	33,013
No. of person(s)	1	8	10	1	8	7

35.2 The Chief Executive and Executives are also provided with Company maintained cars.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 36 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Army Welfare Trust ("the parent company") therefore all subsidiaries and associated undertakings of the parent company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the note 12.1 and the remuneration of chief executive, executives and directors is disclosed in note 35 to the consolidated financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2020	2019
	Rupees in thousand	
<b>Transactions with the parent company:</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	6,212	6,946
Premium received during the period	6,931	5,904
Insurance claims paid	2,688	355
Rent paid	26,662	22,646
Dividend Paid	106,493	55,578
Bonus shares issued	-	55,578
<b>Transactions with associated undertakings:</b>		
<b>Army Stud Farms Boylegunj</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	(42)	57
Premium received during the period	(42)	57
Insurance claims paid	-	53
<b>Army Stud Farms Probynabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	310
Premium received during the period	65	245
Insurance claims paid	-	152

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Rupees in thousand</b>		
<b>Army Welfare Sugar Mills</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,168	11,786
Premium received during the period	9,286	11,380
Insurance claims paid	552	189
<b>Askari Airport Services</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	21
<b>Askari Aviation (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,958	(9,685)
Premium received during the period	3,585	8,058
Insurance claims paid	321	1,880
<b>Askari Development and Holdings (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	8,261	8,509
Premium received during the period	7,817	8,372
Insurance claims paid	649	349
<b>Askari Enterprises (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	335	543
Premium received during the period	344	380
Insurance claims paid	298	168

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari CNG and Fuels</b>	Rupees in thousand	
Insurance premium written (including government levies administrative surcharge and policies stamps)	4,741	5,196
Premium received during the period	1,034	9,859
Insurance claims paid	620	1,798
<b>Askari Guards (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	53,820	50,946
Premium received during the period	60,716	54,574
Insurance claims paid	2,455	5,419
<b>Askari Lagoon Faisalabad</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	44	47
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Askari Shoe Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	2,577	2,719
Premium received during the period	4,243	2,487
Insurance claims paid	370	129
<b>Askari Tours and Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,177	1,681
Premium received during the period	2,309	523
Insurance claims paid	38	9

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari Woolen Mills</b>		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,055	796
Premium received during the period	265	1,343
Insurance claims paid	160	254
<b>AWT Plaza Project</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	160	107
Premium received during the period	-	94
Insurance claims paid	76	70
<b>Army Welfare Trust CEO (Army Projects) Office</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	91
Insurance claims paid	18	125
<b>Blue Lagoon</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	690	489
Premium received during the period	802	510
Insurance claims paid	246	14

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Fauji Security Services (Private) Limited</b>		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	17,696	15,890
Premium received during the period	18,005	14,313
Insurance claims paid	1,800	430
<b>MAL Pakistan Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,958	7,793
Premium received during the period	8,156	3,031
Insurance claims paid	3,576	2,760
<b>Petrosel Lubricants (Private) Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	5
Insurance claims paid	-	-
<b>Army Welfare Housing Scheme</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	496	287
Premium received during the period	496	287
Insurance claims paid	67	258
<b>Army Welfare Real Estate Division</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,502	1,082
Premium received during the period	1,486	1,007
Insurance claims paid	609	406

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>ASK Flying Academy</b>		
Rupees in thousand		
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	-
<b>Askari Apparel</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	25	380
Premium received during the period	25	551
Insurance claims paid	1	41
<b>AWT Investments Limited</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	1,225	2,867
Premium received during the period	2,133	1,882
Insurance claims paid	868	1,229
<b>Services Travels</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	225	-
Premium received during the period	225	-
Insurance claims paid	-	-
<b>Askari Life Assurance</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,064	4,252
Premium received during the period	3,492	1,626
Insurance claims paid	3,303	828

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
<b>Askari Chartered Services</b>	<b>Rupees in thousand</b>	
Insurance premium written (including government levies administrative surcharge and policies stamps)	-	-
Premium received during the period	-	-
Insurance claims paid	-	120
<b>Askari Seeds</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	731	238
Premium received during the period	512	238
Insurance claims paid	153	87
<b>Medask</b>		
Insurance premium written (including government levies administrative surcharge and policies stamps)	3,396	2,669
Premium received during the period	3,434	2,103
Insurance claims paid	923	160
<b>Transactions with other related parties</b>		
Contributions to Employees Provident Fund Trust	40,637	37,115

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2020							
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
	Rupees in thousand							
<b>Financial assets measured at fair value</b>								
Investment at fair value through profit and loss	654	-	-	-	-	654	654	-
Investment at fair value through other comprehensive income	-	27,009	-	-	-	27,009	23,838	3,171
Fixed Term Deposits	-	50,000	-	-	-	50,000	50,000	-
<b>Financial assets not measured at fair value</b>								
Investment in subsidiary	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
- Government securities	-	-	2,216,657	-	-	2,216,657	-	-
- Certificates of Investment (COIs) / TDRs	-	-	-	-	-	-	-	-
- Fixed term deposits	-	246,582	-	-	-	246,582	-	-
Loans to employees	-	-	-	252	-	252	-	-
Accrued investment income*	-	-	-	44,207	-	44,207	-	-
Staff house building finance	-	-	-	2,863	-	2,863	-	-
Sundry receivables*	-	-	-	102,202	-	102,202	-	-
Amount due from insurance contract holders*	-	-	-	1,027,347	-	1,027,347	-	-
Amounts due from other insurers / reinsurers*	-	-	-	191,375	-	191,375	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	381,046	-	381,046	-	-
Salvage recoveries accrued*	-	-	-	33,899	-	33,899	-	-
Cash and bank deposits*	-	-	-	232,782	-	232,782	-	-
Total assets of Window Takatful Operations - OPF	-	-	-	306,866	-	306,866	-	-
<b>Financial liabilities not measured at fair value</b>								
Provision for outstanding claims (including IBNR)*	-	-	-	735,247	-	735,247	-	-
Lease liabilities	-	-	-	209,092	-	209,092	-	-
Premium received in advance	-	-	-	37,145	-	37,145	-	-
Insurance / Reinsurance payables*	-	-	-	749,277	-	749,277	-	-
Unclaimed dividends*	-	-	-	9,105	-	9,105	-	-
Accrued expenses*	-	-	-	6,368	-	6,368	-	-
Other creditors and accruals*	-	-	-	123,834	-	123,834	-	-
Deposits and other payables*	-	-	-	55,818	-	55,818	-	-
Total liabilities of Window Takatful Operations - OPF	-	-	-	95,887	-	95,887	-	-
	654	323,591	2,216,657	2,322,839	2,021,773	6,885,514	74,492	3,171



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2019							
	Held-for- trading	Available-for- sale	Held-to- maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
	Rupees in thousand							
<b>Financial assets measured at fair value</b>								
Investment at fair value through profit and loss	311,421	-	-	-	-	311,421	311,421	-
Investment at fair value through other comprehensive income	-	3,030	-	-	-	3,030	-	3,030
<b>Financial assets not measured at fair value</b>								
Investment in subsidiary	-	-	-	-	-	-	-	-
Investments	-	-	1,335,361	-	-	1,335,361	-	-
- Government securities	-	-	-	-	-	-	-	-
- Certificates of Investment (COIs) / TDRs	-	-	-	252,000	-	252,000	-	-
- Fixed term deposits	-	305,025	-	-	-	305,025	-	-
Loans to employees	-	-	-	12	-	12	-	-
Accrued investment income*	-	-	-	44,028	-	44,028	-	-
Staff house building finance	-	-	-	2,961	-	2,961	-	-
Sundry receivables*	-	-	-	85,984	-	85,984	-	-
Amount due from insurance contract holders*	-	-	-	993,104	-	993,104	-	-
Amounts due from other insurers / reinsurers*	-	-	-	173,248	-	173,248	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	331,317	-	331,317	-	-
Salvage recoveries accrued*	-	-	-	39,206	-	39,206	-	-
Cash and bank deposits*	-	-	-	346,798	-	346,798	-	-
Total assets of Window Takaful Operations - OPF	-	-	-	279,427	-	279,427	-	-
<b>Financial liabilities not measured at fair value</b>								
Provision for outstanding claims (including IBNR)*	-	-	-	-	624,125	624,125	-	-
Lease liabilities	-	-	-	-	100,390	100,390	-	-
Premium received in advance	-	-	-	-	15,021	15,021	-	-
Insurance / Reinsurance payables*	-	-	-	-	853,023	853,023	-	-
Unclaimed dividends*	-	-	-	-	7,158	7,158	-	-
Accrued expenses*	-	-	-	-	12,269	12,269	-	-
Other creditors and accruals*	-	-	-	-	150,308	150,308	-	-
Deposits and other payables*	-	-	-	-	45,610	45,610	-	-
Total liabilities of Window Takaful Operations - OPF	-	-	-	-	91,699	91,699	-	-
	311,421	308,055	1,335,361	2,548,085	1,899,602	6,402,525	311,421	3,030

\* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 38 SEGMENT INFORMATION 38.1 Segment Profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees in thousand											
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	501,213	487,249	228,989	228,612	963,319	1,045,590	930,478	751,514	635,086	833,898	3,259,085	3,346,863
Less: Federal Excise Duty	66,394	65,118	27,021	27,126	130,501	142,948	179	2	43,338	45,020	267,433	280,214
Federal Insurance Fee	4,234	4,164	1,925	2,045	8,277	9,082	9,182	7,427	5,878	7,789	29,496	30,507
Stamp Duty	39	43	6,606	6,712	130	175	5	5	119	138	6,899	7,073
Gross written premium (inclusive of administrative surcharge)	430,546	417,924	193,437	192,729	824,411	893,385	921,112	744,080	585,751	780,951	2,955,255	3,029,069
Gross premium	419,407	407,313	187,207	185,907	796,646	862,747	917,760	740,987	579,570	772,361	2,900,588	2,969,314
Administrative surcharge	5,701	6,515	6,946	7,736	26,047	31,005	835	1,170	6,464	6,789	45,993	53,215
Facultative inward premium	7,410	6,549	-	-	288	-	-	-	1,303	2,508	9,001	9,058
Service charges	(1,972)	(2,453)	(716)	(914)	1,430	(367)	2,517	1,923	(1,586)	(707)	(327)	(2,518)
Insurance premium earned	439,486	414,385	185,995	204,538	835,302	932,444	811,032	858,578	577,933	873,245	2,849,746	3,283,190
Insurance premium ceded to reinsurers	(393,785)	(364,689)	(127,630)	(123,652)	(22,999)	(12,297)	(158,396)	(160,117)	(286,702)	(606,186)	(989,512)	(1,266,941)
Net insurance premium	45,701	49,696	58,365	80,886	812,303	920,147	652,636	698,461	291,231	267,059	1,860,234	2,016,249
Commission income	112,176	87,591	42,211	41,112	1,886	780	25,155	25,755	137,890	116,804	319,317	272,042
<b>Net underwriting income</b>	<b>157,876</b>	<b>137,287</b>	<b>100,575</b>	<b>121,998</b>	<b>814,188</b>	<b>920,927</b>	<b>677,791</b>	<b>724,216</b>	<b>429,121</b>	<b>383,863</b>	<b>2,179,551</b>	<b>2,288,291</b>
Insurance claims	(114,941)	(78,419)	(70,246)	(156,102)	(395,570)	(453,776)	(767,954)	(770,149)	(246,658)	(332,970)	(1,595,370)	(1,791,416)
Insurance claims recovered from reinsurers	95,474	69,454	48,045	125,924	8,151	(2,515)	131,392	115,001	195,573	232,785	478,635	540,649
<b>Net claims</b>	<b>(19,467)</b>	<b>(8,965)</b>	<b>(22,201)</b>	<b>(30,178)</b>	<b>(387,419)</b>	<b>(456,291)</b>	<b>(636,562)</b>	<b>(655,148)</b>	<b>(51,085)</b>	<b>(100,185)</b>	<b>(1,116,735)</b>	<b>(1,250,767)</b>
Commission expense	(37,807)	(49,253)	(27,408)	(32,340)	(40,185)	(47,333)	(20,428)	(24,556)	(68,812)	(36,048)	(194,640)	(189,530)
Management expense	(68,783)	(14,781)	(34,847)	(24,056)	(305,049)	(305,767)	(14,222)	(207,723)	(211,420)	(79,423)	(634,320)	(631,749)
<b>Underwriting results</b>	<b>31,819</b>	<b>64,288</b>	<b>16,119</b>	<b>35,424</b>	<b>81,535</b>	<b>111,536</b>	<b>6,579</b>	<b>(163,211)</b>	<b>97,805</b>	<b>168,207</b>	<b>233,856</b>	<b>216,245</b>
Investment income											265,754	201,389
Rental income											5,048	5,364
Other income											22,310	39,735
Finance costs											(16,996)	(12,360)
Other expenses											(10,850)	(9,444)
<b>Profit before tax from Window Takaful Operations - OPF</b>											<b>499,122</b>	<b>440,919</b>
<b>Profit before tax</b>											<b>62,898</b>	<b>67,157</b>
											<b>562,020</b>	<b>508,076</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 38.2 Segment Assets and Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Accident and health		Miscellaneous		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees in thousand											
Corporate Segment assets - Conventional	346,054	341,202	129,925	125,081	789,133	751,297	686,790	630,944	628,470	554,515	2,580,372	2,403,040
Corporate Segment assets - Takaful OPF	14,137	10,033	5,583	4,161	30,967	36,929	4,257	2,338	5,225	4,695	60,169	58,156
Corporate unallocated assets - Conventional											2,979,995	2,745,065
Corporate unallocated assets - Takaful OPF											245,951	222,272
Consolidated total assets											<b>5,866,487</b>	<b>5,428,533</b>
Corporate Segment liabilities - Conventional	397,148	400,032	150,821	135,085	964,329	1,015,461	1,012,816	877,072	719,087	710,104	3,244,201	3,137,763
Corporate Segment liabilities - Takaful OPF	16,559	11,571	4,695	2,599	50,325	50,746	8,228	5,205	6,565	11,421	86,372	81,542
Corporate unallocated Segment liabilities - Conventional											345,006	234,468
Corporate unallocated Segment liabilities - Takaful OPF											9,299	10,029
Consolidated total liabilities											<b>3,684,878</b>	<b>3,463,802</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

39	MOVEMENT IN INVESTMENTS					
		Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total
Rupees in thousand						
	<b>At beginning of previous year</b>	66,345	468,425	166,340	1,130,800	1,831,910
	Additions	3,223,852	726,512	7,484,136	1,973,639	13,408,139
	Disposals (sale and redemptions)	(1,954,836)	(957,055)	(7,339,057)	(2,852,439)	(13,103,387)
	Fair value net gain (excluding net realised gains)	-	25,070	2	-	25,072
	"Designated at fair value through profit / loss upon initial recognition"	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment (loss) / reversal	-	45,103	-	-	45,103
	<b>At beginning of current year</b>	<b>1,335,361</b>	<b>308,055</b>	<b>311,421</b>	<b>252,000</b>	<b>2,206,837</b>
	Additions	5,122,685	1,118,177	1,700,006	403,612	8,344,480
	Disposals (sale and redemptions)	(4,241,389)	(1,105,678)	(2,010,788)	(655,612)	(8,013,467)
	Fair value net gain (excluding net realised gains)	-	3,037	15	-	3,052
	Designated at fair value through profit / loss upon initial recognition	-	-	-	-	-
	Classified as held for trading	-	-	-	-	-
	Impairment reversal	-	-	-	-	-
	<b>At end of current year</b>	<b>2,216,657</b>	<b>323,591</b>	<b>654</b>	<b>-</b>	<b>2,540,902</b>

## 40 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 40.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### i) 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.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020	2019
	Rupees in thousand	
Bank deposits	230,441	344,820
Investments	2,540,902	2,206,837
Salvage recoveries accrued	33,899	39,206
Advances to employees	252	111
Amounts due from insurance contract holders	1,027,347	993,104
Amounts due from other insurers / reinsurers	191,375	173,248
Accrued investment income	44,207	44,278
Reinsurance recoveries against outstanding claims	381,046	331,317
Staff house building finance	2,863	2,961
Sundry receivables	102,202	85,984
	<b>4,554,534</b>	<b>4,221,866</b>

The Company does not hold any collateral against the above balances except for staff house building finance. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these unconsolidated financial statements, past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

	Amount due from insurance contract holders	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2020 Aggregate	2019 Aggregate
	Rupees ('000)					
Up to 1 year	874,640	154,926	305,563	102,202	1,437,331	1,344,370
1-2 years	160,823	16,390	43,782	-	220,995	211,772
2-3 years	4,860	23,864	6,249	-	34,973	27,291
Over 3 years	7,784	11,695	25,453	-	44,932	36,480
	<b>1,048,107</b>	<b>206,875</b>	<b>381,047</b>	<b>102,202</b>	<b>1,738,231</b>	<b>1,619,913</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Rating Financial institution	Rating		Rating agency	2020	2019
	Long term	Short term		Rupees in thousand	
Askari Bank Limited	AA+	A-1+	PACRA	175,224	317,611
Habib Bank Limited	AAA	A-1+	JCR-VIS	303	1,513
Faysal Bank Limited	AA	A-1+	PACRA	1,248	2,029
Silk Bank Limited	A-	A-2	JCR-VIS	51	37
Bank Al Falah Limited	AA+	A-1+	PACRA	11	10
Bank Al-Habib Limited	AA+	A-1+	PACRA	321	113
Meezan Bank Limited	AA+	A-1+	JCR-VIS	11,206	933
The Bank of Punjab	AA	A-1+	PACRA	89	775
NRSP Microfinance Bank	A	A-1	PACRA	7,466	2,966
JS Bank Limited	AA-	A-1+	PACRA	7,479	311
Sindh Bank Limited	A+	A-1	JCR-VIS	1	1
Bank Of Khyber	A	A-1	PACRA	693	644
PPCBL	Exempted	Exempted	Not Applicable	1,455	2,756
Samba Bank Limited	AA	A-1	JCR-VIS	-	6
Zarai Taraqiyati Bank	AAA	A-1+	JCR-VIS	22,666	11,921
Finca Microfinance Bank	A	A-1	PACRA	3	939
U Microfinance Bank	A	A-1	JCR-VIS	43	1,190
MCB Islamic Banking	A	A-1	PACRA	1	1
Summit Bank Limited	D (SO)	D (SO)	JCR-VIS	1,133	1,064
Allied Bank Limited	AAA	A-1+	PACRA	1,049	-
				<b>230,442</b>	<b>344,820</b>

b) Sector wise analysis of gross amount due from insurance contract holders is as follows:

Agriculture	23,887	16,636
Automobile Industry	1,063	-
Construction Companies	21,572	35,363
Development	30,333	33,637
Education	116,076	55,385
Engineering	11,619	23,091
Financial Services	79,087	57,367
Logistics	18,368	28,357
Miscellaneous	112,763	138,710
Other Manufacturing	40,788	23,908
Other Services	150,859	143,372
Pharmaceuticals	8,011	11,068
Poultry Industry	2,554	1,511
Sugar Industry	5,905	1,163
Telecommunication	374,677	407,005
Textile And Composites	38,779	36,765
Travel And Tourism Development	11,766	526
	<b>1,048,107</b>	<b>1,013,864</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2020		2019	
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
	Rupees in thousand			
<b>Rating</b>	<b>206,875</b>	<b>381,047</b>	<b>587,922</b>	<b>520,065</b>
A or above	-	-	-	-
Others	206,875	381,047	587,922	520,065

- d) The Company has diversified portfolio of investment to mitigate the risk. The credit risk exposure relates to investment in debt securities as mentioned in note 10 to the unconsolidated financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 10.5 to the unconsolidated financial statements.

ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	735,247	735,247	735,247	-
Amounts due to other insurers / reinsurers	749,277	749,277	749,277	-
Accrued expenses	6,368	6,368	6,368	-
Other creditors and accruals	132,808	132,808	132,808	-
Unclaimed dividend	9,105	9,105	9,105	-
Deposits and other payables	55,818	55,818	55,818	-
Lease liabilities	268,615	268,615	57,882	210,733
Other liabilities	37,165	37,165	37,165	-
	<b>1,994,403</b>	<b>1,994,403</b>	<b>1,783,670</b>	<b>210,733</b>

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
Provision for outstanding claims (including IBNR)	624,125	624,125	624,125	-
Amounts due to other insurers / reinsurers	853,022	853,022	853,022	-
Accrued expenses	12,348	12,348	12,348	-
Other creditors and accruals	157,587	157,587	157,587	-
Unclaimed dividend	7,158	7,158	7,158	-
Deposits and other payables	45,610	45,610	45,610	-
Lease liabilities	121,944	121,944	60,782	61,162
Other liabilities	33,385	33,385	33,385	-
	<b>1,855,179</b>	<b>1,855,179</b>	<b>1,794,017</b>	<b>61,162</b>

### iii) Market risk

a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

#### Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates 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's financial liabilities are not exposed to interest / mark up rate risk. At the balance sheet date exposure to interest bearing financial assets is as follows:



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019	2020	2019
	Effective interest rate (%)		Carrying amounts	
	Rupees in thousand			
<b>Fixed rate financial assets</b>				
Deposit accounts	2.51% to 11.25%	4.5% to 11.25%	191,010	308,557
Investments	12.38% to 13.48%	5.65% to 13.49%	2,540,902	2,206,837
			2,731,912	2,515,394

## Sensitivity analysis

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 will not effect the fair value of any financial instrument.

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by Rs. 2.95 million (2019: Rs. 3.05 million).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant. Actual results might differ from those reflected above.

### b) Foreign currency risk

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

### c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities which are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

## Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 0.065 million (2019: Rs. 31.14 million).

### iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

#### Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 0.65 million (2019: Rs. 311.42 million) and investments in available-for-sale (Equity securities) of Rs. 27.01 million (2019: Rs. 3.03 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of debt securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

## Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

### Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

### Available-for-sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. They are being carried at fair value.

### Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. They are being carried at fair value.

### Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

## v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

	30 June	31 December
	Rupees in thousand	
Year 2015	-	300,000
Year 2016	350,000	400,000
Year 2017	450,000	500,000

The Company meets the regulatory requirements for minimum paid up capital.

## 40.2 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

# NOTES TO AND FORMING PART OF THE **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2020

## (a) **Frequency and severity of claims**

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claim payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company. In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually on a periodic basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

## (b) **Sources of uncertainty in the estimation of future claim payments**

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Rupees in thousand						
Claims not encashed	83,102	71,041	6,347	4,023	1,690	-

**(c) Key assumptions**

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

**(d) Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

**(e) Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claim 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 enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Profit before tax		Shareholders' equity	
	2020	2019	2020	2019
	Rupees in thousand		Rupees in thousand	
<b>10% increase in loss</b>				
Fire and property damage	(1,696)	(1,385)	(1,204)	(983)
Marine aviation and transport	(2,531)	(1,929)	(1,797)	(1,370)
Motor	(14,934)	(13,343)	(10,603)	(9,473)
Health	(10,365)	(3,814)	(7,359)	(2,708)
Miscellaneous	(5,894)	(8,811)	(4,185)	(6,255)
	(35,420)	(29,281)	(25,148)	(20,789)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(f) **Concentration of insurance risk**

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured	Reinsurance	Net
Rupees in thousand			
<b>2020</b>			
Fire and property	487,925,026	435,634,785	52,290,241
Marine, aviation and transport	236,721,735	175,424,139	61,297,596
Motor	44,807,666	790,639	44,017,027
Miscellaneous	194,205,999	121,966,863	72,239,136
	<b>963,660,426</b>	<b>733,816,426</b>	<b>229,844,000</b>
<b>2019</b>			
Fire and property	322,151,661	280,469,222	41,682,439
Marine, aviation and transport	128,427,157	(71,383,362)	199,810,519
Motor	45,047,115	481,627	44,565,488
Miscellaneous	152,439,208	103,792,540	48,646,668
	<b>648,065,141</b>	<b>313,360,027</b>	<b>334,705,114</b>

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

	Maximum Gross Risk Exposure	
	2020	2019
	Rupees in thousand	
Fire and property	71,409,081	59,259,860
Marine, aviation and transport	13,000,000	14,000,000
Motor	130,000	116,740
Liability	3,925,000	3,925,000
Miscellaneous	11,972,411	10,028,718

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

41	STATEMENT OF SOLVENCY	2020
		Rupees in thousand
	<b>Assets</b>	
	Property and equipment	384,848
	Intangible assets	1,032
	Investment property	39,191
	Investment in subsidiary	-
	Investments	
	- Equity securities	27,663
	- Debt securities	2,513,239
	- Term deposits	-
	Loans and other receivables	149,524
	Insurance / Reinsurance receivables - unsecured, considered good	1,218,722
	Reinsurance recoveries against outstanding claims	381,046
	Salvage recoveries accrued	33,899
	Deferred commission expense / Acquisition cost	118,575
	Deferred taxation	13,748
	Prepayments	445,352
	Cash and bank	232,782
	<b>Total assets from Window Takaful Operations - OPF</b>	<b>306,866</b>
	<b>Total Assets (A)</b>	<b>5,866,487</b>
	<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>	
(d)	loans to employees	252
(g)	receivable from related parties	70,718
(g)	investment in subsidiary	-
(h)	insurance / reinsurance receivables for more than three months	497,548
(i)	intangible assets	1,032
(j)	deferred tax asset	13,748
(k)	security deposit receivable	16,142
(k)	security deposits	55,818
(U)-(i)	vehicles	74,235
(U)-(ii)	office equipment	20,682
(U)-(ii)	office equipment (window takaful operator's fund)	852
(U)-(iii)	fixtures and fittings	7,780
(U)-(iii)	fixtures and fittings (window takaful operator's fund)	129
	<b>Total of In-admissible assets (B)</b>	<b>758,937</b>
	<b>Total Admissible Assets (C=A-B)</b>	<b>5,107,550</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2020

Rupees in thousand

<b>Underwriting Provisions</b>	
- Outstanding claims including IBNR	735,247
- Unearned premium reserves	1,493,846
- Unearned reinsurance commission	86,896
Retirement benefit obligations	36,468
Staff compensated absences	34,320
Lease liabilities	209,092
Taxation - provision less payment	1,904
Premium received in advance	37,145
Insurance / Reinsurance Payables	749,277
Unclaimed dividend	9,105
Other Creditors and Accruals	139,873
Deposits and other payables	55,818
<b>Total Liabilities</b>	<b>3,588,991</b>
<b>Total liabilities from Window Takaful Operations - OPF</b>	
<b>Total Liabilities (D)</b>	<b>3,588,991</b>
<b>Total Net Admissible Assets (E=C-D)</b>	<b>1,518,559</b>
<b>Minimum solvency requirement (higher of following)</b>	<b>372,047</b>
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	372,047
Method C - U/s 36(3)(c)	283,638
<b>Excess in Net Admissible Assets over Minimum Requirements</b>	<b>1,146,512</b>

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

42 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	2020	2019
	Rupees in thousand	
<b>43 WINDOW TAKAFUL OPERATIONS - OPF</b>		
<b>Assets</b>		
Cash and bank deposits	66,635	24,966
Investments	168,541	186,560
Current assets - others	70,709	67,374
Fixed assets	981	527
<b>Total assets</b>	<b>306,866</b>	<b>279,427</b>
<b>Total liabilities - current</b>	<b>95,887</b>	<b>91,699</b>
<b>Profit from Window Takaful Operations - OPF</b>	<b>62,898</b>	<b>67,157</b>

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

## 44 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in the meeting held on 24 March 2021 have proposed a final cash dividend of Rupees 2.75 per share.

## 45 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

During the year, the novel coronavirus (COVID 19) emerged, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, the Company based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Company.

## 46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of the Company on 24 March 2021.


## 47 GENERAL

### Number of employees

Total number of employees at the end of the year were 384 (2019: 397). Average number of employees during the year were 391 (2019: 417).

  
Razi Haider  
Chief Financial Officer

  
Abdul Waheed  
President & Chief Executive

  
AVM Mohammad Athar Shams (Retd)  
Director

  
Lt Gen Naveed Mukhtar (Retd)  
Chairman



WINDOW TAKAFUL OPERATIONS  
**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2020

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# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
<b>ASSETS</b>		Rupees in thousand			
Property and equipment	5	981	527	-	-
<b>Investments</b>					
- Equity securities	6	132,795	124,060	154,525	115,779
- Debt securities	7	35,746	35,000	25,497	25,000
- Term deposits	8	-	27,500	-	-
Loans and Other Receivables	9	2,159	1,887	1,024	1,903
Takaful/Retakaful receivable	10	1,028	766	53,305	63,655
Salvage recoveries accrued		-	-	32	1
Receivable from PTF	11	43,540	46,202	-	-
Retakaful recoveries against outstanding claims / Benefits		-	-	42,448	16,397
Deferred Commission expense/Acquisition cost	21	18,063	15,193	-	-
Taxation - provision less payments		5,826	4,306	-	-
Tax deducted at source - PTF		-	-	3,822	1,742
Prepayments	13	93	21	55,297	58,623
Cash & Bank	14	66,635	24,966	107,899	67,328
<b>Total Assets</b>		<b>306,866</b>	<b>280,428</b>	<b>443,849</b>	<b>350,428</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive

	Note	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
<b>FUNDS AND LIABILITIES</b>		<b>Rupees in thousand</b>			
<b>Operator's Fund</b>					
Statutory Fund		50,000	50,000	-	-
Reserves		530	-	-	-
Accumulated profit		160,449	138,728	-	-
<b>Total Operator's Fund</b>		<b>210,979</b>	<b>188,728</b>	<b>-</b>	<b>-</b>
<b>Waqf/Participants' Takaful Fund</b>					
Cede money		-	-	1,000	1,000
Reserves		-	-	497	-
Accumulated surplus		-	-	35,322	22,978
<b>Balance of Participants' Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>36,819</b>	<b>23,978</b>
<b>PTF Underwriting Provisions</b>					
Outstanding claims including IBNR		-	-	106,671	71,686
Unearned contribution reserves		-	-	111,207	109,469
Unearned retakaful rebate		-	-	11,956	10,790
		-	-	229,834	191,945
Contribution received in advance		-	-	2,836	2,165
Takaful / retakaful payables	15	4,543	3,228	119,668	77,606
Unearned wakala fees		69,283	72,162	-	-
Payable to OPF	11	-	-	43,540	46,202
Deferred taxation	12	216	-	-	-
Other creditors and accruals	16	21,845	16,310	11,152	8,532
		95,887	91,700	177,196	134,505
<b>Total Liabilities</b>		<b>95,887</b>	<b>91,700</b>	<b>407,031</b>	<b>326,450</b>
<b>Total funds and liabilities</b>		<b>306,866</b>	<b>280,428</b>	<b>443,849</b>	<b>350,428</b>

Contingencies and Commitments

17

AVM Mohammad Athar Shams (Retd)  
Director

Lt Gen Naveed Mukhtar (Retd)  
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	Rupees in thousand	
<b>Participants' Takaful Fund</b>			
Contributions earned		229,328	202,001
Less: Contribution ceded to retakaful		(122,466)	(89,681)
<b>Net contribution revenue</b>	18	<b>106,862</b>	112,320
Retakaful rebate earned	19	24,819	16,801
<b>Net underwriting income</b>		<b>131,681</b>	129,121
Net takaful benefits - reported / settled including IBNR	20	(124,068)	(122,046)
Other direct expenses	24	(5,669)	(2,704)
<b>Surplus before investment income</b>		<b>1,944</b>	4,370
Investment income	25	13,144	4,684
Other income	26	2,514	5,713
Less: Mudarib's share of investment income	27	(5,258)	(4,146)
<b>Results of operating activities</b>		<b>10,400</b>	6,251
<b>Surplus transferred to accumulated surplus</b>		<b>12,344</b>	10,622
<b>Other comprehensive income</b>			
<b>Items that will be subsequently reclassified to the profit and loss account:</b>			
Unrealized gain on available-for-sale investments		497	-
Reclassification adjustment relating to available for sale investments disposed off in the year		-	(101)
<b>Other comprehensive income for the year</b>		<b>497</b>	(101)
<b>Total comprehensive income for the year</b>		<b>12,841</b>	10,520
<b>OPF Revenue Account</b>			
Wakala fee	22	147,625	139,363
Commission expense	21	(33,911)	(28,722)
General administrative and Management expenses	23	(75,094)	(67,465)
		<b>38,620</b>	43,176
Modarib's share of PTF investment income	27	5,258	4,146
Investment income	25	15,479	18,137
Direct expenses	28	(484)	(461)
Other income	26	4,025	2,159
<b>Results of operating activities</b>		<b>24,278</b>	23,981
<b>Profit before taxation</b>		<b>62,898</b>	67,157
<b>Taxation</b>	29	<b>(17,482)</b>	-
<b>Profit after taxation</b>		<b>45,416</b>	67,157
<b>Other comprehensive income</b>			
<b>Items that will be subsequently reclassified to profit and loss account</b>			
Unrealized losses on available for sale investments - net		530	-
<b>Other comprehensive income for the year</b>		<b>530</b>	-
<b>Total comprehensive income for the year</b>		<b>45,946</b>	67,157

The annexed notes 1 to 38 form an integral part of these financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



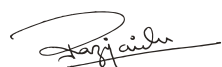
Lt Gen Naveed Mukhtar (Retd)  
Chairman

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	Operator's Fund		Participants' Takaful Fund	
	2020	2019	2020	2019
	Rupees in thousand			
<b>Operating Cash Flows</b>				
<b>a) Takaful activities</b>				
Contribution received	-	-	391,571	370,571
Re-takaful Contribution paid	-	-	(56,264)	(48,628)
Claims paid	-	-	(134,090)	(128,923)
Re-takaful and other recoveries received	-	-	10,676	(1,389)
Commission paid	(32,745)	(25,748)	-	-
Re-takaful rebate received	-	-	11,098	8,859
Wakala fee received/ (paid)	146,626	139,886	(146,626)	(139,886)
Modarib's share received / (paid)	6,036	1,107	(6,036)	(1,107)
Management / Direct expenses paid	(72,877)	(64,563)	(5,669)	(3,385)
Net cash flows generated from underwriting activities	47,040	50,682	64,660	56,112
<b>b) Other operating activities:</b>				
Income tax paid	(18,786)	(2,449)	(2,080)	(1,200)
Other expenses paid	(167)	(439)	-	-
Other operating payments	(1,244)	-	(524)	(1,647)
Other operating receipts	3,857	6,945	1,393	33,980
Net cash flow generated from other operating activities	(16,341)	4,057	(1,211)	31,133
<b>Total cash flow from all operating activities</b>	<b>30,699</b>	<b>54,739</b>	<b>63,449</b>	<b>87,245</b>
<b>c) Investment activities:</b>				
Profit / return received	4,291	3,802	2,724	6,286
Dividends received	7,199	9,030	6,376	1,207
Payment for investments	-	(67,500)	(60,943)	(272,582)
Proceeds from disposals of investments	25,269	36,180	28,965	174,375
Fixed capital expenditure	(859)	(439)	-	-
Proceeds from disposals of fixed assets	225	-	-	-
<b>Total cash flow used in investing activities</b>	<b>36,125</b>	<b>(18,927)</b>	<b>(22,878)</b>	<b>(90,714)</b>
<b>d) Financing activities:</b>				
Payment against Ijarah	(1,460)	(2,079)	-	-
Pay-out in respect of Dividend	(23,695)	(12,682)	-	-
<b>Total cash flow from financing activities</b>	<b>(25,155)</b>	<b>(14,761)</b>	<b>-</b>	<b>-</b>
<b>Net cash flow from all activities</b>	<b>41,669</b>	<b>21,051</b>	<b>40,571</b>	<b>(3,469)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>24,966</b>	<b>3,915</b>	<b>67,328</b>	<b>70,797</b>
<b>Cash and cash equivalents at end of the year</b>	<b>66,635</b>	<b>24,966</b>	<b>107,899</b>	<b>67,328</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Operator's Fund		Participants' Takaful Fund	
	2020	2019	2020	2019
Rupees in thousand				
<b>Reconciliation to Profit and Loss Account:</b>				
Operating cash flows	30,699	54,739	63,449	87,245
Depreciation expense	(180)	(363)	-	-
Gain / (loss) on disposal of investments	-	602	201	(11,161)
Dividend income	7,199	9,030	6,376	1,207
Increase in assets other than cash	1,414	15,316	26,612	33,660
Increase in liabilities other than running finance	(5,865)	(23,201)	(95,458)	(121,846)
Unrealized gain on investments held for trading	2,616	2,209	3,642	-
Investment income	5,664	4,833	2,925	7,736
Other income	4,025	2,159	2,516	5,679
Tax paid	18,786	2,449	2,080	1,200
Decrease in deposit against vehicle Ijarah	(1,460)	(2,079)	-	-
Reversal of diminution in value of AFS investments	-	1,463	-	6,902
<b>Profit/ surplus for the year</b>	<b>62,898</b>	<b>67,157</b>	<b>12,344</b>	<b>10,622</b>
<b>Attributed to</b>				
Operator's Fund	-	-	12,344	10,622
Participants' Takaful Fund	62,898	67,157	-	-
	62,898	67,157	12,344	10,622

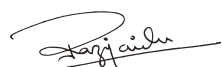
**Definition of cash :**

Cash comprises of cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

**Cash for the purpose of the statement of cash flows consist of:**

	Operator's Fund		Participants' Takaful Fund	
	2020	2019	2020	2019
Rupees in thousand				
Cash and other equivalents	-	-	355	221
Current and other accounts	66,635	24,966	107,544	67,107
	66,635	24,966	107,899	67,328

The annexed notes 1 to 38 form an integral part of these financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
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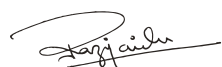
ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2020

	Operator's Fund			
	Cede Money	Available for sale investments revaluation reserve	Accumulated Profit	Total
	Rupees in thousand			
Balance as at 01 January 2019	50,000		84,253	134,253
<b>Total comprehensive income for the year</b>				
Profit for the year	-		67,157	67,157
	-	-	67,157	67,157
<b>Changes in Operator's Fund</b>				
Payout in respect of final cash dividend 2018			(12,682)	(12,682)
Balance as at 31 December 2019	50,000	-	138,728	188,728
Balance as at 01 January 2020	50,000	-	138,728	188,728
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	45,416	45,416
Other comprehensive income for the year	-	530	-	530
	-	530	45,416	45,946
<b>Changes in Operator's Fund</b>				
Pay-out in respect of final cash dividend 2019	-	-	(23,695)	(23,695)
<b>Balance as at 31 December 2020</b>	<b>50,000</b>	<b>530</b>	<b>160,449</b>	<b>210,979</b>
	Participants' Takaful Fund			
	Statutory Fund	Available for sale investments revaluation reserve	Accumulated Profit	Total
	Rupees in thousand			
Balance as at 01 January 2019	1,000	101	12,356	13,457
<b>Total comprehensive income for the year</b>				
Surplus for the year	-		10,622	10,622
Other comprehensive income for the year	-	(101)	-	(101)
	-	(101)	10,622	10,521
<b>Balance as at 31 December 2019</b>	<b>1,000</b>	<b>-</b>	<b>22,978</b>	<b>23,978</b>
Balance as at 01 January 2020	1,000	-	22,978	23,978
<b>Total comprehensive income for the year</b>				
Surplus for the year	-	-	12,344	12,344
Other comprehensive loss for the year	-	497	-	497
	-	497	12,344	12,841
<b>Balance as at 31 December 2020</b>	<b>1,000</b>	<b>497</b>	<b>35,322</b>	<b>36,819</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

## NOTES TO AND FORMING PART

# OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Operator") was incorporated under the Companies Ordinance, 1984 on 12 April, 1995. The Operator is registered in Pakistan Stock Exchange and is engaged in general insurance business. The registered office and principal place of the Operator is located at AWT Plaza, Rawalpindi.

The Operator has been allowed to undertake Window Takaful Operations (WTO) on 10 August 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf/ Participants' Takaful Fund (PTF) under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

#### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements of the WTO have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017, provisions of and directive issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the General Takaful Regulations, 2019. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 shall prevail.

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.

Total assets, total liabilities and profit/ (loss) of the Window Takaful Operations of the Company referred to as the Operator's fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015.

##### 2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at their fair values.

##### 2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Operator's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand.

##### 2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not stated in these financial statements.

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued



# ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

### 2.4 Standards, interpretations and amendments not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021.

- ◆ COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease

- ◆ Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- ◆ Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- ◆ Annual Improvements to IFRS standards 2018-2020:  
  
The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
- ◆ IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- ◆ IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- ◆ IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique
- ◆ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- ◆ Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- ◆ Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

### 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 Equipments

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life.

Depreciation is charged on monthly basis where full depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

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## 3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participants if a specified uncertain future event adversely affects the policyholders.

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

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

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

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

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

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

## 3.3 Deferred Commission expense

Commission incurred in obtaining and recording are deferred and recognised as an asset. These costs are charged to the profit and loss account based on the pattern of recognition of contribution revenue.

## 3.4 Reserve for unearned contribution

The unearned portion of contribution net of Wakala fee is set aside as a reserve. Unearned Contribution have been calculated by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

## 3.5 Contribution deficiency reserves

The Operations is required as per repealed SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful recoveries from claims, and supplementary expenses expected to be incurred after the reporting date

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in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired period of contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is based on actuary recommendation.

No provision has been made as the unearned contribution reserve for each class of business as at the year end is 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 policies in force at reporting date.

### 3.6 Retakaful contracts held

The Operator cedes retakaful in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

### 3.7 Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is computed through Chain Ladder Method (Development technique) in light of the guidelines issued by Insurance Division of SECP vide its Circular 9 of 2016 dated March 09, 2016 for estimation of IBNR claims reserve, the liability for IBNR for all classes of business is based on actuary recommendation. Any significant change in assumption used event may affect the management's judgment which could affect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

### 3.8 Amount due to / from retakaful operators

Amount due to / from retakaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of the consideration to be received / paid in the future for services rendered.

### 3.9 Segment reporting

The Operator's operating businesses are recognised and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets.

### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

### 3.11 Revenue recognition

- a) Contribution income under a policy is recognised over the period of takaful net of wakala fee.
- b) Wakala fee charged from PTF is recognised upfront.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- c) Rebate from retakaful operators is recognised at the same time of takaful of underlying takaful policy by the Operator.
- d) Dividend income is recognised when the right to receive the dividend is established.
- e) Profit on Islamic investment products is recognised on an accrual basis.
- f) Gain / loss on sale of available for sale investments are included in profit and loss account.

### 3.12 Ijarah

Ijarah rentals are recognised as an expense on accrual basis as an when the rental become due.

### 3.13 Investments

#### 3.13.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently, the financial assets of the Operator are classified into the following categories:

#### a) In equity securities

Investments in equity securities are carried at through there fair value. At each reporting date, the Company measures the investments at there fair value with any increase or decrease charged to Profit and Loss Account. Upon disposal the proceeds less fair value at the previous reporting date is charged to Profit and Loss.

#### b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity. Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted equity securities, the breakup value of the security should be considered to determine impairment amount. Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account. Where the fair value of the debt security is available, unrealised gains/losses are recognised in other comprehensive income and upon disposal are reclassified to profit and loss.

#### c) In term deposit

These are investments with fixed or determinable payments and fixed (short term) maturities which the Company has the intention and ability to hold till maturity.

Investments which are designated at fair value through profit or loss upon initial recognition

#### d) Loans and receivables

Loans and receivables comprise cash and bank deposits, contribution due but unpaid, amounts due from other Takaful & Retakaful operators and sundry receivables.

### 3.14 Offsetting of financial assets and liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and net amount is reported in the balance sheet when the operator has a legally right to set-off the recognised amounts and it intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

**3.15 Provisions**

Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provision are reviewed at balance sheet date and adjusted to reflect current best estimates.

**3.16 Taxation**

**Current**

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

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

**3.17 Takaful surplus**

Takaful surplus attributable to the participants is arrived after charging all direct cost and setting aside various reserves.

**3.18 Impairment of assets**

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sell and value in use. impairment losses are recognised in profit and loss account.

**3.19 Management expenses**

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

**3.20 Qard-e-Hasna**

Qard-e-Hasna is provided by Operator's fund to PTF in case of deficit or to fulfil cash flow requirements.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgements, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

		Note	
	- Reserve for unearned contribution		3.4
	- Contribution deficiency reserve		3.5
	- Provision for outstanding claims (including IBNR)		3.7
	- Useful lives of fixed assets		5.1

		2020	2019
		Rupees in thousand	
5	PROPERTY AND EQUIPMENT	Note	
	Operating assets	5.1	527
			<b>981</b>
			527



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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5.1 OPERATING ASSETS - OPF

		31 December, 2020					
		Cost		Depreciation		Written down value as at 31 December	Useful life (years)
As at 1 January	Additions / (Disposals)	As at 31 December	As at 1 January	For the year	(Disposals) / Adjustments	As at 31 December	
Rupees ('000)							
Furniture & fixtures	754	(250)	504	97	(25)	375	129
Office equipment	450	593	1,043	83	(266)	191	852
	1,204	343	1,547	180	(291)	566	981
<hr/>							
		31 December, 2019					
		Cost		Depreciation		Written down value as at 31 December	Useful life (years)
As at 1 January	Additions / (Disposals)	As at 31 December	As at 1 January	For the year	(Disposals) / Adjustments	As at 31 December	
Rupees ('000)							
Furniture & fixtures	490	264	754	125	-	303	451
Office equipment	275	175	450	238	-	374	76
	765	439	1,204	363	-	677	527

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 6 INVESTMENTS IN EQUITY SECURITIES

Note	2020		2019		
	Cost	Carrying value Impairment/ provision	Cost/ Carrying value	Impairment/ provision	Carrying value (Restated)
	Rupees in thousand				
<b>OPERATOR'S FUND</b>					
<b>At fair value through profit and loss</b>					
Others					
Mutual funds	6.1	130,179	132,795	120,443	124,060
		130,179	132,795	120,443	124,060
<b>PARTICIPANTS' TAKAFUL FUND</b>					
<b>At fair value through profit and loss</b>					
Others					
Mutual funds	6.2	150,882	154,525	115,779	115,779
		150,882	154,525	115,779	115,779

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Number of shares / units		2020		2019		
	2020	2019	Cost	Carrying value	Cost	Carrying value	
Rupees in thousand							
6.1	Fair value through profit and loss - held for trading - OPF						
	Others						
	Open-end mutual funds						
	ABL Islamic Income Fund	2,798,097	2,555,750	30,195	29,435	26,025	27,723
	JS Islamic Income Fund	401,355	387,860	41,111	42,451	39,237	39,748
	Alhamra Daily Dividend Fund	-	220,640	-	-	22,064	22,064
	NBP Islamic Mahana Amadani Fund	3,578,008	3,270,709	35,861	37,090	34,524	34,524
	Alhamra Islamic Income Fund	226,406	-	23,012	23,819	-	-
				130,179	132,795	121,851	124,060
6.2	Fair value through profit and loss - held for trading - PTF						
	Others						
	Open-end mutual funds						
	AKD Islamic Income Fund	574,242	519,087	28,801	29,792	27,623	27,623
	Atlas Islamic Income Fund	53,180	48,064	26,805	27,618	25,755	25,755
	HBL Islamic Money Market Fund	-	253,195	-	-	25,817	25,817
	HBL Islamic Income Fund	264,281	-	26,830	27,461	-	-
	AWT (PIML) Islamic Income Fund	355,726	338,672	36,583	37,792	36,583	36,583
	ABL Islamic Cash Fund	3,186,283	-	31,863	31,862	-	-
				150,882	154,525	115,778	115,778

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

7 INVESTMENTS IN DEBT SECURITIES

	2020			2019		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Rupees in thousand						
(a) Operator's Fund						
(i) Available for sale						
Sukuks	35,000		35,000	35,000	-	35,000
Profit on revaluation	7.1		746			
	35,000	-	35,746	35,000	-	35,000

(b) Participants' takaful fund						
(i) Available for sale						
Sukuks	25,000	-	25,000	25,000	-	25,000
Surplus on revaluation	7.2	-	497			
	25,000	-	25,497	25,000	-	25,000

7.1 Sukuks -OPF

Investee Name	Profit Rate	Number of certificates		2020		2019	
		2020	2019	Cost	Carrying value	Cost	Carrying value
Rupees in thousand							
Meezan Bank Ltd.	Based on monthly Shariah pool	1000	1000	5,000	5,000	5,000	5,000
The Hub Power Co. Ltd.	3-M KOIBOR Plus 190 bps	300	300	30,000	30,746	30,000	30,000
				35,000	35,746	35,000	35,000

7.2 Sukuks -PTF

Meezan Bank Ltd.	Based on monthly Shariah pool	1000	1000	5,000	5,000	5,000	5,000
The Hub Power Co. Ltd.	3-M KOIBOR Plus 190 bps	200	200	20,000	20,497	20,000	20,000
				25,000	25,497	25,000	25,000

8 INVESTMENTS IN TERM DEPOSITS

			Operator's Fund		
Operator's Fund			Note	2020	2019
Loans and receivables					
Deposits maturing within 12 months			8.1	-	27,500

8.1	Certificate Number		Investment period	Investee Name	Rate	Value of Certificates	
	2020	2019				2020	2019
	-	503-3	365 days	Albaraka Bank	12.25%	-	27,500

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9	LOANS AND OTHER RECEIVABLE - CONSIDERED GOOD	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
Rupees in thousand					
	Receivable against sale of asset	850	76	-	-
	Deposit against Ijarah - vehicles	280	929	-	-
	Accrued investment income	369	580	196	405
	Other receivable	660	302	828	1,498
		<b>2,159</b>	<b>1,887</b>	<b>1,024</b>	<b>1,903</b>

10	TAKAFUL/RETAKAFUL RECEIVABLES				
<b>Due from takaful contract holders</b>					
	Considered good	-	-	40,263	48,911
	Considered doubtful	-	-	222	222
		-	-	40,485	49,133
	Provision against doubtful balances	-	-	(222)	(222)
		-	-	40,263	48,911
<b>Due from other Takaful/Retakaful Operators</b>					
	Considered good	1,028	766	13,042	14,744
	Considered doubtful	-	-	1,171	1,171
		1,028	766	14,213	15,915
	Provision against doubtful balances	-	-	(1,171)	(1,171)
		1,028	766	13,042	14,744
		1,028	766	53,305	63,655

10.1	This includes contribution amounting to Rs.0.77 million (2019: 1.63 million) receivable from the associated undertakings as follows:	2020	2019
Rupees in thousand			
	Askari Guards (Private) Limited	849	1,633
	Mobil Askari Lubricants Pakistan Ltd	(12)	-
	Askari Life Assurance Company Ltd	(71)	-
		766	1,633

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
<b>11</b>	<b>RECEIVABLE / (PAYABLE)</b> (Current account between OPF and PTF)	<b>Rupees in thousand</b>			
	Wakala fee	41,486	43,370	(41,486)	(43,370)
	Less: Provision for refund of wakala fee against doubtful balances	(408)	(408)	408	408
		41,078	42,962	(41,078)	(42,962)
	Mudarib's fee	2,462	3,240	(2,462)	(3,240)
		43,540	46,202	(43,540)	(46,202)
<b>12</b>	<b>DEFERRED TAXATION</b>	<b>Rupees in thousand</b>			
	Deferred credit arising in respect of:				
	Unrealised gain on available-for-sales investments			216	-
				216	-
<b>13</b>	<b>PREPAYMENTS</b>				
	Prepaid retakaful contribution ceded - PTF	-	-	55,297	58,623
	Others - OPF	93	21		
		93	21	55,297	58,623
<b>14</b>	<b>CASH &amp; BANK</b>				
	Cash and Cash Equivalent				
	Stamps in hand	-	-	355	221
	Cash at bank				
	- Savings account	66,635	24,966	107,544	67,107
		66,635	24,966	107,899	67,328
<b>15</b>	<b>TAKAFUL/RETAKAFUL PAYABLES</b>				
	Due to Local takaful/retakaful operators	4,543	3,228	119,668	77,606
		4,543	3,228	119,668	77,606
<b>16</b>	<b>OTHER CREDITORS AND ACCRUALS</b>				
	Agents' commission payable	12,546	9,380	-	-
	Federal Takaful fee payable	-	-	432	482
	Federal excise duty payable	51	122	8,296	6,381
	Tax deducted at source	402	404	364	393
	Accrued expenses	779	462	-	-
	Others	8,067	5,942	2,060	1,276
		21,845	16,310	11,152	8,532

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17 CONTINGENCIES AND COMMITMENTS

**Contingency**

There is no contingency as at 31 December 2020 (31 December 2019:Nil)

**Commitments**

The Operator's commitment under Ijarah arrangement with Meezan Bank Limited is Rs.1.27 million (31 December 2019: Rs.3.03 million). The contracts have a term of five years.

Future Minimum Ijarah (lease) payments are as under:

	Operator's Fund	
	2020	2019
	Rupees in thousand	
Not later than 1 year	878	1,720
Later than 1 year but not later than 5 years	392	1,314
	1,270	3,034
Ijarah payments recognized in Expense during the year	2,108	2,467

**Participants' Takaful Fund**

	2020	2019
	Rupees in thousand	

18	NET CONTRIBUTION	
Written Gross Contribution	375,810	371,450
Less: Wakala fee	(144,744)	(149,737)
<b>Contribution Net of Wakala Fee</b>	<b>231,066</b>	<b>221,713</b>
Add: Unearned contribution reserve opening - net	109,469	89,757
Less: Unearned contribution reserve closing - net	(111,207)	(109,469)
Contribution earned	229,328	202,001
Less: Retakaful Contribution ceded	119,140	118,883
Add: Prepaid retakaful contribution opening	58,623	29,421
Less: Prepaid retakaful contribution closing	(55,297)	(58,623)
Retakaful expense	122,466	89,681
<b>Net takaful contribution</b>	<b>106,862</b>	<b>112,320</b>

19	RETAKAFUL REBATE	
Retakaful Rebate income	25,985	22,239
Add: Unearned retakaful rebate opening	10,790	5,352
Less: Unearned retakaful rebate closing	(11,956)	(10,790)
<b>Rebate from retakaful operators</b>	<b>24,819</b>	<b>16,801</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Participants' Takaful Fund	
		2020	2019
		Rupees in thousand	
<b>20</b>	<b>NET TAKAFUL BENEFITS / CLAIMS EXPENSE</b>		
	Claim paid	134,090	128,923
	Add: Outstanding claims including IBNR closing	106,671	71,686
	Less: Outstanding claims including IBNR opening	(71,686)	(68,644)
	<b>Claim expense</b>	<b>169,075</b>	<b>131,965</b>
	Less: Retakaful and other recoveries received	18,956	9,600
	Add: Retakaful and other recoveries in respect of outstanding claims - closing	42,448	16,397
	Less: Retakaful and other recoveries in respect of outstanding claims - opening	(16,397)	(16,078)
	Retakaful and other recoveries revenue	45,007	9,919
	<b>Net takaful claim expense</b>	<b>124,068</b>	<b>122,046</b>

		Operator's Fund	
		2020	2019
		Rupees in thousand	
<b>21</b>	<b>COMMISSION EXPENSE</b>		
	Commission paid or payable	36,781	33,185
	Add: Deferred commission expense opening	15,193	10,730
	Less: Deferred commission expense closing	(18,063)	(15,193)
	<b>Commission expense</b>	<b>33,911</b>	<b>28,722</b>

		Operator's Fund	
		2020	2019
		Rupees in thousand	
<b>22</b>	<b>WAKALA FEE</b>		
	The Operator manages the general takaful operations for the participants and charges 35% for fire and property damage, 35% for marine and aviation, 45% for motor, 25% for health and accident and 40% for miscellaneous of the gross contribution written as wakala fee against the services as follows:		
	Gross wakala fee	144,746	149,737
	Add: Unearned wakala fee opening	72,162	61,788
	Less: Unearned wakala fee closing	(69,283)	(72,162)
	<b>Net wakala fee income</b>	<b>147,625</b>	<b>139,363</b>



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Operator's Fund	
		2020	2019
<b>23</b>	<b>GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES</b>	<b>Rupees in thousand</b>	
	Employee benefit cost - Note 23.1	42,450	36,981
	Rent	14,060	10,582
	Communication	1,644	2,057
	Printing and stationery	2,199	1,773
	Travelling and entertainment	1,061	1,389
	Depreciation	180	363
	Repairs and maintenance	2,263	2,404
	Utilities	2,905	3,180
	Legal and professional charges - business related	723	698
	Bank charges	17	21
	Vehicle Ijarah expenses	2,109	2,534
	Tracker management expense	3,280	3,467
	Miscellaneous	2,203	2,016
		<b>75,094</b>	<b>67,465</b>
<b>23.1</b>	<b>Employee benefit cost</b>		
	Salary, allowances and other benefits	40,977	35,758
	Charges for post employment benefits	1,473	1,223
		<b>42,450</b>	<b>36,981</b>
		Participants' Takaful Fund	
		2020	2019
<b>24</b>	<b>OTHER DIRECT EXPENSES</b>	<b>Rupees in thousand</b>	
	Tracker installation and monitoring charges	5,525	2,582
	Inspection charges	89	75
	Bank Charges	55	47
		<b>5,669</b>	<b>2,705</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
Rupees in thousand					
<b>25</b>	<b>INVESTMENT INCOME</b>				
	<b>Income from equity securities - Available for sale</b>				
	- Dividend income	-	-	-	80
	- Loss on sale of investments	-	(2,152)	-	(11,161)
		-	(2,152)	-	(11,081)
	<b>Income from equity securities - Held for trading</b>				
	- Dividend income	7,199	9,030	6,376	1,127
	- Gain on trading	-	2,754	201	4,793
		7,199	11,784	6,577	5,920
	<b>Income from debt securities - Held to maturity</b>				
	- Return on fixed income securities	1,560	2,276	-	1,011
	- Return on fixed income securities	4,104	2,557	2,925	1,932
		12,863	14,465	9,502	(2,218)
	<b>Net unrealized gains on investment</b>				
	- Net unrealized gains on investments at fair value through profit or loss - held for trading	2,616	2,209	3,642	-
	<b>Reversal of impairment in value of AFS securities</b>				
	- Equity securities	-	1,463	-	6,902
	<b>Total investment income</b>	<b>15,479</b>	<b>18,137</b>	<b>13,144</b>	<b>4,684</b>
<b>26</b>	<b>OTHER INCOME</b>				
	Return on bank balances	2,521	2,107	2,516	5,679
	Miscellaneous	1,504	52	(2)	34
		4,025	2,159	2,514	5,713

**27 MODARIB'S FEE**

The Operator manages the participants' investments as a Modarib's and charge 40% Modarib's share of the investment income earned by PTF.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Operator's Fund	
		2020	2019
		Rupees in thousand	
<b>28</b>	<b>DIRECT EXPENSES</b>		
	Auditors' remuneration	303	289
	Shariah Compliance Auditors' remuneration	181	172
		<b>484</b>	<b>461</b>

<b>29</b>	<b>TAXATION</b>		
	<b>For the year</b>		
	Current	17,482	-
	Deferred	-	-
		<b>17,482</b>	<b>-</b>

<b>29.1 Relationship between tax expense and accounting profit</b>		2020	2020
		Effective tax rate - %	Rupees in thousand
	Profit for the year before taxation		<b>62,898</b>
	Tax at the applicable rate	<b>29.00</b>	<b>18,240</b>
	Effect of items that are not considered in determining taxable income - net	<b>(1.21)</b>	<b>(759)</b>
	Effect of amounts chargeable to tax at reduced rate	<b>0.00</b>	<b>-</b>
	Effect of change in tax rate	<b>0.00</b>	<b>-</b>
		<b>27.79</b>	<b>17,482</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 30 RELATED PARTY TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Balance due from associated undertakings are disclosed in note 9 to the financial statements. Transaction with related parties during the year are as follows:

	2020	2019
	Rupees in thousand	
<b>Askari Guards (Private) Limited</b>		
Contribution written (including government levies and stamp duties)	1,139	2,633
Contribution received during the year	1,923	3,192
Takaful benefits paid	118	120
<b>Mobil Askari Lubricants Pakistan Limited</b>		
Contribution written (including government levies and stamp duties)	2,470	2,226
Contribution received during the year	2,481	2,538
Takaful benefits paid	1,130	1,690
<b>Askari Life Assurance Co. Limited</b>		
Contribution written (including government levies and stamp duties)	473	547
Contribution received during the year	544	547
Takaful benefits paid	106	20
<b>Petroseel Lubricants (Private) Limited</b>		
Contribution written (including government levies and stamp duties)	-	53
Contribution received during the year	-	80
Takaful benefits paid	-	128
<b>Army Welfare Sugar Mills</b>		
Contribution written (including government levies and stamp duties)	1,608	1,635
Contribution received during the year	1,608	1,635
Takaful benefits paid	-	-
<b>Askari Development and Holdings (Pvt) Limited</b>		
Contribution written (including government levies and stamp duties)	260	-
Contribution received during the year	260	-
<b>Others</b>		
Employees' retirement benefits	2,579	2,219

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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## SEGMENT INFORMATION

Business class wise revenue and results have been disclosed in the profit and loss account prepared in line with the format issued by SEOP through SEC (Insurance) Rules, 2017, vide SEOP S.R.O. No 89 (1)/2017 dated 9 February, 2017. The following table presents estimated information regarding certain assets and liabilities of the segments as at 31 December 2020 and 31 December 2019, unallocated capital expenditure and non-cash expenses during the year then ended.

### 2020 - OPF & PTF

#### Participants' Takaful Fund

	Year ended 31 December 2020						TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous		
	Rupees in thousand						
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	83,362	51,142	211,178	57,456	24,480	427,618	
Less: Federal Excise Duty	(9,521)	(5,562)	(27,919)	-	(2,537)	(45,539)	
Federal Takaful Fee	(646)	(410)	(1,840)	(569)	(182)	(3,647)	
Stamp duty	(20)	(2,550)	(48)	(1)	(2)	(2,621)	
<b>Gross written contribution</b>	<b>73,175</b>	<b>42,620</b>	<b>181,371</b>	<b>56,886</b>	<b>21,759</b>	<b>375,811</b>	
Gross direct contribution	65,520	41,662	180,219	56,886	17,383	361,670	
Facultative inward contribution	7,655	957	1,151	-	4,376	14,139	
<b>Takaful contribution earned</b>	<b>62,199</b>	<b>38,664</b>	<b>190,988</b>	<b>49,450</b>	<b>35,652</b>	<b>376,953</b>	
Wakala expense	(21,765)	(13,407)	(85,947)	(12,242)	(14,264)	(147,625)	
Takaful contribution ceded to retakaful operators	(51,542)	(26,674)	(23,409)	-	(20,841)	(122,466)	
Net takaful contribution	(11,108)	(1,417)	81,632	37,208	547	106,862	
Retakaful Rebate income	11,229	6,549	3,836	-	3,205	24,819	
<b>Net underwriting income</b>	<b>121</b>	<b>5,132</b>	<b>85,468</b>	<b>37,208</b>	<b>3,752</b>	<b>131,681</b>	
Takaful claims	(22,995)	(5,165)	(72,765)	(55,405)	(12,745)	(169,075)	
Takaful claims recovered from retakaful operators	18,113	3,562	13,569	-	9,763	45,007	
Net takaful claims	(4,882)	(1,603)	(59,196)	(55,405)	(2,982)	(124,068)	
PTF Direct expense	(11)	(6)	(5,638)	(9)	(5)	(5,669)	
<b>Net takaful claims and expenses</b>	<b>(4,893)</b>	<b>(1,609)</b>	<b>(64,834)</b>	<b>(55,414)</b>	<b>(2,987)</b>	<b>(129,737)</b>	
<b>Underwriting result</b>	<b>(4,772)</b>	<b>3,523</b>	<b>20,634</b>	<b>(18,206)</b>	<b>765</b>	<b>1,944</b>	
Net investment income						13,144	
Other income						2,514	
Mudarib's share						(5,258)	
<b>Surplus for the year</b>						<b>12,344</b>	
	As at 31 December 2020						
Segment assets	70,132	15,025	98,509	21,882	14,818	220,366	
Unallocated assets						223,483	
Total assets						443,849	
Segment liabilities	63,519	21,345	203,749	83,967	20,835	393,415	
Unallocated liabilities						13,616	
Total liabilities						407,031	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

Operator's Fund	For the year ended 31 December 2020					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Wakala Fee	21,766	13,407	85,947	12,242	14,264	147,625
Commission expense	(11,115)	(7,387)	(12,928)	(1,535)	(946)	(33,911)
Management expenses	(7,033)	(3,975)	(48,220)	(7,071)	(8,795)	(75,094)
Segment result	3,617	2,045	24,799	3,636	4,523	38,620
Mudarib's share of PTF investment income						5,258
Investment income						15,479
Other income						4,025
Other expenses						(484)
Profit for the year						62,898
	As at 31 DECEMBER 2020					
Segment assets	14,137	5,583	30,967	4,257	5,225	60,169
Unallocated assets						246,697
						306,866
Segment liabilities	16,559	4,695	50,325	8,228	6,565	86,372
Unallocated liabilities						9,515
Total liabilities						95,887

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	For the year ended 31 December 2019						TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous		
Participants' Takaful Fund	Rupees in thousand						
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and Stamp duty)	64,350	37,101	244,651	33,077	47,920	427,099	
Less: Federal Excise Duty	(7,863)	(4,028)	(32,493)	-	(6,129)	(50,513)	
Federal Takaful Fee	(526)	(309)	(2,139)	(327)	(400)	(3,701)	
Stamp duty	(13)	(1,369)	(50)	-	(3)	(1,435)	
Gross written contribution	55,948	31,395	209,969	32,750	41,388	371,450	
Gross direct contribution	50,999	31,048	209,969	32,750	39,909	364,675	
Facultative inward contribution	4,949	347	-	-	1,479	6,775	
Takaful contribution earned	42,939	28,368	211,487	23,409	35,161	341,364	
Wakala expense	(14,918)	(9,809)	(95,028)	(5,559)	(14,049)	(139,363)	
Takaful contribution ceded to retakaful operators	(33,751)	(18,945)	(11,614)	-	(25,371)	(89,681)	
Net takaful contribution	(5,730)	(386)	104,845	17,850	(4,259)	112,320	
Retakaful Rebate income	7,496	4,498	955	-	3,852	16,801	
Net underwriting income	1,766	4,112	105,800	17,850	(407)	129,121	
Takaful claims	(12,052)	(5,465)	(95,517)	(19,311)	380	(131,965)	
Takaful claims recovered from retakaful operators	8,474	2,503	(2,128)	-	1,070	9,919	
Net takaful claims	(3,578)	(2,962)	(97,645)	(19,311)	1,450	(122,046)	
PIF Direct expense	(10)	(4)	(2,658)	(28)	(4)	(2,704)	
Net takaful claims and expenses	(3,588)	(2,966)	(100,303)	(19,339)	1,446	(124,750)	
Underwriting result	(1,822)	1,146	5,497	(1,489)	1,039	4,371	
Net investment income						4,684	
Other income						5,713	
Mudarib's share						(4,146)	
Surplus for the year						10,622	
As at 31 December 2019							
Segment assets	45,620	13,119	107,839	13,631	30,629	210,838	
Unallocated assets						139,590	
Total assets						350,428	
Segment liabilities	38,020	18,438	198,840	39,156	20,224	314,678	
Unallocated liabilities						11,772	
Total liabilities						326,450	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

Operator's Fund	For the year ended 31 December 2019					TOTAL
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	
	Rupees in thousand					
Wakala Fee	14,918	9,809	95,028	5,559	14,049	139,363
Commission expense	(7,349)	(5,621)	(14,590)	(547)	(615)	(28,722)
Management expenses	3,442	232	(62,976)	(10,721)	2,558	(67,465)
Segment result	11,011	4,420	17,462	(5,709)	15,992	43,176
Mudarib's share of PTF investment income						4,146
Investment income						18,137
Other income						2,159
Other expenses						(461)
Profit for the year						67,157
	As at 31 DECEMBER 2019					
Segment assets	10,033	4,161	36,929	2,338	4,695	58,156
Unallocated assets						222,272
						280,428
Segment liabilities	11,571	2,599	50,746	5,205	11,421	81,542
Unallocated liabilities						10,158
Total liabilities						91,700



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

32.1 Operator's Fund	2020					
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1
Rupees in thousand						
<b>Financial assets measured at fair value</b>						
Investment at fair value through profit and loss						
- Mutual funds	132,795	-	-	-	132,795	132,795
<b>Financial assets not measured at fair value</b>						
Cash and bank deposits	-	-	66,635	-	66,635	-
Term deposits	-	-	-	-	-	-
Investments					-	-
- Sukuks	-	35,746	-	-	35,746	-
Loans and other receivables*	-	-	2,159	-	2,159	-
Receivable from PTF	-	-	43,540	-	43,540	-
<b>Financial liabilities not measured at fair value</b>						
Takaful / Retakaful payables*				4,543	4,543	-
Other creditors and accruals*	-	-	-	21,845	21,845	-
	132,795	35,746	112,334	26,388	307,263	132,795

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2019					
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand					
<b>Financial assets measured at fair value</b>						
Investment at fair value through profit and loss						
- Mutual funds	124,060	-	-	-	124,060	124,060
<b>Financial assets not measured at fair value</b>						
Cash and bank deposits	-	-	24,966	-	24,966	-
Investments						
- Sukuks	-	35,000	-	-	35,000	-
Wakala fees receivable*	-	-	42,962	-	42,962	-
Mudarib's fees receivable*	-	-	3,240	-	3,240	-
Loans and other receivables*	-	-	1,887	-	1,887	-
<b>Financial liabilities not measured at fair value</b>						
Takaful / Retakaful payables*	-	-	-	3,228	3,228	-
Other creditors and accruals*	-	-	-	16,310	16,310	-
	124,060	35,000	73,055	19,538	251,653	124,060

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

32.2 Participants' Takaful Fund	2020					
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1
Rupees in thousand						
<b>Financial assets measured at fair value</b>						
Investment at fair value through profit and loss						
- Mutual funds	154,525	-	-	-	154,525	154,525
<b>Financial assets not measured at fair value</b>						
Cash and bank deposits	-	-	107,899	-	107,899	-
Investments						
- Sukuks	-	25,497	-	-	25,497	-
Takaful/Retakaful receivable*	-	-	53,305	-	53,305	-
Retakaful recoveries against outstanding claims*	-	-	-	42,448	42,448	-
<b>Financial liabilities not measured at fair value - PTF</b>						
Provision for outstanding claims (including IBNR)*	-	-	-	106,671	106,671	-
Takaful / Retakaful payables*	-	-	-	119,668	119,668	-
Payable to OPF / PTF	-	-	-	43,540	43,540	-
Other creditors and accruals*	-	-	-	11,152	11,153	-
	154,525	25,497	161,204	323,480	664,705	154,525

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2019					
	Held-for-trading	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1
	Rupees in thousand					
<b>Financial assets measured at fair value</b>						
Investment at fair value through profit and loss						
- Mutual funds	115,779	-	-	-	115,779	115,779
<b>Financial assets not measured at fair value</b>						
Cash and bank deposits	-	-	67,328	-	67,328	-
Investments						
- Sukuks	-	25,000	-	-	25,000	25,000
Takaful/Retakaful receivable*	-	-	63,655	-	63,655	-
Retakaful recoveries against outstanding claims*	-	-	16,397	-	16,397	-
Loans and other receivables*	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>						
Provision for outstanding claims (including IBNR)*	-	-	-	71,686	71,686	-
Takaful / Retakaful payables*	-	-	-	77,606	77,606	-
Wakala fees payable*	-	-	-	42,962	42,962	-
Mudarib's fees payable*	-	-	-	3,240	3,240	-
Other creditors and accruals*	-	-	-	8,532	8,532	-
	115,779	25,000	147,380	204,026	492,185	140,779

\* The Operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transactions. Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Participants' Takaful Fund	
33	STATEMENT OF SOLVENCY	2020	2019
Assets		Rupees in thousand	
	Investment		
	Equity securities	154,525	115,779
	Debt securities	25,497	25,000
	Loans and other receivables	1,024	1,903
	Takaful/Retakaful receivables	53,305	63,655
	Salvage recoveries accrued	32	1
	Retakaful recoveries against outstanding claims	42,448	16,397
	Tax deducted at source	3,822	1,742
	Prepayments	55,297	58,623
	Cash & Bank	107,899	67,328
	<b>Total Assets (A)</b>	<b>443,849</b>	<b>350,428</b>
	<b>In-admissible assets as par following clauses of section 32 (2) of the Insurance Ordinance, 2000</b>		
	Takaful and retakaful receivable for more than three months	14,221	20,669
	Receivable from related parties	967	1,633
	<b>Total In-admissible Assets (B)</b>	<b>15,188</b>	<b>22,302</b>
	<b>Total Admissible Assets (C=A-B)</b>	<b>428,661</b>	<b>328,126</b>
	<b>Total Liabilities</b>		
	Underwriting Provisions		
	Outstanding benefits including IBNR	106,671	71,686
	Unearned contribution reserves	111,207	109,469
	Unearned retakaful rebate	11,956	10,790
	Contribution received in advance	2,836	2,165
	Takaful/ Retakaful payable	119,668	77,606
	Payable to OPF	43,540	46,202
	Other creditors and accruals	11,153	8,532
	<b>Total Liabilities (D)</b>	<b>407,031</b>	<b>326,450</b>
	<b>Total Net Admissible Assets (E=C-D)</b>	<b>21,630</b>	<b>1,676</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Held to maturity	Available-for-sale	Fair value through P&L	Loans and receivables	Total	
Rupees in thousand						
<b>34</b>	<b>MOVEMENT IN INVESTMENTS - OPF</b>					
	<b>At beginning of previous year (Restated)</b>	5,000	4,537	138,871	-	148,408
	Additions	30,000	-	-	27,500	57,500
	Disposals (sales and redemptions)	-	(6,000)	(17,020)	-	(23,020)
	Fair value net (loss)/gain (excluding unrealised gains)	-	-	2,209	-	2,209
	Impairment gains	-	1,463	-	-	1,463
	<b>At beginning of current year</b>	<b>35,000</b>	<b>-</b>	<b>124,060</b>	<b>27,500</b>	<b>186,560</b>
	Additions	-	-	-	-	-
	Disposals (sales and redemptions)	-	-	(27,500)	-	(27,500)
	Fair value net gain (excluding unrealised gains)	-	-	9,735	-	9,735
	Impairment losses	-	-	(1,000)	-	(1,000)
	<b>At end of current year</b>	<b>35,000</b>	<b>-</b>	<b>105,295</b>	<b>27,500</b>	<b>167,795</b>
<b>35</b>	<b>MOVEMENT IN INVESTMENTS - PTF</b>					
	<b>At beginning of previous year (Restated)</b>	5,000	10,180	25,028	-	40,208
	Additions	20,000	-	252,582	-	272,582
	Disposals (sales and redemptions)	-	(10,180)	(161,803)	-	(171,983)
	Fair value net loss(excluding net realised gains/(losses))	-	-	(28)	-	(28)
	<b>At beginning of current year</b>	<b>25,000</b>	<b>-</b>	<b>115,779</b>	<b>-</b>	<b>140,779</b>
	Additions	-	-	60,943	-	60,943
	Disposals (sales and redemptions)	-	-	(25,840)	-	(25,840)
	Fair value net gain (excluding net realised gains/(losses))	-	-	3,643	-	3,643
	<b>At end of current year</b>	<b>25,000</b>	<b>-</b>	<b>154,525</b>	<b>-</b>	<b>179,525</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 36 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

### 36.1 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 retakaful 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.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful 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 retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

#### a) 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 retakaful arrangements.

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 retakaful policy to reduce such exposures to levels acceptable to the Operator. The concentration of risk by type of contracts is summarized below by reference of liabilities.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2020	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	76,112,160	62,872,582	13,239,578
Marine, aviation and transport	87,552,845	52,387,813	35,165,032
Motor	10,327,233	1,458,968	8,868,265
Miscellaneous	12,897,366	3,888,976	9,008,390
	<b>186,889,604</b>	<b>120,608,338</b>	<b>66,281,266</b>

2019	Gross sum takaful	Sum Retakaful	Net
Rupees in thousand			
Fire and property damage	56,800,111	51,554,086	5,246,025
Marine, aviation and transport	78,846,105	58,130,992	20,715,113
Motor	11,555,046	695,955	10,859,091
Miscellaneous	14,070,516	10,729,677	3,340,839
	<b>161,271,778</b>	<b>121,110,710</b>	<b>40,161,068</b>

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

	2020	2019
Rupees in thousand		
<b>Class of business</b>		
Fire and property damage	<b>1,600,000</b>	3,775,848
Marine, aviation and transport	<b>3,500,000</b>	5,129,652
Motor	<b>59,500</b>	59,500
Miscellaneous	<b>5,360,599</b>	5,348,650

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



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

**b) Sources of uncertainty in estimation of future claim payments**

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.7.

**c) Key assumptions**

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

**d) Changes in assumptions**

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

**e) Sensitivity analysis**

The Operator believes that the claim liabilities under takaful contracts outstanding at the year 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 analysed 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.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Participants' Takaful Fund Revenue		Participants' Takaful Fund Equity	
	2020	2019	2020	2019
<b>10% increase in loss</b>	<b>Rupees in thousand</b>			
Fire and property damage	663	223	471	158
Marine aviation and transport	255	448	181	318
Motor	3,585	4,046	2,545	2,873
Health	1,731	721	1,229	512
Miscellaneous	189	91	134	65
	<b>6,423</b>	<b>5,529</b>	<b>4,560</b>	<b>3,926</b>

A 10% decrease would have had equal but opposite effect on the profit and loss account and Participants' Takaful Fund Equity.

**f) Age-wise breakup of unclaimed Takaful benefits**

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
		Rupees in thousand				
Claims not encashed	5,637	4,067	448	904	219	-

**36.2 Financial risk**

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

**36.3 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.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Operator's Fund		Participants' Takaful Fund	
	2020	2019	2020	2019
	Rupees in thousand			
Bank deposits	66,635	24,966	107,544	67,107
Investments	168,541	159,060	180,022	140,779
Loans and Other Receivables	2,159	1,887	1,024	1,903
Takaful/Retakaful receivable	1,028	766	53,305	63,655
Retakaful recoveries				
against outstanding claims	-	-	42,448	16,397
Salvage recoveries accrued	-	-	32	1
Receivable from PTF	43,540	46,202	-	-
	<b>281,903</b>	<b>232,881</b>	<b>384,375</b>	<b>289,842</b>

The Operator does not hold any collateral against the above balances. Past due policies were not impaired as they relate to the number of policy holders and other Takaful/ retakaful operators for whom there is no recent history of default. The age analysis of gross receivables is as follows:

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

a)	Operator's Fund	2020			2019		
		Due from Other takaful/retakaful Operators	Loans and other receivables	Aggregate	Due from Other takaful/retakaful Operators	Loans and other receivables	Aggregate
		Rupees in thousand					
	Upto 1 year	594	2,159	2,753	340	1,887	2,227
	1-2 years	222	-	222	245	-	245
	2-3 years	212	-	212	181	-	181
		<b>1,028</b>	<b>2,159</b>	<b>3,187</b>	<b>766</b>	<b>1,887</b>	<b>2,653</b>

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

b) Participants' takaful fund					
					2020
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
Rupees in thousand					
Upto 1 year	38,047	8,638	40,827	1,024	88,536
1-2 years	2,362	3,982	977	-	7,321
2-3 years	76	1,593	644	-	2,313
	40,485	14,213	42,448	1,024	98,170

					2019
	Due from takaful contract holders	Due from other takaful/retakaful operators	Retakaful recoveries against outstanding claims	Loans and other receivables	Aggregate
Rupees in thousand					
Upto 1 year	45,857	12,430	14,912	1,903	75,102
1-2 years	3,277	2,612	1,485	-	7,374
2-3 years	-	873	-	-	873
	49,134	15,915	16,397	1,903	83,349

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

Rating							
Financial institution	Rating		Rating agency	Operator's Fund		Participants' Takaful Fund	
	Short term	Long term		2020	2019	2020	2019
Rupees in thousand							
Askari Islamic Bank	A1+	AA+	PACRA	36,836	21,192	2,032	11,236
Meezan Bank	A-1+	AA+	JCR-VIS	2,230	2,426	99,258	48,864
The Bank of Khyber	A1	A	PACRA	-	-	6,249	6,497
Al Barka Bank Ltd	A-1	A+	JCR-VIS	27,570	1,348	4	510
				66,636	24,966	107,543	67,107

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

The credit quality of amount due from other takaful & retakaful operators and retakaful recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

a)	Operator's Fund	2020		2019	
		Takaful / Retakaful Receivable	Takaful / Retakaful Receivable	Takaful / Retakaful Receivable	Takaful / Retakaful Receivable
Rupees in thousand					
	A or above	1,028		766	
		1,028		766	

b)	Participants' takaful fund	2020		2019	
		Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims	Other Takaful / Retakaful Receivable	Retakaful recoveries against Outstanding claims
Rupees in thousand					
	A or above	14,213	42,448	15,915	19,019
	Others	-	-	-	-
		14,213	42,448	15,915	19,019

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Sector wise analysis of gross contribution due from takaful contract holders is as follows:

	2020	2019
	Rupees in thousand	
Financial Services	4,688	18,813
Textile and composites	2,134	3,129
Pharmaceuticals	506	1,594
Telecommunication	473	53
Engineering	2,263	1,422
Other manufacturing	3,373	1,843
Education	330	714
Construction companies	2,691	4,068
Development	403	370
Logistics	1,778	2,584
Agriculture	1,431	670
Other services	4,186	2,288
Sugar Industry	119	33
Poultry Industry	18	218
Travel and Tourism Development	2,367	-
Miscellaneous	13,725	11,369
	<b>40,485</b>	<b>49,166</b>

#### 36.4 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 retakaful 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 balance sheet date. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
<b>Financial Liabilities - OPF</b>				
Other creditors and accruals	21,845	21,845	21,845	-
Takaful/retakaful payable	4,543	4,543	4,543	-
	26,388	26,388	26,388	-
<b>Financial Liabilities - PTF</b>				
Provision for Outstanding Claims (including IBNR)	106,671	106,671	106,671	-
Takaful/retakaful payable	119,668	119,668	119,668	-
Wakala fees payable	41,078	41,078	41,078	-
Other creditors and accruals	11,153	11,153	11,152	-
	278,570	278,570	278,569	-
	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees in thousand			
<b>Financial Liabilities - OPF</b>				
Other creditors and accruals	16,309	16,309	16,309	-
Takaful/retakaful payable	3,228	3,228	3,228	-
	19,537	19,537	19,537	-
<b>Financial Liabilities - PTF</b>				
Provision for Outstanding Claims (including IBNR)	71,686	71,686	71,686	-
Takaful/retakaful payable	77,606	77,606	77,606	-
Wakala fees payable	42,962	42,962	42,962	-
Other creditors and accruals	8,532	8,532	8,532	-
	200,786	200,786	200,786	-

ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 36.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

### Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The Operator's financial liabilities are not exposed to profit rate risk. The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2020	2019	2020		2019	
	Profit rate / mark-up bearing (%)		Carrying amounts		Carrying amounts	
Operator's Fund			Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund	
			Rupees in thousand			
<b>Financial assets</b>						
Deposit accounts	2.51% to 7.75%	4.35% to 8.50%	66,635	107,544	24,966	67,107
			<b>66,635</b>	<b>107,544</b>	24,966	67,107

### Sensitivity analysis

A 10% increase/(decrease) in market price of held for trading investments at the year end, would have increased/(decreased) profit by Rs.13.28 million (2019: Rs 12.40 million)

### Foreign currency risk

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



ASKARI GENERAL INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

**36.6 Price risk**

Price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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.

**36.7 Fair value**

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

**37 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS**

During the year, the novel coronavirus (COVID 19) emerged, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "Public Health Emergency of International Concern". The scale and duration of this outbreak remains uncertain and as it evolves globally in 2020, the Company based on its current assessment considered that there would be no significant impact that will adversely affect its business, result of operations and financial condition of the Company.

**38 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors on its meeting held on 24 March 2021.




Razi Haider  
Chief Financial Officer



Abdul Waheed  
President & Chief Executive



AVM Mohammad Athar Shams (Retd)  
Director



Lt Gen Naveed Mukhtar (Retd)  
Chairman

# PATTERN OF SHAREHOLDING

## AS AT 31 DECEMBER 2020

No. of Shareholders	From	To	Shares Held	Percentage
290	1	100	11426	0.0159
631	101	500	228231	0.3174
190	501	1000	140844	0.1959
371	1001	5000	918313	1.2772
94	5001	10000	673520	0.9367
43	10001	15000	522409	0.7266
16	15001	20000	275274	0.3828
8	20001	25000	188787	0.2626
11	25001	30000	304839	0.4240
11	30001	35000	364317	0.5067
7	35001	40000	265921	0.3698
6	40001	45000	253973	0.3532
3	45001	50000	141555	0.1969
4	50001	55000	207228	0.2882
1	55001	60000	57500	0.0800
2	60001	65000	127723	0.1776
2	65001	70000	136649	0.1900
2	75001	80000	155350	0.2161
3	85001	90000	262382	0.3649
4	95001	100000	397225	0.5525
3	100001	105000	305761	0.4252
1	105001	110000	108000	0.1502
1	110001	115000	115000	0.1599
1	115001	120000	117530	0.1635
1	120001	125000	121256	0.1686
3	125001	130000	384650	0.5350
2	130001	135000	264131	0.3673
1	150001	155000	151003	0.2100
3	175001	180000	529229	0.7360
4	180001	185000	731146	1.0169
1	185001	190000	188025	0.2615
1	200001	205000	201613	0.2804
1	225001	230000	227733	0.3167

# PATTERN OF SHAREHOLDING

## AS AT 31 DECEMBER 2020

No. of Shareholders	From	To	Shares Held	Percentage
2	230001	235000	461263	0.6415
1	270001	275000	274358	0.3816
1	395001	400000	399546	0.5557
1	505001	510000	506810	0.7049
1	530001	535000	532305	0.7403
1	595001	600000	599390	0.8336
1	660001	665000	661250	0.9197
1	775001	780000	779533	1.0842
1	800001	805000	805000	1.1196
1	805001	810000	808162	1.1240
1	855001	860000	858962	1.1946
1	1495001	1500000	1495508	2.0799
1	1980001	1985000	1980976	2.7551
1	1995001	2000000	2000000	2.7816
1	2415001	2420000	2417266	3.3619
1	5700001	5705000	5701303	7.9293
1	42540001	42545000	42541720	59.1663
1740		Company Total	71901895	100

# PATTERN OF SHAREHOLDING

## AS AT 31 DECEMBER 2020

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,713	23,326,266	32.44%
Financial Institutions	1	4,562	0.01%
Mutual Funds	2	837,033	1.16%
Charitable Trust	4	42,600,734	59.25%
Others	20	5,133,300	7.14%
<b>Total</b>	<b>1,740</b>	<b>71,901,895</b>	<b>100.00%</b>

<b>Held By</b>			
Particulars	No. of Shareholders	Shares Held	Percentage
<b>Associated companies, undertakings &amp; related parties</b>			
Army Welfare Trust	4	42,600,734	59.25%
<b>Directors, CEO, their spouse &amp; minor children</b>			
Lt Gen Najib Ullah Khan (Retd)	1	3,521	0.00%
Maj Gen Imtiaz Hussain Sherazi (Retd)	1	923	0.00%
Maj Gen Akhtar Iqbal (Retd)	1	3,521	0.00%
Brig Kamran Asad (Retd)	1	3,521	0.00%
Malik Riffat Mahmood	1	923	0.00%
Saima Akbar Khattak	1	500	0.00%
Mohammad Munir Malik	1	725	0.00%
Imran Iqbal	1	532,305	0.74%
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas &amp; pension funds (other than specified above)</b>			
Escorts Investment Bank Limited	1	4,562	0.01%
<b>Mutual Funds</b>			
CDC - Trustee AKD Opportunity Fund	1	779,533	1.08%
AGP (Pvt) Limited Staff Provident Fund	1	57,500	0.08%
<b>Shareholders holding five percent or more voting rights in the Company</b>			
Muhammad Iqbal	1	5,701,303	7.93%
<b>Individuals - local</b>			
- foreign	35	1,359,037	1.89%
<b>Others</b>			
	20	5,133,300	7.14%
<b>Total</b>	<b>1,740</b>	<b>71,901,895</b>	<b>100.00%</b>

# NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting (AGM) of the shareholders of Askari General Insurance Limited (the Company) will be held at Registered Office of the Company at 3rd Floor, AWT Plaza, The Mall, Rawalpindi on Tuesday May 25, 2021 at 11:30 am to transact the following business:

## Ordinary Business:

1. To confirm minutes of the 25th Annual General Meeting held on May 21, 2020.
2. To receive, consider, approve and adopt the annual, Audited Financial Statements (Consolidated and Unconsolidated) of the Company for the year ended December 31, 2020 together with Chairman review, Directors' and Auditors' Reports thereon.
3. To consider and approve payment of final cash dividend of 27.5% (Rs. 2.75 per share) for the year ended December 31, 2020 as recommended by the Directors of the Company.
4. To appoint auditors for the year 2021 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended appointing A.F Ferguson Chartered Accountants as statutory auditors of the company.
5. To transact any other business with permission of the Chair.

By order of the Board

Rawalpindi  
May 03, 2021

Company Secretary

## IMPORTANT NOTES:

### 1. Participation by Shareholders

In view of the threat posed by the third wave of Covid-19 and concerning the well-being of participants of the Annual General Meeting (AGM), this meeting will be conducted as per the guidelines prescribed by the Securities & Exchange Commission of Pakistan (SECP), via Circular no. 4 of 2021 dated February 15, 2021.

Accordingly, arrangements have been made by Company to facilitate the participation of the shareholders in AGM through online video conference, in-person participation and / or through appointed proxies. To avail this facility, the shareholders are requested to please provide below particulars to our Company Secretary Office of the Company at [cs@agico.com.pk](mailto:cs@agico.com.pk) before close of business hours on May 18, 2021.

Folio/CDC Account No	Name	CNIC No.	Cell No.	Email Address

The shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on email: [cs@agico.com.pk](mailto:cs@agico.com.pk).

### 2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from May 19, 2021 to May 25, 2021 (both days inclusive). Transfers received at our Share Registrars, Messrs. THK Associate (Pvt.) Limited, 32-C Jami Commercial Street -2, DHA Phase 7, Karachi, at the close of business on May 18, 2021 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the AGM.

### 3. Change of Address

Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to the Share Registrar.

# NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

## 4. Deduction of Withholding Tax on the Amount of Dividend

Under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2019, withholding tax on dividend income will be deducted as follows:

For filers of Income Tax returns 15%

For non-filers of Income Tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders, including joint shareholders, whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they, or their joint holders, are filers, are advised to make sure that their names are entered into ATL by the close of business on May 18, 2021.

## 5. Exemption from Tax and Deduction of Zakat:

Shareholders, who intend to claim exemption from tax and/or zakat (where applicable), are advised to ensure that they have provided valid tax exemption certificates and zakat declaration to their respective broker/company's shares registrar before May 18, 2021

## 6. Consent for Video Conference Facility:

Pursuant to the provision of the Companies Act, 2017 the members can also avail the video conferencing facility. In this regard, please fill in the following and submit at registered address of the company at least 10 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Askari General Insurance Co Limited holder of \_\_\_\_\_ ordinary share(s) as per registered folio / CDC no \_\_\_\_\_ hereby opt for video conferencing facility at (city), Pakistan

## 7. Taxation for Joint Shareholders

In order to ensure that holders of shares held in joint names or joint accounts are treated individually as filers or non-filers, all such shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, on the address mentioned at end of notice, in writing before close of business on May 18, 2021 as per format given below.

Name of Principal Shareholder/Joint Holders	Shareholding proportions (%)	CNIC No. (copy to be attached)	Folio / CDS Account No.	Total Shares	Signature

**NOTE:** In the event of non-receipt of the information by May 18, 2021, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

## 8. ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders. In order to receive dividend directly into their respective bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend produced below and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, THK Associates (Pvt.) Ltd., 32-C Jami Commercial Street-2, DHA Phase 7, Karachi, Pakistan, in case of physical shares.

# NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders till provision of prescribed details.

Name of Company	
Folio No	
Name of Shareholder	
CNIC	
Contact No	
Email Address	
International Bank Account Number (IBAN -24 digit) Mandatory	PK
Bank's Name	
Branch Name/Address	
New Mailing Address	

Please also note that in compliance with section 244 of the Companies Act, 2017, after completion of required procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

## 9. Circulation of annual reports and notices of meetings:

The Company obtained approval of shareholders in the 22nd Annual General Meeting, held on 26 April 2017, for circulation of future annual reports through CD/DVD/USB. Consequently, annual reports for the year ended December 31, 2020 have been circulated to all the shareholders in the form of CD. Any member requiring printed copy of Annual Report 2020 may send a request using a Standard Request Form placed on Company website.

Additionally, those members, who desire to receive annual financial statements and notices through email in future, are hereby requested to convey their consent via email, at [cs@agico.com.pk](mailto:cs@agico.com.pk), on a standard request form which is available at the Company's website. Please ensure that your email account has sufficient rights and space available to receive such email attachments that may be greater than 1 MB in size. It shall be the responsibility of member(s) to timely communicate to the share registrar any change in his/her registered email address at the address of Company's Shares Registrar mentioned at end of this notice.

## 10. Conversion of Physical Shares into Book-Entry Form:

The Shareholders having physical shares may open CDC sub-account with any of the brokers or Investor Account directly with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate them in many ways including safe custody and timely sale of shares. Additionally, Section 72 of the Companies Act, 2017 (Act) requires that after the commencement of the Act from a date notified by the Securities and Exchange Commission of Pakistan (SECP), a company having share capital, shall have shares in electronic form only. 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 SECP, within a period not exceeding four years from the commencement of the Act.

## 11. Availability of Audited Financial Statement on Company's Website:

The audited financial statements of the Company for the year ended December 31, 2020 have been made available on the Company's website [www.agico.com.pk](http://www.agico.com.pk)

# NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

## SPECIAL NOTES

### A. For Attending the meeting:

- i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting.
- ii. The shareholders registered on CDC are also requested to bring their particulars, I.D numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

### B. For appointment of proxies:

- i. A Member entitled to attend and vote at the Annual General Meeting may appoint another person as his proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
- ii. A member shall not be entitled to appoint more than one proxy to attend any one meeting. If any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited with the Company Secretary, Askari General Insurance Company Limited, 3rd Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.
- iii. In case of individuals, the account holder or sub-account holder and/or the persons whose registration details are uploaded as per the Regulations shall submit the proxy form as per requirement notified by the Company.
- iv. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- v. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- vi. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- vii. In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

### Company Representative

Company Secretary  
051-9028119, 051-9028101  
cs@agico.com.pk

### Shares Registrar

THK Associates (Private) Limited  
32-C, Jami Commercial Street-2,  
DHA Phase 7, Karachi



# چھبیسویں (26) سالانہ جنرل میٹنگ کی اطلاع

پراکسی فارم پر دو افراد کی گواہی لی جائے گی اور گواہوں کے نام، پتے اور قومی شناختی کارڈ نمبرز فارم پر درج کیے جائیں گے۔  
فائدہ اٹھانے والے مالکان اور پراکسی کے پاسپورٹ یا قومی شناختی کارڈ کی مصدقہ کاپیاں پراکسی فارم کے ساتھ لگائی جائیں گی۔  
پراکسی میٹنگ کے وقت اپنا اصلی قومی شناختی کارڈ یا اصلی پاسپورٹ دکھائے گا۔  
کارپوریٹ ادارے کے ایک ممبر ہونے کی حیثیت سے، نمائندے/ اٹارنی کے دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کمپنی کو پراکسی فارم کے ساتھ جمع کرائی جائے گی (الّا یہ کہ یہ چیزیں پہلے ہی جمع کرادی گئی ہوں)۔

## رابطے کی معلومات:

کسی بھی سوال/دشواری/معلومات کے لئے، شیئرز ہولڈرز کمپنی سیکرٹری اور/یا شیئرز رجسٹرار سے مندرجہ ذیل پتہ پر رابطہ کر سکتے ہیں:

## کمپنی کا نمائندہ

کمپنی سیکرٹری

051-9028101, 051-9028119

cs@agico.com.pk

## شیئرز رجسٹرار

THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

32-سی جی کمرشل سٹریٹ-2،

ڈی ایچ اے فیئر 7، کراچی

- ii. سی ڈی سی پراجیکٹ ڈھنڈھ کننگاں سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفصیل، شناختی نمبرز اور اکاؤنٹ نمبرز لائیں۔
- iii. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت، نامزد کرنے والے شخص کے مثالی دستخط کے ساتھ پاور آف اٹارنی/ بورڈ آف ڈائریکٹرز کی قرارداد فراہم کرے گا (اگر یہ چیزیں پہلے فراہم نہیں کی گئیں)۔
- iv. سی ڈی سی پراجیکٹ ڈھنڈھ کننگاں سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفصیل، شناختی نمبرز اور اکاؤنٹ نمبرز لائیں۔
- v. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت، نامزد کرنے والے شخص کے مثالی دستخط کے ساتھ پاور آف اٹارنی/ بورڈ آف ڈائریکٹرز کی قرارداد فراہم کرے گا (اگر یہ چیزیں پہلے فراہم نہیں کی گئیں)۔
- vi. سی ڈی سی پراجیکٹ ڈھنڈھ کننگاں سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفصیل، شناختی نمبرز اور اکاؤنٹ نمبرز لائیں۔
- vii. سی ڈی سی پراجیکٹ ڈھنڈھ کننگاں سے یہ بھی درخواست کی جاتی ہے کہ وہ سی ڈی ایس (CDS) میں اپنی تفصیل، شناختی نمبرز اور اکاؤنٹ نمبرز لائیں۔

(بی) پراکسی (نائب حضرات) متعین کرنے کے لیے:

- i. کوئی ممبر جسے سالانہ جنرل میٹنگ میں شرکت اور ووٹ دینے کا حق ہے اسے حق ہے کہ وہ شرکت اور ووٹ دینے کے لیے اپنی طرف سے کسی پراکسی کو متعین کرے۔ جو شخص کمپنی کا ممبر نہیں ہے وہ پراکسی کے طور پر کام نہیں کرے گا، سوائے حکومت پاکستان/ کارپوریٹ ادارے کے جو کمپنی کے ممبر کے علاوہ کسی اور شخص کو مقرر کر سکتے ہیں۔ اگر ممبر (حکومت پاکستان کے علاوہ کوئی اور) ایک کارپوریٹ ادارہ ہے تو اس کی مشترکہ مہر چیزوں پر لگی ہونی چاہیے۔
- ii. کسی بھی ممبر کو کسی بھی ایک میٹنگ میں شرکت کرنے کے لئے ایک سے زیادہ پراکسی مقرر کرنے کا حق نہیں ہوگا۔ اگر کوئی بھی ممبر کسی ایک میٹنگ کے لئے ایک سے زیادہ پراکسی مقرر کرتا ہے اور پراکسی کے ایک سے زیادہ اشیاء کمپنی کو جمع کرائی جاتی ہیں تو، پراکسی کی اس طرح کی اشیاء کو درست نہیں سمجھا جائے گا۔ کسی پراکسی کو متعین کرنے کے لیے کاغذات مکمل طور پر مناسب طریقے سے پورے ہونے چاہیے، جس کے ساتھ پاور آف اٹارنی یا بورڈ کی قرارداد بھی ہونی چاہیے، جس پر دستخط کیے گئے ہوں یا وہ نوٹری پبلک سے مصدقہ سند کے ساتھ ہو، اور یہ چیزیں میٹنگ شروع ہونے کے وقت سے کم از کم 48 گھنٹے پہلے اس پتہ (سیکرٹری، عسکری جنرل انشورنس کمپنی لمیٹڈ، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی) میں جمع ہو جانی چاہئے۔

- iii. انفرادی ہونے کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر یا وہ اشخاص جن کے رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں، کمپنی کی طرف سے مطلع کی جانے والی معلومات کے مطابق وہ اشخاص پراکسی فارم جمع کرائیں گے۔

مزید برآں، ایسے ممبران جو مستقبل میں ای میل کے ذریعہ سالانہ مالی بیانات اور نوٹس وصول کرنا چاہتے ہیں، ان سے یہ درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر موجود معیاری درخواست فارم کے ذریعے اپنی رضامندی اس ای میل (cs@agico.com.pk) پر بھیج دیں۔ براہ کرم اس بات کو یقینی بنائیں کہ آپ کے ای میل اکاؤنٹ میں اس طرح کے ای میل منسلکات وصول کرنے کے لئے مناسب حقوق اور کافی جگہ دستیاب ہے جس میں 1MB سے زیادہ سائز والی فائلز موصول ہو سکتی ہیں۔ یہ ممبران کی ذمہ داری ہے کہ وہ اپنے ای میل ایڈریس میں کسی قسم کی تبدیلی کے بارے میں، کمپنی کے شیئر رجسٹرار کو اس نوٹس کے اختتام پر ذکر کردہ پتہ پر بروقت مطلع کرے۔

#### (10) بک-انٹری فارم میں مادی حصص کی تبدیلی:

مادی حصص رکھنے والے شیئر ہولڈرز اپنے مادی حصص کو الیکٹرونک شکل میں رکھنے کے لیے "سنٹرل ڈپازٹری کمپنی (سی ڈی سی) آف پاکستان لمیٹڈ" کے ساتھ براہ راست کسی بروکر یا انوسٹر اکاؤنٹ کے ساتھ اپنا سی ڈی سی ڈیٹا اکاؤنٹ کھول سکتے ہیں۔ یہ ان کو کوئی طریقوں سے سہولت فراہم کرے گا جن میں محفوظ قبضہ اور حصص کی بروقت فروخت شامل ہیں۔ اس کے علاوہ، کمپنیز ایکٹ، 2017ء (ایکٹ) کا سیکشن 72 یہ مطالبہ کرتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مطلع کردہ تاریخ سے ایکٹ کے آغاز کے بعد، ایک کمپنی جس کا شیئر کیپٹل ہے، وہ صرف الیکٹرونک شکل میں حصص حاصل کرے گی۔ ہر موجودہ کمپنی کو اس کے مادی حصص کو بک-انٹری فارم کے ساتھ، ایکٹ کے آغاز سے چار سال کی مدت کے دوران، اس طریقے سے تبدیل کرنے کی ضرورت ہوگی جو طریقہ مخصوص ہے اور اس تاریخ سے جو (SECP) کی طرف سے مطلع ہے۔

#### (11) کمپنی کی ویب سائٹ پر محاسبہ شدہ مالیاتی بیان کی دستیابی:

31 دسمبر 2020ء کو ختم ہونے والے سال کے لئے کمپنی کے محاسبہ شدہ مالی بیانات کمپنی کی ویب سائٹ [www.agico.com.pk](http://www.agico.com.pk) پر فراہم کر دیئے گئے ہیں۔

#### خصوصی ملاحظات:

(اے) مینٹنگ میں شرکت کرنے کے لیے:

i. انفرادی معاملہ میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کے رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہیں وہ مینٹنگ میں حصہ لینے کے وقت اپنے اصلی درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کی تصدیق کرے گا۔

اگر سی ڈی سی (CDC) میں حصص منعقد ہوتے ہیں تو، الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم کو براہ راست شیئر ہولڈر بروکرز/ شراکت دار/ سی ڈی سی اکاؤنٹ سروسز میں لازمی طور پر جمع کرایا جائے۔

معلومات نہ ہونے کی صورت میں، کمپنی کو اس طرح کے حصص یافتگان کے ڈیویڈنڈ رقم برقرار رکھنے کے لئے پابند رکھا جائے گا۔

کمپنی کا نام	
فولیو نمبر	
حصص کنندہ کا نام	
شناختی کارڈ نمبر	
رابطہ نمبر	
ای میل ایڈریس	
بین الاقوامی بینک اکاؤنٹ نمبر (آئی بی اے این)۔ لازمی (24 ہندسوں پر مشتمل) PK	
بینک کا نام	
برانچ کا نام اور ایڈریس	
ڈاک کا نیا پتہ	

براہ کرم نوٹ کیجیے کہ کمپنیز ایکٹ، 2017ء کے سیکشن 244 کے مطابق، مطلوبہ طریقہ کار مکمل ہونے کے بعد، ایسے تمام ڈیویڈنڈ جن کا مقررہ تاریخ سے تین سال تک کسی نے دعویٰ نہیں کیا اور وہ ابھی قابل ادا ہیں تو اسے وفاقی حکومت کو جمع کرا دیا جائے گا۔

#### (9) سالانہ رپورٹوں اور اجلاسوں کے نوٹس کی سرکولیشن:

کمپنی نے سی ڈی/ ڈی وی ڈی/ یو ایس بی کے ذریعے مستقبل کی سالانہ رپورٹوں کی سرکولیشن کے لئے، 26 اپریل 2017ء کو منعقد ہونے والی 22 ویں سالانہ جنرل مینٹنگ میں شیئر ہولڈرز کی منظوری حاصل کی تھی۔ لہذا، 31 دسمبر 2020ء کو ختم ہونے والے سال کی سالانہ رپورٹیں سی ڈی کی شکل میں تمام شیئر ہولڈرز کو تقسیم کی گئی ہیں۔ اگر کسی ممبر کو سالانہ رپورٹ 2020 کی پرنٹ شدہ کاپی کی ضرورت ہے تو وہ کمپنی کی ویب سائٹ پر دیئے گئے معیاری درخواست فارم کا استعمال کرتے ہوئے درخواست بھیج سکتا ہے۔

# چھبیسویں (26) سالانہ جنرل میٹنگ کی اطلاع

## (3) ایڈریس میں تبدیلی

میں/ہم رجسٹرڈ فوئیو/سی ڈی سی کے مطابق عسکری جنرل انشورنس کمپنی لمیٹڈ کی عمومی شیئرز ہولڈرز ہونے کی حیثیت سے (شہر)، پاکستان میں ویڈیو کانفرنسنگ کی سہولت کا انتخاب کریں گے۔

## (7) مشترکہ حصص یافتگان کے لئے ٹیکس

اس بات کو یقینی بنانے کے لیے کہ مشترکہ نام یا مشترکہ اکاؤنٹس رکھنے والے حصص کے ہولڈرز کے ساتھ انفرادی طور پر فائلرز یا غیر فائلرز والا معاملہ کیا جا رہا ہے، اس طرح کے تمام حصص یافتگان سے درخواست کی جاتی ہے کہ ان کے پاس جو شیئرز ہیں اس حوالے سے پرنسپل شیئر ہولڈرز اور مشترکہ ہولڈرز کے شیئر ہولڈنگ تناسب، تحریری شکل میں 18 مئی 2021ء کے دفتری وقت ختم ہونے سے پہلے پہلے ہمارے شیئر رجسٹر اکاؤنٹس کے آخر میں درج کیے گئے پتہ پر بھیجیں، جیسا کہ درج ذیل فارمیٹ میں بیان ہوا ہے۔

رہنما/مشترکہ ہولڈرز کا نام	تسلسلہ	رہنما/مشترکہ ہولڈرز کا نام	تسلسلہ
رہنما/مشترکہ ہولڈرز کا نام	تسلسلہ	رہنما/مشترکہ ہولڈرز کا نام	تسلسلہ

نوٹ: 18 مئی، 2021ء تک معلومات موصول نہ ہونے کی صورت میں، ہر شیئر ہولڈر کے بارے میں یہ فرض کر لیا جائے گا کہ اس کے شیئرز کا تناسب برابر ہے اور اس کے مطابق ٹیکس کی کوٹھی کی جائے گی۔

## (8) الیکٹرانک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے تحت، تمام فہرست کردہ کمپنیوں کے لئے لازمی ہے کہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے شیئر ہولڈرز کی طرف سے نامزد بینک اکاؤنٹ میں ادا کریں۔ ڈیویڈنڈ کو براہ راست ان کے متعلقہ بینک اکاؤنٹ میں حاصل کرنے کے لئے، شیئر ہولڈرز سے بھی یہ درخواست کی گئی ہے کہ، مادی شیئرز ہونے کی صورت میں، نقد ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لئے درج ذیل یا کمپنی کی ویب سائٹ پر فراہم کردہ بینک مینڈیٹ فارم بھرنے کے بعد (اگر انہوں نے اسے پہلے سے جمع نہیں کروایا تو) کمپنی کے اس پتہ (شیئر رجسٹر، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 32-سی جی کمرشل سٹریٹ-2، ڈی ایچ اے فیز 7، کراچی، پاکستان) پر اپنے قومی شناختی کارڈ کی ایک مصدقہ کاپی کے ساتھ بھیجیں۔

کمپنی کے ممبران سے درخواست کی جاتی ہے کہ اگر ان کے ایڈریس میں کوئی تبدیلی ہوتی ہے تو اس کے بارے میں رجسٹر اکاؤنٹس پر مطلع کریں، اور فوئیو نمبر کے یکجا کرنے کے بارے میں مطالبہ کریں، اگر کسی ممبر کے ایک سے زیادہ فوئیو ہوں۔

## (4) ڈیویڈنڈ کی رقم پر withholding ٹیکس کی کوٹھی

انکم ٹیکس آرڈیننس، 2001ء کے سیکشن 150 اور فنانس ایکٹ، 2019ء کے تحت، ڈیویڈنڈ آمدنی پر withholding ٹیکس کی کوٹھی مندرجہ ذیل طریقے سے ہوگی:

انکم ٹیکس ریٹرز کے فائلرز حضرات کے لئے 15 فیصد  
انکم ٹیکس ریٹرز کے نان-فائلرز حضرات کے لئے 30 فیصد

کمپنی کو ڈیویڈنڈ نقد رقم پر 30 فیصد کی بجائے 15 فیصد کی نسبت سے ٹیکس کوٹھی کے قابل بنانے کے لیے، تمام شیئر ہولڈرز بشمول جوائنٹ شیئر ہولڈرز کے جن کے نام ابھی تک ایف بی آر (FBR) کی ویب سائٹ پر فراہم کردہ فعال ٹیکس دہندگان کی فہرست (ATL) میں شامل نہیں ہیں حالانکہ درحقیقت وہ یا ان کے جوائنٹ ہولڈرز فائلرز بھی ہیں، ان سب کو اس بات کو یقینی بنانے کا مشورہ دیا جاتا ہے کہ وہ 18 مئی، 2021ء کے کاروباری وقت ختم ہونے سے پہلے پہلے اپنے نام (ATL) میں درج کروالیں۔

## (5) زکوٰۃ کی کوٹھی اور ٹیکس سے معافی:

ایسے شیئر ہولڈرز جو ٹیکس اور/یا زکوٰۃ (جہاں اس کا اطلاق ہو) سے معافی کا دعویٰ کرنا چاہتے ہیں، ان کو اس بات کے یقینی بنانے کا مشورہ دیا جاتا ہے کہ انہوں نے 18 مئی 2021ء سے پہلے پہلے اپنے متعلقہ بروکر/کمپنی کے شیئر رجسٹر اکاؤنٹس معافی کا صحیح سرٹیفکیٹ اور زکوٰۃ کا بیان حلفی فراہم کر دیا ہے۔

## (6) ویڈیو کانفرنس کی سہولت کے لئے رضامندی

کمپنیز ایکٹ 2017ء کے تحت، ممبر ویڈیو کانفرنسنگ کی سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں، براہ کرم مندرجہ ذیل کو پُر کریں اور سالانہ عام اجلاس کے انعقاد سے کم سے کم 10 دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائیں۔ اگر کمپنی اجلاس میں حصہ لینے کے لئے جغرافیائی محل وقوع پر مقیم 10 فیصد یا اس سے زیادہ حصص یافتگان ممبروں سے رضامندی حاصل کرتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے تحت شہر میں ویڈیو کانفرنس سہولت کا بندوبست کرے گی۔

# چھبیسویں (26) سالانہ جنرل میٹنگ کی اطلاع

اہم ملاحظات:

## 1) شیئر ہولڈرز کی شراکت

کوہنڈ-19 کی تیسری لہر کو لاحق خطرے کے پیش نظر اور سالانہ جنرل میٹنگ (اے جی ایم) کے شرکاء کی فلاح و بہبود کو مدنظر رکھتے ہوئے، اس اجلاس کا انعقاد سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی تجویز کردہ ہدایات کے مطابق کیا جائے گا جو انہوں نے مورخہ 15 فروری 2021ء کے ایک سرکلر نمبر 4 آف 2021ء کے تحت جاری کیں۔

اسی مناسبت سے، کمپنی نے سالانہ جنرل میٹنگ (اے جی ایم) میں شیئر ہولڈرز کی شرکت کو آسان بنانے کے لیے یہ انتظامات کیے ہیں کہ شرکاء بذات خود یا ان کے مقرر کردہ پرکسی اور آن لائن ویڈیو کانفرنس کے ذریعے اس اجلاس میں شریک ہو سکتے ہیں۔ اس سہولت سے فائدہ اٹھانے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 18 مئی 2021ء کے کاروباری اوقات کے اختتام سے پہلے پہلے کمپنی کے سیکریٹری آفس کو اس ای میل ایڈریس (cs@agico.com.pk) پر اپنی تفصیل کا اندراج کروائیں۔

فولیو/ CDC اکاؤنٹ نمبر	نام	شناختی کارڈ نمبر	موبائل نمبر	ای میل ایڈریس

شیئر ہولڈرز اسی ای میل ایڈریس (cs@agico.com.pk) پر سالانہ عام اجلاس (AGM) کے مجوزہ ایجنڈا آئٹمز کے حوالے سے اپنے تاثرات/تجاویز بھی پیش کر سکتے ہیں۔

## 2) شیئر ٹرانسفر بکس کو بند کرنا

کمپنی کی شیئر ٹرانسفر بکس 19 مئی، 2021ء سے 25 مئی، 2021ء (بشمول دونوں دنوں کے) تک بند رہیں گی۔ حتمی نقد ڈیویڈنڈ پر ممبروں کے حقدار ہونے اور سالانہ عام اجلاس (AGM) میں شرکت اور ووٹنگ کے لیے، 18 مئی 2021ء کو دفتری اوقات ختم ہونے سے پہلے تک ہمارے اس پتہ (شیئر رجسٹرارز، میسرز THK، ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، 32-سی جامی کمرشل سٹریٹ-2، ڈی ایچ اے فیز 7، کراچی) پر موصول ہونے والی ٹرانسفرز کو بھی بروقت موصول تصور کیا جائے گا۔

اس کے ذریعہ یہ نوٹس دیا گیا ہے کہ مندرجہ ذیل کاروبار کے لین دین کے لیے عسکری جنرل انشورنس لمیٹڈ (دی کمپنی) کے شیئر ہولڈرز کی 26 ویں سالانہ جنرل میٹنگ (AGM) بروز منگل 25 مئی 2021ء کو صبح 11:30 بجے تیسری منزل، اے ڈبلیو پلازہ، دی مال، راولپنڈی میں کمپنی کے رجسٹرڈ آفس میں ہوگی۔

عمومی معاملات:

1) 21 مئی، 2020ء کو منعقد ہونے والی 25 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

2) 31 دسمبر 2020ء کو ختم ہونے والے سال کے لیے چیئرمین کے پیش کردہ جائزہ نیز ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ ساتھ کمپنی کے سالانہ محاسبہ شدہ مالیاتی بیانات (مستحکم اور غیر متقابل) کو وصول کرنا، اس پر غور کرنا، اس کی منظوری دینا اور انہیں اختیار کرنا۔

3) کمپنی کے ڈائریکٹرز کی سفارش کے مطابق، 31 دسمبر 2020ء کو ختم ہونے والے سال کے لئے 27.5 فیصد (2.75 روپے فی حصص) کے حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور کرنا اور اس کی منظوری دینا۔

4) سال 2021ء کے لئے آڈیٹرز مقرر کرنا اور ان کا معاوضہ طے کرنا۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اے ایف فرگوسن چارٹرڈ اکاؤنٹنٹس کو کمپنی کا قانونی آڈیٹر مقرر کرنے کی سفارش کی ہے۔

5) چیئر پرسن کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔

بورڈ کے حکم سے

کمپنی سیکریٹری

03 مئی 2021ء

# Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member(s) of askari general insurance co. ltd, holding \_\_\_\_\_ordinary shares, hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday 25<sup>th</sup> May 2021 at 11:30 am and at any adjournment thereof.

Folio No.	CDC Account No.		Signature on Rs. 50 Revenue Stamp
	Participant ID	Account No.	
			(Signature should agree with the specimen signature registered with the Company)

As we witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2021

---

Witness:

1

2

Signature		
Name		
Address		
CNIC No./ Passport No.		

Notes:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary, askarigeneral insurance company limited 3<sup>rd</sup> Floor AWT Plaza, The Mall Rawalpindi, not later than 48 hours before the time of holding the meeting.
3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.
4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

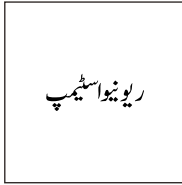
# عسکری جنرل انشورنس کمپنی لمیٹڈ

## پراکسی فارم

میں/ہم \_\_\_\_\_ ساکن  
\_\_\_\_\_ ساکن  
بحیثیت ممبر عسکری جنرل انشورنس لمیٹڈ بذریعہ ہذا مسمی  
\_\_\_\_\_ ساکن  
\_\_\_\_\_ کو یا ان کی عدم دستیابی کی صورت میں مسمی  
\_\_\_\_\_ ساکن  
کو اپنی/ہماری جانب سے پراکسی مقرر کر رہا/رہی ہوں تاکہ وہ منگل، 25 مئی، 2021 بوقت 11:30 بجے منعقد ہونے والے 26 ویں سالانہ اجلاس عام یا اس کے کسی بھی التواء میں میری/ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2021

### گواہان:



ممبر (ممبران) کے دستخط

۱- دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
\_\_\_\_\_

سی این آئی سی یا پاسپورٹ نمبر \_\_\_\_\_

۲- دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
\_\_\_\_\_

شیر ہولڈر کا فولیو نمبر اور/یا سی ڈی سی \_\_\_\_\_  
پارٹیسپنٹ کا آئی ڈی نمبر \_\_\_\_\_  
اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_

سی این آئی سی یا پاسپورٹ نمبر \_\_\_\_\_

### اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع نی اوکس نمبر 843، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی میں اجلاس کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کر دیا جائے۔

سی ڈی سی شیر ہولڈرز اور ان کے پراکسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیر ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپنٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔





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